
OPEN AND CLOSED ORGANIZATIONS

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1. Introduction

This paper tries to demonstrate the differences between open and closed organizations, the chances and the risks they are connected with, and their effect on the human resource management, especially on the leadership and the employees. Gebert and Boerner derived the terminology of open and closed organizations from Popper's theory about open and closed societies, so the thoughts in this paper are following their concept .

In a first step, to understand the terms 'open' and 'closed', it will be necessary to explain some of the main points of the theory about open and closed societies, which was introduced by Henri Bergson and made popular by Karl Popper. This knowledge will then serve as a basis for the description of the characteristics of open and closed organizations, regarding their organizational culture, their management and their employees. Finally I will try to give a view on the perspectives for the leadership in open and closed organizations and potential advantages and disadvantages of both types for the management and the organization as well as for the workforce.

2. The theory about open and closed societies

In his most known book "The Open Society and its Enemies" Karl Raimund Popper quotes two different types of societies – the open and the closed society. The open society is a synonym for freedom and individualism, while the main characteristics of the closed society are orientation and collectivism.¹ These two positions are representing extremes, which today rarely exist in a pure form. Popper published his work 1944, so it has to be regarded in a historical context, however it hasn't lost much of its validity. Especially during the cold war the distinction between open and closed societies got very obvious. The western world represented the mainly open societies, while the Eastern Block was a prototype for the closed ones. But a division into and mostly a mixture of these two types of societies can also be noticed nowadays. Most of the Arabian, and developing African countries can be mentioned as a good example for more closed societies, the USA and the Western European countries as an example for more open societies .

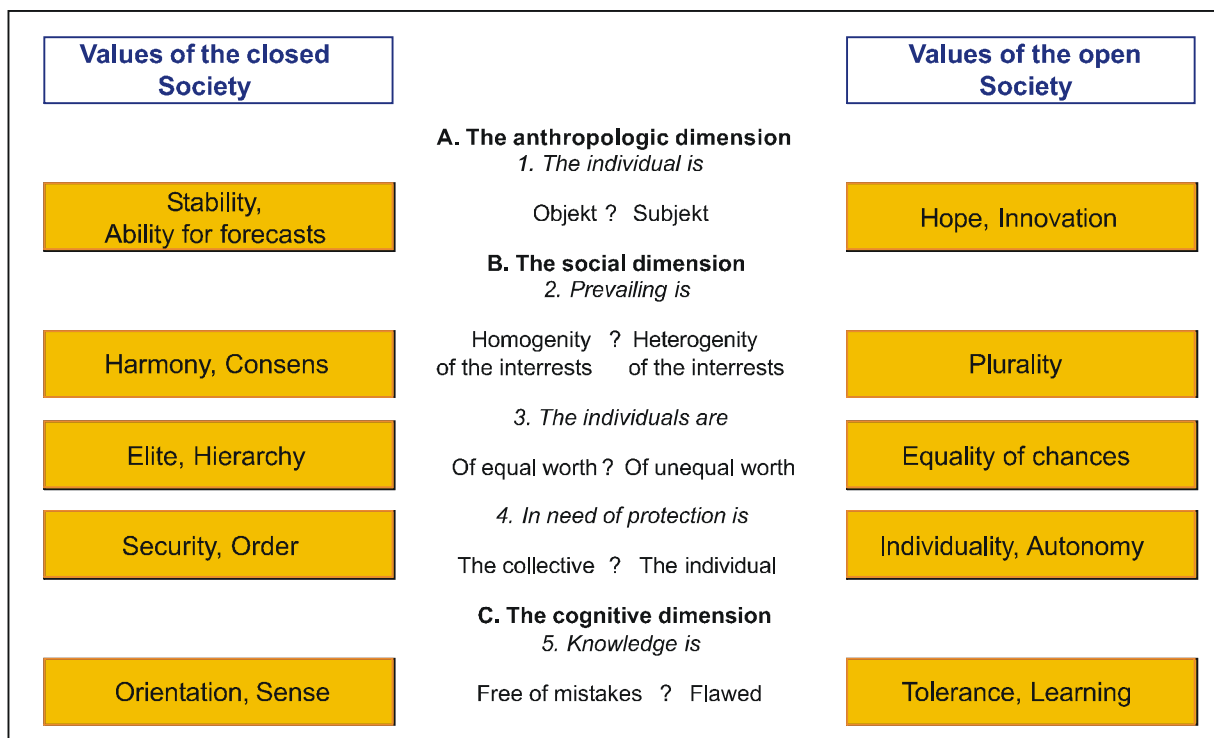
¹ cf. Boerner 1994, p. 17

Following the theory of Popper, Gebert and Boerner distinguish between the two types of societies on the basis of three different dimensions (Figure 1):

