

**Transformation of Organizations Through Enhancing Free
Energy of Individuals, Collectivity and the Organization**

Indira J. Parikh

W.P.No. 2001-12-02

December 2001 / 1682

The main objective of the working paper series of the IIMA is to help faculty members to test out their research findings at the pre-publication stage.

WP1682



WP

2001-12-02

(1682)

**INDIAN INSTITUTE OF MANAGEMENT
AHMEDABAD-380 015
INDIA**

**TRANSFORMATION OF ORGANIZATIONS THROUGH ENHANCING FREE
ENERGY OF INDIVIDUALS, COLLECTIVITY AND THE ORGANIZATION**

FORESIGHT – AN HR MEET

**THE REGAL ROOM, THE OBEROI HOTEL
MUMBAI**

AUGUST 19, 2001

INDIRA J PARIKH

**INDIAN INSTITUTE OF MANAGEMENT
AHMEDABAD**

TRANSFORMATION OF ORGANIZATIONS THROUGH ENHANCING FREE ENERGY OF INDIVIDUALS, COLLECTIVITY AND THE ORGANIZATION

PAPER PRESENTED AT FORESIGHT – AN HR MEET

Abstract

Organization identity is shaped by multiple factors. This shaping leads to transformation of the organization. An organization transforms its own identity with the help of free energy. It can also mobilize captive or frozen intrinsic energy into free energy. Each of these energies is driven by either internal or external factors and has its own effect that decides how the organization transforms itself. Indian organizations can also transform themselves in an effective manner through organizational leadership. The strength of the leadership and its understanding of the internal and external driving forces will determine how the organization transforms itself.

For an organization to transform, the leader must first identify the free, captive and frozen energy within himself, collectivity and the organization and do what is necessary to make these available to the organization for transformation. The paper deals with how the organization can enhance and channelise its free energy, alertness and aliveness to fulfill the vision, goals and objectives of the organization.

TRANSFORMATION OF ORGANIZATIONS THROUGH ENHANCING FREE ENERGY OF INDIVIDUALS, COLLECTIVITY AND THE ORGANIZATION

INDIRA J PARIKH

INDIAN INSTITUTE OF MANAGEMENT, AHMEDBAD

Transformation is an inevitable process. All living organism from the tiniest microbe to the giant tree, and from birds or fish to human beings continuously transform themselves. Human beings know that they are transforming and experience the process of transformation. They give meanings to it, articulate it through words and to some extent give shape to it.

Organizations are creations of human endeavour and once created, they continue to evolve and acquire their own identity. Organization identity is shaped by multiple factors but the organization continues to crystallize its own identity. This identity unfolds and transforms with the held of the intrinsic energy of the organization. The energy comes from various sources, that may be either the

(1) Internal i.e., within the organization or the

(2) External

The interplay of energies from these sources gives shape to the organization identity.

Energy is of three kinds:

1. Captive Energy

2. Frozen Energy

3. Free Energy

These three energies of the organization determine the nature and direction of transformations, which occur in the organization. The sources of these three energies are in turn held by different constituencies of the organization at the:

1. Individual level

2. Collective level and

3. Organizational level

Each of the above three constituencies may bring one or more of these energies which would impact the organization. Figure 1 presents the relationship between the three kinds of energy and the three levels of constituencies.

Figure 1
Organization Energy and their Constituencies

	Captive	Frozen	Free
Individual			
Collective			
Organizational			

Let us look at the intensity of this energy, nature of the organization and the constituents that bring this energy in a relationship. There is interplay of the relationship between nine boxes, which then impact the organization and its transformation.

The Captive Energy

Captive energy is that energy which once was free energy available to the organization. The organization was alive, movement oriented, directional and vibrant. This free energy was also available in the individuals, which reflected in their sense of belonging, commitment, and involvement openness to bring their initiatives and implementation of organizational tasks. Over time, the energy of each individual diminished. The collectivity got entrenched into loss of the earlier state. They shrunk their spaces, limited their roles, became mechanical in their performance and in tasks and engaged themselves with the routine. The organization, which was once growing, productive, business-focused and flourishing became bound to practices of the collectivity and reactive to the emerging business environment. As such, the organization energy became a captive of history, organization traditions, work culture of yesterday, and relationships and associations, which were meaningful in the past. There was caution and hesitance in making any new beginnings. None of the three energies – individual, collective or organizational were available for growth. Individuals did not respond to task demands,

and did not take initiatives. They did not accept their autonomy, nor were they responsive to the pulls of the business environment. The employees got focused on inter-personal transactions and safe relationships. The organization got rooted in consistency, continuity, safety and personal security. Individuals became tentative with each other. The collectivity became cautious and the organization was not open to tread new paths. There was fear of discovery and making new beginnings.

