

MANAGEMENT, LEADERSHIP AND ORGANIZATIONAL CHANGE IN A KIBBUTZ FACTORY:

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Abstract:

In the wake of organizational difficulties and economic losses in an Israeli kibbutz factory, the management hired externally for a general manager to oversee changes. The newly appointed manager wanted to shape the organization according to his vision and capitalist norms. This paper will examine the effects of the manager's transitional style on social capital, in terms of trust and norms, and the effects on organizational culture in the factory. The study was conducted using qualitative research methods through interviews with 30 informants and analysis of documents from the kibbutz factory. The findings show that the manager's transformational leadership style caused cultural change in the kibbutz factory—from a collectivist culture into a far more capitalistic one. Today, the factory is managed along purely business lines with minimum obligations toward individuals. To achieve this, the new manager reshaped the organization by adopting an innovative and transparent approach, and initiated human change by firing the old generation and recruiting a new and younger staff. While in his perception he was promoting a homelike atmosphere, his new leadership style created friction and tension in the factory.

Keywords: management, leadership, organizational culture, social capital, Kibbutz

The processes involved in the development of capitalism and globalization have caused deep changes to the value system of Israeli society. Once a society dedicated to promoting the collective and national ideal, Israel is now committed to materialism and individualism, having abandoned its socialist and social welfare roots for a neoliberal capitalism (Samuel & Harpaz, 2004). Israeli kibbutzim, once the symbol of collectivism, have not escaped this upheaval and have sunk into a prolonged crisis in its wake (Palgi, 1994). Among numerous changes, Israeli kibbutzim have introduced new styles of leadership to meet competitive capitalistic challenges.

This case study describes the changes that befell the collective factory Bereshit in the aftermath of hiring a new general manager from outside the kibbutz from the perspective of organizational leadership style. The goal was to find what the cultural effects of transformational leadership style would be on a kibbutz factory.

1. TRANSFORMATIONAL LEADERSHIP

Transformational leadership is a leadership style in which a leader possesses charisma and provides intellectual stimulation, inspiration, and motivation to followers (Avolio & Bass, 1988; Bass, 1988; Bass & Avolio, 1994; Burns, 1978; Yukl, 1989). Bass (1990) mentions three elements in transformational leadership: charisma, intellectual stimulus of the followers, and consideration of individual worker needs. *Charisma* is a fire that ignites the followers' energy and commitment beyond the call of duty (Klein & House, 1995). Poper and Ronen (1989) add another element in transformational leadership: the leader becomes an example and a role model to the followers. In this way, he or she inspires and educates followers to new beliefs and attitudes.

Interest in transformational leadership began in the United States during the 1980s. American organizations wanted to find out how a leader could implement internal change and accustom an organization to a turbulent environment (Yukl, 2006). The process of change affects the organization's structure, its culture, and employee commitment and motivation. Transformational leadership motivates followers to identify with the leader's vision. Under a transformational leader, subordinates are willing to sacrifice self-interest for the benefit of the organization. Transformational leadership has the ability to contribute to job satisfaction and to improve workers' performance in a range of sectors (Bass, 1990; House, Spangler, & Woycke, 1991; Podsakoff, MacKenzie, & Bommer, 1996). Under such conditions, a leader will fulfill organizational goals (Yukl, 2006).

Transformational leadership differs from transactional leadership. A transactional leader motivates workers through material incentives, while a transformational leader appeals to employee's ideals, values, and beliefs (Bass, 1988; Lyons, 2007). The latter promotes high standards and morals among the workers, unlike the former, who tries to buy the workers and seduce them through benefits. A transformational leader envisages the needs of his workers in terms of self-growth and fulfillment. Transformational leaders can successfully handle organizational change; they provide their employees with vision, inspiration, and commitment to work (Kouzes & Posner, 1988). It is critical for a leader to motivate his or her group toward change (Kotter, 1995).