- the *anthropologic* dimension
- the *social* dimension
- the *cognitive* dimension

The anthropologic dimension deals with the question, if the human being is a subject or an object of the world.² How far is he possible to influence the society and its normative structures? The social dimension describes the position of the individual in its society. Are there any predetermined social positions of the members of the society, and is the individual realized as itself or more as a part of the whole? The focal point of the cognitive dimension is the fallibility or infallibility of the human cognition. Is there any questioning of proposed theories, or does they remain unreflected and sacred, and does any tolerance exist towards different ideas?

Fig. 1:



Source: Gebert/Boerner 1995, p. 22 „Wertemuster und Bewusstseinsdimensionen der offenen und der geschlossenen Gesellschaft“

² cf. Gebert/Boerner 1995, p. 23

It is possible and by far not unusual that a society is open in one and closed in another dimension. Japan is a good example for such a society. It tends to an open pole in the anthropologic and cognitive dimension. In the social dimension the Japanese society shows a more collectivistic and closed pattern.

Regarding these three dimensions, a closer look on the open and the closed society will be given in the next two chapters, without (as far as its possible) a judgement of any of the both forms since both of them have their own advantages and disadvantages, which also will be demonstrated.

2.1 The open society

A historical example for the free and individualistic open society in Popper's theory is the antique, democratic Athens and the philosophy of Socrates. The open society can be described by using the anthropologic, social and cognitive dimension as following:

The anthropologic dimension: The social reality of the open society is created by conventions, which have to be negotiated permanently by its members to fit the current requirements. Contrary to the closed society norms are not like the laws of nature unchangeable, determined and stable. The open society shows a *voluntary* pattern in the organization and shaping of its norms and rules, although the content of the conventions and social laws is not voluntary.³

The social dimension: In an open society each member has equal rights and equal worthiness although the members are very *individualistic* with different interests. Because of this plurality of interests it is necessary to have a regulating mechanism. Democracy for example can serve as such a mechanism in an open society,⁴ whereas in a closed society this duty would be fulfilled by some kind of authority (often a dictatorship). Social mobility, individuality and the variety of opinions are main aspects of the open society. The focus is not on the wealth of the whole collective, but on the self-realization of the individual. "Each individual is unique. It is legitimate for each to be concerned with its own needs and aspirations and to seek self-assertion and self-fulfilment"⁵.

³ *ibid.*, p. 24

⁴ cf. Gebert/Boerner 1995, p. 28

⁵ Hawrylyshyn 1980, p. 49 f. quoted after Boerner 1994, p. 98

The cognitive dimension: The open society tries to broaden its state of knowledge by falsification of existing theories. According to Popper a scientific theory cannot be verified, but only be defeated.⁶ Human knowledge is characterized by a *provisional* nature and mistakes. Consequently theories and the systems deduced by these theories should always be open for critics and improvements (patchwork-technology). “Only those ideas or ‘facts’, that survive the debate are treated as ‘true’ or worthy of acting on”⁷.

Potential advantages of an open society are the believe in the manageability of the society and its processes, freedom, equal chances and development of its members, and innovations through the permanent search for better solutions with at the same time tolerance for different ideas. Disadvantages may be the loss of control above the society and its members, lack of orientation, power struggles, egoism, and the prolongeness of decisions.

2.2 The closed society

Popper compared the ideals – orientation and collectivism - of the closed society with central statements in the philosophy of Plato and the life in the antique, oligarchic Sparta. Characteristics of the closed society regarding the three dimensions are:

The anthropologic dimension: The closed society doesn't make any distinction between the laws of nature and social rules, and it assumes, that both are unchangeable. It is characterised by a magical way of thinking.⁸ The result of this invariability and *determination* of the social reality is, that on the one hand the member of the society can rely on the existing order, but on the other hand it is helpless if its threatened by the rules. For example the bureaucracy is a strong institution in such societies, and serves as an uninfluenced order for the individuals. It is often characterised by authoritarianism and dependence.⁹ The closed society offers a deterministic view of the ideal norms and values, that are regulating its members lives.

