

**Some Practical Alignment Issues in Transformation of a Large,
Multicultural Organization**

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Abstract

Transformation interventions, whose outcomes missed expectations, led to exploring multicultural conflict management as remedy. African humanism culture is akin to transformational leadership: Could Afrocentric management offer insight? The research is a case study, based on personal observations, of a services company experiencing financial hemorrhage and global competition. Initial unsustainably high effort for minimal results, suggested that the transformation was little more than transactional intervention. The process needed to go beyond general management into conflict management to resolve intractability. Follow-up interventions addressed affirmative action, corporate governance and restructuring. Elevating the conflict to upper echelon transformed the intractability through contributing new perspectives. Afrocentric management has no track record. It is complacent but non-competitive. The author concludes that unsophisticated workers may dominate a business organization, but not lead it. Management then coaches, as competitive and collectivist cultures coexist uneasily. Effectiveness criteria need development as corporate governance becomes challenging.

Introduction

Aligning an Organization for Effectiveness

This paper explores some of the issues in aligning a business organization, so that it effectively meets the claims of its stakeholders. It uses the notion of transformation as a vehicle for analysis, and goes on to consider some issues in admitting the claims of stakeholders.

Some Positions on Transformation

A General Meaning

As the information age progressively displaces the industrial age, the notion *transformation* has attained prominence in the context of business organizations. Within the cornucopia of intellectual discourse on the theme, the author needed to discern several nuances regarding transformation. First, he discerned a general nuance. Management's role is to concern itself with national and global competitiveness (Douwes Dekker, 1994: 13). Doing the same thing better is no longer effective. People need to change the way they conceive the market, their assumptions about success, and how they translate these into actions—both internally and externally—so that they remain competitive (Vandermerwe, 1995: 79). Concurrently, information technology is affecting significantly how we produce, and how we use hands and minds to create, our goods and services; it has forced a change in the way we manage (Schendel, 1995: 3). In broad terms, we term such change *transformation*. In this sense, it tends to be a superset of reengineering (compare Champy, 1995: 6), the latter

implying focus on harder rather than softer organizational issues.

The Role of Culture

Second, he discerned a cultural nuance. Organizational transformation is by nature so invasive that it dredges up issues that are frequently part of the organization's subliminal existence. It therefore reaches, among other areas, culture. The emergence of a global business market, and the rise of ethnic consciousness, have both amplified the need of organizations to learn how to better manage a multicultural workforce. It follows that research on diversifying the workforce often relates to clashes among culture groups within a given country (Weisinger & Salipante, 1995: 147). Raising the issue to full consciousness has revealed a dearth of knowledge about it. A review of cross-cultural studies of conflict management behavior in task groups and work organizations showed that little useful information about cultural differences exists (Weldon & Jehn, 1995: 387). Scholars widely recognise that society needs more research into social processes of generating knowledge, appreciation, and incorporation of cross-cultural perspectives. Nevertheless, concepts of cross-cultural conflict, clash of deep-seated frameworks of understanding, cultural misattributions, and cross-cultural understanding, that can help guide future research and practice, are evident (Weisinger & Salipante, 1995: 164, 165). Thus *transformation* also acquires a cultural connotation beyond its strict definition, in most real-world settings.

The Role of Diversity

Third, he discerned a diversity nuance. In a collectivist society, social

relationships and social harmony are important concerns, so that harmony often takes precedence over task accomplishment and personal desires. It expects individual effort and achievement to contribute to the collective good. By contrast, in an individualistic society, people value autonomy, assertiveness, competition, and individual achievement. They strive for personal satisfaction and achievement, even at the expense of social relationships (Weldon & Jehn, 1995: 388). Where such cultures coexist, there is not only great potential for conflict, but high probability that such conflict could prove intractable. Misunderstanding, or misconstrual, is a major exacerbating factor in conflict escalation and an impediment to negotiation and resolution (Robinson & Friedman, 1995: 312). One also needs to discard the ethnocentric assumption that Western theories of conflict management style apply in any culture, and search for etic and emic dimensions of conflict management behavior (Weldon & Jehn, 1995: 396). Thus, within the distinctive historical and social features of a particular conflict, it may be possible to study and transform it (Thorson, 1989: 9). In this sense, *transformation* also means an approach through which to move a conflict into a zone where the contending parties may find agreement. This situation is present in the present study.