The energy, which was once available in all the three constituencies viz., individual, collectivity and organization now became captive so that no new initiatives and actions emerged. The persons, the imprisoned and the imprisoner, all gave up their free energy.

The Frozen Energy

The Frozen energy is that energy which reflects the present. This energy of the individual, collectivity and organization operates with the meanings of experiences, transactions and relationships held of the self, others and the system. Over time relationships have changed, tasks have changed and processes have changed but the meanings have remained, unverified. These meanings and their accompanying feelings and emotions, which once were sensitive, vibrant alive, aspiring and eager to respond, relate and understand, now carry the residues of feelings of let down, betrayals, and touchiness. Underlying these are fears of invalidation and anxieties about inadequacies. This is apprehension and competitiveness with each other. The systems come through as unfair, unjust, closed and insensitive through repeated and innumerable encounters. These meanings hold the individual and over time the collectivity and the organization in a non-active, non-responsive frozen stance. When the individuals and the collectivity interact with each other the interfaces are role-related but with respect to emotions, feelings and meanings of lives of yesterday or may be even one, two or three decades old. The energy, which was once available in all the three constituencies has now frozen and new relationships or new meanings of the same relationship do not get generated. The self, the other and their interfaces become frozen and give up their free energy.

The Free Energy

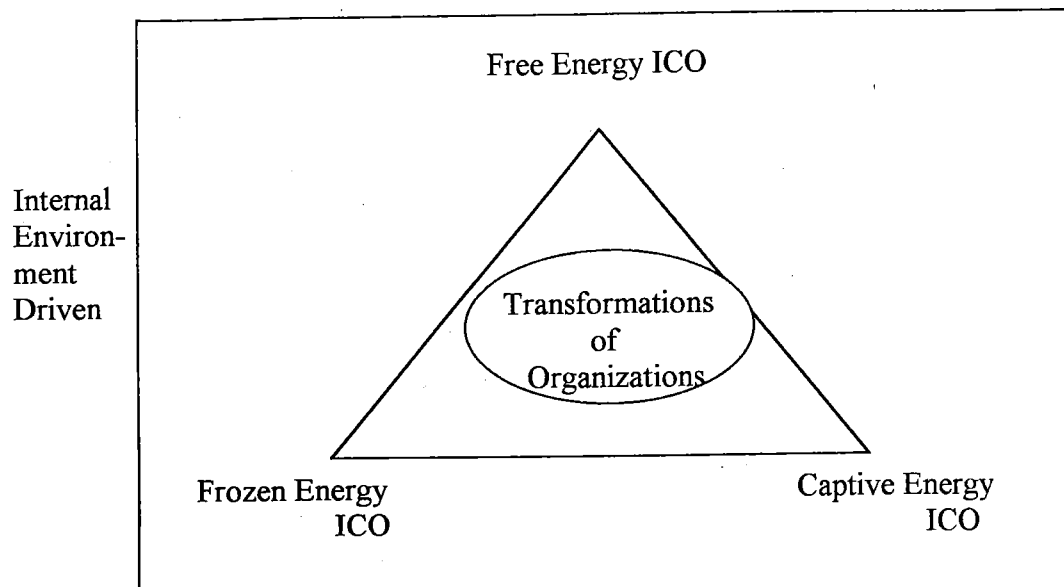
The Free energy is that energy which is with each individual, collectivity and organization. This free energy is that energy, which broadens horizons, pushes forth-new frontiers, stands at the precipice to plunge and is open to discovery. This energy is reflected in the creativity of the individuals, their dreams, hopes, aspirations and action initiatives. This energy is reflected in the movement of the collectivity, which pulls the organization to walk new paths. This energy is reflected in the transformation processes of the organization, which designs revolutionary organization structure for itself pushes the organization to climb new heights and touch new destinations. Essentially, the energy is reflected in the organization breaking new ground and providing new directions to itself.

It is the interplay of the three forms of energy: - captive, frozen and free with the three constituencies: - the individual, the collective and the organization that the transformation occurs of the individual, the collective and the organization. Whether the energy generated will dissipate or enhance is dependent once again on several factors.