The social dimension: The closed society can be compared with an organism. Each organ has its own duties, and stands in a complementary relation to the others. Its position is predetermined and cannot be changed. That means, if someone finds himself in a

⁶ cf. Sokianos

⁷ Schein 1987, p. 91, quoted after Boerner 1994, p. 97

⁸ cf. Gebert/Boerner 1995, p. 23

⁹ cf. Armbrüster

subordinated position, he will remain in this position his whole life. But there won't exist any conflicts between the different classes, because every member works for the benefit of the whole society, for one *collective* interest, for a healthy organism. Therefore the closed society could be characterised as very harmonic.

The cognitive dimension: The basis in closed societies for this dimension is the idealistic philosophy, that the human knowledge is more or less free of errors and as a result it has a *final* character. It is assumed that there is a possibility to discover the plain truth through proper research by using already proved knowledge. This can be seen as an attempt to explain the future by the past, which means a reproduction of and a reliance on existing knowledge and thereby the (re)creation of imperturbable dogmas.

Social stability, obedience, protection against failure (a higher power can be blamed), harmony in the relationships, and certainty through orientation are some of the main advantages of closed societies. These advantages also have their drawbacks like dogmatism and ideologies, the rigidity of the social system and the position of its members, and the resulting resignation and dissatisfaction.

The next chapter will show that organizations, just like societies, can have open and closed characteristics, which influence (and are also influenced by) their management and their employees. Again attention will be paid to the three dimensions, which will help to illustrate the particular aspects of open and closed organizations.

3. Characteristics of open and closed organizations

Open and closed organizations differ in the way they deal with their internal and external affairs as a result of their different philosophies. Reflected on the theory of open and closed societies, in the following the characteristics of open and closed organizations should be demonstrated through the analysis of their organizational culture and their leadership.

3.1 Open and closed organizational cultures

Culture can be defined as “that complex whole which includes knowledge, belief, art, law, morals, customs and any capabilities and habits acquired by a ...[person] as a member of

society”¹⁰. “Rohner (1984) sees culture as an organized system of meanings which members of that culture attribute to the persons and objects which make up the culture”¹¹. Wollnik (1988) says, “Organization is culture”.

Numerous cultural concepts have been developed in the past two decades. According to the Three-Level-Model from Schein, which served as an example for many following theories of the ‘organizational culture’-mainstream¹², the term of organizational culture can be explained with help of three aspects:

- *Artefacts and creations*
- *Values*
- *Basic assumptions*

Basic assumptions are preconscious, hardly questionable and very stable assumptions about the reality in an organization, deeply fixed in every organizational member’s mind,¹³ useful for the reduction of uncertainty and fear. Artefacts and creations are the visible part of the organizational culture. These can be technology, buildings, corporate design, language, myths as well as structures, processes and behaviour. Values are positioned between these two levels. A value can be described as the first proposed solution for a new problem like a strategy, aim or philosophy. If it proves successful, it turns into a basic assumption.

These three aspects seem to be the basis in most concepts of organisational culture, and to be very useful for the analysis of open and closed organisations.¹⁴

The basic assumptions, values and artefacts of an organization will be illustrated from the perspective of the anthropologic, social and cognitive dimension in the following. It has to be mentioned that an organizational culture (just like societies) can be open in one dimension and closed in another.¹⁵ This means, that for example a closed characteristic in the cognitive dimension (let’s say an organization believes that it uses the most effective technology, and

¹⁰ Symington quoted after Adler 1997, p. 14

¹¹ Smith/Bond 1998, p.38

¹² cf. Behrends, p. 251 in Martin 2003

¹³ cf. Behrends, p. 252 in Martin 2003

¹⁴ cf. Boerner 1994, p. 79

¹⁵ cf. Boerner 1994, p. 111

refuses to do any research and improvements) not necessarily leads to a closed enterprise in the whole (maybe it is open on the social dimension, and allows enough room for personal development of its employees).