Eliciting Stakeholders' Values

Democracy and Politics

To elicit stakeholders' values, in the context of this paper, the author takes the following four, open systems, views. First, one of the conundrums of an emerging democracy, as distinct from a developed one, is that the material

desires of its people are not necessarily compatible with their ability to realize them. Incomplete understanding of the requisite relations among the myriad complex variables that underpin delivery, does not stop them from germinating and asserting their collective opinions, and from ultimately elevating them to formalized policies. Whatever mistakes occur hopefully provide lessons, and, make the nation one large learning organization. Nevertheless, making unnecessary mistakes, while competing nations avoid them, can be economically debilitating. Thus, that some policy has the support of a majority means only that it is popular, it does not mean that it is right (Narveson, 1992: 36). This perspective tends nowadays to extend beyond the original intent of democracy. Many theorists promote the idea that, if democracy is the way to go in political institutions, then it must also be the way to go in other areas, notably in economic and social institutions. So there has arisen a call for economic democracy—that workers should manage their means of production, rather than that some few that own, or represent owners, should manage them (Narveson, 1992: 29). Thus, whereas mainstream economics evaluates capitalism primarily from the perspective of efficiency, social philosophy typically applies other, or additional, normative criteria such as equality, democracy, and community (Dymski & Elliott, 1988: 140). A challenge for the management of a business organization is to reconcile the foregoing dilemma with the real market economy in which it operates.

Capitalism and Socialism

Second, moving on from the framework of democracy, one needs to

examine approaches that claim to realize the intent. Essentially, economic development is a function of how people relate and how they organize themselves into productive forces (Khoza, 1994: 4). A paradox of recent political and economic theory is that, in spite of a period of extended economic difficulty, consensus concerning the virtues of a market economy has grown. Socialist theorists tend to argue that, not only are socialism and the market no longer incompatible, but that some version of market socialism is the only workable form of socialism (O'Neill, 1989: 200). There is no systematic alternative to liberal democracy and market based capitalism for the most advanced economies. However, if market-based capitalism has won the ideological contest against command economies, it now has to resolve an incipient civil war between so-called stakeholder capitalism and shareholder capitalism. It is a contest strong in cultural content and context, and of direct consequence for competing models of corporate governance (Roodt, 1996: 5). Stakeholders thus need to strike a balance that allows sustainable delivery of legitimate claims on the organization.

Alignment and Governance

Third, having drawn the bounds of negotiation within the larger democratic and economic system, stakeholders should descend to the level at which they formulate their decisions. Alignment addresses the total fit of an organization with its environment: Corporate governance is a major mechanism for achieving it. Here, contention among stakeholders and among objectives is a *sine qua non*. Conflicts may arise due to differing opinions about organizational

decisions and their implementation, about change processes, working conditions and political behavior (Elangovan, 1995: 126). Shifting power from one party to another will not by itself create more smoothly run, profitable organizations. This is because it does not address the fundamental problems in corporate governance, which stem not from power imbalances but from failures in the corporate decision making process (Pound, 1995: 89-90). The values included in any model of leadership must incorporate, or at least recognise, the dominant values of society for it to be fully acceptable. Where they are incongruent, one must expend an extraordinary amount of effort to gain acceptance of a new model or a new way of thinking (Avolio, 1995: 18). Stakeholder corporate governance is therefore an integrated, inclusive approach to the optimum utilization of all the resources of the enterprise. Equity capital and human capital are not competing, or adversarial, power structures in this model, but are mutually reinforcing necessities for competitive performance. It is the appropriate model to address the value-centered social issues of the post-industrial era, emerging as organizing paradigm of the economic, political and social environment of the twenty-first century business organization (Roodt, 1996: 8).

Contention and Reality

Fourth, and last, all stakeholders have somehow to agree on what to do with their organization. The relationship between shareholders and management has typically become formalized. However, relationships with workers, as a significant stakeholder grouping, are still ambivalent. On the one hand, there

seems to be an inclination to countenance some form of intimacy between unions and management, despite their traditionally adversarial positions. Sitting on a company's highest structures enables a union to negotiate from a more informed position. However, codetermination does require sophisticated negotiations between parties. Do unions have the capacity to address the challenges of leadership, influence and vision? Debates within the union movement have thus scarcely revealed enthusiasm for workplace forums. Some unions have resolved not to initiate them, fearing they will diminish class conflict and encourage cooperation between workers and management (Baskin, 1996: 14). The distance between management and unions is nevertheless closing perceptibly. One would nevertheless expect differences between them: rather than both seeing the other as immoral or evil, it is likely that management would question union logic and business insight, and that unions would be cynical about management compassion and trustworthiness (Robinson & Friedman, 1995: 313). The basic premise that progress in negotiations depends upon opponents' accurate, mutual understanding of each other is central to most analyses of conflict management (Robinson & Friedman, 1995: 324). Furthermore, sound corporate governance requires that relationships among stakeholders rely on trust in good faith intentions and commitment (Roodt, 1996: 11). There thus seems to be sufficient common ground for major organizational stakeholders to seek close relationships.