According to Bass & Avolio (1993), "transformational leaders change their organization's culture with a new vision and a revision of shared assumptions, values, and norms," (112). A transformational leader facilitates the promotion of a culture of autonomous group member behavior (Eisenbach, Watson, & Pillai, 1999) and has the ability to initiate, facilitate, and conduct organizational change (Warrick, 2009). The leader is successful when the employees are involved in the transformational process. A transformational leader creates a culture that supports organizational change, prevents resistance from organization members (Eisenbach et al., 1999), and is able to change the followers' goals and beliefs (Kuhnert & Lewis, 1987). Transformational leaders create a change in cultural values to reflect greater innovation (Pawar & Eastman, 1997). In turbulent environments, transformational leaders are more effective because they are more innovative and seek new ways of working, while producing effective and efficient answers to cope with disruptions resulting from change (Beugré, Acar, & Braun, 2006).

2. KIBBUTZ INDUSTRY

In the past, the kibbutz factory fell between two worlds with differing cultural underpinnings. As part of

the wider Israeli economy, it needed to adhere to capitalistic principles, including price competitiveness and quality at home and abroad. But it was also subordinate to a system whose principles included equality and participation. This duality is best illustrated by the salary system: outside workers were paid salaries according to their work, while kibbutz member workers received the same pay as all other members, regardless of job, with the money being paid into the kibbutz coffers for later distribution to all its members according to perceived need. Similarly, the classic kibbutz value of informality was expressed by maintaining no distances between managers and line workers (no job hierarchy), and a lack of status symbols such as privately owned cars, since all were owned by the collective (Elmaliach, 2009; Palgi, 1994).

The kibbutz factory, like every organization, is subject to environmental influences and must adapt to new conditions. After the drawn-out crisis of the mid-1980s, the collective movement embarked on a process of radical change. While the first steps were completed by the mid-1990s, the cooperative foundations of the kibbutz had not yet been undermined (Rosner & Getz, 1996), but the second wave that spread throughout the kibbutzim from the 1990s on forced the government and the kibbutz movements to redefine the concept of “kibbutz” (Ben-Raphael & Topel, 2009). In this second wave, two profound changes stand out:

- The budget was no longer distributed among members according to the needs of families and individuals; instead, salaries reflected each member’s contribution to the kibbutz economy.
- Collective ownership of kibbutz assets, such as dwellings and factories, was a thing of the past; private ownership with inheritance rights was the new reality.

By 2010, close to 75% of the kibbutzim had adopted a wage system, together with a system of ascription of assets (Getz, 2010). This signified the end of the cooperative kibbutz, wherein the kibbutz serves the group through a close integration of the socioeconomic institutions, and the change to the differential kibbutz, which recognizes the economic autonomy of its branches and is motivated by market competition and not by the commitment to members (Levi, 2001).

2.1. The Bereshit factory

Kibbutz Bereshit was founded in 1940 by refugees from Germany and Austria, and the factory was built in 1947. The factory first produced household utensils, moving later to production of plastic items and filing and storage solutions. Today, the factory specializes in providing pipe system solutions for buildings. Over the years, the factory made a substantial financial contribution to the kibbutz, which entered the period of kibbutz upheaval in a relatively secure financial position. After a period of impressive growth at the start of the 1990s, due both to acceleration in building and the influx of Russian immigration, the kibbutz entered a period of stagnation. The economic fortification of the 1980s and 1990s did not shield the kibbutz from the crisis that affected the collective movement. Other kibbutzim that had fallen into economic depression claimed that their situation resulted from the cooperative organization itself, and, therefore, there was no alternative but to privatize. In contrast, kibbutz Bereshit held that in view of what was occurring in the kibbutz movement, it was preferable to initiate the change from a position of economic power and not to wait for hardship to arrive, because then the change would be more painful and would incur social distress. Therefore, like the majority of the kibbutzim, Bereshit had, by 2003, undergone a process of change that led to the revocation of the collective budget method and the adoption of the salary method.

As happened in many kibbutzim, the process of change amplified the tensions between various social groups within the kibbutz (Rosner et al., 2004). Such tensions also found expression in complaints to the registrar of the collectives, dealing mainly with irregularities in the decision-making process. The global financial crisis of 2007–2009 undermined the factory’s stability, culminating in losses for the year 2008 and the replacement of the manager at the end of the year. For the first time in the annals of the factory, a manager who was not a member of Bereshit, but of a different kibbutz that had already undergone privatization, was appointed. Currently the factory has 120 workers, only half of whom are kibbutz members.

