

2 The Transformative Organization

The Coates of India Story¹

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In recent years, the transformative perspective has gained popularity among social scientists which is indicated by the rash of new concepts such as transformative change (Lichtenstein, 2000); transformative leadership (Astin and Astin, 2001; Bass, 1985; Bemis and Nanus, 1985); transformative mediation (Bush and Folger, 1994); transformative justice (Morris, 1994); transformative learning (Mezirow, 1991); transformative knowledge (Vargas, 1987); and transformative technology (Brent, 1991). Here, we review the core insights of the transformative perspective with respect to change, leadership and learning. Then, we highlight the importance of four domains—investor, competence, post-competence, and spiritual—in the transformative decision making of organizations.

We propose that a transformative perspective emphasizes how organizational learning encompasses not just what the firm does, but also the meaning the firm associates with what it has been doing and its mission in the future. Organizational learning is facilitated by a comparative understanding of the behaviors and values generated through processes such as perspective taking (Parker and Axtell, 2001) and relational capability (Dyer and Singh, 1998), which allows firms to identify common patterns in apparently divergent behaviors. The result is a change in the very system of organization that enables the firm to identify how devaluing some domains in the past limited its overall performance and to pursue development initiatives where the norms for the targeted domain may be fulfilled. We identify the firms that demonstrate a focus on transformative perspective as 'transformative organizations'. In other words, the transformative perspective helps firms to transcend the paradox of performance, identified by Meyer and Gupta (1994), that an emphasis on some measures of performance makes the

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