On the other hand, a decline in union power is undermining the movement towards greater articulation and institutionalization of bargaining risks (Baskin,

1996: 16). Trade union membership and influence are declining in rich countries, particularly among young people; and they remain weak and oppressed in poor countries. Driven by technological progress and economic liberalization, global capitalism is changing fundamentally, and in ways that seem inimical to organized labour (“Levelling off,” 1995). In a deregulated high-tech economy where employers face endless world-wide competition, they dare not welcome unions, and workers dare not push hard for them. Unionism in the capitalist sector is now in terminal decline (“Kennedy-Goldberg,” 1995). There are thus few incentives for employers to remain in a relatively centralized bargaining system, when their union counterparts are getting weaker (Baskin, 1996: 16). The only exception appears to be public-sector unionism, which is relatively impervious to competition (“Kennedy-Goldberg,” 1995). In practical terms, whereas recognition of labour as a major stakeholder is advancing, the necessity of such recognition seems to be receding. It is now apposite to examine the environment of the research setting.

The South African Context

A Mindset

The author will now review and explicate selected topics that augment the foregoing discussion, to make it relevant to the South African research setting. First, the South African trades unions’ determination to exercise the freedom-of-association right of industrial citizenship led the way for what became known as the liberation *struggle* (Douwes Dekker, 1994: 5). Concurrently, age-old relationships among ownership, leadership and workership underwent the

most wrenching changes in much of the rest of the world (Champy, 1995: 202). After the democratic election in 1994, and the subsequent fall of sanctions, pent-up economic forces driving the latter trend also reached South Africa. They exposed the new nation to the reality and intensity of global competition. The foregoing two trends have several commonalities—particularly regarding broad democratization of the workplace and empowerment of workers. South Africa thus found itself engaged in a new struggle, on two fronts—both away from apartheid and towards globalization. The author underscores this issue, because he observed that several stakeholders informed their position from a struggle mindset. The latter seems to offer a foundation for intractability in negotiations. Where opponents observe exaggerated perceptions of the other side, they prolong conflict and impede resolution (Robinson & Friedman, 1995: 314). Employers will thus find consultation, joint decision-making and information disclosure, difficult, but should understand that given South Africa's history of suspicion and mistrust, transparency should assist in including previously excluded elements of the workforce ("New Labour," 5).

An Agenda

Second, the apartheid legacy encumbers many topics with dimensions that would be absent from otherwise comparable situations. Therefore, an important contemporary issue is the process of equalizing opportunities and wealth distribution for historically disadvantaged people (Horwitz, 1994: 87). This circumstance created an agenda that intertwined most organizational interventions and the responses they elicited. A move away from a legacy of

authoritarianism and dominating styles of conflict management, to integrative and compromise conflict modes at organizational and interpersonal levels, seems to be gradually emerging (Horwitz, 1994: 94). Although an integrative win-win model is important in creating a constructive climate, conflicts over both interests and rights associated with the historical maldistribution of wealth and opportunity in South Africa, suggest that adversarial compromise bargaining is a feature of management and shop steward relationships. However, a shift in the power balance between groups requires a process of healing and reconciliation, to overcome the legacy of bitterness, mistrust and habituated adversarialism (Horwitz, 1994: 95). Thus, in the South African context, it seems important to control for the cause of adversarialism. One needs to establish whether it is attributable to bargaining techniques ingrained through custom, or whether it is attributable to the peculiar historical circumstances of the country. South Africa's new *Labour Relations Act*, effective November 1996, requires an employer to disclose all relevant information that will allow a trade union to engage effectively in consultation or collective bargaining. This provision should assist stakeholders' alignment, thereby facilitating control in future for the cause of any adversarialism.

