



Adaptive Management Practices in Fostering a Thriving Organizational Climate

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ABSTRACT

Adaptive management practices are becoming a key foundation of successful organizational management in the twenty-first century. In an era of unprecedented volatility, due to technological disruption, globalization, demographic change and changing expectations of employees in the workplace, the skills of managers to respond flexibly and intelligently to change are more vital than ever. This paper begins by investigating adaptive management as a multi-faceted process and the elements that make up it and then looks at how it can contribute to the creation of a flourishing organizational environment. The study integrates the current literature based on existing theories such as situational leadership, organizational learning, dynamic capabilities, and POS by synthesizing the literature to propose an integrated framework for adaptive management. The results indicate that adaptive management characteristics such as flexible leadership, continuous learning, psychological safety, inclusive communication, and building employee resilience, are highly correlated with positive organizational outcomes, such as better employee engagement, innovation, lower turnover rates, and sustainable performance. Finally the paper outlines the implications for managers and organisational development practitioners.

KEYWORDS: *adaptive management, organizational climate, leadership agility, employee well-being, change management.*

1. INTRODUCTION

The way people work and organise has undergone remarkable change in the last 20 years. Globalization has created greater competitive pressures, and the pace of technological change has shortened product life cycles and changed industries. Structural changes in the way, where, and why people work were accelerated by the COVID-19 pandemic, forcing organizations to change their practices at a faster rate. Within this context, management approaches that have proved to be effective in the past – based on stability, predictability and hierarchy – are becoming increasingly apparent to be of limited use. The idea of adaptive management, broadly conceived, to adapt strategy, behavior and structures in response to changing internal and external conditions, has received much attention in both the academic literature and in managerial practice (Ancona et al., 2019). Adaptive management is flexible and context-dependent, rather than static management models that give a one-size-fits-all solution. It doesn't try to get rid of uncertainty, but to skilfully face it as a natural part of organizational life. The notion of "organizational climate" (Schneider et al., 2013) is central to this discussion: organizational climate is the collective perceptions and attitudes that employees have about their work environment. A good organizational climate is where the staff members feel psychologically safe, motivated by intrinsic motivation, valued for their contributions and feel like they are connected with the organization's goals. A positive organizational climate has

been consistently found to be positively associated with increased performance, creativity, decreased absenteeism, and long-term sustainability of the organization (Cameron & Quinn, 2011).

The paper presents the argument that adaptive management practices are a major contributor to a flourishing organizational climate. This paper is part of a growing literature on agile, human-centred management and examines the theoretical foundations of adaptive management, core practices, and ways in which adaptive management influences climate. The paper is organized as follows: Section 2 reviews the theoretical framework, Section 3 outlines the core adaptive management practices, Section 4 examines the relationship between adaptive management and organizational climate, Section 6 discusses empirical evidence and Section 7 concludes the study.

2. THEORETICAL FRAMEWORK

1 Situational Leadership Theory

Adaptive management can be understood with a foundation based on situational leadership theory by Hersey and Blanchard (1969). The theory suggests that there is no single best leadership style to be used on a consistent basis, but that effective leaders assess the readiness and competence of their followers, and adapt their style accordingly, from directive to delegative. Adaptive management's core is its focus on context sensitivity. Leaders who use situational judgment can tailor their response to the needs of each person and team, making it a place where employees are cared for and have the autonomy to thrive.

2 Organizational Learning Theory

According to the double-loop learning model of Argyris and Schon (1978), two distinct types of learning exist: single-loop learning, which involves modifying one's actions within the same organizational paradigm, as well as double-loop learning, which involves challenging one's underlying paradigm. Adaptive management is quite similar to double-loop learning, which involves a rethinking of strategies, structures, and mental models when conditions warrant. Double-loop learning is an organization that has the capability to learn how to learn, which is a crucial aspect of adaptability over the long term.

3 Dynamic Capabilities Framework

The dynamic capabilities framework was developed by Teece, Pisano, and Shuen (1997) to account for the ability of firms to maintain their competitive advantage in dynamic settings. Dynamic capabilities are the ability of an organization to sense opportunities and threats, to seize opportunities that are relevant to the organization, and to reconfigure resources to match opportunities when needed. At the management level this means adaptive leadership behaviours, including scanning, experimenting and reconfiguring. Managers that create and implement dynamic capabilities are better equipped to navigate their organization through the tumultuous environment.

