Applied Organisation Analysis Report

Application of Leadership in the Co-operative Foods

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Abstract

The study sought to analyse the application of leadership in the context of Co-operative Food of the UK. This approach was based on the fact that leadership has emerged as the most important management concept while Co-operative Food is a major retailer in the UK with a unique organisation structure as a result of its mutual ownership system. The analysis has revealed that the company has applied an elaborate democratic system of leadership complemented by servant leadership. While this system has afforded the benefits of quality in decision making and high job satisfaction, it has also slowed decision making and limited the talent pool of the company. Given the changes in the business environment and work places that require high levels of responsiveness and people empowerment, transformational and relations oriented leadership system has been recommended complemented by the democratic system.
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Introduction

The workplace has undergone several changes in the last several decades. One of the areas in which significant changes have occurred is in the relationship between the managers and the members of staff. Empirical studies, management theory as well as observations made by me as a supervisor in Co-operative Foods has shown that members of staff have been gaining power and independence in the work place to such an extent that leadership is becoming much more important than clear management rules (Holmberg and Tyrstrup, 2010). Leadership currently dominates management literature, and there is a general agreement among theorist and practitioners that in the current environment of the knowledge worker, leadership is the most important aspect of organisation management. There is also the increasing need to take stakeholders interests into account.

The Co-operative Food of the UK is a business line under the Co-operative Group; one of the top five retailers in the UK. The company presents a unique opportunity to analyse the application of leadership in a modern organisations since it has developed and used a unique form of organisation leadership over the years and also because I have worked in the organisation at a supervisory level. As a Group, the organisation has about 6 million members and about 80 co-operative societies (Co-op, 2013a). Holding these numbers together into an organisation that is working smoothly indicates that the organisation has been able to benefit from some aspects of leadership that other organisations can learn from and that can advance the knowledge and evidence on leadership.

The report has three major sections. The first section is the introduction which provides a background to the topic and concept of organisation management. The introduction also provides a background to the Co-operative Food and a justification for the focus on the organisation. The second section is the analysis which is the main body of the report. The analysis evaluates the leadership style applied by Co-operative Food, its merits and demerits in light of theory and evidence as well as how the organisation can benefit from other leadership styles. The last section is the conclusion and recommendations which summarizes the major observations in the analysis and recommendations to Co-operative Food and other organisations.
2.1 Leadership System in Co-operative Food

As the introduction has pointed out, the Co-operative Foods is a major business line within the Co-operative group. The management of the company is therefore based on the Group’s management structure. The company has a unique structure compared to other companies in that it is not owned by private shareholders. The company is owned by the consumers who use the company products and is therefore structured in form of a mutual (Co-op, 2013). The company states its goals as the advancement of the views and priorities which I had the opportunity of listening to and translating them to business strategy. In line with this goal, the company has adopted a leadership style that seeks to take into account the views of each member of the organisation; the democratic system.

The democratic system is applied due to the large numbers of members involved. At the local level, the members elect committees that are expected to handle the concerns of the local community and advice the active managers on the things to do and the operation of the stores, a role that I played as a supervisor. The local community committees then elect members who are to represent them in the regional boards. There are in total 7 regional boards which cover the whole country (Co-op, 2013). The regional boards then elect members who are to represent them in the national board which is the top-most board in the company. The elected bodies make decisions that are binding to their represented members. The national board as a consequence is the one responsible for working with the top management which is headed by the Chief Executive Officer as I learned while working in the organisation.

It is clear from the above system that the organisation realises that while there is a need to take into account the views of every member, there must be some limits due to the practicality of management. The use of the democratic system implies that the views of the majority carry the day.

