

A Case Study On Understanding The Importance Of Socio-Cultural System In Transformative Leadership And Change Management

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ABSTRACT

This paper takes into consideration the importance of the socio-cultural model in order to incorporate transformative leadership and manage change in an organization. The socio-cultural systems the change and transformation must integrate the purposefulness of all three, the whole, the parts and the larger system. If done successfully, there is a sense of ownership of the process and expected outcomes.

Keywords: change management, employee motivation, , resistance ,Socio-cultural system, Transformative leadership.

INTRODUCTION

A major US based global retail store has an operation in a middle-eastern country. The employees are multinational as well. Different religions, nationalities, and multicultural with deep rooted ethnicity. They are allowed to wear clothing of their choice to work, many reflecting religious or cultural background and the pay is basically hourly basis with annual increase reflecting the inflation and cost of living adjustment.

The company is contemplating two major changes in that facility:

1. Requiring the employees to wear uniform to work
2. Instituting a performance base annual increase in wages

The organization has hires a change agent or as a change and transformational leadership consultant to recommend a methodology to the organization's leadership that will results in no, or minimal, resistance to change. The organization favors a socio-cultural system and would most likely hire a consultant to help them implement that change if the consultant's presentation to secure this consulting assignment is in line with that model. The company HR will be in charge of implementing the change and you will be working very closely with them.

CONCEPTUAL BACK GROUND OF THE CASE

The three systems and their models, namely Deterministic (Machen), Animated (Biological) and Socio-Cultural are to be taken into consideration. The key difference between the three is the concept of purposefulness, having choices of ends and means.

The deterministic and its parts had no choice but to serve the owner, operator of the controller of the system. It was based on command and control. In any organization fashioned after this model, you were told what to do and how to do it or find yourself in the danger of being replaced.

In animated model the whole had a choice, stay alive and multiply, but the parts did not. The function of the parts was to help the whole achieve its objective. In animated organizations the employees should help the organization to achieve its objectives, but have none of their own. They are told what to do but are generally left alone to choose the method to achieve it.

Now a reference to the concept of leadership introduced in the first week folder. A leader is anyone who has a follower, but the followership is by choice, not force. Leadership must be earned, not given The leaders must earn the trust of the followers.

That creates an interesting dilemma: There are no leadership. Followership in Deterministic and Animated systems since the parts are not purposeful, have no choice, and cannot and will not follow by choice, but by force.

There are general confusions in the literature and in some of your own thinking in mixing managers with leaders and subordinates with followers. Just because a person does what she/he is told for pay does not mean that the person trusts the one giving the order/assignment.

Subordinates follow the bosses because they are paid to do, even if they disagree. Followers follow the leaders by choice, because they trust the leader and the leader has earned the followership.

This is fundamentally the major source of most, if not all, the resistance to change. The change is initiated by a top down command or communication and employees are expected to accept it, since they do not have a choice to disagree!

It follows that in the first two systems we have managers, but no leaders. A situation where the changes initiated from the top and resisted and management have to find ways to eliminate them.

It must have occurred to most if not all of you as to why not initiate change in a way that does not create so many variety of resistance? Well, this will lead us to move away from change and transformation management to leading change. The only way an organization is capable in leading change and transformation is if they are designed based on a socio-cultural model/

In a socio-cultural model there are three integrated purposeful entities: the whole (the entire organization), the parts (employees), and the larger system (here we are dealing with the concept of an open systems). This is why the answer to one of the Discussions topic, which interestingly was raised, was that change and transformation can be initiated by the anyone: organization and its leadership, any members of the organization, and any of the stakeholders.

In the first two models, the concept of management (coordinating and controlling the work of others) prevails. Hence any change is initiated, usually, by top management and announced to the employees to perform. When such change is contrary to the core belief of the employees, ethical to practical, they resist it and most of the time, if not all, the attempt for change and transformation results in failure.

But in the socio-cultural systems the change and transformation must integrate the purposefulness of all three, the whole, the parts and the larger system. If done successfully, there is a sense of ownership of the process and expected outcomes. **Generally, people do not resist what they have created themselves.**

In the brief case the task is using the socio-cultural model, which recognizes the purposefulness and choice of all the three parts recommend to the leadership of the organization how to proceed with the intended change

PROBLEMS

1. Requiring the employees to wear uniform to work
2. Instituting a performance based annual increase in wages.

CASE FACTS TO BE CONSIDERED

1. It is a multicultural organization (a retail chain) having locations in Middle East.
2. The branch being in middle east is far away from the its corporate office or head quarters which is in US, hence a chance of less customization and lower degree of control and communication
3. Adaption to local culture is also a matter of concern.
4. Employees and customers of this retail chain are from Middle East, however, there is a lot of diversity related to religion, culture, clothing, nationalities, and deep rooted ethnicity among the employees.
5. There is ambiguity in managing multicultural teams.
6. Most of the workers are paid on hourly basis with annual increase reflecting the inflation and cost of living adjustment, which indicates that ,most of the employees may probably be of low income category and may also be semi skilled.

NEED FOR CHANGE

1. Bring in uniform to manage diversity, however need to buy employee trust and acceptance and adaptation
2. Managing multicultural environment
3. Bringing about a common or uniform organizational culture is a tedious task
4. Changes in wages from annual increment based on inflation rate and cost of living adjustment to performance based pay
5. Defining acceptable levels of performance benchmarks and standard is ambiguous
6. Appropriate change management is need of the hour

LITERATURE REVIEW

(Austin, 2015) argues that the fact that organizations need to take into consideration the **Kotters model**, which has a change phase of enacting and the value to HR managers is through leadership development resource. The **Kotters model** speaks about 8 stages i.e. establishing a sense of urgency, creating a guiding coalition, develop both vision and strategy, and communicate the vision, empower employees to enact. Generate short term vision consolidate gains to build the motivation and initialize the new approaches.

