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SYSTEM 4 IN ORGANIZATION DEVELOPMENT IN PERSPECTIVE OF LEADERSHIP

Abstract: *The main purpose of this research is to analyze the relationship among employees and leaders in an organization and under which system does leader drove the organization to.*

Hamriyah free zone will be our case study to implement 4 systems, which is identified by Rensis Likert to find management problem and to way to solve the problem by using Organization Development study.

Farther study could be done by using same questioner in (Annex survey) by increasing the number of conducted by contributed employees.

Keywords: *4 system management, leadership*

1. INDRODUCTION

Management has changed so many times within short time. Organizations have been using several management styles over centuries. Management is considered as number one factor in all businesses and even in lifestyles. It is defined as controlling, planning, organizing, and performing. However, in the late 18 century Management had different perspective from the perspective of nowadays. Management was defined in the late 1800's as if controlling and commanding. However, management nowadays is defined as, coordinating, marketing, human resourcing, leading and forecasting. Theories of management have been changing from time to time. Researchers and associates are evolving the concept of management.

Rensis Linkert is the one who discovered the four systems of management with a lot of studies and supports from his associates and feedback from over 200 organizations. He came up with new theory called, the four leadership styles or the four management styles. He simplified them from levels of managements (top management, middle management, and operation level). He mentioned on his studies that organizations must let other low level employees to participate on their organizations. They might have some ideas that will add some value to the company.

Most managers have either dominant or preferred style, but the most effective managers adapt the right style of management to fit the

situation and the person. In addition, some managers have either transactional or transformational styles. Transactional management means that the manager works with boundaries and status establish outcomes. Managers often prefer given tasks and waiting results, and evaluate employee's performance regularly while expecting the work to be done efficiently and effectively. This style is a lot helpful when there are strict deadlines with fixed resources and it helps in maintaining the team member's performance and creates a positive dynamics.

The reminder of paper is structured as follows: in head section we explained our case study which is Hamriyah free zone and how it has developed. The second section explains organization development, importance of organization development and why it's needed. At the third section we did the analysis of the organization and the result we found. At last section we did overall study and the recommendation that helps the organization to develop and solve its problem.

2. LITERATURE REVIEW

Transformational management is a lot more dynamic and work with future conscious [2]. The main focus of transformational managers is that they focus on enthuse and engaging employees. They make sure that employees understand the vision, missions, and values of the company. And mostly they lead with examples and inspire their employees to

achieve the company's goals. There are some differences between transactional and transformational managers such as, transactional managers understand how rewarding someone will increase his productivity, they are more reacts when the problem occur they do not prepare for future concerns. They use the method of carrot and sticks motivation in order to motivate worker they mostly set boundaries and rewards employees whenever the goals are met. While transformational managers understand that motivating individuals will result in high productivity [3]. Managers focus on building their employees expectations and try to reach their satisfactions in order to meet their expectations. They use the method of inspiring in order to motivate their employees. Transformational leaders mostly build strong relationships with their employees and achieve goals together [4].

3. SYSTEM 4 MANAGEMENT CONCEPT

Rensis Likert identified the four-management systems model on basis of questionnaire to managers and he researched different performance appraisals of employees inside companies [1]. He interviewed more than 250 managers and how they treat their employees. What is the styles they use with their employees? And if there is any positive or negative impact on these styles. There are four major management systems which are:

- **System 1: (Exploitative Authoritative)**

Upper management has the full authority in making their own decisions without having consults from the middle or low management. This style of management works on setting tasks and waiting results without motivating employees. In additions, the level of trust and confidence is low (*see diagram 1*).

- **System 2: (Benevolent)**

This type of management style is based on the upper management decision making. They do have little trust with other employees, but they will have their own decision at the end. They have motivation skills. They motivate people on working and they do have setting tasks and waiting results.

- **System 3: (Consultative System)**

This type of management is based on all

over the level of hierarchy not only the upper management. Team work is there productivity is there. However, the manager has a little trust with his subordinates. Responsibility is spread to everyone. There are rewards and appreciation when a job is done perfectly.