In the anthropologic dimension the basic assumptions of an organization decide, whether the organization sees itself as a subject or an object of the market. An enterprise with open tendencies in this dimension of organizational culture believes, that it is able to actively influence the market, to select between different alternatives and to draw up plans that fulfil. A typical example would be a 'free enterprise'. Its values are independence, initiative and engagement. The level of the artefacts is reflected by for example 'pioneer-myths' (for example a story about a product that has first been developed by that organization), organizational innovations and organizational learning.¹⁶ Contrary an organization with a closed aspect in the anthropologic dimension regards the market as a higher power, a plan that is drafted by someone else, but not by the participating organizations. The organization has to adopt to the market and as a result it is acting very passively. A typical example would be a 'command-state-enterprise'. Dependence and protection against failure can be mentioned as values. The artefacts can appear by 'tradition-myths' (stories about strategies that have already proved) and a strong restraint against innovations.¹⁷

The basic question of the social dimension is, whether the individual or the collective is of more importance for the organization.¹⁸ In this point the basic assumption in an open organization would be, that the enterprise has to accommodate to the needs of its members and it has to protect them. Each member of the enterprise is equal (but unique) and has the possibility to influence his status in the organization. Some values that result from this are fairness, self-determination, prestige and competition. The organization is like an 'association' with a very heterogeneous workforce, without any discriminating barriers for the employees' careers and with myths about the success of some individuals (for example about someone, who got in the top management in a fairly short time, because of his extraordinary efforts and talents). Payment and further training is individually for each employee. The basic assumption of a closed organization is that its members have to work and engage for the benefit of the enterprise. The members are unequal and each of them has his definitive

¹⁶ *ibid.*, p. 102

¹⁷ *ibid.*, p. 103

¹⁸ *ibid.*, p. 104

position, which is unchangeable. The organization works like an ‘apparatus’ with values like consensus, loyalty and solidarity. The employee is like a “good soldier”¹⁹, a voluntary subordinate to higher purposes.²⁰ On the level of the artefacts the closeness becomes visible through collective payment, a homogeneous staff, discriminative career-barriers and myths about the success of the cooperating collective.

The basic assumption in the cognitive dimension of an enterprise with an open organizational culture is determined by the opinion that all knowledge is of provisional nature. The organization is in permanent search for knowledge, trying to improve what it has already attained with new ideas and innovations, or by organizational development and team building. It attempts to discover the (provisional) truth through a rational process.²¹ The employees are involved in the decisions of the organization, which are prepared by discussions. Values can be tolerance, exchange with others and universalism. The basic assumption of a closed organization is, that there is a certain knowledge, which can be regarded as true. This makes experimentation and the search for new ideas obsolete. The organization knows about the best solution and tries to push it through without any compromises. Values in the closed organizational culture are for example certainty, uniformity, and tradition. Decisions happen on the basis of dogmas or the opinions of experts, who separate themselves through their own (expert-)language from the rest of the organizational members.²²

The organizational culture provides the framework to which the members of the organization have to adjust. The leadership also has to adopt to this framework and structures, but at the same time it changes or stabilises the open or closed nature of the organization through its interaction. The following chapter will describe the open and closed characteristics of leadership and their impact on the employees.

3.2 Open and closed leadership

A universal definition of organizational leadership can sound as following: “The ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and

¹⁹ Schein 1987, p. 101 quoted after Boerner 1994, p.105

²⁰ Boerner 1994, p. 105

²¹ *ibid.*, p. 106-108

²² *ibid.*, p. 111

success of the organizations of which they are members”.²³ A leader can be defined as a “group member whose influence on group attitudes, performance, or decision making greatly exceeds that of the average member of the group”²⁴.

The leadership has a great impact on the characteristics of an enterprise and also the organization influences the leadership style. Open and closed organizations differ in the way they lead their employees.²⁵ Now the difference between open and closed leadership should be demonstrated on the basis of the anthropologic, social and cognitive dimension.

The main questions in the anthropologic dimension of leadership are: What kind of controlling expectations does the employee have?²⁶ Does he believe to be able to influence or even control processes in an organization or not? Is this control located internally in the organizational member, or externally in the enterprise itself?

A leader with open characteristics in this dimension will assume, that the employee has a high control over the situations in an organization. Situation control means “the extent to which members of the organization believe they can contribute directly by their own action or indirectly by actualising the resources of others to the innovative improvement of the situation”²⁷. The manager believes that the employees will show initiative, engagement and independence, and the management is only fulfilling a consulting role. With an open leadership regulations for the relationship between the management and the employees (for example the competencies of an employee) are based on conventions. The power is divided between the leader and his peers. Each member of the organization has the potential to influence another individual or group. The voluntary pattern of open leadership is reflected by a *liberal and supporting* character.²⁸