3. METHOD

We conducted 30 interviews between 2009 and 2011 in two rounds. We interviewed the newly appointed general manager; senior factory managers; the accounts manager, the operations,

production, and marketing managers, the engineering department manager, and the assistant manager of development. We also interviewed two retired general managers and veteran workers, as well as members of the workers' committee who had worked before and during the change process, and finally, senior factory secretaries. The analysis of these in depth interviews, conducted only a few months after the new factory manager came on board, allowed us to identify the main issues at Bereshit following the managerial change.

After a year, we conducted a second round of semi-structured interviews with key factory workers and the general manager. The interviewees were selected using purposeful sampling to include workers from all levels, women and men, kibbutz members, and employees. In general, the researchers enjoyed the full cooperation of the interviewees, thanks to the general manager who granted the researchers complete access for the purposes of the study. Privacy was ensured through the use of fictitious names. While focused on the previously identified issues, the second round of interviews allowed for identification of new issues that had arisen during the ongoing process of transformation initiated by the new factory manager.

In addition to the interviews, we analyzed many factory documents, which included brochures summarizing the achievements of the factory; an organizational analysis report by an organizational advisor appointed by the managing director; and strategic reports for the years 2008 to 2010. Another important resource for analyzing the organizational culture was the monthly newsletter issued by the factory, describing central events in the life of the factory. To complete the picture, pertinent articles about the factory were gathered from the local daily newspapers.

Conclusions were drawn on both an inductive and deductive basis. The research was started as fieldwork based on interviews, document analysis, and observations in the factory. The categories that grew from the preliminary analysis directed the researchers in their additional round of data collection, as is customarily done (Glaser & Strauss, 1967; Strauss & Corbin, 1990).

The interviews and documents were analyzed using the topic analysis method (Shkedi, 2003), which is based on organizing, sorting, and arranging the data into categories that make them meaningful. This enabled us to interpret the data and build a narrative about the cultural change in the organization. As a gradual process of abstraction, the analysis also made it possible, in the last stage of the process, to link the narrative to the theoretical literature on organizational culture for purpose of analytic generalization (Yin, 2013).

4. RESULTS

In the aftermath of the crisis, the incoming general manager, representing all-encompassing reform, was helped by the organizational advisor who recommended changing the factory structure to one more professional and specialized (Bereshit Factory, 2009b). Interviewees made unflattering comparisons between the time before and after the new manager and his management style. The initial analysis revealed a number of topics that were central to the change of values and the attempt to create a new culture.

4.1. Innovative leadership style

The new general manager is very innovative and has implemented a lot of changes, in deep contrast to his predecessor. The former general manager, who served from 1996 to 2008, was described as conservative in his managerial style, concerned with preserving the status quo and being unwilling to change. He was portrayed as introverted and distant, and was inclined to involve only a limited inner circle of veteran kibbutz members in making decisions.

During his stewardship, no new products were developed; office lines continued to be produced even after the market showed that there was no longer any demand for products that had rapidly become obsolete following the massive penetration of computers into the office environment.

Innovation is important for the new general manager and has been expressed in different ways. First, the new manager noticed a complete absence of strategy in the factory. So he brought about 18 key workers together in a workshop to draw up a vision statement. Second, he established a managerial body comprised of seven people in professional and managerial roles. This group is the executive arm

responsible for devising strategy based on the vision statement. The factory was modernized with the development of new products, and new technology was introduced through the acquisition of new production line equipment and computer programs for more efficient management, yielding up-to-date information about production and marketing. In addition, a workshop on innovation led to the creation of a taskforce on modernization, which works continuously to come up with innovative ideas for the factory. For example, in the 2008 annual report, the manager stated his intention of initiating the production of greywater management systems (Bereshit Factory, 2009a). This concept of innovation is also reflected in the newly created vision statement: “Bereshit will excel in the development and production of innovative solutions offering added value to the customers” (Bereshit Factory, 2008b.)

