ANALYZING LEADERSHIP PRACTICES IN AN INTERNATIONALLY RENOWNED HR COMPANY: WHY DOES PEOPLE-ORIENTED LEADERSHIP MATTER?

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Abstract:
This article aims to analyse exclusive leadership practices leading to a negative organizational culture at an internationally renowned HR company. It appeared that the organization made systematic and aggressive efforts to prioritize productivity and efficiency over employees' sentimental needs. This leadership approach constantly imposed fear on employees to discourage them from voicing opinions and questioning the existing conditions. Members of the organization neither had any meaningful communication nor appropriate information exchange. The absence of mutual trust and respect in the work environment eventually led to organizational failure. As a result, the organization experienced a high employee turnover, productivity gradually declined, and the organization's growth became stagnant. Leadership, who can see the big picture, understands that prioritizing sentimental needs results in overall performance improvement in the long run. It is possible to see the implications of such a leadership mindset in the organizational culture.

JEL: J20; J24; L23

Keywords: inclusive, leadership, organization, production, safety

1. The Analysis of Leadership Practices

In order to analyze the factors that led to the HR company's fall from grace, it will be useful to look at the case from an organizational theory standpoint. Hatch and Cunliffe (2006) suggested that the concept of modernism emphasizes maximum performance. Since the goal is to improve organizational efficiency and effectiveness, the right to control production work and workers belong to leadership. The belief behind this notion is that when organizations are led based on people-oriented leadership practices, they

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can turn into successful systems of decision and action based on norms of rationality, efficiency, and effectiveness. Cooper and Burrell (1988) also argued that functional rationality is the essence of the modernist concept and high performance is the key ingredient of that.

However, according to the post-modernist perspective, objectively definable reality does not exist. Instead, what's known as reality needs to be questioned (Hatch & Cunliffe, 2006). In this regard, we can argue that organizations are socially constructed realities and due to their dynamic nature, they are built for change (Morgan, 2006). Since organizations are the representation of human values and choices, adaptation is fundamental for their existence (Egitim, 2021c).

The leadership practices demonstrated by the HR management were based on a rationalist approach holding high performance and production above employee sentiments. As a result, employee commitment, and trust gradually declined, and hence performance was compromised. This perspective is in contrast with the post-modernist perspective which perceives the concept of progress as a myth and believes that progress justifies power exploitation (Hatch & Cunliffe, 2006). Thus, the case is a demonstration of a systematic modernist perspective based on ambition and greed.

As the HR company's sole aim was to maximize productivity and efficiency, the leadership practices can be associated with objective ontology which places the reality outside human influence (Hatch & Cunliffe, 2006). In this regard, the focus was on maximizing technical efficiency by rationalizing the social order. Thus, unobservable elements such as emotions, thoughts, and beliefs are perceived as an obstacle ahead of their perceived unshakable reality (Egitim, 2021a; Kabze 2021; Kabze, 2022).

However, since organizations exist due to human interactions, it is impossible to disregard the role of emotion. This perspective supports the substantive rationality theory underscoring humanistic values (Egitim, 2020). If organizations disregard the existence of substantive rationality and only focus on formal rationality, such as technical skills and efficiency, humans would be perceived no different than machines, they may suffer severe consequences and experience difficulty recovering from the long-term effects.

On the other hand, Marx's theory of capital and labor emphasizes the survival needs of workers. However, Marx suggests that there may be a power struggle when the interests of capital and those of labor are in conflict. The conflict arises from how to divide surpluses of profits. Moreover, competition from other firms puts further pressure on the organization. As a result, laborers are forced to work more efficiently to produce more (as cited in Hatch and Cunliffe, 2006).

The capitalist notion was also observed in the leadership practices adopted by the HR company. The leadership treated the organization based on a strict modernist approach with a focus on productivity and profit-driven model. The leadership perceived workers as no different than machines. Their sentimental needs were not considered of importance. Due to the negative organizational culture created by the leadership, employees gradually lost their faith in the management. Since employees were not

deemed an integral part of decisions, there was no bottom-up communicative exchange between them and the top management. As a result, organizational fall was inevitable.

If the leadership were to focus on addressing employees' sentimental needs based on a mutual objective, it would be able to make everyone feel important for the organization. (Sencar, 2022; Westwood, 2021; Westwood, 2022). Leaders frequently make profound decisions with far-reaching implications on everyone within the organization. Therefore, their vision to anticipate problems and take timely action is essential (Gronn, 2002). For this purpose, leaders need to interact with their followers and be open to learning from them.

Establishing a learning organization where everyone can feel comfortable learning from one another can eventually reach success (Caligiuri and Tarique, 2012). Trust and respect are two key components of organizational success. They are strong human values that can only be earned upon genuine interactions between members. From a leadership perspective, showing employees that their sentimental needs are prioritized overproduction would be a firm step toward establishing trust and respect with employees. Improved organizational performance and productivity are the likely outcomes of an organizational environment where everyone trusts and respects one another (Egitim, 2022).

2. Conclusion

The leadership strategies were valuable lessons to learn. Firstly, the role of leadership is essential to create an organizational culture that embraces a collective mindset. As Egitim (2021b) suggested, leadership should be participatory, democratic, and employee-centered. Since organizations are human systems, they are vibrant and dynamic in nature. Their source of energy is derived from human interactions. Burke (2017) suggested that an organizational structure that reflects the interrelated nature of its subsystems holds greater potential for participation. Through everyday interactions, organizations can evolve into more adaptive and flexible systems which can help them better prepare and deal with the complexity of the ever-changing external environment. Therefore, leadership that can genuinely make their employees feel that they are the true owners of their organizations and hence, their thoughts, feelings, and concerns are held above everything else, can give their organizations the edge over others.

Leaders frequently make decisions with far-reaching consequences on everyone in the organization. Thus, their ability to anticipate problems and take effective measures is essential (Burke et al., 2008; Bolden, 2011; Gronn, 2002). To ease this process, leaders would need to create effective communication channels with their subordinates and be open to their suggestions. This can help create a learning organization. Establishing a learning organization where everyone can feel comfortable learning from one another can eventually reach success (Caligiuri and Tarique, 2012; Parsons, 2008). Trust and respect are two key components of organizational success. They are strong human values that can only be earned upon genuine interactions between members. From a leadership

perspective, showing employees that their sentimental needs are prioritized overproduction and efficiency would be the ultimate way to create trust and commitment (Krause, 2005). Improved organizational performance and productivity are the likely outcomes of an organizational environment where everyone trusts and respects one another.

Conflict of Interest Statement
The author declares no conflicts of interest.

About the Author
Mira Kabze holds an MA in education from Kokshetau State University, Kazakhstan. She is currently based in Japan. Her research interests include leadership in organizational culture and diversity management.

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