As we said earlier, the organization inherently is driven by two forces, external and internal.

Figure 2 illustrates the drivers of energy for the transformation of organization.

Figure 2
Constituents of Energy for Transformation of Organizations
 External Environment Driven



Legend I = Individual, C = Collective and O = Organization

- Individual, collective and the organization identity populate an organization.
- Each constituent has captive, frozen and free energy.
- An organization is internally driven as well as externally driven.
- The interplay of these multiple constituents transforms the organization or makes it static through dissipation of energy.

External forces inevitably drive an organization. For example, the business environment of India is influenced and impacted by the WTO, GATT, liberalization of economic policies, globalization of economy, increasing competition and Information Technology. These impact the organization strategy and policies. The organization is pushed to make new responses and as such change and transform itself.

Similarly, its internal forces also, inevitably drive an organization. For example, changes in leadership, planned or unplanned growth, changes in people profile through recruitment of younger people, changes in technology, organization restructuring, and similar factors push the organization for transformation. An internal organization that is in tune with the external driving force leads to the release of energy. There is a surge of activities, enthusiasm, creativity and many initiatives. There will be visible difference in the work culture of the organization, and an increase in the level and intensity of energy resulting in activities and growth of the organization. All of these impact the bottom line. In this process, each individual, the collectivity of the organization and the organization itself are in a rhythm and alignment with the external forces.

However, when the internal force is not in tune with the external force the free energy would tend to push the individual and collectivity into fail-proof systems and past modalities of working and relating which are not congruent with the present and future requirements. The captive energy tends to remain dormant and unavailable, while the frozen energy tends to immobilise the individual collectivity of the organization, and the organization itself into non-action. The organization then reaches a plateau and stagnates. Inertia sets in. The free energy is then not available to either the individual or the collectivity or the organization. It dissipates into nothingness. The free energy requires cathecting with the vision, strategies, policies, tasks, goals and objectives of the organization. So for, the organization transformations to take place through the release of all the three levels of energy and their constituencies, the driving internal and external forces need to be consistent with each other.

ORGANIZATIONAL LEADERSHIP AND ORGANIZATION TRANSFORMATION

The second critical factor for Indian organizations to transform themselves in an effective manner is the organizational leadership. Leadership that is reflected by an individual as well the top management represented by two or more managers or the collectivity of the senior managers. Let us take a look at the quality of leadership, individual or collective, required for bringing about transformation.

If the organization is externally driven and the leader is not prepared, has not anticipated the externally driven forces, has limited vision, lacks direction, goals and objectives or lacks coherent strategy and policies the individual, collective and organizational energy will dissipate. This means that the internally driven energy is then not available to the organization to respond to the external forces. The organization comes through as obsolete, outdated and unprepared for change.

If on the other hand, the organization is externally driven and the leadership is visionary, inspiring, responsive has preparedness and directions, with strategic perspectives and choices, there will be release of captive and frozen energy and channelisation of free energy. The organization will release immense energy. It will then acquire a momentum for growth. Wipro and Infosys are recent examples of flourishing organizations. We can say that these organizations have grown as these are new technology and knowledge-based industries. However, even with old production and manufacture based industries, if the leadership of the organization can design new strategies and mobilise and inspire the individuals and the collectivity then the energy will flow from the leadership, the individuals, the collectivity and the organization.

In cases, where a lot of energy is released and where individuals, collectivity and the organization are mobilized but no direction is available then the individuals, collectivity and the organization tend to float and wander aimlessly with no goals, objectives or plans. The energy here will get dissipated and the organization will be frustrated. Figure 3 presents the role of the leadership in Transformations of Organizations.