Apart from the fact that Co-operative Foods has used a democratic style of leadership, I also observed that the company has been able to integrate other leadership styles in the management of the organisation. The local committees, regional boards and the national board hold consultative meetings frequently with member groups as well as other stakeholders and I was able to attend several while working in the company. This fact indicates that the company also uses the consultative approach to leadership which reveals that the elected members recognise that they are the servants of the people. This introduces
the servant leadership system where the leader gives the members a chance to make decisions on what they want done and how to do it. In the evaluation of the leadership styles that Co-operative Food applies it is therefore also necessary that evaluation is made on the application of the servant leadership system. It is not uncommon for organisations to apply several leadership styles in different contexts (Crawford, 2005). This usually happens as organisations try to optimise their management systems.

2.2 Merits of the Democratic and Servant Leadership Styles in the Context of Co-operative Foods

One of the major concerns that theory and empirical evidence has pointed out with regard to the role of leadership in organisations, is the ability of the members to feel satisfied by it and feel that their concerns are taken care of (Dickson et al. 2003). The democratic system of leadership has been established as one of the most effective in taking into consideration the views and concerns of the members. Through elections, every member of the organisation is given an opportunity to make a change. This facility leads to very high levels of job satisfaction. High levels of job satisfaction on the other hand lead to high levels of productivity, which I confirmed as a supervisor.

The use of a democratic process gives the members a chance to change the leadership of the organisation from year to year to ensure that the management reflects the views of the people. This gives the members of the organisation a sense that they are in control of their destiny; research into the nature of motivation, especially in modern organizations that have highly skilled workers who are sufficiently aware of their needs and interests, has shown that, a sense of self-determination is critical to job satisfaction (DuBrin, 2010). The fact that the democratic leadership systems applied by Co-operative Food therefore partly explains the success of the organisation.

The frequent consultations that the elected bodies have been engaging in also contribute to the job satisfaction of the members. One of the special aspects of the Co-operative Group is that the members are also the consumers of the company products. The sense of self-determination is therefore especially important to the organization. Any group of members can seek an audience with the local committees to articulate their issues. And during the consultative meetings, from my experience, the members usually have the opportunity to give suggestion on all aspects of the company (Co-op, 2013). The implication is that the members have wide latitude to express themselves.
It is clear from the above analysis that Co-operative Food has been able to apply the democratic and servant leadership systems to promote worker satisfaction and also sense of self determination that are critical to motivation. These aspects partly explain that harmony within the organisation and its success over the years.

The second major benefit that the democratic leadership system has provided to the Co-operative food is promotion of creativity and people empowerment. The committee members are usually elected by all members of a given locality. The implication is that any member who has the skill and passion can join in the leadership of the organisation and go all the way to the top since the regional board and the national board elections usually follow from the committee elections. Empirical evidence has shown that job satisfaction is also dependent on the opportunities for growth as well as how clear it is that individual effort can lead to growth (Foster, 2002).

Since the membership into any of the leadership bodies is accessible to every member of the organisation, there is a clear channel of growth where a member who is a consumer of the company products can rise to the national level if their skills and passion permits them. This avenue for growth has the potential to keep members loyal to the organisation. The process was also very clear to me as a member of the organisation. Modern motivation theory and evidence has shown that the clarity of the processes for growth is a major motivator (Foster, 2002). This aspect can therefore be understood to have impacted positively on the organisations management. This system also enhances the sense of ownership of the organisation. A strong sense of ownership promotes creativity and innovation since the members knows that when the organization improves their share of the earnings also improves.

The Co-operative Foods has been able to create an environment that is usually available only in small businesses where the owner is also the manager. In such businesses the owners have been observed to put in many hours of work and derive a lot of satisfaction from the growth of the businesses (Kaiser et al. 2008). The adoption of the mutual structure by Co-operative Foods is therefore one of the strongest aspects of its leadership system and can be associated with its success which has seen the company grow to the fifth position as a retailer in the UK behind Tesco, Asda, Sainsbury’s and Morrisons.