A closed leadership in the anthropologic dimension can be described as *directive and incapacitating*.²⁹ The organisational structures seem to be determined, and the employee doesn't believe to have any situation control. This leads to a lack of self-esteem resulting in a

²³ cf. House et al. 2002, p. 5

²⁴ Simonton 1994, p. 411 quoted after House et al. 2002, p. 5

²⁵ cf. Boerner 1994, p. 116

²⁶ *ibid.*, p. 119

²⁷ Gebert/Boerner/Lanwehr in Int. J. Entrepreneurship and Innovation Management, Vol. 4, No. 1, 2004

²⁸ cf. Boerner 1994, p. 120-121

²⁹ *ibid.*

lack of engagement and initiatives. The power is shared unequally, located at the leadership, and the employee is at his superior's mercy. Regulations are not created by conventions, but by forces of circumstances. The employee is an object, a marionette of the management, led by invisible strings, motionless if these strings break.

The social dimension of leadership deals with the question, if the management treats every employee individually or uniformly. Does every member of the enterprise have equal chances?

With an open leadership in this dimension, each member of the organization is managed differently. Each employee has his own abilities, talents, preferences and way of thinking, which should be encouraged by the superiors. This *plurality* is maintained by the leader by creating equal chances for everyone, and leaving space for dissent caused by different opinions. A pluralistic leader is like a 'mentor' and his employee like a 'trainee'.³⁰

A closed leading style tries to achieve *uniformity* among the organizational members by following specific schemes. Everyone is treated the same way, and everyone should behave the same. Different opinions and dissent are not tolerated, and the ones who go against the tide are being discriminated. The goal is that the employees work together in consensus and for one and the same vision. The leader is like a 'controller' watching if all the 'little wheels' are working well.³¹

The basic question in the cognitive dimension of leadership is, if there exists an exchange between superior and subordinates, or if the decisions are declared without any involvement of the employees.³² Can the decisions of the leadership be questioned by the employees or not?

A manager with open aspects in this dimension regards his leadership as a *dialog* between himself and his employee. He tries to enable a transfer of knowledge between himself and the subordinates, because he believes that the human knowledge is fallible and therefore a permanent search for better solutions inevitable. The leader practises management by objectives, which means that the goals formulated by him and the organization are not a fixed datum. They serve much more as a guidance and the employees can formulate their single

³⁰ *ibid.*, p. 125

³¹ *ibid.*, p. 126

³² *ibid.*

goals according to them by experimenting with the different alternatives.³³ The manager demands feedback and critics from his employees, to be able to improve his work. The relation between the leader and his employees is like a partnership.

Contrary the closed leadership style is characterized by a *monologic* relation between superior and his subordinate. The manager takes his knowledge for sure, reliable and infallible. As a result if the employee's opinion in a certain matter is different to the leadership, his opinion will not be of equal worth and won't get any attention. He will be dependent on the decision of his leader. Unlike the management by objectives, the employee gets certain tasks with specific goals that have to be achieved. The way to this goals is also schematically predetermined. The subordinates have to show loyalty to the leader, who acts like teacher and considers the employees to be his pupils.

Obviously the management has different options to practice a more closed or open leadership. A fixation on one of the two forms may be the wrong approach for an optimal management, because this would lead to the loss of the positive aspects of one or the other. That's why the management and the employees usually want to have both types together. They want to have plurality for creativity and innovations but at the same time harmony and trustful relations. They want freedom and flexibility but also foresight and calculability. They want to experiment, invent and question existing knowledge but also certainty and clearness.³⁴ Therefore the duty of the managers should be to find the right balance between the amount of open and closed leadership, and to adopt their management to their own, the organizations and the employees needs. This results different perspectives for the managers to design their leading styles.

4. Perspectives for the management in open and closed organizations

As it has been mentioned before, managers have to find the right *balance of open and closed leadership* to be able to cope with all claims and to gain profit from the advantages of both open and closed organizations.

³³ cf. Schmalen 2001, p. 292

³⁴ cf. Gebert 1995, p. 366

The open organization offers the leader benefits like the possibility to forego the control of his employees, since they are able to organize their work by themselves and to take the initiative. The employees have more opportunities for development and creation and more flexibility in their work due to less rigid hierarchical structures. Innovations and organizational learning will appear more often due to more experimentations and the permanent search for improvements. The closed organization also comes along with advantages. Caused by the obedience of his subordinates, the leader is able to count on his employees, to save time this way and to work more efficiently. The relationship in closed organizations is characterized by harmony and consensus, which makes the workplace more comfortable. The existence of a vision gives the members of the enterprise sense and orientation.