Empowerment

Third, *empowerment* is another issue that has acquired a local meaning. It has the distinct South African interpretation of economic benefit for previously disadvantaged persons. Globally, however, empowerment is a fundamental building block in the paradigm shift towards a new corporate governance design

appropriate to the radically changing world of work (Roodt, 1996: 10). The South African meaning differs significantly from the latter, in that it emphasizes creating jobs and creating opportunities for all to sustain themselves (Reconstruction and Development Programme, 1994: 16). The two meanings are at odds with one another, because the global meaning concerns wealth creation, whereas the local meaning concerns wealth distribution. Douwes Dekker (1994: 15) thus questions whether South Africa can ensure that it promotes wealth generation. He suggests that the answer lies in the ability of labour market parties to maintain a creative tension between themselves and state intervention, but with as little as possible state interference. However, although the union movement remains committed to business-labour-government tripartism, it is often unable to contribute meaningfully to the debates, because business commands better resources than the unions (Baskin, 1996: 9).

What Transformation Means

Fourth, the notion *transformation* has, in new South Africa, acquired a local meaning that is distinct from, and additional to, that used globally. Besides the meanings associated with enterprise reengineering, transformation in South Africa may also subsume redressing the legacy of apartheid. In the business organization and world of work contexts, South African transformation could thus address issues such as competitive behavior, corporate governance, demographic representativeness, management prerogatives, ownership distribution, payment policy, working conditions, and several more. Hence

transformation means aligning the aforementioned dimensions with the expectations of the populace. Transformation in the context of this paper thus not only subsumes a business organization's response to an array of global drivers, but also to an array of local drivers. Of course, there exist many complex, multidirectional, causal relations among these drivers themselves. It is beyond the scope of this paper to examine them, although clearly they offer an attractive field for research. Suffice it to opine that imposed measures of effectiveness, that do not acknowledge such relations, may obtain outcomes defined by unforeseen or empty solution sets.

The Way Forward

Fifth, and last, South Africa is at a particularly critical juncture of political, economic and social transformation (Roodt, 1996: 4). Its vernacular expression *the way forward* has come to mean making a way through obstacles like those mentioned above. The election of a government of national unity, by all South Africans in 1994, required a paradigm shift. The nation achieved what many deemed to be impossible. The legal and political removal of apartheid and racism required fundamental changes in attitudes and structures in all spheres of societal activities. All people required paradigm shifts, in particular interest groups that controlled and directed specific resources (Douwes Dekker, 1994: 5). It is in a value-based stakeholder architecture of corporate governance that one finds the key to successful management of the knowledge worker. For a South Africa that has to be globally competitive and that has simultaneously to address the structural needs of a developing economy, this is a daunting but

exciting challenge (Roodt, 1996: 9). The case that follows gives insight into the modalities that facilitate the transformation.

Research Setting

Case-study Methodology

This paper reports on action research into the ongoing transformation of a financially accountable region (the Region), of a strategic business unit (the SBU), of a South African state-owned services-sector company (the Company). The exploratory stage, that revealed some pertinent variables and issues, has been reported previously (Van der Meulen & Möller, 1995). In the subject Region, operating costs traditionally exceeded revenue. However, opening the national economy to global competition rendered that tradition unsustainable. Several major corporate interventions followed, over six years, starting in 1990. Some interventions cut nationally across all SBUs, some cut across all regions within a SBU, and others were unique to the Region. Among other, they initiated a conflict that proved to be intractable at the level of the Company. This paper reports ex post facto on the author's observations. Present theory development did not support statistical analysis. Thus a qualitative, descriptive, case study methodology seemed appropriate to examine the process and its outcomes.

Research Questions

The research setting in this study was a given: It was not possible to design it to answer specific questions. The following questions therefore reflect the opportunistic potential inherent in the setting.

Notwithstanding the foregoing theoretical indications, the subject organization predicated the Prior Interventions described below on management common sense as taught in business schools. Their outcomes did not meet expectations. The first research question is therefore *Does the solution reside in the field general management, or does it reside in the field of conflict management?*

Case-study hindsight is perfect, but does the theoretical background provide sufficient understanding to predict outcomes? The second research question is therefore *Is extant theory sufficient to predict the outcome of a multicultural transformation intervention, or must one necessarily muddle through?*

The 'Eurocentric' or 'individualistic' models are very similar to transactional leadership, whereas *ubuntu* or 'African humanism' are much more closely tied with transformational leadership (Avolio, 1995: 19). The latter seems akin to the group or collective culture that is gaining currency in the world of work. Most South African business organizations however generally still come from a Eurocentric mould. They take little or no account of what contribution indigenous world-views can make in better shaping the world of work (Khoza, 1994: 5). The third research question is therefore *Does the case offer evidence that Afrocentric management is a serious contender?*