(Austin, 2015) also states the importance to consider the **Prosci's ADKAR model** which highlights about Awareness of the need for change, desire to support and participate in change, knowledge of how to change and ability to implement the change and reinforcement to sustain the change. The importance of stakeholders cannot be ignored in this process.

Taking into consideration that the assumed fact that the employees of this retail chain are semi skilled and low income group, as per the **Kotters model**, the focus should be on guides implementing change, it should be top down model and points of capabilities needed to lead change has to be considered. This will be useful for senior leaders during change initiatives.

The organization needs to consider the social systematic **approach (Russel and Jamshid, Working paper)**, where there is a democratic approach with multidimensional structure, a very important aspect called interactive planning and also a robust decision support system.

Added to that the key aspect of the deterministic, biological and systemic models need to be carefully understood and the appropriate methods need to be adopted. There should be a gradual change from animated biological unminded model to social system multidimensional model. There is a need to have a flexible structure which can and adapts different structures in same or different environments, the outcomes, ends and functions are same in different functions in same or different environments.

The purpose is to have parts, the whole and the larger contacting systems are all purposeful. It is a most important aspect that employee involvement and empowerment are manifestation of social system (**Abbas Nadim, Working paper**).

However, there may be certain areas of concern which need to be addressed. Since it is a multi cultural retail chain located in middle east, far away from its corporate office in US, so the concept of managing diversity and control has to be addressed, so as to have a customized approach, and secondly the fear of change needs to be considered like job security among employees due to change process in pay system, lack of perceived potential benefits from change, fear of unknown or strange, peer pressure, the climate of mistrust in the organization, policies within the organization, fear of failure and poor design and implementation methods.

Therefore it is essential to re-create the corporation, the nature of systems. As stated by (**Russels L. Ackoff , 2003**), the system performance aspect needs to be considered. The performance of the parts of a system, considered separately are improved the performance of the whole may not be improved; therefore there is a need for decentralization, which helps in accommodating and adapting to local conditions.

IMPORTANCE OF CHANGE MANAGEMENT

(Robert W. Swaim, 2014) in his article, "Why organizations change?", speaks about nine reasons which facilitate change in organization. They are crisis, performance gaps, new technology, identification of opportunity, reaction to external and internal pressures, mergers and acquisitions, change for the sake of change, it sounds good to change, finally Planned abandonment.

He even has even emphasized on the fact that overcoming resistance to change is often one of the biggest challenges for continuous improvement consultants.

The change should be steady, gradual, meaningful and purposeful. It should buy the confidence levels of all employees and other stakeholders. As pointed by (R. Ackoff, 2003) that there is a growing need to think of the organization as a community, not as an organism.

LEADERSHIP

The leadership of the organization needs to have strong emotional intelligence (EI), have strong empathy and to be inclusive leadership accommodating diversity at the workplace. It should motivate employees and have a transformational leadership approach. Social skills like friendliness are also an essential feature.

However (Tomes and Michael, 2016), takes into account the fact that the factors such as leader's decision making, communication style and dark side tendencies are influenced by geographical region in which they operate. They have reviewed six major leadership styles like the synchronous leader, the opportunistic leaders, both are used for decision making and for the communication style and they speak about the straight shooting leaders and the diplomatic leader. For dark tendencies, they point at the kiss-up/kiss-down leader, and the possible aggressive leaders.

MANAGING DIVERSITY

Challenges to managing multicultural teams as stated by (Jeanne, Kristin and Mary, 2006) that though multicultural teams draw a number of advantages to global firms, however, there are many challenges which need to be addressed. They argue that though managers who intervene early and set norms, teams and managers who try to engage everyone on the team. These challenges can be overcome by succeeding in solving culture based problems with good humor and creativity. These kinds of organizations are likely to harvest the advantages inherent in multicultural teams.

(Andy and Ernest, 2016) puts an opening that building trust on cross cultural teams can be achieved by considering the facts like style of communication, structure of the teams for success, understanding the cross – cultural makeup of the teams and setting very clear norms and following themes.

SUGGESTED APPROACH

1. Conduct a brain storming session with key employees and other important stakeholders to decide upon the need to bring change in dress i.e. requirement of uniform, a need to bring change in wage hike methods, hence, a voting method can be used where employees can vote on the design and color of the uniform, this can bring in feeling of ownership and belongingness, a community which reflects a socio cultural approach in management
2. Motivating employees by giving free uniform. It is assumed that most of the employees are from low-income level as they were getting hourly wages, a pair of free uniform can be motivational factor and this may also be a method to bring in employee safety with proper boots, gloves, cap, mask, etc.
3. Need to clearly articulate the benchmarks of performance, the important result areas the key approaches to employees so that they may buy in the idea of shifting from annual hike based in inflation to performance based pay.
4. Proper leadership is essential which would initiate managing diversity and multicultural environment and have an inclusive approach to manage cross cultural teams.
5. Importance of communication has to be considered both top down as well as bottom up approach.

Thus, in the above manner the change and Transformative leadership consultant can bring about socio-cultural changes in a multicultural organization in a gradual but adaptable manner.

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