The advantages are of course not the only reason for the management to balance between the closed and open options. The manager also has to try to escape the disadvantages of open and closed organizations. Typical disadvantages in an open organization are too much activism, costs for the control of the employees, dissents and power struggle. Often it takes a long time to push through decisions in organizations, which makes foresight and planning more difficult. The employees may be stressed as a result of too many expectations, in fear of failure and because of a lack of orientation. In a closed organization the manager will also have to face numerous shortcomings. The deterministic and not influenceable character of the closed organization may cause resignation and demotivation among its members, and a loss of control of and responsibility for the organizational processes. The members have to submit to each other. They are more like instruments and not like equal partners. Resulting from the subordination there is no feedback especially towards persons in higher positions and towards the organization, which is an obstacle for improvements and organizational learning.

Since it is not possible to be in the same place at the same time and to practice open and closed leadership simultaneously, the management will have to split up its efforts temporally and also spatially according to the situation.³⁵ On the one hand the manager will have to change between more open and more closed leadership from time to time, and on the other he will have to practice more open leadership in for example the division, where more experienced employees do the job, and a more closed leadership in a division with many beginners. A spatial coexistence of openness and closeness can be a strategy to pre-empt the

³⁵ *ibid.*, p. 368

shortcomings of temporal changes between extremely openness or closeness, and to stabilize the organization or the society.³⁶

In the following two leadership styles should be demonstrated, that can be practiced by the management in a more closed or a more open organization:

Charismatic leadership can be regarded - especially in its cognitive dimension - as an instrument for a closed leading style. The charismatic leader serves as a model for all employees. His ideals and his mission should be respected and achieved by all his subordinates. "All judgements are made by the leader on a case-by-case basis as proclamations or decrees"³⁷. The employees believe in the mystical power and the holiness of the charismatic leader and his decisions.³⁸ They admire and idealize him. This implies that the employees have to show a certain degree of readiness for a charismatic leadership. Therefore a charismatic leader will gain more acceptance if his subordinates are members of a more closed society. The visionary character of a charismatic leader can be very motivating and sense-creating for his followers. A lack of shared visions and superordinate goals often ends up in political conflicts in organizations.³⁹ The leadership has to resolve such conflicts through his power, expertise and influence, but from the other point of view this (autocratic) power may destroy creative and innovative potentials of diversity and conflicts. Further a manager not necessarily has to be perfect and all-knowing like the charismatic leader. "A flaw can be one of the most important qualities for a successful leader"⁴⁰. Good leaders admit their vulnerability, and even more they want to be pointed to, and criticised (for example in the form of feedback) for their mistakes. This makes them human and gives them the possibility to improve themselves. The flaw provides the manager the chance to open a dialogue between him and his employees. This way he is able to discover strengths of his subordinates, which a charismatic leader would never know.

As it has been shown before, a leader who is open on the social dimension will have to deal with a plurality of interests, opinions and abilities of his employees. He will have to treat his subordinates differently, according to their needs. Therefore this kind of manager will have to practice a *situative leadership* style. He will have to adopt his leadership to the individual

³⁶ *ibid.*, p. 376

³⁷ Bradley 1987, p. 34 quoted after Boerner 1994, p. 137

³⁸ cf. Boerner 1994, p. 37

³⁹ cf. Hill, p. 3

⁴⁰ Trapp: When it's wrong to be strong. In: Independent on Sunday, 9th March 1997

employees and the individual situation. He will have to take care of the qualifications of each employee, and of the content and structure of the employees jobs. Of course it is not impossible that a leader who practices situative leadership at the same time appears to be a charismatic leader, but a situative leadership is in need of a more partnership like relation, which a charismatic leader won't offer. The manager will have to agree to deal with the individual needs of his employees. This offers him the chance to learn more of their strengths and weaknesses, and to use their potentials properly. It has to be mentioned, that this is a very time consuming process and may lead to conflicts. Some employees may not agree with being treated differently like the others. Again it is up to the leader to find the right balance.