Figure 3
Transformation of Organizations Through Leadership



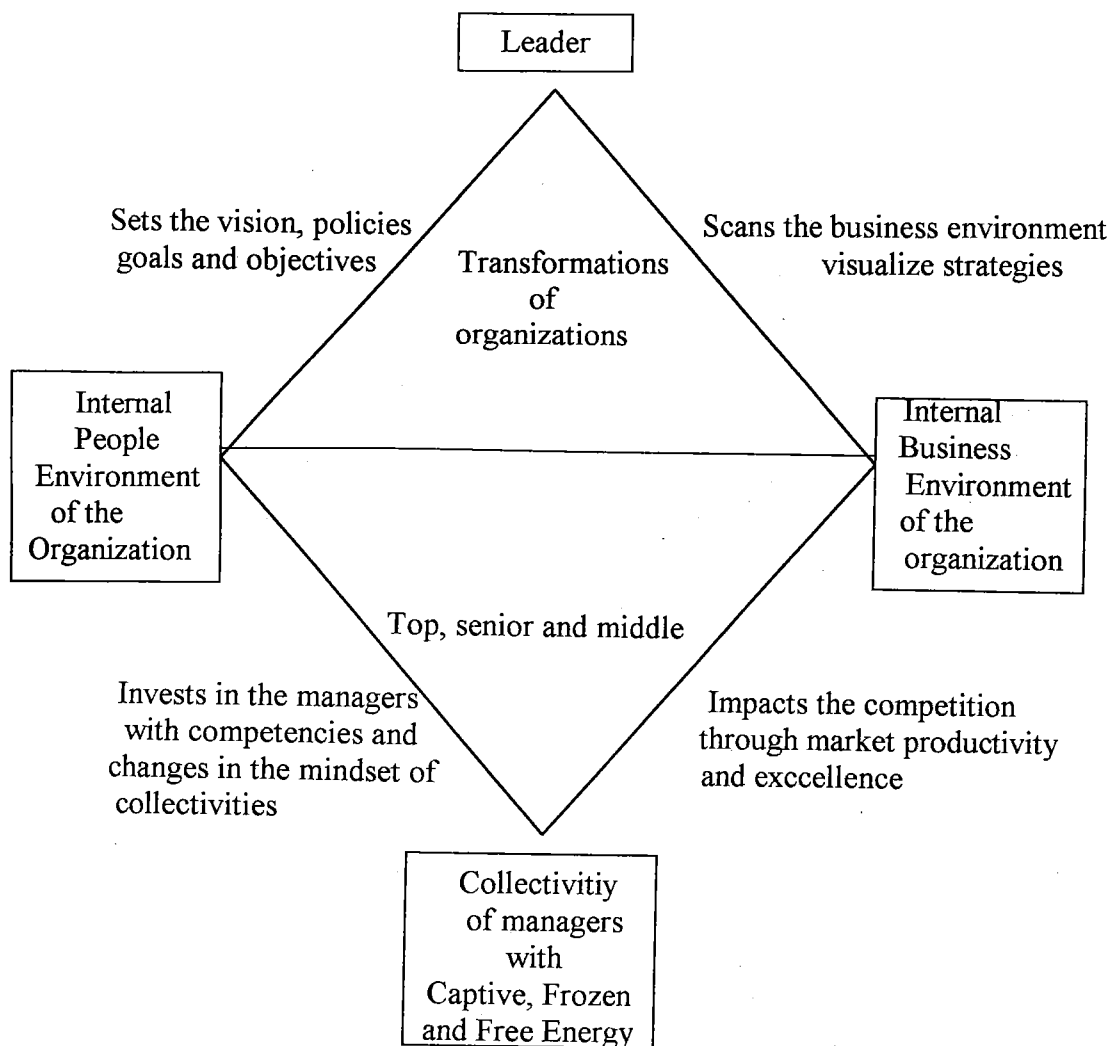
- An organization driven by Internal Environment.
- An organization driven by External Environment with focus on business and the external environment.
- If both are aligned.
- The Leadership is vision, direction, goals and objectives driven.
- Then there would be release of captive, frozen and free energy to be channelised.

When the leadership is strong with understanding of the internal environment and the driving force of the internal environment, but no real and clear understanding of the external environment then the leader will either fail to provide real direction or will provide unrealistic direction. The organization will take risks and flounder under this leadership.

When there is a strong leadership with awareness of both the internal and external driving forces then the organizational vision, strategy and goals will be realistic and consistent with the business. The organization then will transform itself fully to respond to the complexity and competitiveness of the business environment.

Even after this release of the captive and frozen energy and harnessing of the free energy of the individuals, collectivity and the organization there would still be barriers and roadblocks created by a few who do not wish to give up their captivity and frozenness. They hold on to the history and their residues and are non-responsive and immobile. In the release of the energy, its intensity and flow cause the few of this group to get marginalised or fall by the way side. They tend to become observers and spectators of the changes, which are occurring, but of which they are not a part. The energy and the flow of the movement throw them on the roadside. However, here the HR function has an extremely important role to play. It can mobilize this group of people of the organization. The HR function's role then is to identify the sources of this group's inertia and immobility and provide appropriate inputs to help them flow with the emerging realities of the organization. Figure 4 presents the processes of transformation of an organization through mobilising captive, frozen and free energy.