- **System 4: (Participative)**

Responsibility is spread through the organizations levels. Everyone is involved; there are a high trust and confidence between subordinates and supervisors. Appreciations and motivation is number one factor in the relationship between employers and their employees (*see diagram 2*).

Likert has illustrated the way of these four types of management through a profile of authoritative attributes. In this profile, the four administration frameworks have been contrasted and each other on the premise of certain authoritative factors, which are:

- Leadership forms
- Motivational powers
- Communication prepare
- Interaction-impact prepare
- Decision-production prepare
- Goal-setting or requesting
- Control forms

On the statement of this profile, Likert directed a poll to a few workers having a place with various associations and from various administrative positions both line and staff [1]. His reviews affirmed that the divisions or units utilizing administration hones inside Systems 1 and 2 were the rent gainful, and the offices or units utilizing administration hones inside Systems 3 and 4 were the most profitable.

What's more, the upside of it With the assistance of the profile created by Likert, it wound up plainly conceivable to evaluate the consequences of the work done in the field of gathering progression. Likert hypothesis additionally encouraged the estimation of the "delicate" zones of administration, for example, trust and correspondence [1].

Nevertheless, most organizations are stick to system 1 and they don't want to change it. Reasons might be they don't want to take any risks while setting on their chairs. They don't want anyone to take their positions. That's why they stick to system 1 to make sure that they will stay in the same position for years. One of the most important characteristics is that people appreciate higher management no matter what, but there will be some time they will give up

from their organizations. That's why linkert preferred system 4 because it focuses on motivating and inspiring your employees in order to achieve goals. System 4 will focus directly on peoples internal feeling not their external performance. Performance is reflected on their internal feeling. For instance, someone was upset in the morning because there is late in salary wages. His daily performance will directly decrease.in addition, he will affect his other colleague's internal feelings and will make a huge negative effect inside the organization. Then will result in low productivity.

4. CASE STUDY - HAMRIYAH FREE ZONE

Over the past ten years, Hamriyah free zone has recorded high growth rates globally and locally in perspective of a number of operating companies and the size of investments employed by these companies.

As a result of development efforts that have been made in the region and the resources employed in order to find the active labor force and capable of bearing the burden especially with regard to the development of infrastructure that can accommodate current and future market trends and responsibilities, and reflected the success of the plans and programs of the region these vital projects that have been implemented to meet the changes in the number of companies increases and expansions carried out by Based companies in the free zone in the last period.

Hamriyah Free Zone Authority was established in Hamriyah in the Emirate of Sharjah year 1995, with an area of 22 million some of industrial and commercial land, as well as dedicated for future expansion areas, and related Hamriyah Port as the port maritime depth 14 meters, which serves the free zone in the first class, it has been the port design to receive customized giant petrochemical and various cargo ships, also it includes a dedicated unloading cargo in general cargo berths, together with the inner harbor depth of 9 m to accommodate small and medium-sized ships. The advantage of the Hamriyah Free Zone strategic location featured in the Emirate of Sharjah and advanced infrastructure and network of modern roads, which makes them a link between the neighboring countries and the

world, whether by land, sea or air, and is the second largest free zone in the country and among the largest free zones in the Middle East, and invests in more than 6,700 companies from 157 countries, representing a number of industrial sectors (light and heavy) and trade, as a sector of oil and gas, petrochemicals, iron, construction, food and marine navigation in a stable, secure, and with environment services affordable and complementary facilities and infrastructure .

Managers in dynamic organizations are changing the way they lead. For instance, with regards to manager representative connections, managers are starting to see the impact of worker contact on individual brain science. The egocentric view of prior eras of business pioneers were that laborers were impervious to change since they questioned administration thought processes. The more compassionate perspective of cutting edge transformational pioneers is that neglectful change undermines specialists' exceptionally worth by verifiably conveying that the work they do yields no esteem. At one brush of an official's pen, individuals can lose their employments or be relocated somewhere else. Message sent: you're useless.

Employee with full time work would spend more time on his work to be finished since waking up in mooring until it's done. By the time pass the vision of being person-employee-human would blur. Sadly we evaluate our self-based on our job and what we do for money.