While the analysis this far has shown that the democratic and servant leadership systems applied by Co-operative Foods are highly suitable to the organization, it is also worth noting
that they are not always suitable in all circumstances. However, Co-operative Food has been able to adapt the leadership systems to its environment. The democratic and servant leadership systems usually pay a lot of attention to the different views of the members in a bid to come up with a decision that accounts for everyone’s interest, something that I had to do as a supervisor. This approach is therefore only applicable where quality is much more important than efficiency or production levels since it takes time (Marta et al. 2005). The success with which the company has been able to apply the leadership styles is reflected in the vision. The vision of the company is to build a better society by excelling in everything that it does, a philosophy I had to commit to when joining the organisation. The focus on society indicates that the company values quality of what they do than quantity or efficiency which would instead lead to a vision that focuses on commercial viability.

With a focus in the food industry, quality is highly important not only as a matter of regulation but also to meet the customers’ expectations (Sorescu et al. 2011). In food products, customers have shown a strong inclination towards quality as opposed to quantity. The company’s adoption of the democratic and servant leadership styles is therefore in line with customer expectations in the industry, a fact that reflects the success with which member views have been taken into account. Studies have shown that consumer awareness is increasing and that customer expectations are rising with regard to quality and also sensitivity to unique consumer conditions and tastes (Martindale, 2011). It can therefore be observed that Co-operatives Food has adopted a leadership style that is in line with current trends. This also partly explains the success that the company has received in the recent past.

The other major advantage that the company has been able to derive from the application of the democratic leadership system of leadership is the promotion of team effort. The democratic system of leadership as applied by Co-operative Food requires that decisions are made in a participative model where the members of the various organs debate the issues and develop consensus which is what I used to do as a supervisor in developing and communicating operational policies. This is in sharp contrast with the autocratic or bureaucratic leadership systems that do not require the input of many people in decision making (Marta et al. 2005). The adoption of team strategies in decision making is much in line with changes in the work places. Since the emergence of the highly knowledgeable, highly skilled workers who expect a lot of independence in making of their decisions, there has been a tendency to move away from the hierarchical systems of organisation structure to
network systems that are based on teams (Rowold and Schlotz, 2009). Teams bring together people with different skills and experiences which improve the quality of decisions made.

The promotion of team work and consultations across fields of experience can therefore be linked to the successes that Co-operative Food has been able to enjoy as an organisation.

The last major advantage that the company has been able to enjoy is the association of the company with values that are at the centre of the servant leadership system. In servant leadership, the leader usually leads by example and also insisting on certain values such as integrity and honesty (Martindale, 2011). The company has a set of values that it expects all its members to follow. Two of them are integrity and honesty. This also leads to high levels of personal satisfaction. In theory it has been argued that servant leadership through values is only applicable in political situations where the members elect their leaders (Holmberg and Tyrstrup, 2010). It is clear therefore that Co-operative Food has been able to match its leadership style with the circumstances since the leadership of the organisation is largely based on democratic style elections.

The above analysis of the merits of the democratic and servant leadership systems as applied by the Co-operative Foods demonstrates a common trend in organisational leadership. While an organisation can adopt one leadership systems, which in the case of Co-operative Food is the democratic system, there is always the tendency to apply other systems of leadership where appropriate. At the individual level it is also possible to apply other styles of leadership to achieve the organisational goals, an aspect I appreciated working in the organisation where I had to apply approaches such as charisma. It is therefore clear that there is flexibility in the application of leadership within Co-operative Food, which would not be the case if the company applied strict bureaucratic or autocratic leadership systems.

2.3 Demerits of Democratic and Servant Leadership Styles in the Context of Co-operative Foods

While the previous section has demonstrated that the democratic and servant leadership systems have afforded Co-operative Food many advantages, it is also observable that the organisation has faced a couple of challenges as a result of the use of these systems of leadership.