Essential Background

Management and organized labour in the research setting debated their business future, over some two years before the time of this writing, on three or

more strata of stratified systems theory. The dilemma was that managers, at strata three and four of stratified systems theory, and trade union leaders, at stratum one of stratified systems theory, sought to share their interpretations of the pertinent issues. Besides vast differences in cognitive complexity among people, fiduciary responsibilities compelled level-one decision makers to relay the decisions of their constituency. Decisions formulated along these lines thus reflected a general time frame and general level of cognitive complexity. Moral judgment also reflected the level of the constituency. Besides lacking requisite competence, many leaders had also not attained required actualization levels. They lacked the required time competence, locus of control, synergism and flexibility of thought. It is therefore questionable whether trade union leaders had reached a developmental level that enabled them to envisage a future beyond their basic needs (Van der Meulen & Möller, 1995). The research setting therefore embodied the makings of a conflict that appeared intractable.

Prior interventions

Processes

Given the case and its background, the following six interventions, described more fully previously (Van der Meulen & Möller, 1995), sought to initiate transformation in the research setting.

Intervention 1: Establishing a quality culture. In 1990, the Region implemented a proprietary quality awareness program, to introduce awareness of; conformance to requirements, client satisfaction, defect rate, price of non-conformance, teams and quality management.

Intervention 2: Introducing communication forums. In 1992, the SBU initiated communication forums, to seek a democratized workplace, resolve work related problems, establish supervisor-worker trust, and create a bottom-up communication channel.

Intervention 3: Downsizing and retrenchment. By 1993, labour represented a disproportionately high proportion of operating costs. The Company negotiated a voluntary severance package, followed by compulsory retrenchment for any residue.

Intervention 4: Implementing a regeneration program. Following Intervention 3, SBU management needed to rebuild esprit de corps. In 1994, it initiated a regeneration plan that again sought a democratized workplace, commitment to vision and mission, trust and transparency, shared values, commitment to the government's Reconstruction and Development Programme, and resolution of work-related problems.

Intervention 5: Exploring participative management. By 1994, SBU management had accepted that commercialization would not rectify the Region's financial legacy. Regional management therefore explored participation, to attain an acceptable income-expenditure ratio. It exposed trades unions and other stakeholders to historic and contemporary financial statements, and local and global drivers that influenced them. It hoped to fairly represent the problem and thus open paths to feasible solutions. It simultaneously sought to minimize losses by withdrawing from unprofitable services, eliminating non-value-adding activities, and reducing over-manning.

Intervention 6: Implementing predictable service. In 1995, the SBU launched a mission-critical intervention, to reverse a serious decline in market share. It reengineered business processes and extended information systems to empower operations employees to deliver predictable service.

Outcomes

The aforementioned interventions either did not achieve their objectives satisfactorily, or did not have the desired effect. The following evidence of dysfunctionality emerged (Van der Meulen & Möller, 1995).

Trades unions perceived the quality intervention to disguise further downsizing, despite their full involvement in it, possibly as by-product of Intervention 3. Trust seemed to be fragile. It taught management that it needed a more integrated and systemic approach, to facilitate change.

Trades unions played a heavily politicized role that essentially rendered establishment of communication forums impotent. The SBU did not fully consult the trades unions, who perceived the intervention to be a management trick to improve productivity. In return, management hypothesized that trades unions could not afford that their members establish open and honest discussions with them.

The downsizing and retrenchment intervention disturbed many employees. Some of the outcomes were distressing to traditionally disadvantaged groups. The retrenchment also raised sensitivity to the cross-impact of other major interventions, whatever their intended purpose.

Although the trades unions supported it, the regeneration program

uncovered deep resentment, anger and frustration. Concurrent personnel rationalization also impeded change. Incongruency between what management said, promoted and delivered, appeared to stall renewal.

From management's perspective, the participative approach fell short of addressing financial hemorrhage through over-manning. The trades unions were suspicious of management's motives, which took management aback, because failure to resolve the problem would lead to failure of the SBU and misery for its employees. The setting did not inherently support solution, because employees threatened by severance seemed to lack their normal motivation.

The predictable-service intervention sought to reverse declining market share and concomitant job losses. However, to trades unions, the threat of job losses surpassed the need to deliver predictable service. Union resistance thwarted dealing with both issues concurrently, making it necessary to trade off any question of job losses against unfettered progress with the predictable service. This outcome perforce postponed grappling with the fundamental problem of organizational survival.

Upon reflection, and in preparation for further discussion, the foregoing interventions were all transactional, although the intention was that they should have been transformational.