According to Einsiedler advises for the management in and towards an open organization could sound as following: *You don't need to position yourself in front of your employees!* The employees are personally responsible for their actions. Voluntarism is one of the main characteristics in open organizations and comes along with the responsibility of and not for every individual. *You don't have to trust your employees!* Distrust naturally exists between humans and unlike the ideals in closed organizations, the cooperation doesn't happen in total harmony. Micropolitics - those small hidden, informell, interpersonell, and sometimes illegitim tactics - influence the organizational business every day, thereby creating speculations and distrust. *You don't always have to know, where you are going!* Sense in a job not necessarily has to be coupled with a vision.⁴¹ Sometimes the way is the goal that leads to innovations and continuous improvements.

Towards a closed management style the following advise could be applied: *You don't have to fight your controlling-needs!* Controlling is an instrument for accessing security, which is a basic human need. The leader has to use controlling mechanisms to reduce complexity in his working life.⁴² To achieve more harmony in an organization, it is better to clearly articulate the necessity of control, than to take the long way round and control with some hidden methods. A leader with more open characteristics will attempt to officially refuse control, but the unmasking of hidden techniques can cause much more dissatisfaction than the knowledge about the existence of control.

⁴¹ cf. Einsiedler in ManagerSeminare, Heft Nr. 75, April 2004

⁴² *ibid.*

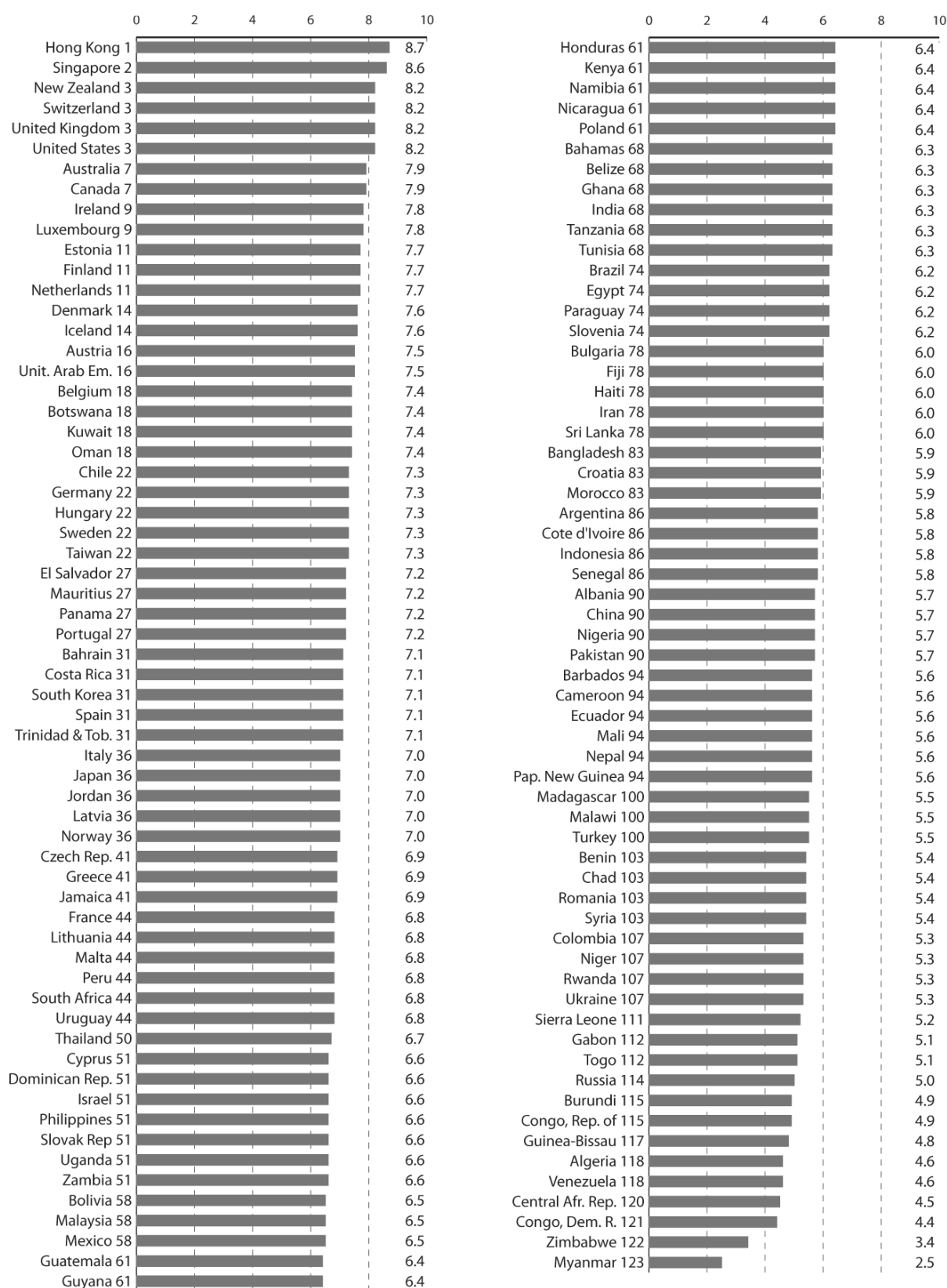
Finally attention should be paid to the *economic freedom* in different countries of the world, since organizations and their HRMs are strongly dependent from developments on the macroeconomic level. “The key ingredients of economic freedom are personal choice, voluntary exchange, freedom to compete, and protection of person and property.”⁴³ The economic freedom in a society has an impact on the anthropologic dimension of an organization – how far the organization believes to be able to influence its market. Figure 2 on page 18 presents the summary of economic freedom ratings for the year 2002, sorted from highest to lowest. Hong Kong, Singapore, New Zealand, Switzerland, United Kingdom and the United States occupy the top positions. At the bottom of the list are Algeria, Venezuela, Central African Republic, the Democratic Republic of Congo, Zimbabwe and Myanmar.