The first major challenge is that decision making is slowed down. In decision making theory and in leadership, the time taken to make a decision is very critical (Dickson et al. 2003). For
a company that operates in a highly competitive industry like Co-operative Food, decision making time becomes even more critical. In a competitive environment, it is important that decisions are made fast (Marta et al. 2005). The application of the democratic systems requires that members convene to elect decision making bodies i.e. the local committees, regional and national boards. The decision making bodies then have to have sittings and deliberate on the decisions to be made which may also require the consultative meetings with other member groups and stakeholders. It is clear that in this process, a decision to open a store at a new locality for example as I witnessed, take several weeks to make. This is a major stumbling block to competitiveness since within this time another retailer using a different form of decision making that is faster may have opened a store in the same locality.

The issue of time in decision making is as a result of comparison of the democratic style of leadership with autocratic or charismatic leadership styles. Under the autocratic systems for example, the leader makes the decisions alone and the members are compelled to follow. Under the charismatic leadership style, the leader also makes the decision alone, and through charisma, influences the members to follow (Foster, 2002). Under such systems it is clear that a decision can be made within a very short time period which can benefit the organisation in a highly competitive environment. Co-operative Food has had to make sacrifices with regard to the time it takes to make decisions, in order to take care of the interest of every member of the organisation as other managers in my locality during my time at the company also indicated to me.

The retail industry has been undergoing significant transformations in the recent past, including the introduction of online distribution channels (Sorescu et al. 2011). The implication is that there has been an increasing need for responsiveness in the way the business is conducted. To be able to succeed in the next several years, it will be necessary that organisations improve their level of responsiveness. While Co-operative Food has been able to grow steadily in the past, it remains at position five in the UK retail industry. Since none of the other major players has a mutual ownership structure like the one used by Co-operative Food, it would be necessary for the company to ensure that it does not suffer as a result of it. I also observed that the slow pace in decision making is even more harmful during a crisis when rapid action is necessary.

The other major challenge is in the quality of leadership that the organisation has access to. Co-operative Food draws its leadership from the members of the organisation. The
implication is that, the organisation is limited in terms of the quality of leadership it can get to the pool of members of the organisation. In other companies such as the other major players in the retail industry, the sourcing of the members of the overall board of directors is open to any member that the organisation feels can bring in the needed skill and experience. With this regard it is therefore clear that Co-operative Food is disadvantaged by its use of a democratic system in the choice of leaders compared with its competitors, something that concerned senior managers at the company as I learned interacting with them.

The quality of leadership in an organisation is highly critical to the success of the organisation. Different organisations may also require different standards of leadership. From management theory, it is clear that for organisations to be competitive enough, they should be able to access the leadership they need at any given time (Woods, 2010). This point is clearer in human resources management, where organisations are usually engaged in strategies that improve their image to ensure that they are able to attract the best talent from the available pool. The weakness of the democratic leadership system as applied by Co-operative Food is that it limits the flexibility of the organisation with regard to leadership talent.

Every strategy applied by the organisation must be viewed in the context of the current business environment. As the introduction pointed out, leadership is becoming the most important aspect of organisation management. This is resulting from the increasing knowledge and skill of the workers who are to be led (Denis et al. 2010). Organisations therefore must pay a lot of attention to the leadership styles applied. The limitation on the leadership talent for Co-operative Food is therefore not in line with the current business environment. Although at the personal level the members of the leadership organs can be able to apply other styles that are more effective, such strategies would have to be institutionalised for the organisation to be secure.

The last major challenge that Co-operative Food faces as a result of the application of the Democratic leadership system at the organisational level and servant participative systems within the decision making groups also relates to the changes that have been occurring in the work places. The modern workers, popularly referred to as the knowledge workers, have very unique expectation from their leaders. The knowledge workers expect inspiration and guidance from their leaders for their most important concern is growth, something that I observed directly in Corporative Foods (Parry and Bryman, 2006). It is not clear whether; the
democratic system of leadership applied in Co-operative Food promotes inspiration and guidance as would be expected in modern organisations.