Relevant Variables

From the foregoing interventions and their outcomes, six variables seemed to be relevant to transformation in the multicultural research setting. First, *Setting Complexity* appeared relevant. Three levels of organizational

nesting, as well as multiple concurrent interventions, existed in the present case. Some stakeholders leveraged their interests in a way that would not have been possible in a simple situation. There was also cross-talk that tended to confound issues and levels. As the author reports under the heading *Recent Processes*, resolution appeared feasible by elevating the level of discourse.

Second, *Extent of Trust* between participants was a possible variable. For example, trust between parties is not necessarily symmetrical: It seemed trite that trades unions distrust management, whereas management seldom distrusts trades unions. Subsequently, Robinson & Friedman (1995: 312) confirmed that misunderstanding, or misconstrual, is a major exacerbating factor in conflict escalation and an impediment to negotiation and resolution.

Third, *Available Time* appeared to be a relevant variable. Open-ended negotiations offer opportunities to continually introduce new issues. In the research setting, workers admonished management with the expression *You've got the watches and we've got the time!* In so doing, they evinced a culture that has a different notion of time, that will persevere for as long as it takes (compare "Set for," 1995). There still seems to be a need to separate learning, that prepares for problem-solving, from negotiation, that sets out to conclude the process.

Fourth, *Position on Learning Curve* appeared to be a relevant variable. Trades unions seemed insufficiently mature to participate in discussions wherein they saw no short term benefit. Management attempted to accelerate the learning curve in the research setting through two interventions, namely

encouraging shop steward attendance at business school courses, and sending a management-union mission to visit an international benchmark—Singapore. The rationale was to lessen information asymmetry between the parties. However, reducing asymmetry meant augmenting unions' knowledge, thereby effectively, but not deliberately, moving their perspectives closer to those of management. This intervention appears, in the short term, to have replaced one problem, insufficient knowledge, with another, mistrust of management's motives.

Fifth, *Issue Level*, from shop floor to corporate strategy, appeared to be a relevant variable. The course of events in the case demonstrated progress—over time the unions rose to corporate strategy issues, and kept petty issues at shop floor. They thereby confirmed Post & Bennett's (1994: 34) observation that it is possible to encourage truthfulness, candor, and to acknowledge shared goals, but to avoid the negative and self-defeating power plays of adversarial collective bargaining. However, in so doing they tended to invoke their political alliances. That stratagem effectively retarded progress toward the inevitable, equifinal outcome in an open system.

Last, *Cultural Expectations* appeared to be a relevant variable. As the case unfolded, it became evident, for reasons discussed under the heading *Introduction*, that transactional management was ineffective, but that more incisive transformational management was appropriate. The subsequent course of events suggested, not surprisingly, that the culture of the dominant political coalition will prevail, as discussed under the heading *Recent Processes*.

Outstanding Issues

The exploratory study reported on three issues outstanding in the research setting at that time (Van der Meulen & Möller, 1995). First, organized labour couched reference to capital and management in adversarial terms, whereas modern capital represents aggregate institutional savings rather than specific individual wealth. Management was beholden to its employer for payment, but was simultaneously conscious that it needed to satisfy several other stakeholders to discharge its responsibilities and hence justify that payment. Organized labour was in turn intimate with the employer, namely the state, that appointed its perceived adversary, management. It therefore seemed necessary that clarification of stakeholders' relative roles should precede commencement of problem solving processes embedded in complex systems. The new interventions reported below addressed that issue.

Second, there appeared to be tension between the extent of transformation required and the rate at which stakeholders could cope therewith. An organization risks extinction if it does not change sufficiently rapidly, whilst resistance to change simultaneously constrains the rate at which it can implement change. Hence, when the rate of external change exceeds the rate of internal change, disaster is imminent (Sellers, 1996: 56). This issue is still unresolved in the research setting, and may in time offer an opportunity for further research. Some of the present findings allude to that opportunity.

Third, if organized labour could not advance constructive perspectives on corporate strategy, it then needed to acquire high level thought. One could argue

that management should fulfill the role of broker among all stakeholders. Certainly, it has access to them and should thus be able to fulfill such a role. However, most stakeholders presume that management's allegiance goes only to its sponsor, a presumption that fails to recognise that management must satisfy all stakeholders to be effective. The time is perhaps now approaching to recast management as a truly independent intermediary, perhaps as coach to diverse stakeholders. The author revisits this issue under the heading *Legitimacy and Effectiveness*.