4.1 Transformational Leaders

Through their behavior, transformational leaders, cultivate change as a component from claiming education, growth, experimentation, and, ultimately, progress acknowledgement [5]. This bears tree-grown foods in the personalities for our employees: mental freedom, engagement in the supposing parts of the job, also precise authoritative endorsement.

Transformational pioneers need aid natural masters toward inspiring supporters to see the aggregate reason for their employments. Understanding motivation ought make a looked for distinguish to parts from claiming whatever organization, if the boss-types grasp it alternately not.

Transactional and transformational

pioneers' qualities are very much distinctive. Transactional initiative qualities would honestly direct on recognizing in light of straight thinking, a transactional quality, might make showed through mathematical-like models. Transformational leadership, on the different hand, is a great deal a greater amount challenging should pin down because, Concerning illustration Rosabeth Kanter describes, "You don't raise respect toward oneself by patting individuals on the back.... Certainty is An a significant part more confounded wonder that goes from encountering one's qualities to activity. Its the mankind's touches, joined together for every last one of formal frameworks that Fabricate certainty. " whatsoever costs, make sure and stay away from negativity, get to know individuals.

4.2 Reasons Organizations Need To Change

Association's change for a number from claiming distinctive reasons, something like that they could whichever respond should these reasons or a chance to be ahead from claiming them. These motivations include.

Crisis: Clearly September 11 will be the greater part sensational case of an emergency, which created endless organizations, Furthermore actually commercial enterprises for example, airlines and travel, should transform. The later monetary emergency clearly made numerous transforms in the money related administrations business concerning illustration associations endeavored on survives.

What are the organizations that can change are located in the following general areas:

- **Mission, Vision, & Strategy**

Organizations must constantly ask themselves, "What is our business and what should it be?" They can lead the answers to these questions to the changes in the organization's mission (purpose of its work), and its vision for the future (what should look like the organization), competitive strategy.

- **Technology**

Organizations can change its technology (for example, the way in which it produces everything it sells) in order to increase efficiency and reduce costs.

- **Human-Behavioral Changes**

It can provide training for managers and

staff to provide new knowledge and skills, or can be replaced by people or reduce their size. As a result of the recent financial crisis, many organizations of massive unemployment, which is still continuing to this day.

- **Task-Job Design**

Way work is performed in the organization can be changed with the new procedures and methods to perform the work.

Organizational Structure

Organizations can be change the way they are organized in order to be more responsive to the external environment. Again, in order to be more responsive to the market, also it includes where decisions should be taken in the organization (decentralized or central).

- **Organizational Culture**

It can be entities that are trying to change their culture, including leadership, management, values, beliefs and methods. Among all organizations can change, and this is by far the most difficult to do.

These are the key elements that organizations can modify. It is very important to note that the changes in one of these elements will usually have an effect on another element. As an example, changing technology may require changes in human behavior (new skills and knowledge on how to use technology).

Today's world market is moving very fast any business moving constant constantly and slowly by the time it would find itself out of the competition, so it has to move as fast as the market movement even faster needed in some cases.

Changing of the business is important in terms of surviving in the market competition and to keep the loyalty of its existing customer

Without moving from traditional business to use IT in the business could you create a huge mess in organization. For examples business without technology, the boss would received a letter from secretary and wanted to change something so he need to resend it back to her for changing what's needed to be changed. Therefore the procedure will take long time to because she need to do the correction by re-writing it all again. As what we see of the procedure that happened it took long time for sending, receiving and applying correction it wasted time, which will lead to waste money and staying behind the competitors because time was not token in consideration.

Technology does connect and put the whole world under one umbrella. Sending and receiving letters from Dubai to paging and all the way back again could be done through a technology in just few seconds. Therefore good usage of technology in an organization could save you lots of time and money with high-performance to drive the organization to reach the goal.

Many years ago customer needs was not a big issue for organizations they push strategy, so they pushing their products in the market and the customer has to accepted it because there is no other option [6]. Nowadays there is a lot of competition is going on in the market, every organization is trying to win the customer satisfaction through knowing there needs and values. As an example Ford was the only company who produce cars without considering customer needs and its accepted because it was only type of cars produced at that time. In now days car industry competition and customers have more options so organizations using push and pull strategy for understanding customers needs and values to win consumer satisfaction so they will be able to sell their products.