From the above analysis it is clear that Co-operative Food faces a number of challenges as a result of its adoption of the democratic and servant style of leadership. The challenges seem to arise from the fact that the company has tried to align its leadership system with its unique structure that has mutual ownership rather than with the current business environment. This puts the company at a disadvantage compared with its competitors that have much more flexibility.

2.4 How Co-Operative Foods Can Benefit From Other Forms of Leadership

The analysis of the application of leadership in the context of Co-operative Food would not be complete without a critical evaluation of how different leadership systems would be applied in the organisation. Given the current business environment, the most important styles of leadership that I did not observe in Co-operative Food are the transformational leadership and the relations-oriented leadership systems.

The transformational leadership system has been argued to be the most applicable leadership systems in modern organisations; the style focuses on the inspiration of the workers to take on new challenges that add value to the organisation rather than focus on the details of how the work is done (Gronn, 2009). This is based on the observations that the modern knowledge workers need only inspiration and independence to do their work well. Transformational leadership is preferred since it promotes creativity and innovation among the workers, two aspects that are at the centre of organisational competitiveness. In Co-operative Foods I was only able to do this at the personal level.

Co-operative Food can be able to benefit from this form of leadership at the national level by sourcing for the directors on the basis of their ability to inspire growth in organisations. The national board is the one that supervises the Chief Executive Officer of the company who in turn leads all the other members of staff. It is at this level that the organisation can therefore start applying transformational leadership. This would however require that the company depart from its democratic system of elections to the national board and instead source for directors competitively from the larger talent pool in the country and also internationally.

Transformational leadership leads to high levels of motivation among the workers as they are left to do their work in their own way (Hosking, 2007). Motivation theory has shown that
independence and challenging work is highly motivational to the people. The leader’s enthusiasm usually guides the members and is transferred to the workers. By expecting the best from everyone, the leader is able to promote a culture of excellence. It is clear how Co-operative Food can benefit from the application of the Transformation leadership system at the top level of management.

The challenge with transformational leadership is that it assumes the workers have the skills and experience necessary to perform the expected task (Rowold and Schlotz, 2009). The style does not focus on the details of how the work is to be done and where there are limitations in skills, there can be challenges in terms of quality. The style cannot therefore be applied successfully in the lower levels of management in Co-operative Food. The company would therefore still have to use another style of leadership to cater for the detailed parts of the work to ensure that quality is maintained.

The other style that the company can possibly apply is the relations-oriented leadership system. The relations oriented leadership system focuses on the relations among people. This style of leadership has also become popular in the recent past due to its focus on teams and people which is in line with modern trends in work organisation (Crevani et al. 2010). The leader applying this style of leadership seeks to support and guide each member of the organisation by treating them equally, which I had to do as a supervisor in Co-operative Foods. The emergence of this style has been based on studies in human motivation that have shown that people value good relations a lot in the work place. The relations oriented leadership style is highly applicable in the lower levels of the organisation.

Co-operative Food has several decision making teams from the local committees to the national board. These decision making teams work very closely with the management teams. With the extensive team structure applied by the organisation, it is clear that the relations oriented system can easily be applied in the lower levels of organisations to improve company performance. This would ensure that the local committees and the managers that they work with are highly motivated. The importance of relations is expected to increase as the workers become more knowledgeable and skilled which reduces the need for focus on work procedures. When the team members know that they have the support of their leaders, they are able to be more creative and innovative and take on new challenges. Just like the transformational leadership system, the relations oriented leadership system also promotes organisational competitiveness through the promotion of creativity and innovation (Ladkin,
My fellow Supervisors at the company used to tell me of how building meaningful relationships with their workers has helped improve communication and problem solving but it was limited by institutional factors.

Despite the clear advantages of the transformational style of leadership, there are challenges that the organisation would have to be aware of. The major challenge is the tendency by the leaders to focus more on the relations within the team at the expense of the task at hand. Teams are usually assembled to handle specific tasks (Grint, 2010). The team must therefore not lose sight of the task while developing their relations.