4.2. Transparent leadership style

In contrast to their perception of the past, Bereshit workers today characterize the general manager style as being open and transparent, encouraging a remarkable level of worker participation. Information on whatever is happening in the factory and on marketing activity is disseminated in monthly workers’ meetings. In these meetings, instigated by the general manager, outstanding workers are commended, and retiring workers are thanked. Another initiative of his, reflecting his desire to keep the workers constantly informed, is the monthly newsletter, *Hazerem Shel Bereshit* [Bereshit Journal], which summarizes the monthly meetings through words and photos. When he started, the general manager wrote that it was his intention “to publish a detailed biannual general manager’s report so that the workers would be updated on this important asset; and in addition, from time to time to publish more limited bulletins” (Bereshit Factory, 2008a).

The workers also remarked on the new general manager’s openness and accessibility and on his habit of visiting different departments each day and discussing matters with the staff. “You don’t see a person who shuts himself up in his office and counts the money,” said one worker. “You see someone who has the common touch, who comes and talks to you and gives you this sense of warmth, of security.” On taking up his position, the general manager initiated an open-door policy in which the workers could talk to him without an appointment. In the words of one worker: “I can drop in, and he will receive me. If I had tried it with the previous manager, he would have hidden the papers on his desk as if I had come to spy—not a good feeling.” The new policy was also adopted by the human resources manager.

In contrast to such encouraging signs, several workers have distanced themselves from the new style of management and claim that the general manager, hypocritical and manipulative, merely displays an apparent openness. This would appear to be one of the reasons that a substantial number of workers do not attend the monthly meetings.

4.3. New leadership style: implementing human change

The new general manager is young and, understandably, feels the need to rejuvenate the factory. The old kibbutz was devoted to socialistic work orientation, kibbutz members worked as long as they wanted and there was no official or standard retirement age. According to the new general manager, “the collective ideals maintained roles based on loyalty, even for those who did not effectively contribute to the factory.” He believed that the former general manager had been kept on because he had been seen as a kind of “tribal elder,” having filled various roles in his 30 years of service, including those held for long periods of time without rotation, such as finance manager and engineering manager. In his view, there was no such thing as retiring from a position. Hardly surprisingly, the new manager decided to enforce age-based retirement by the end of 2010.

Moreover, over the years, a number of veteran kibbutz members had entrenched themselves in management roles, creating an atmosphere of stagnation, of being “stuck in a rut.” The one most suited to describe this was the general manager’s secretary. According to her, “in the past, there was no reserve manager pool. No one in the kibbutz was being trained, but at the same time, no one from the outside was given a chance, and the majority of the managers were elderly.”

By the end of 2010, the senior management and veteran workers had left the factory. The marketing manager had already retired in December 2009, and toward the end of 2010, both the national sales manager and one of the senior directors who had also served as general manager in the past retired;

they were followed by one of the veteran service staff, the finance manager, and the development manager (Bereshit Factory, 2010a, 2010b, 2010c).

New retirement norms do not go down easily among veteran kibbutz factory workers, who have a reverential attitude toward work and a strong sense of identity with, and a sense of collective ownership of, the assets of the kibbutz. Some workers considered the process unjust:

I was working and suddenly, I wasn't working any longer. This kibbutz factory is not like normal factories where you can simply tell the worker that he has arrived at pensionable age and has to retire. No, I am a member; I have a stake here, like everyone else. It belongs to me far more than to someone who tells me to go home because I don't belong anymore, since he is not a member, merely an employee.

The general manager, however, has defended his policy as necessary for efficiency. "We have updated lines and changed workers," he says. "I have gone to great lengths to consolidate a new generation of workers and have met with the kibbutz youngsters in order to locate the next generation of workers."