Economic has a huge impact on companies so they have to consider it no matter how they have to count on it. Growth starts from the employees first, developing employee's experience, skills and letting them to create a new opportunity that means empowering them. Those objectives needed to reach the main goal for organization vision. So organization needs to prepare training courses for its employees either through traditional way which is classes or through technology such as online courses.

4.3 Where does the Hamriyah free zone stand in terms of four management systems?

The system 4 management survey has been performed at Hymriah free zone. The questionnaire was submitted to senior level management and individual employees. Also we did take in consideration working years should be more that 5 years so that they have enough experience and information about the firm and they lived duration of organization development and changing of management style.

The questionere consist of 2 constraints, one constraint consist from three variables and

the second consist from nine variables. Both are distributed between communication between managers and employees which is the first constrained and the second constrain is how the leadership is leading the organization.

As we can see from the system 4 management survey most answers are for both systems 2 and 4 scored 9, which are the highest, score followed by system 3 scored 7 and system 1 scored 3.

We analyzed the organization performing well with development as it stands in system 4. On the other hand leaders and managers at the organization have the mindset of system 2 which is they refuse to change the way they deal with employees. Furthermore leaders and employees performing well in communication but the problem is gamesmanship leadership style.

From the survey it may be concluded that the organization is at system 4 because the rules and polices and not very narrow which allows employees to have flexibility in finishing work in efficient way but within organization policies. The communication and openness of leaders indicate that their mindset is in system 2. But the good thing that we know the number of educated people has increased in recent years. Therefore we can see leaders and likely to move to system 3.

5. THE DISCUSSION - EFFECT OF CURRENT MANAGEMENT STYLE ON PERFORMANCE AND EFFICIENCY

The affect of the current management style on the organization could be worse be the time. This style creates conflict between organizations needs and individual's needs as well as misunderstanding of organizational objectives and goals.

Its true communication is good between both leadership and employees but the problem is that leaders are not showing what really they looking for and trying to reach. This situation will drive both of them to have different goals of employees and managers.

Developing individuals will be affected because they are not aware of what organization wants. Because in employees don't feel free to discuss anything related to work, that will lead to list performance and individual development.

On the other hand management style system to the motivate people through system rewards. That could work for employees who just work without ambitions, but for people who have impressions it will be difficult to keep them. so company might have a high turnover As well as that at from leadership could be scared because someone might take their position even more if someone is qualified cannot be led by not a qualified so that that's another pressure would be on the leaders to show their employees that they are qualified and has lots of experience.

This problem started happening now days the rate of turnover has increased the number of qualified in ploys has increased employees they don't suggest any suggesting to their leaders because they lost trust and they believe that they suggest anything it will not be taken as serious even if leaders do ask am in a meeting to give suggested they keep it for themselves. Even though the satisfaction of many employees has decreased.

6. SUMMARY AND CONCLUSIONS

Hamriyah Free zone has dilemma between employees and leaders. Leaders in system2 while organization in system4, even they have a great communication between employees and leaders but it like father and child communication.

Leader are sticking to what they want and refusing to change that lead to organization to have untrusted leaders among their employees. Less motivation. Managers should understand

the impotence to chance in term to maintain at top Free Zones in the UAE as its now.

That could be done be having an external practitioner along with internal practitioner. External practitioner is needed because he has lots of experience and would help the organization to develop. On the other hand, there are some issues will be with him. Strong background about organization development with lots of experience. Because of being working in deferent organization and sectors. Disadvantage of external practitioner is the fact that he/she is unfamiliar with the type of people in the organization and their value as well as the communication between then. Also the power of system will not be aware of it. One solution for further improvement is engagement of internal practitioner. It is an employee from the company who is responsible of organization development usually from human resources department. He/she is playing a very important role for the organization. Internal practitioner is familiar with the type of people in the organization and their value, which will be easy to reach them. As he/she is a member of the organization sure he/she will be interested in doing development for the organization that will help him to be rewarded and to prove he is an important person.

Other solution is to engage external OD practitioner. He/she is aware of the organization structure power. The potential bad side of external practitioner engagement is that he/she does not have enough experience about development because he/she was only working in one environment. .

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