2.5 Conclusion

The analysis has shown that Co-operative Foods has a unique structure compared to its other competitors. The company has a mutual structure where the users of the company products are also the company owners and leaders. This has led the company to use the democratic style of leadership throughout its structure as well as servant leadership. The use of these leadership styles have the main advantage of ensuring that all the member’s views are taken into account. However this has led to a slowdown in decision making. From my own experience at the company as a Supervisor and also from the interactions with other managers in the company, it was clear that transformational and relations oriented leadership styles would help the company hasten decision making while inspiring the members to take on challenging projects.

Conclusion and Recommendations

3.1 Recommendations

From the analysis two recommendations have been arrived at that can be applied by Co-operative Food as well as other companies to improve their competitiveness.

The first recommendation is based on the need for responsiveness in decision making. It was established that the democratic and servant leadership styles while they improve quality of decisions require a lot of time for a decision to be made. In the highly competitive environment in which Co-operative Food operates, this is a major disadvantage. To address this issue the company has to empower the local managers to make decisions that touch on the local area without the need to seek concurrence from regional boards or many consultative groups. The local committees can also be divided into specialised councils
comprising of two or three members that can make decisions on specific areas. This would hasten decision making. The committees can also be seeking member views continuously rather than only when decisions have to be made. This would ensure that the committees can make decisions faster. The use of relations oriented and transformational leadership styles to complement the democratic system can ensure that this challenge is addressed.

The second recommendation relates to alignment of the company leadership style with current trends in the work place. As I observed in the company, workers now prefer work to be organised around teams and for them to be given enough freedom to decide how the work is done. Relations among the people and inspiration are therefore the most important concerns to the workers. To ensure these concerns are addressed it is recommended that the company adopts the transformational and relations oriented leadership systems and use the democratic system as a complementary strategy.

3.2 Conclusion

The study sought to analyse the application of leadership in the context of Co-operative Food, one of the major retailers in the UK. The analysis has shown that the company has a very unique system of leadership which is based on its special structure of a mutual company as opposed to a company owned by private parties as is the case with its competitors. The company has an elaborate democratic system of leadership which starts at the lowest level which is the local community leading to the formation of local committees, regional boards and the national board that then guides the management. From this system the company applies democratic leadership as well as servant leadership within the decision making bodies.

The analysis has shown that the democratic and servant leadership systems applied by Co-operative Foods has many benefits that can be linked to its success as a company. The major ones are promotion of a sense of self-determination which leads to high levels of job satisfaction, promotion of values through servant leadership, high quality decisions following consultations, promotion of a feeling of empowerment and passion since each member has an equal opportunity to lead and motivation as a result of clear channels for personal growth.

Despite the above advantages, the democratic and servant leadership styles as applied by Co-operative Foods have several weaknesses stemming from their basis on the mutual structure of ownership. The major ones are; slowness in decision making due to extensive consultations which limits responsiveness, limited pool of leadership talent to draw from
since election to committees, regional boards and national boards is limited to organization members only and lack of transformational inspiration which is the most important concern for the current crop of workers who are highly knowledgeable and skilled.

The analysis of how Co-operative Foods can apply other leadership styles to improve performance has revealed that there are two major leadership systems that Co-operative Food can benefit from; transformational leadership and relations oriented leadership. Transformational leadership system can be best applied by the company at the top level of management, i.e. at the national board and chief executive level. At this level inspiration is required to ensure that the managers of the organisation feel empowered to take on new challenges and be creative. This style would however require the company to abandon its limited sourcing of directors from the company members to even outside the company. The relations oriented style of leadership would be well suited to the lower levels of the organisation at the local committee levels. By ensuring that members of the organisation enjoy good relations and are supported in their endeavours, creativity and innovation would also be promoted.

References


