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Revealing Themes: Applying a Positive Lens to the Chapters on Poverty and Low-Wage Work

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Poverty also means dearth, and there certainly has been a dearth of attention in the organizational sciences to the organizations that grapple with the problem of poverty. Study of the causes and effects of poverty have been central to many of the behavioral and social sciences disciplines—with the glaring exception of the organizational sciences. Only recently have scholars from the range of organizational fields begun to bring their distinctive lens and knowledge to questions of poverty (e.g., Pearce, 2005, 2007; Spreitzer, 2007). Taking the positive organizational scholarship frame has been particularly valuable to this undertaking; with its focus on taking a positive stance toward participants, toward conflicts and barriers, and its emphasis on positive spirals of change, this framing has helped the early efforts to flower into a genuine movement, as is reflected in the mature research in the four chapters in Part V of this book. These works do not focus on changing organizations themselves, but on the organizations that are struggling to effectively change some of society's intractable problems. Organizations that address poverty struggle to be effective, and these chapters demonstrate the ways organizational scientists can help these organizations, as well as advance our organizational theorizing. There can be no social change more positive than effectively addressing the ancient scourge of poverty.

KNOWING THE CAUSES OF POVERTY IS NOT ENOUGH

Our colleagues in sociology and economics have carefully documented the causes of poverty, and each of these chapters reports research on the effectiveness of attempts to address some of these causes. However, sociologists and economists focus on large aggregates and mean differences that have limited the usefulness of their work. In positive organizational scholarship, positive deviance is important and each of these chapters seeks to understand that positive deviance. In Chapter 17, "Positive Change by and for the Working Poor," Carrie Leana and Ellen Kossek approach the problem of low wages from the fields of human resources management and organizational behavior. Their research has thrown into question the common public-policy assumption: that if we can get the poor into entry-level jobs, these jobs will serve as stepping stones lifting these workers out of poverty via promotions to higher paid jobs as these workers learn new skills. Leana and Kossek's research documents the ways in which this idea of organizations as bureaucracies with internal career ladders that entry-level employees can climb is increasingly a myth in the United States. More common are companies with business models based on high-turnover low-wage employees, jobs that rarely (and usually only if employees have obtained additional training at employees' own expense) allow upward mobility. The American economy is no longer dominated by large organizations with internal career ladders, and they propose that the stepping-stone theory needs to be updated. By focusing on the human resources employers actually do (or more accurately, do not) provide for low-wage workers, these authors have illuminated a public policy fiction with real implications for governmental policy for poverty eradication.

Christine Beckman and Brooking Gatewood, in their chapter, "Building Organizations to Change Communities: Educational Entrepreneurs in Poor Urban Areas," evaluate charter schools, one of the most popular interventions to address the failure of so many schools to provide their impoverished students with the skills they need to escape poverty. In the United States, with its decentralized local school districts, publically funded charter schools are seen as a way to avoid the organizational dysfunctions that many see as preventing schools with poor students from improving. They look behind the statistics showing that charter schools sometimes help (positive deviance) and sometimes do not help (negative deviance), and so on average have no effect on student mastery. Drawing on their knowledge of organization theory and entrepreneurship, they identify some surprises about which charter schools improve students' test performance and which survive. They identify formalization and the nature of the schools' network with outside organizations as key factors in their success. These are organizational practices that are unlikely to have been identified by policy makers examining only highly aggregated data and not familiar with what contributes to organizations' effectiveness.

In her chapter, "Navigating Change in the Company of (Dissimilar) Others: Co-Developing Relational Capabilities with Microcredit Clients," Lisa Jones Christensen describes the creation of a training program developed jointly by American MBA students working with fellow students and microfinance clients in Kenya. Drawing on the literature from organizational development, she provides a practical set of steps that can produce more effective business training for small-scale developing-country entrepreneurs. She addresses a widely identified cause of impoverishment—lack of sufficient voice to be able to influence what outside experts assume the poor need. It is an old cliché that outsiders come to poverty eradication with ideologically driven ideas about what must be done, but because they come with badly needed resources, the impoverished try as best they can to salvage something useable from these uninformed outsiders. Experiments with complete decentralization in America's War on Poverty in the 1960s helped demonstrate that simply handing over resources can lead to exploitation, so a combination of outside expertise and local knowledge is needed. This chapter has identified an approach that appeared to be a successful solution—intensive emersion of the outside experts with the local experts and clients, who lived together and worked as peers. Jones Christensen described Ingrid Munro, the founder of the Kenyan microcredit organization who was leery of yet more outside experts who would be more trouble than they were worth, but was ultimately won over by Jones Christensen's innovative program. Only by drawing on insights from organizational development's sensitivity to workplace emotion and dignity could she have developed practices that actually did enact care and cultivate humility among those who arrived from a rich country with technical expertise. Her approach to change suggests that the dominant organizational change model of unfreezing-change-refreezing (Lewin, 1951) is not only misguided but reflects a view of change participants as objects to be broken down and rebuilt by the all-knowing change agent.