4.4. Leadership based on universal criteria

In the old-style kibbutz, social stratification in a factory resulted from ascribed status rather than on merit-based professional criteria. A worker would receive a senior appointment by virtue of being a kibbutz member more than by virtue of his professional competency. Thus the old management style was familial and primary, and there was no petty settling of accounts, according to the factory manager. "The trigger finger was a lot slacker, i.e., we did not rush to fire a kibbutz member." This loyalty to kibbutz members and the promotion of their interests above all led to serious economic damage. Before the new general manager was appointed, kibbutz members expected to receive preferential treatment. According to the human resources manager, the very fact of being a kibbutz member gave them such expectations. In contrast, the new general manager does not discriminate between members and other employees, as reported by the production manager: "Since the new general manager started, the factory has been clearly separated from the kibbutz and is today an economic business with equality between workers and no differentiation between members and employees—something that is very important to the current manager." In an interview, the general manager agreed: "An organization depends on people and their positions in it. When I started, there was a veteran, cohesive staff of whom not all were suited to their jobs." This assessment is what led him to change the factory organization. The factory engineer, a kibbutz member, had no training for his position and preferred to resign rather than be compelled to leave. Similarly, the production manager was not suited to her position, according to the general manager, and moved to a different position. During the general manager's first year, a number of workers left or were compelled to do so, and others changed positions. These changes understandably led to feelings of unrest and uncertainty. Since the new manager started, the slogan for taking on new workers has been "the right person in the right place." In the past, the factory had to adapt itself to the demands of the kibbutz and provide employment first to members—even if they had no appropriate training or experience. The new general manager is far more selective and demands that a candidate suit a position in terms of training or experience, as is the norm in the labor market outside the kibbutz. Members are given preference over an external candidate only if both have identical qualifications for the job. But, as the human resource manager notes, "18 months ago, we advertised for an assistant marketing manager, and two candidates from the kibbutz applied but were disqualified right at the start. In short, there is really no fit between the demands of the factory and the qualifications of members who apply to work here."

4.5. Leading Bereshit with a familial approach

Many of the workers we interviewed spoke of the factory as "home." The new general manager fosters this approach through meetings in which anyone could debrief him "on any subject to do with me or the company management" (Bereshit Factory, 2008a). This familial approach is also reflected in the factory's vision statement: "Bereshit will create a stable, dependable, and familial framework for its staff that will make them feel involved and committed to caring about their work" (Bereshit Factory, 2008b).

One of the central familial values is maintaining the aesthetic appearance of a home for family relaxation and enjoyment. Accordingly, the decision was made to upgrade the factory's appearance "to create a single entrance, to create an abode that would give staff a calm, comfortable, and enjoyable feeling" (Bereshit Factory, 2009c).

The familial approach is further promoted in the *Bereshit Journal* through the publication of personal stories, birthday congratulations, and accolades for outstanding workers. The newsletter is also used to acknowledge staff members who contribute to the success of projects so that a feeling of pride and solidarity is created. The message is that the factory is not merely a workplace, but rather a primary familial framework, a place in which to feel solidarity and kinship. Factory staff members send best wishes to those leaving, writing complimentary notes about their work and their contributions to the factory. When the previous general manager was relieved of his position, an entire issue of the monthly publication was devoted to him and his years of service (Bereshit Factory, 2008a). However, the question arises that if everything was so wonderful while he was leading the factory, why was the factory beset by difficulties and crisis? As in many families, the staff felt the need to present a united front, but as discussed earlier, the interviews revealed that the former general manager was deeply conservative and led the factory into stagnation and away from growth and regeneration.

5. DISCUSSION

This case study shows that the new general manager is a transformational leader (Avolio & Bass, 1988; Bass, 1988; Bass & Avolio, 1993, 1994; Burns, 1978; Eisenbach et al., 1999; Warrick, 2009, 2011; Yukl, 1989, 2006). For instance, he encourages his workers not to smoke in the plant and thus create a better environment in the factory. The new young workers see the general manager as an example to follow. As a leader, he has had great influence in shaping the organizational culture in the factory. By recruiting workers who share his beliefs and attitudes, the new general manager has created an organizational culture that suits the factory's needs (Beugré et al., 2006; Schein, 1985), ascribing to the following codes: honest reporting, professionalism, ambition, risk-taking, innovation, loyalty to the organization, solidarity, and collegiality. While a transactional leader uses rewards as an extrinsic incentive to motivate his workers, the Bereshit general manager motivates his workers mainly through intrinsic incentives, becoming a role model to his workers. His style cannot be considered reward-based, although he promoted innovative and hard workers. As a transformational leader, he has tried to change the organizational culture and adapt the factory to a capitalist orientation (Bass & Avolio, 1993; Eisenbach et al., 1999) to make the factory more compatible with environmental dynamics (Bass & Bass, 2008).

