

Organisation's Leadership and Change Management Practices

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Executive Summary

Changes can lead to transformation. For any organization to constantly innovate and grow it is critical that the policies should be driven towards that. This is only possible with the help of effective organizational leadership. The approach of leader and vision should be communicated to the employees. The study initiates with the introduction and importance of change and that shifts focus to MAS holdings. The company based in Sri Lanka has been considered due to its efforts on the transformational front. Relevant theories of Leadership Organizational change will be used in the study, and then conclusion is propounded on the basis of it. It has been found that relevant measures have been taken by MAS holdings in the past to remain competitive and communicate with employees has been effective.

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Table of Contents

Introduction.....	4
Company Background	5
Leadership and Change: How MAS Holdings Do it?.....	5
First Stage: Unfreezing in MAS Holdings.....	6
Second Stage: Implementation	7
Third Stage: Freezing.....	8
Eight Step Process for Sustaining Change.....	9
First Step: Developing Urgency Sense	9
Second Step: Coalition through guidance.....	10
Third Step: New Vision for The Company.....	10
Fourth Step: Vision Communication	10
Fifth Step: Removal of discrepancies and focusing on Environment.....	11
Sixth Step: Short Term Goal Achievement	11
Seventh Step: Crisis Management.....	11
Eight Step: Including the changes in the Culture.....	12
Conclusion	12

Introduction

Change is truth and changes are crucial. For the organization it is critical that the change must be guided by efficient leadership. This brings sustained growth for the organization and creates its competitive advantage. Studies of Damanpour (1996) argue that the changes are often resisted by people. The change should therefore be driven by the effective measures and effective leadership. The organizational changes mean that the organization is trying to transform itself. The change in organization is change in the future work and the process of working (Hage, 1999). These changes are either planned or unplanned in nature. Organizational changes are important as they can improve the functioning of the organization. There are distinct advantages of organizational changes for which they are preferred. The changes are in relation to the motivation levels of employees, satisfaction of the customer and increase in competitive ability of the organization.

Studies from Ulrich (1998) have found that it is necessary that the company caters with the challenges of change. It is also critical to understand the role of leadership in that regard. The leadership and its efficiency are judged on the way it manages the changes. If the leader is effective, he will be able to create effectiveness in the organization through the change (Kennedy, 2000). It is also stated in some of the studies that the leader should possess some kind of proven competencies so that he is able to inculcate the changes. Initiation of change and co-ordination of it is done through effective leader that is ready to transform the organization (Heifetz & Laurie, 1997). This research paper focuses on the Organizational

leadership and the management practices. For the purpose of understanding case of MAS holdings, Sri Lanka has been taken into consideration.

Company Background

MAS holdings are a leading manufacturer of intimate apparels, lingerie, and Swim wears in Sri Lanka. The company has 38 apparel facilities that are located in 10 countries (MAS, nd). The company transformed itself in the 80's and works on the principle of "Change is Courage." The company has also been focusing on the SAP based solutions and providing these services to the footwear business and apparel businesses across globe. The annual turnover of the company has been over USD 1 billion.

Leadership and Change: How MAS Holdings Do it?

Changes are generally of two types as stated in Figure 1, i.e Changes based on Evolution and Changes based on Transformation.

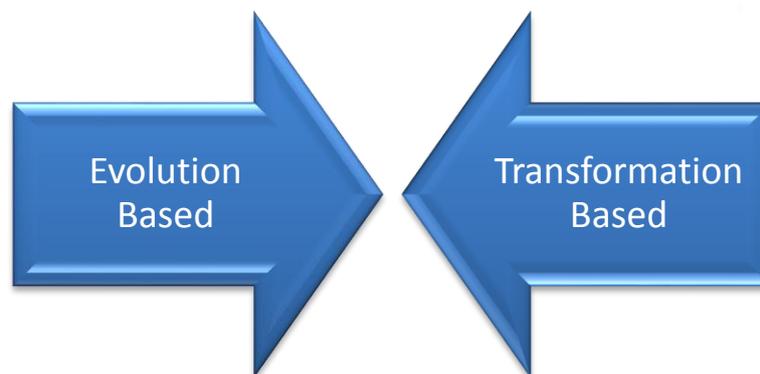


Figure 1: Changes Type, Own Study

Evolutionary changes are slow in nature; they are taking marginal moves forward for the organization vision. Meanwhile, transformational changes, which is also the focus of this study is based on the urgency and is much fast compared to evolution change. A change from the old traditions to the new business which is modernized is transformational. Lewin (1943)

proposed a model of change in the organizational structure. The model has three stages which is Unfreezing, Implementation and Freezing.