The economic freedom in a country can serve as an indicator for the closeness or openness of the country’s society. The lower the value of economic freedom, the more closed aspects will be predominant in the society as well as in its native organizations. In countries with a low economic freedom the attempt of open human resource management will meet with stiff opposition. Legal arrangements prevent an open HRM. Women for example are discriminated from certain jobs in closed societies (sometimes even in open ones), which leads to a homogeneous instead of heterogeneous workforce. But also the employees and the organizational culture are marked by the structures of the closed society. Initiatives and individual actions can hardly be expected in such enterprises. The management will have to adopt to this circumstances. An example for arising difficulties (but also of advantages) can be demonstrated with help of some aspects of human resource management in Russia: As a result of their collectivistic culture and socialisation Russians take a lot of care of harmony and social contacts. Therefore Russian employees believe, that feedback is harmful and overbearing especially against a manager! Feedback threatens the existing harmony. Contrary in western countries people are searching for feedback to learn from their mistakes. A solution in Russian companies may be the declaration of feedback as an experiment along with the slow introduction of the feedback- method.⁴⁴ It should be mentioned, that the collectivistic behaviour in Russia also has its advantages. The teamwork of Russians is superior to those of western teams. In Russian organizations the individual subordinates his own interest and ideas to the benefit of the shared thing, which leads to a reduction of conflicts between the organizational members.

⁴³ Gwartney/Lawson 2004, p. 23

⁴⁴ cf. Harss/Semidelichina in ManagerSeminare, Heft Nr. 74, März 2004

Fig. 2:

Summary Economic Freedom Ratings, 2002

Source: Gwartney, J./Lawson, R. 2004, p. 29 "Summary economic freedom ratings"

5. Conclusion

It's not easy for the management to consider the pros and cons of open and closed organizations and to find the right mix. On the one hand sense, orientation and certainty in a closed organization is confronted with incapacitation, demotivation and dogmatism. On the other hand equality, initiative and innovation have to face dissent, egoism and lack of controllability in an open organization.

Maybe the solution is to adjust the organization according to the situation: It can be assumed that in periods of changes organizations are in need of more flexibility and innovation, and therefore an open position should be taken in such times. Contrary in quiet phases, when it comes to the realization of certain projects it is necessary that the organization joins the forces, and everyone works for the benefit of the whole. An organization should be more closed at this time to create more integration and harmony.⁴⁵

For a more equally balanced society Soros (2001) proposes the following approach: The members should split their social roles. They should differentiate between their role as participants in the market, and their role as participants in political processes. As a participant in the market the member of the society should follow his individual interests and as a participant in political processes he should be led by public interests. Individualism as a strength of the open society can be used for the generation of welfare while collectivism can create harmony and unity.⁴⁶

Obviously open and closed societies, organizations and management should not be regarded as alternatives. Both forms have their own attractiveness but also their shortcomings, and the goal should be to find the right temporally, spatial and situational balance between them. The fixation on one of them would inevitably lead to an ideological and imperfect model.

⁴⁵ cf. Boerner 1994, p. 24

⁴⁶ cf. Soros 2001, p. 176

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