4 Positive Organizational Behaviour

Positive organizational behavior (POB) is the use of positive psychological capacities – such as efficacy, hope, optimism, and resilience – to enhance organizational functioning (Luthans, 2002). Adaptive management builds on principles of POB, in that it creates conditions for psychological safety, individual and collective resilience, and a strengths-based approach to leadership. These psychological tools are especially crucial in times of organizational shifts and changes, when uncertainty may otherwise impact motivation and performance.

3. CORE ADAPTIVE MANAGEMENT PRACTICES

1. Leaders engage in flexible and situational leadership.

Leadership flexibility is the most apparent aspect of adaptive management. Adaptive managers switch between the four leadership styles, depending on the context and the developmental needs of team members, and move smoothly between them. This does not mean that there is no consistency; it means situational demands are

met in a principled way. A study by Yukl (2012) showed that managers who have behavioural flexibility are rated much higher by their subordinates and superiors, and they are linked to greater team cohesion and performance.

2 Continuous Learning and Knowledge Integration

Adaptive managers see the project, setbacks and successes as learning experiences. They establish practices like after-action reviews, knowledge-sharing platforms and learning forums, allowing the organization to capture and incorporate lessons on the fly. At the macro-level, Senge's (1990) signature 8 characteristics of the learning organization offer a parallel: an organization with a culture, structure and processes that are focused on continuous improvement. If managers demonstrate intellectual curiosity, openness to feedback, it becomes a valued behavior, and so does employees at all levels.

3 Psychological Safety and Open Communication

Amy Edmondson (1999) showed that the performance gap between teams where individual members are comfortable to voice opinions, share ideas, admit mistakes is huge. Adaptive managers develop psychological safety through being open to input, addressing criticism of other ideas, and ensuring that the assessment of the ideas is done separately from the assessment of the individual. This practice establishes a communication culture in which transparency and mutual respect are the norm, and this sets the stage for organizational adaptability.

4 Empowerment and Distributed Decision-Making

One of the problems in a dynamic environment is centralized decision making. Adaptive managers shift decision making to the most knowledgeable and contextually informed levels of the organisation. This empowerment helps to get responses faster while also boosting employee ownership, engagement, and accountability. Spreitzer (1995) outlined four dimensions of psychological empowerment: meaning, competence, self-determination and impact – each of which is increased when managers provide employees with real opportunities to make decisions and have an impact.

5 Resilience and Change Navigation

Adaptive managers are not just change managers; they are managers who build the capability of their team to be effective at change. This includes communicating and sharing vision and purpose; acknowledging and expressing emotions around change; sharing the resources and support needed to help people through change. Organizational resilience research (Sutcliffe & Vogus, 2003) suggests that resilient companies proactively recognize potential crises, absorb adverse events, and bounce back rapidly due to their managers' psychological, relational, and structural buffers against adversity.

Adaptive Management and National Learning Lab for Organizational Climate

Climate.

Organizational climate is the overall impression that employees have regarding the policies, practices, and procedures of their organization (Ostroff et al., 2003). It is different from organizational culture because climate is a description of what people see and experience as opposed to what they believe they should do. The hallmarks of a robust organizational climate are trust, psychological safety, role definition, interdependence, and sense of purpose. There are several mechanisms by which adaptive management and organizational climate are related. First, if leaders engage in adaptive behaviours (e.g., curiosity, humility, transparency), then they establish behavioural norms that permeate the organization. These norms become internalized by the employees and are implemented in their own interactions resulting in an adaptive behavior that keeps itself going. Second, the structural antecedents of climate are directly targeted by adaptive management practices, specifically through clear communication, empowerment, and recognition practices.