Figure 2: Stages of Change, (Lewin, 1943)

First Stage: Unfreezing in MAS Holdings

The first step towards transformation is the changes and readiness of the people involved in the organization. The vary basis of change is dependent on the first stage that is unfreezing. In regards to MAS holdings, the unfreezing stage of the company started in the middle of 1980s when the company one the order of the manufacturing of dresses from synthetic fabric. The quota restrictions were revised and the company was not able to fulfil the order. However in order to keep the capacity utilized Mahesh Dayalal Amalean, the co-founder and visionary of MAS holdings decided to manufacture lingerie. Manufacturing of lingerie was a niche field as the company did not have the business and manufacturing experience of the same, but it was outside the purview of the quota system. Mahesh, visited the countries like China, and Hong Kong to understand the manufacturing process and the business. The company also persuaded the management of Victoria Secret to become a supplier of bras, which are of high quality (IFC, nd.)

The company has been in the process of unfreezing as it hired the workers from Sri Lanka. As stated by Chairman “We reached the workers to deliver our work, rather than they reaching us for the search of work.” The company also stuck the cord with the German giant Triumph and entered into a Joint Venture with them in Sri Lanka. The problems with countries like Sri Lanka were also there, even though the company was trying to expand its presence. The problems were of competition from countries like China. Even on the wages front the initial problems were of higher wages compared to some other countries like China, Vietnam, and Bangladesh. The ongoing civil war that began in the year 1983 between the North and Eastern regions of Sri Lanka was another issue for the company. The problems of the infrastructure were critical yet the companies managed to overcome these difficulties through strong will.

Second Stage: Implementation

MAS holdings faced the problems of the expertise in textile work. The experts in textile were hard to find, and the infrastructure was not enough to manage the issues of workers coming in the metros for the search of work. MAS holdings treated this as the opportunity as the government was also keen to move to the rural areas for the work such as textiles. The company set up its plants in the areas that were close to workers (IFC, nd). Therefore it was the approach where the work was taken near to the workers. The changes were made for the achievement of the set objectives. As stated by Jick (2001) vision is 10 percent of the development of the organization, remaining 90 percent of it is implementation. The innovative the company is the more are its chances to survive in long run and grow. Senior & Fleming (2006) if the organization is able to synergize in terms of the work to be done and the objectives to be achieved it succeeds.

The company implemented better working standards to start with so that the workers can remain committed towards the organization. The idea behind giving breakfasts and health care to the MAS holdings was to attract the best people for the work (Dinkar, 2007). The company has taken responses from the workers in order to stay in the work and gain more experience. Based on the responses the company provides education and Information Technology knowledge to students. The company encourages the females to work in the organization and employs 90 percent females on an average for the daily work. The implementation of eco manufacturing plant that reduces the carbon emissions is done in order to use better quality standards (MAS, 2014). The standards ISO and EMAS have been implemented by MAS holdings so that the work is done in the environmental friendly environment. The company is also the first to install the fully integration and customized software packages that are capable of manufacturing apparel.

MAS holdings feared to have lost the advantage after the expiry of Multi Fiber Agreement in 2005. The business advantage was taken by China, though MAS holdings also marked increase in the exports even after the scrap of MAS. In terms of the employee size, the company has been moving ahead and has a total of 40000 employees. The main exporters of MAS holdings have changed the focus and emphasizing more on the innovations and designs, which is also the USP of the company. The company focus also shifted from being a low cost producer to more design oriented and innovative producer.

Third Stage: Freezing

After the implementation has been done, the next stage is called freezing or refreezing (Lewin, 1943). This is a stage where stability is seen in the organization after the initial phases of struggle and implementation. However, it has also been noted that there is no stage of stability that persists in the modern organizations, which have to constantly change

themselves to fit into the current environment. Competitiveness is by the virtue of changes. Reardon (1998) mentioned that it is the role and duty of senior leadership to constantly enthuse the feeling of radical change, which is difficult. The realization of the employees and people involved for this change is important. However the company has been constantly adopting the changed approaches in terms of the social and environmental efforts that are required for this competitive environment. The sustainability of the changes that are required by the organization and process of achieving it has been discussed under the next heading.

