

RESPONDING TO ORGANIZATIONAL DECLINE FROM THE INSIDE

by Glenn Williams



Feeling stuck in an organization that seems to be going downhill is not fun!

Growing frustration with the lack of accountability and poor performance by leaders has led to a significant loss of talent for organizations, often causing staff to question their goals and approaches to achieving them.

In *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States*, Hirschman argues that leaders tend to find out about the failures of their organizations through 'exit' and 'voice', while arguing that loyalty is not always what it seems (Hirschman, 1970).

- The 'exit' option occurs when customers stop buying the company's products and services, donors stop giving money, or staff begin to leave the organization. At this point, how an organization responds and the time it takes to respond, is relative to a decline towards irrelevancy and lower market share.
- The 'voice' option occurs when customers, donors and staff express their dissatisfaction with management. Unfortunately for staff, 'exit' is sometimes the result.

There are risks associated with both approaches and numerous variables that need to be taken into account.

One important thing to remember is that staff will rarely voice disappointments or concerns to their leaders unless they feel secure in their role and have come to trust those relationships. Understandably, the need for job security often prevents them from sharing the problems they see candidly with leaders they don't trust; in which case, the *exit* option often occurs.

Seeing a departure of talent, a decline in sales (or donations), and the inability to hit your goals? These can be a timely reminder to be discerning and not to take *loyalty* for granted or assume that there are no problems when it is present.

What's the bottom-line?

Encourage feedback and focus on building a culture where staff and customers can feel safe to voice their ideas, concerns and challenges before it gets to the point of where they feel they have no option but to *exit*. Below are some questions to reflect on:

- What practical steps can I take to develop a culture that empowers and invites staff to participate in the development and evaluation of the strategy?
- What is preventing me from listening to those around me?
- What positive indicators in my business might be masking problems below the surface?
- What feedback loop do I have in place for my customers (and staff)?

References

Hirschman, Albert, O. (1970). *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States* (Cambridge, London: Harvard University Press).