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Transformistic Theory

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⊕ TRANSFORMISTIC THEORY

Transformistic theory emerged in the 1970s in an effort to predict the kinds of organizations that would

be most successful in uncertain or highly turbulent environments. This theory posits that in uncertain environments, organizations must generate transformation on multiple levels—individual, organizational, and societal—if they are to change in ways that will ensure both their own viability and the overall well-being of society. At the same time, transformistic organizations must maintain focus and stability by remaining true to their core values and ethics. The theory later incorporated many of the ideas associated with transforming leadership and fundamentally realigned the roles, missions, and functioning of organizations in volatile environmental contexts.

Many of the concepts about uncertain or turbulent environments had their origins in the early writings of the scholars Warren Bennis and Philip Slater (1968), Donald Schon (1971), and Fred Emery and Eric Trist (1973). Dynamic processes emerge and thrive in environments fraught with change. These changes in the environment are self-perpetuating and complex. Emery and Trist use an ecological example from the fishing and lumber industries. In those industries, competitive business strategies that are based on the assumption of a static environment, may (through overfishing and overcutting) lead to disastrous repercussions in the fish and plant population, ultimately causing the destruction of all the competing systems. In human populations, momentous events, such as the fall of the Berlin Wall, the reconfiguration of the former Soviet Union, worldwide terrorist attacks, and the rise of struggling democracies, trigger complex and unpredictable dynamic processes, both positive and negative.

CONTRASTING BUREAUCRATIC, ORGANIC, AND TRANSFORMISTIC ORGANIZATIONS

Transformistic organizations differ in significant ways from bureaucratic and organic entities. Bureaucratic organizations are compatible with stable environments and authoritarian leadership. They function in a world of explicitly formulated goals, rules, and procedures that define and regulate the place of their members. In the traditional bureaucratic world of specialization and expertise, individuals' roles are minutely specified and differentiated.

Organic organizations flourish in changing environments and utilize transactional leadership to compete with numerous similar organizations. In this environmental context, organizations face unique and unfamiliar problems that cannot be broken down and distributed among specialists in the hierarchy. Broad operational procedures, rules, and practices guide the work of functional units. Workers possess an overall knowledge of their organization's purpose and circumstances. Lateral and vertical consultation typifies the communications in such organizations, in contrast to the vertical chain of command present in bureaucratic organizations.

Transformistic organizations flourish in turbulent, uncertain environments. There is interconnectedness to promote mutually beneficial interactions between and within organizations, and frameworks and ethics are used to align organizations. The leadership is transforming; that is, leaders seek to inspire organization members to achieve an ennobling vision. Shifting goals, priorities, and methods of operation characterize transformistic organizations. Organization members with multiple capabilities and skills carry out work in fluid, temporary units; the organization encourages their continuous development and the application of their skills in new and varied situations.

Transformistic theory also links organizational form, leadership, and behavior to the environment. Among the assumptions underlying transformistic theory are that advancements in science and technology have greatly improved access to information and resources and that the increased access has, in turn, expanded the capacity of individuals, governments, and businesses to act. In addition, transformistic theory assumes that individuals, groups, and organizations use information and resources to generate collective, individual, and diverse actions—intentionally or randomly, advantageously or adversely, sequentially or concurrently. Further, these actions increase complexity and uncertainty in social and natural environments.

IMPLICATIONS OF AN UNCERTAIN ENVIRONMENT

According to many scholars, unpredictable environments require a fundamental shift in societal thought

and behavior characterized by intense global concern and competition; intra-organizational relationships and collaboration; a focus on democracy, substantive justice, civic virtues, and the common good; a values orientation; empowerment and trust; consensus-oriented policy-making processes; diversity and pluralism in organizational structure and participation; critical dialogue and qualitative language and methodologies; collectivized rewards; and market alignments. Linking the assumptions mentioned earlier with these characteristics, transformistic theory proposes ways in which organizations and leadership function and thrive in uncertain environments.

Core values and ethics serve to center and regulate the organization and help members assess the purpose, actions, decisions, partnerships, and outcomes of the organization. Tranforming leadership engages organizational members in collective purpose linked to social change, with the ultimate objective of enhancing human existence. Although the political scientist James MacGregor Burns, the first to articulate the notion of the transformational leader (1978), did not believe transformational leadership was possible in organizations because of bureaucracy and economic self-interest, later theorists have disagreed; transformistic theory contends that the well-being of organizations and of society in uncertain environments rests on their interconnectedness and reciprocal support.

DEVELOPING HUMAN AND LEADERSHIP CAPACITY

Central to transformistic theory is the notion that organizations have a responsibility to expand human and leadership capacity. Expanding organizational members' capacity entails developing their ability to think critically and systemically; to act with knowledge and authority; to learn, create, and experiment; to develop abilities and expertise; and to apply new capabilities to new circumstances. Expanding leadership in organizations requires recognizing and developing it as an organizational capacity. The scholar James O'Toole discovered that companies in which key leadership tasks and responsibilities are institutionalized in the systems, processes, and cul-

ture are not dependent on the presence of a high-profile leader. In these companies, people at all levels engage in leadership practices. They

- act more like owners and entrepreneurs than employees or hired hands (that is, they assume owner-like responsibility for financial performance and risk management);
- take the initiative to solve problems and to act, in general, with a sense of urgency;
- willingly accept accountability for meeting commitments and for living the values of the organization;
- share a common philosophy and language of leadership that paradoxically includes tolerance for contrary views and a willingness to experiment;
- create, maintain, and adhere to systems and procedures designed to measure and reward these distributed leadership behaviors. (O'Toole 2001, 160–161).

O'Toole identified two factors that contributed to the long-term success of these companies: coherence and agility. Coherence refers to common behaviors found throughout an organization. Agility represents a company's institutional ability to anticipate and respond to change. Institutional agility allows organizations to generate and transform structures, functions, and capabilities to meet the conditions of an uncertain environment.

THE BANK OF MADURA: AN EXAMPLE

An illustration of transformistic theory in action is the Bank of Madura's microlending program for women in rural India. The president of the Bank of Madura recruited managers who were willing to leave their traditional office facilities to work directly with women in rural communities, teaching the women skills ranging from basic literacy to business and accounting. Multilevel transformations occurred as poor, uneducated, and socially isolated women became economically viable entrepreneurs who were able to support their families and form close-knit communities of caring, learning, and support. At the same time, bank managers created innovative banking structures, turned dying rural bank

branches into thriving and prosperous enterprises, and developed increased capabilities by using existing expertise in new ways—all while experiencing a greater sense of purpose and meaning in their own lives, work, and communities.

Tranforming and distributed leadership accomplishes multiple missions that link organizational viability to the well-being of society and nature. Established concepts in organization theory maintain that the mission of an organization identifies its basic purpose or reason for existence and establishes its unique identity in relation to others. In transformistic theory multiple missions, often referred to as the double or triple bottom lines, promote transformation among interconnected human, organizational, and ecological systems. Organizations that recognize their symbiotic connection to society and nature and that reflect this connection in their implementation of multiple missions increase their chances for long-term sustainability in uncertain environments.

—Gill Robinson Hickman

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