Eight Step Process for Sustaining Change

Kotter (1997) propounded the eight step process of sustaining the change. The studies from Kotter (1997) have found that the changes and initiatives of the change in almost 70 percent of the organizations suffer failure. The eight step process of the organization has been designed to achieve success from the change initiatives. The process mentions that the first four steps are basically to bring company in line and change the situation of the status quo, the next two steps are there to bring new principles and practices in the company and the last stage is bringing the changes in the corporate framework of the company. These steps have been discussed in the light of MAS holdings to understand on what grounds they have transforming themselves and bringing leadership and management changes.

First Step: Developing Urgency Sense

The urgency stage as it is called is very important. The companies that have failed in the transformation and change have failed in the very beginning of the stages. Sense of urgency is always required and that should come from the top leadership. In case of MAS holdings, the urgency was brought by Mr Mahesh Amalean, travelled to various destinations just to

learn the process of manufacturing. The urgency to defy the quota system and develop the expertise in that area, made the company thrive in its objectives.

Second Step: Coalition through guidance

The next step is to guide the people around you for the purposes of creating a team. MAS holdings have a charismatic leader that understood the importance of change, but even for him it would not have been possible to bring the change alone. Providing better work culture brought the workers together to achieve the goals. The feelings of company being world class were imbibed in the employees. This is again as per Kotter (1997) process. The right people were recruited and more emphasis on their social well being was given in the initial stages only so that the commitment levels remain higher. The company guided the employees to work as per the international standards and the leadership drove the new initiative like the overtime, safety and security in the work (IFC, nd).

Third Step: New Vision for The Company

The vision of MAS holdings was to grow in the apparel and inner wear space; this was done by adopting a worker friendly approach by establishing the work where it was close for them to work. The vision of the company initially was to create an organization that is bigger than anyone.

Fourth Step: Vision Communication

Vision for the company is important but it is equally important that the vision is communicated. MAS holdings hired employees and communicated their vision with them of being world class in their products. To complement the vision, the company hired female employees with an idea to polish and make them skilled for the work.

Fifth Step: Removal of discrepancies and focusing on Environment

Empowerment of the employees is very important. MAS holdings handled this in an appropriate manner. The education and safety was given preference. The preference was also given on their education and free transportation facilities. This helped the workers in becoming a part of the organization and understands the vision. Troubleshooting by the supervisors or the organization is an important part of this step. MAS holdings have shown commitment towards empowering workers and eradicating their issues (Dinakar, 2007). The suggestion of worker in terms of IT knowledge was accepted by the company along with English language.

Sixth Step: Short Term Goal Achievement

The company goals should not be secluded from the transformation efforts. Any organization should be able to achieve short term goals so that the mission of changing the organization should get a boost. Hellriegel & Slocum (2004) have stated that the changes in the short term should be matched with the goals and the same should be visible. If the visibility is missing it cannot be termed as the achievement of the goals. In case of MAS holdings, the tie up with Victoria's Secret and Triumph was achievement of that goal.

Seventh Step: Crisis Management

All the steps are for the transformation of the company and the creation of vision. Therefore there should be a plan with the company for the promotion and development of the steps that meet those plans. MAS holdings celebrate 'Empowered Woman of the Year Award' so that the women are promoted and motivated. The company promotes knowledge, and leadership qualities in its employees this ensures that at the time of crisis MAS has adequate talent and people who can manage the crisis.

Eight Step: Including the changes in the Culture

The eighth step is to include the changes in the culture of the organization. Unlike Sri Lankan companies, MAS holdings have uplifted the level of working standards and culture of women. The efforts like 'Women Go Beyond.' From being an important player, MAS holdings has also ensured that the Corporate Social Responsibility is maintained. Training to the employees and the approach of the organization is to make them close to the organization. This helps in maintaining the culture and changes that MAS holding has adopted for its business.

Conclusion

Inclusive growth and the sustainability are important if the transformation is to reach a desired goal. The study highlights the measures that have been taken by MAS holdings in evolving itself as a major player in the industry. The study has shown that MAS holdings have so far taken right steps by empowering employees and also focusing on their benefits. The role of leadership is critical and MAS holdings have managed to give a sense of vision it has for its business. The employees are a major part of the changes and they are enthused to work in a committed environment. The usage of modern techniques and clean environment regime is for the betterment and advancement of the company. Employees do understand these changes in MAS holdings. Since inception, the company has constantly brought justice to the transformational patterns suggested by Lewin, (1943) and Kotter (1997).

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