New Interventions

Intractable Conflict

The foregoing discussion leads into new interventions that kept advancing alignment. Superficially, the intractability in the research setting might have stemmed from the intransigence that has become ingrained in such situations over many years. Dogmatic adherence to entrenched positions does limit creative and innovative conflict-handling outcomes (Horwitz, 1996: 99). However, deeply intractable conflicts do not result purely from failure of the parties to reach efficient resolutions; thus outside parties are unlikely to resolve such conflicts by suggesting hitherto unseen zones of agreement (Thorson, 1989: 9). Indeed management and union leaders in the research setting did at one stage admit professional, independent mediation, but to no avail. Rather, if one is to transform intractable conflicts, it is important to attend to the distinctive historical and social features of the particular situation. There exists no single promising technical approach to the study and transformation of

intractable conflicts. Instead, analysts ought to be familiar with a variety of approaches and be flexible in their application of any specific one (Thorson, 1989: 9). The following interventions took the transformation process further.

Recent Processes

Affirmative Action

Besides the Prior Interventions, the Company introduced three other major interventions. First, as of early 1995, the subject organization implemented an affirmative action *Turn Strategy* to match its workforce to South Africa's broad demographic composition. This intervention involved forming coordinating committees, composed of management and trade union representatives, including in the subject Region. However, business pressures limited the introduction of programmes (Transnet, 1996: 45). Unfortunately, such interventions in organizations do not only deliver positive outcomes. When they pursue diversity as a means of coping with pressure for equal employment opportunity, there can be a lack of commitment to true multiculturalism (Weisinger & Salipante, 1995: 147). Furthermore, a by-product of affirmative action programmes is also distrust, negative attitudes toward diversity and perceived barriers to successful careers for newly disaffected groups (Avolio, 1995: 20). Reengineering is unlikely to succeed in a corporate atmosphere charged with fear and mistrust (Champy, 1995: 7). The financial performance of both the Company, and the SBU, weakened in the most recent financial year (Transnet, 1996: 2, 42). The relations among external environment, internal adaptation and organizational effectiveness are extremely

complex, and certainly beyond the scope of this study. Nevertheless, they suggest a fruitful field for further research.

Corporate Governance

Second, during the first half of 1996, the sole shareholder overhauled the corporate governance of the entire organization. Set in the post-election phase of South Africa's democratization process, it comprised more than guidelines related to business conduct. It also underscored the need for an understanding of, and adaptive reaction to, fundamental social and business change over a wide front. An important element was enlargement of the Board of Directors, to include seven executive directors instead of the previous one (Transnet, 1996: 3). The Company soon changed its position: A company cannot, and should not, be judged by its financial results alone. It eagerly took on the mantle of the government's growth and development policies, and discarded the archaic, biased business frameworks of previous authorities. It has become wealthier for it, according to the chairperson's review (Transnet, 1996: 4). However, the jury is still out on the long-term effectiveness of that position.

Restructuring

In December 1995, the South African government announced that it had accepted certain suggestions regarding the restructuring of state assets. The Company fits into a category of state-owned enterprise that the government considers to play an explicit public policy role. The issue of restructuring, a broad term that includes privatization, has become an ideological argument as well as a practical one. Certain unions have opposed any private sector

association with state concerns, whereas elements in industry view the state as an inefficient service provider (“Privatisation and,” 1996: 1, 2). The process began to gain momentum after the government and unions concluded a *National Framework Agreement* (Transnet, 1996: 8), within the bounds of which they could seek solutions. In this sense the Company is not master of its destiny, but rather found itself embroiled in national politics. However, attitudes prevailing outside the nation’s borders do not suffer laggards gladly. To be mired in the past may be to lose the present, and organized labour runs this danger, in a world of diminishing trade barriers and globalization of national economies (“Spectre of,” 1995). The Company thus needs to demonstrate effectiveness in ensuring ongoing interaction from the symbionts it needs to sustain it in its environment.

Findings

Transactional Leadership Seems Futile

The author has already drawn attention to Avolio’s (1995: 19) assertion that the ‘Eurocentric’ or ‘individualistic’ models discussed by many South African authors are similar to transactional leadership, whereas ‘African humanism’ and ubuntu are similar to transformational leadership. Furthermore, Avolio (1995: 18) noted that the values included in any model of leadership must incorporate, or at least recognise, the dominant values of society for that model to be fully acceptable. Where they are incongruent, one must expend an extraordinary amount of effort to gain acceptance of a new model or a new way of thinking. Insofar as the outcomes reported in this paper conclude

interventions, they bear out Avolio's position. The unsustainably high effort exerted, and the minimal results in return, suggested that what management purported to be transformation was little more than transactional intervention, or pseudo-transformation. As such, it was almost futile. The need to engage in true transformation is thus self evident. However, the process became protracted, in a competitive, global market that advanced relentlessly. The author thus needs to add a caveat regarding the extent to which the reported outcomes conclude interventions. Attainment of the intended outcome defines the conclusion of an intervention. The Company abandoned the previous effectiveness criteria (Transnet, 1996: 4) before proclaiming the new. Perhaps the organization will need further interventions to align itself with its future objectives. It thus appears that this process must needs go well beyond general management, into the field of conflict management.