Third, adaptive managers are climate architects, influencing the systems, processes, and norms that govern employee rewards and pay, as well as their daily work routines. Zohar and Luria (2005) found that the overall

safety climate of a work unit (one component of the overall work unit climate) was directly and significantly influenced by supervisors' practices. More broadly, the organization's culture is greatly shaped by a combination of managerial actions implemented across the organization. This positive climate – in turn – fosters a virtuous cycle: When a positive organizational climate is present, employees are more engaged, more innovative, and more committed to the organization's objectives. They are also more likely to exhibit organizational citizenship behaviours, that is, discretionary behaviours that promote the well-being of the organization not required by their job. These behaviors all contribute to the growth of organizational performance, adaptability and reputation, which further supports the ability to have adaptive management grow

4. EMPIRICAL EVIDENCE AND RESEARCH FINDINGS

There is an emerging empirical literature which suggests a link between adaptive management and positive organizational outcomes. McKinsey & Company (2021) revealed in a large-scale study that companies scoring high on leadership agility – which is a good predictor of adaptive management – were 2.4 times more likely to be top financial performers in their industry. Likewise, Gallup's State of the Global Workplace report (2023) revealed that 70% of the variance in scores of employee engagement and engagement in the United States was captured by manager quality. There is considerable evidence of the link between adaptive management and organizational outcomes, with some of the strongest evidence coming from research on psychological safety. Google's Project Aristotle (Duhigg, 2016) determined that psychological safety was the most significant factor when comparing high performing teams with low performing teams, and it was more important than ability, team composition, or even resources. Teams with psychologically safe climates had a higher level of creativity, a quicker rate of problem-solving and a greater resilience when things went wrong.

Kotter and Cohen (2002) discovered that the companies that were more successful in implementing change had more leaders that had engaged in the following behaviors in the process of change: transparent communication, empowerment, and coalition-building. Adaptive management seems to be particularly important when times of organizational change are more uncertain, as the need for flexibility and support is greater. Research conducted in an organization in a developing economy context has also revealed that adaptive leadership practices have shown to be correlated with increased levels of employee satisfaction, decreased employee turnover intentions and enhanced performance results (Krishnan, 2012). The results indicate that the advantages of adaptive management extend beyond the context of Western organizations into a range of cultural and economic contexts.

Practical implications for organizations

This paper has a number of implications for management, HR practitioners, and practitioners of organizational development.

1. Invest in Adaptive Leadership Development: Focus on developing adaptability, emotional intelligence, and learning agility through investment in adaptive leadership development: Shift away from leadership training that emphasizes static competency models to developmental experiences that foster learning agility, EI and adaptability. These encompass peer coaching, structured reflection, cross functional rotations and stretch assignments.

2. Design for Psychological Safety: It takes deliberate design of team processes and norms to create a psychologically safe team. Managers need to be trained to make meetings inclusive, be sensitive when they fail, and be vulnerable. Structured diagnostics can be used to evaluate and enhance psychological safety within work units, like Edmondson's team learning survey.

3. Establish a culture of Continuous Learning: Organizations should put in place formal processes to document and disseminate organizational learning, such as after-action reviews, communities of practice, and knowledge management systems. The rewards and recognition for learning should be formalized by performance management systems and culture through celebration.

4. Decentralize Appropriately: Empowerment must include the power to make decisions, and the ability to make good decisions. Decision-making skills should be developed within the workforce across all levels and clear lines of responsibility should be drawn in a way that prevents confusion of empowerment.

5. Measure Organizational Climate: Monitor, and Adjust Managerial Development Priorities: Organizations may undertake regular "pulse" surveys to evaluate aspects of organizational climate, such as the dimensions of trust, safety, engagement, autonomy, and use the outcomes to inform managerial development priorities. Climate data should be broken down to the team and business unit level to pinpoint areas with poor climate that can be targeted for intervention

5. CONCLUSION AND FUTURE SCOPE

This paper has explored this connection between adaptive management practices and organizational climate, and suggested that adaptive management is a potent contributor to vibrant organizational climates. Focusing on situational leadership, models of organizational learning, organizational dynamic capabilities, and positive organizational behavior, the paper has identified five practices of adaptive management that drive organizational climate — flexible leadership, continuous learning, psychological safety, empowerment, and building resilience. The findings in this paper reinforce what has been observed in practice: organizations with adaptive managers have higher scores across various metrics, such as employee engagement, innovation, change implementation and financial performance. The results have significant implications for organizations' processes of selection, development, and support of their managers, especially when facing a rapid pace of environmental change. The problem that organizations face today is not just the recognition of the value of adaptive management, but also its systematic incorporation into the structures, process and culture which influence the behavior of managers day in and day out. This takes a consistent effort at the highest levels of the organization, and a very careful investment in leadership development, climate measurement and assessment. Businesses that overcome this challenge will be better able to recruit, maintain productivity and cope with the disruptions that lie ahead.

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