Figure 4
Processes of Transformation Through Mobilizing
Captive, Frozen and Free Energy



- An organization has two kinds of internal environment viz. the People environment and the business environment.
- There is the leader and there are the employees with captive, frozen and free energy.
- The leader sets the vision, policies, goals and objectives and communicates to people.
- The leader and the top management team scan the business environment and visualize appropriate strategies.
- Evaluate the employees with an appropriate mindset and competencies.
- Impacts the market place with excellence and quality of products and service.

For an organization to transform itself it has to also look at its systems. Any system of organization would provide have internal energy. These are reflected through individuals and collectivities. As mentioned earlier, the free energy of the individuals and collectivities available needs to be channelised for useful work. Organizations need to ensure that systems are so designed that minimum dissipation of energy takes place.

We must recognize that once the energy is dissipated it is gone and cannot be completely recovered. It is also true that the process of dissipation cannot be removed, eliminated or wished away. What an organization can do is optimize the release of free energy of individuals, collectivity and the organization and channelise it for the organization in the right direction. As such, internal systems and their energy need to be protected by the internal forces. Otherwise there will be dissipation.

An organization to energize the internal systems, has to be driven to that point of criticality, where the large part of the system is coherent internally. Then this coherence needs to be sustained for a period of time for an organization to transform. As such, the criticality needs to become self regulated and disciplined to sustain the coherence as well as the flow.

Let us take an example.

Consider an organization where the leader brings his free energy and initiates changes through his vision and direction. He identifies landmarks and destinations beyond the horizon and starts the process of transformations. He may begin a movement and there may be some followers. If the larger collectivity also gets mobilised and responds to the criticality of change then the organization will move into real time actions. Very soon all the individuals, the collectivity and the organization will flow with the energy, and start to count the mileposts in the movement. The organization will be able to transform and channelise its free energy into creative action initiatives.

If on the other hand, the leader has free energy but the collectivity is in a state of inertia and does not respond to the criticality of change then there will be sporadic responses, new strategic choices will not be sustainable and growth will flounder. The organization will get used to the creation of crisis and rise to the occasion only to take return to a state of inertia.

A third possibility is where the leader is in inertia and the managers have free energy. In this case, the systems will be heated up. Union activity will increase there will be general level of unhappiness discontent and disillusionment. Both the senior level as well as new recruits of the organization would want to leave the organization. The attrition in the organization will increase.

PRIMARY AND SECONDARY CONDITIONS OF TRANSFORMATIONS

For transformations to occur in an organization there are several primary and secondary conditions which need to be in place.

1. Organization must clearly understand, identify and articulate the determinant driving force in both the external and internal environment.
2. The organization needs to be prepared for that critical state across the levels when it starts to move from the state of inertia to a state of flow and action.
3. The leader must first identify the free energy within himself, collectivity and the organization. He must then channelise it with innovative ideas, direction and alternatives, towards a destination, a vision for tomorrow.
4. The individuals, collectivity and the organization must identify the captive and frozen energy wake up from slumber and non-action and take charge of the free energy. Given a direction and shape, this energy energizes itself through multiple initiatives,
5. The leader, collectivity and the organization at each level must acquire that criticality which frees the energy to initiate actions, renewal, enthusiasm and sustained effort.
6. The organization must accept that it needs to consider both, external and internal driving forces.

7. The role of the HR function is to tap that free energy to make the organization move.
8. The HR function's role is to mobilize the individual, collectivity and the organization as well as captive frozen and free energy with a binding force through values, appropriate systems, mind sets of people, organization vision and direction, strategies and policies and above all a coherence in excellence and in human processes.

In essence, the mindsets of individuals, and collectivity need to change. It has to reach that criticality for change to occur. The criticality which will take away the inertia and release the energy.

Figure 5 presents the processes whereby an organization can enhance and channelise the free energy of the organization into alertness, aliveness, and flow to fulfill the vision, goals and objectives of the organization.