A Shifting Locus of Control

How does one transform an apparently intractable conflict? By elevating it to a level in its host system that can accommodate different perspectives, or provide different maneuvering room? In reviewing the course of events reported in this paper, it becomes apparent that, as pseudo-transformation gave way to real transformation, the locus of control in the Company shifted. The upper echelons of the organization, where board and unions shared political affiliations, were able to contribute new perspectives to the intractability. It gradually subsided to where movement became possible. However, as Weisinger & Salipante (1995: 147) pointed out, the pursuit of diversity, as a

means of equalizing employment opportunity, can reduce commitment to true multiculturalism. In the research setting, the recent interventions seemed to trade off attenuated multiculturalism for greater movement. With hindsight, this course of events would probably have been predictable. How much movement was due to local drivers, and how much was due to global drivers, is however not now evident. Furthermore, the effectiveness of the aggregate interventions is still an unknown—one will have to evaluate it longitudinally. Thus predictability of the outcome of transformation interventions in the present multicultural situation seems relatively low. The author offers the opinion that, in the research setting, a variation on the organizational ecology paradigm may have enhanced predictability. Thus there still appears to be room for muddling through in management's repertoire of techniques.

South African Business Culture

In the edited book *Global perspectives on organizational conflict* (Rahim & Blum, 1994), authors used Hofstede's (1980) work to describe the cultural background that influenced each country's conflict management styles. The latter study of work-related attitudes, across a wide range of cultures, found that South African employees tended toward individualism rather than a collective social framework (Horwitz, 1994: 97). Has South Africa changed in the intervening sixteen, momentous, years, and are Hofstede's findings still representative? Hofstede's research used a small, single company data set in South Africa, and there is thus scope for further research that incorporates the diversity of culture in South African organizations more rigorously (Horwitz,

1994: 97). By contrast, the subject organization has a large, unionized workforce that certainly behaves collectively, according to evidence presented in this paper. Weighted according to the proportion of unionized workers in its workforce, South Africa is thus probably more collective than Hofstede found, in 1980 from a company sample with no unionized employees. Thus, in principle, South Africa and its workers seem inherently well aligned to the requirements of the information economy. Teams rather than hierarchical structures, participative information sharing and decision making rather than command and control, characterize an environment of empowerment (Roodt, 1996: 8). However, Khoza (1994: 4) acknowledged that Afrocentric management has no real track record about which to blow its trumpet. Does it therefore have credibility as a serious management style? It comes across as stable and complacent, but not competitively productive. It seems too early in its development to predict outcomes. At this stage it could be a winner or a loser.

Conclusion & Recommendations

Legitimacy and Effectiveness

This paper has chronicled and examined the halting steps, of one of many South African business organizations, toward delivering the expectations of their diverse stakeholders. It described contention among cultures, perhaps even irreconcilable in some respects. For a transformation intervention to achieve its intent, it must meet some basic requirements, or it will fail. Yet, at least in the state-owned enterprise sector, if the transformation is successful, even an

unsophisticated workforce can assert itself in a democratic way. It can effectively dominate an organization, but can not necessarily control or lead it effectively. Is it feasible that the requisite competitive, business culture can coexist with a collectivist, worker culture? Moreover, post-industrial management can no longer hide behind its traditional shield of asymmetric information, because, when it reduces that asymmetry through sharing and participation, it no longer manages but coaches. A revolution in management has thus also taken place. In such a milieu, what are the effectiveness criteria, who determines them, and how should stakeholders measure them? The author concludes that, in accommodating the foregoing considerations, corporate governance appears set to become a challenging field for the practitioner, and a rewarding field for the researcher.

Further Research

The research for this paper has suggested that the following two questions provide opportunities for further research. First, there appears to be a trend toward business organizations that entertain seriously the claims of stakeholders other than shareholders. What criteria of organizational effectiveness should apply to such organizations? Second, Afrocentric management appears to offer a worthwhile foundation, for the de-layered, informationalized, team oriented, post-industrial business organization of the next century. How does one develop its productivity to make it competitive with other proven work ethics?

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