Her foreign students' positive and respectful humility in approaching this task suggests a potentially radical reconceptualization of organizational change approaches. She developed a genuinely useful program, and can serve as a model for all of such experts seeking to do effective change work.

Finally, Rodrigo Canales' chapter, "The Stranger as Friend: Loan Officers and Positive Deviance in Microfinance," also examines the organizations behind aggregate statistics that show that microfinance sometimes helps, sometimes hurts, and on average has no effect on impoverished individuals' ability to build successful businesses. As an organization theorist, he examined the increasing standardization and rules these Mexican microfinance organizations faced arising from growing competitive pressures forcing efficiency in what is very labor intensive work. Microcredit clients often do not have the financial records, sales receipts, or documented credit histories that would allow them to obtain financing from traditional banks. Instead, the microfinance model depends on loan officers' detailed social knowledge of loan applicants, a knowledge that is increasingly difficult to obtain as loan officers must support ever more clients when pressured for greater efficiency. Focusing on within-organization comparisons (to control for policies and strategies) he found that not only do different loan-officer actions matter, but that the local organization makes a difference: even though loan officers who bent the rules to develop a more personal relationship with their clients made more profitable loans, they needed the check of colleagues at loan meetings who would ask tough questions, to enable sound loan decisions. This chapter identifies real risks in competition among those providing services to the poor, something underdeveloped in organizational theories.

In addition to the value of these chapters in identifying policy changes, taken together, these chapters also reflect some common insights for those conducting research in the organizational sciences. The dearth of research on organizations that address poverty has distorted our theorizing. Two of these are described here: knowing if your organization has been effective, and how to balance formality with flexibility in organizational practices.

HOW CAN WE KNOW IF WE HAVE BEEN USEFUL?

All four chapters help to highlight the value of a positive lens in identifying the difficulty of knowing what success is for something as complex as poverty eradication. By taking a positive stance toward clients and organizational participants they all note that knowing if change has been useful is more problematic than is usually assumed in the literature. For example, Leana and Kossek note that even in those cases where low-wage employees have climbed into higher paying jobs, some other low-wage employees will take that low-wage job. That is, even a successful individual solution may not be a successful societal one. In fact, managers learn how to manage low-wage employees more effectively (such as, with highly structured monitoring systems) allowing them to base their business models on a low-wage transient workforce, perpetuating the societal costs of poverty. In organizational behavior, scholars usually focus on the managerial objective of individual job performance, and assume that everyone benefits from better individual job performance. However, these authors demonstrate that a more productive individual is not necessarily better for that individual or our societies.

Beckman and Gatewood illustrate how the traditional organization-theory success measure of "organizational survival" does not adequately capture the effectiveness of charter schools. The schools in their study with a strong network of support from local organizations survived despite their low student performance. Their work illustrates the implicit assumption in studies of organizational survival: organizations that survive must be doing so because they are successful in their marketplaces. This ignores the fact that organizations may be poor performers with strong political support.

Jones Christensen directly addresses the uncertainty of knowing whether an organization has been useful, by clearly and heartbreakingly asking: how do we know if we have been useful? This is particularly uncertain for organizations such as hers involved in "training the trainers," leaving those doing the training removed from their clients. Similarly, Rodrigo Canales notes that microfinance originated to help the poorest of the poor, but that its very success has led many traditional financial institutions to begin new microfinance programs. This increased competition has forced all microfinance organizations to adopt efficiency and standardization practices that lead them to focus on loans for the less poor as these loans are more easily evaluated by standardized rules and are less labor intensive. Thus, efficiency, considered to be a good thing in business organizations, can undermine the effectiveness of poverty eradication organizations.

Of course, the problem of identifying effectiveness is not new to those who study non-profit organizations (e.g., Cameron & Whetten, 1983; and organizational psychologists have long lamented the "criterion problem" (for example, that our measures of job performance are much less accurate than we admit; Austin & Villanova, 1992). As these chapter authors all demonstrate, when addressing poverty all of these challenges are exacerbated and more complex than those that have been discussed in the organizational literature. The effectiveness problem with poverty eradication is not what to achieve (that is clear enough), but how best to address a problem with so many mutually reinforcing and interacting causes. When organizational scientists leave the simpler world of business, deciding how we know whether or not an intervention has been successful is challenging. Organizational scientists, led by these chapter authors, are now beginning to address this fundamental issue.

HOW CAN ORGANIZATIONS HAVE BOTH FORMALITY AND FLEXIBILITY?