FIGURE 5
PROCESSES OF ENHANCING FREE ENERGY

	Captive Energy	Frozen Energy	Free Energy
Individual Level	<ul style="list-style-type: none"> • Focus on the present • Take action steps / initiatives and New beginnings • Let go if fail-proof systems 	<ul style="list-style-type: none"> • Discover new meanings of self others and the system • Let go of the past • Touch the present • Discover ones potentials 	<ul style="list-style-type: none"> • Own up creativity and innovativeness • Own up action choices and experiment • Take risk and make choices • Find freedom to respond to the unknown.
Collective Level	<ul style="list-style-type: none"> • Respond to pulls and pushes from both external and internal determinants • Let go of inertia and resistance to change • Visualise the collective binding to functional linkages • Respond to the goals and objectives of transformation 	<ul style="list-style-type: none"> • Discover one's own voice • Delegate routine tasks • Provide support to the leaders • Own up the past and the emergence of the present transformations. 	<ul style="list-style-type: none"> • Shifts from the collective psyche anchored in social structures of yesterday • Change mindset to action, achievement and success • Enhance the managerial and leadership competency and capabilities • Respond with professionalism
Organizational Level	<ul style="list-style-type: none"> • Create processes of shared vision, directions, goals, and objectives • The leader and the top management to scan, visualize and provide a picture of what potentials lie beyond the horizon • Design an organizational structure that is 	<ul style="list-style-type: none"> • Design new relevant organization structure for the present future. • Keep Organization to be in tune with externally and internally driven forces. • Design new interfaces for effectiveness and excellence. 	<ul style="list-style-type: none"> • Actively and assertively engage with competition through quality and the heritage of craftsmanship of India. • Accept both external and internal driving forces and create a critical state of energy that will mobilize the total organization

	supportive and facilitative to the movement of the organization • Actualize in the discovery mode as different from validation mode.		• Create new traditions for the organization • Create a dynamic equilibrium of professionalism and human sensitivities.
--	---	--	--

The Captive energy at the individual level can be freed when the individual focuses on the present and take new initiatives. Similarly, the captive energy is released when the individual lets go of failsafe systems and attempts to take some risks. For this he needs to let go of some of the past baggage of meanings and responses and discovers ways to respond in the here and now as different from there and then.

The captive energy at the collective level can be freed if the collectivity takes up the recurrent and emergent task issues, which need to be encountered, and takes decisions. Once the collectivity can take decision it means that the collectivity becomes open to change and lets go of the inertia. It also responds to the hidden agendas and some reality responses are made.

The captive energy of the organization can be freed when the top management addresses some of the agendas of the people, which contribute to grievances from unfair and unjust practices. Moreover the top management mobilizes its people through including them in the articulation of the organizational vision.

Essentially, the captive energy of the individual, collectivity and the organization is rooted in past practices, which have become outdated and obsolete for the present. The pull of the individual – collectivity and the organization is to respond to the need of the times and make choices, take decisions, implement the decisions, monitor the process and realign and recalibrate with the decisions made.

The frozen energy at the individual level can be freed if the individuals are facilitated to discover that there is a larger context and as such multiple meanings of the same phenomenon. The individual has to let go of the residues of relationships in past frameworks and experience the present.

The frozen energy of the collectivity can only be released when the collectivity gets mobilized to respond to both the internal and external challenges and opportunities of the organization.

The frozen energy at the organizational level can be freed if the collectivity is open to articulating its expectations, examine the redesigned it organization structure relevant to its growth and aligns itself with the external environment. In this process the organization need to redefine its linkages and interfaces anchored in effectiveness and excellence.

Essentially, the frozen energy of the individual, collective and the organization are largely in the interfaces defined by the organization structure which confines limits and inhibits interfaces. This happens when the organization has grown and roles have enlarged but its accompanying processes have not emerged. As such, the individual, collective and the organization responds to the new initiatives and linkages in the organization but fails to find supportive infrastructures from the organization.

The free energy at the individual level is available when the individual takes charge to move into the unfamiliar and the unknown areas of tasks and makes active choices. The individual is open to taking risks and experiment.

The free energy of the collectively available when the collective moves to achievement and success orientations and unfolds its potentials. The collectivity can move into ambiguous and uncertain areas feeling secure at the resources they are bringing and capabilities to manage the emergent realities.

The free energy at the organizational level is available when the organization can be proud of the journey it has taken, the distance it has travelled and its accomplishments. The free energy needs to be channelised, enhanced and directed to respond to the challenges, the competition and the changing market scenarios. Once any organization has the release of the collective energy, the free energy and the availability of the

individual, collective and the organization energy then the organization can create new models of work culture as well as new traditions and values to live by.

What is required for India organizations today is to create an internal anchoring and a rhythm. It is also required that this internal rhythm is aligned to the external business and global reality and there is an alignment so that what flows from it is innovative and dynamic.