The challenge of balancing formality (often called accountability) and flexibility (usually called decentralization or empowerment) is one of the most difficult practical problems in organizations. Organizational change involves simultaneously changing both, and that this precarious balance may be undermined in change programs is something that is insufficiently acknowledged. These problems are particularly acute for poverty eradication organizations that must balance the formality that gives funders confidence with the flexibility to meet clients' complex multiple needs. Beckman and Gatewood remind us that formality and standardization can be very valuable in contributing to organizational effectiveness, while Canales documents what superficially appears to be the opposite: that formality and standardization can undermine professional discretion, something that is critical to organizational performance. These authors' reliance on detailed observational and archival analyses of actual organizational practices provides several concrete examples of how formality can successfully coexist with flexibility.

Leana and Kossek contrast top-down (standardized and formal) and bottom-up (flexible and informal) approaches to positive organizational change. They highlight the work of those who have studied job crafting, in which lower-level employees alter their own jobs to make them more personally rewarding. The authors note that when employees can craft their own jobs they like those jobs more, but are silent on exactly how job crafting can be sufficiently constrained to ensure that coordinated performance is not sacrificed. Canales and Jones Christensen do provide specifics that show how these two can be balanced.

Canales describes how flexible loan officers, who have gotten to know their clients, have the tendency to want to help them in any way they can. This makes the loans better (more information), but can lead to bad loans too (loans made on the basis of attachment to clients). Only when loan officers' flexibility was balanced by other loan officers who would refer to standardized guidelines and who would raise concerns about the likelihood of repayment were successful loans made. He also addressed the risk of discretion that evolves into corruption: these microfinance institutions managed this threat with strong formal controls as well as strong values of honesty, such that those who used their discretion for corrupt purposes were rare, but when it happened they were identified by the extensive control system, and quickly fired. Jones Christensen also described specific organizational actions that can combine the advantages of formality with flexibility. Her American foreign experts arrived in Kenya with initial written outlines for the course they wished to develop, formulated in the full knowledge that it might all be abandoned once they had more information about client needs and abilities. This "provisional formal structure" of tentatively held written guidelines is an approach that merits further research.

By digging deeply into what actually happens in these organizations and focusing on the positive, these authors were able to provide real insights into how formality and flexibility can be successfully combined under difficult circumstances. Their work takes theorizing beyond simplistic slogans about empowerment and accountability. At present theorists focus on one or the other and do not treat them as the duality that they are. I hope these chapters help to spur new research that treats both of these together, rather than in isolation.

MORE EFFECTIVE POVERTY ERADICATION WITH ORGANIZATIONAL UNDERSTANDING

Organizational scientists, in particular, can bring unique insights to social problems usually dominated by the economists and sociologists advising governments. Governments in free societies prefer highly centralized solutions. It is hard for governments to let a thousand flowers bloom when they are providing the money. Misspent and wasted money creates headlines that make politicians agitated. Political leaders must be seen as "solving the problem," and often it is assumed that the only way they can accomplish this goal is to impose top-down controls and reporting requirements. Those responsible for governmental policies want them to be right the first time, and dread a flexibility that will inevitably result in damaging disclosures. This makes the social scientists who study large social aggregates—economists and sociologists—more congenial to policy makers. Organizational scientists (and everyone else) know the performance costs of large, highly centralized, inflexible organizations, but heretofore, these types of organizations were seen as the only politically safe way to address social problems. These chapter authors have helped illuminate the need for local flexibility, highlighting how a positive lens can lead to a fundamental re-examination of our theoretical assumptions. Leana and Kossek demonstrate that sweeping assumptions about low-wage work are inaccurate and identify both top-down and bottom-up alternatives. Beckman and Gatewood show how the very flexibility built into charters for schools allowed sufficient experimentation and innovation to identify differing pathways to survival. Canales documents the importance of allowing microfinance loan officers sufficient discretion to innovate. Jones Christensen's description of their highly flexible and innovative training program for poor entrepreneurs demonstrates what can be done when different organizations come together, on their own, without funding-driven guidelines.

By focusing on some of the most intractable change challenges using a positive lens, these chapters provide real insight into our theories of change. When our understanding of large-scale system change is dominated by the study of managers' interests in changing their subordinates in large business organizations, we produce only one model of change, and perhaps not even the most effective one for any organization. Undertaking difficult societal change highlights the fact that we may not have a clear idea of what the change should be or how we can know if it has been effective or not. All large-scale organizational change is complex, and it is more likely that the change agents are often as uncertain about whether or not they have been useful as these honest authors have been. In addition, poverty eradication is such a difficult task, usually funded by third parties that want accountability but must be responsive to clients' complex and changing needs. These are challenges that all organizations face, but the difficulty of the work of organizations seeking to eradicate poverty, and the excellent detailed data collection and analyses these authors have conducted help remind us that this is a duality insufficiently addressed in current theorizing. Scholars talk about accountability and about decentralization, but, unlike these authors, do not address how these two can be balanced in practice. These authors provide rich data and insights that can form the basis for powerful new theorizing on this important issue. These chapters are models of both, how organizational sciences can contribute to positive social change by bringing their frameworks and knowledge to the challenges of poverty eradication, and the organizational insights available to those who look beyond business.

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