The more time passes, the more the general manager can succeed in recruiting new staff members who support him and his view of management. As manager, it is within his power to create the culture and ambience in the factory, but worker resistance does not disappear; instead, workers join the labor unions—the Histadrut. Committee members who rejected the manager's approach were fired and labeled "troublemakers." It should be emphasized that the general manager is supported by the kibbutz management, and he has their backing in carrying out personnel changes in the factory.

The monthly newsletter functions as a mechanism for informal normative supervision, since it is carried out indirectly and unperceived. The general manager's purpose is to strengthen social cohesiveness and loyalty to him and the factory. The newsletters announce upcoming outings, farewell parties and birthdays and report on topics raised in the monthly meetings. These events are commemorated in photos to tell the story of one big, happy family, with no mention of hidden confrontations or struggles. The newsletters have the ceremonial and symbolic function of serving as a platform for the factory's successful social events while also supplying pertinent internal and external information. On the one hand, staff and kibbutz members can learn about what is happening in Bereshit, and on the other, the newsletter serves as the factory's business card and display window to the outside world. The newsletter is a selective source of information, in line with the new management's worldview, and is intended to guide staff members toward internalizing the "correct" Bereshit culture.

The openness (Bass & Avolio, 1993) of the general manager is perceived as counterfeit by some of the workers who resist the new policy, so they keep their distance from the general manager. In contrast, newly appointed staff members maintain close and frank work relations with him. One could therefore claim that the manager's openness is selective, according to the degree of acceptability of the worker in the manager's eyes.

The cultural change in the factory was intended as a way to cope with a changing competitive environment; in a capitalist society, it is difficult to run a factory on socialist lines. The culture of the new general manager is an outcome of the demands and expectations of his role. As an external manager, he has no ties to the kibbutz and is free to institute changes (Beugré et al., 2006; Kuhnert & Lewis, 1987; Palgi, 1994; Pawar & Eastman, 1997). He is unburdened by loyalty and personal commitment. Conversely, previous general managers, all kibbutz members, were unable to execute much-needed reforms because they could not fire a worker who was a kibbutz member. If the factory hadn't been experiencing difficulties, the kibbutz management would not have taken the extraordinary step of hiring an external general manager. This contradictory approach highlights the existence of organizational subcultures (Kunda, 2000; Raz, 2004), as indeed at Bereshit, there exist different groups of workers cohered around shared interests, values, and norms, forming subcultures as follows.

Management (middle and senior) accentuates the positive. These staff members identify with the general manager's new norms—capitalistic, achievement-oriented, and universal—that have become part of the dominant factory culture.

Veteran production employees constitute a different subculture that does not view the changes in a positive light, especially as some suffered in the wake of the changes. These workers, active on the workers' committee, recently joined the Histadrut and forced the general manager to sign a collective work agreement.

Kibbutz members in junior positions criticize the uncertainty and negativity in the new organizational culture of the Bereshit factory. Being kibbutz members means that, by law, there can be no employer-employee relationships between themselves and the kibbutz branch they work in, and the Histadrut and the workers' committee cannot represent them. They are the weakest link, totally without power vis-à-vis the management.

In the aftermath of globalization, kibbutz society underwent far-reaching changes. From a pioneering, ideologically collective group at the vanguard of Israeli society, kibbutzim lost their exclusivity and embraced consumerism and achievement-oriented goals (Palgi, 1994; Samuel & Harpaz, 2004). Some of the kibbutz members have adopted the new values, while others adhere to the old, such as neighborliness and particularism toward kibbutz members, the traditional collective values.

The Bereshit factory can be seen as a microcosm of these cultural changes. Whereas in the past, significance was attached to the term *member of the collective* in a tribal, familial, and particularistic sense, the current reality has robbed the expression of all meaning. The elderly veteran member with his traditional rights has ceded his place to young professionals who can deliver the goods to the new management. The new manager has introduced a cultural change compatible with his conceptions but opposed to the interests of certain kibbutz members, and this inevitably has led to factory-internal conflict.

The new manager puts great emphasis on free market values, where there is no place for tribal loyalty or primary emotional sentiments. The dominant culture in the factory has adopted values of achievement, innovation, universalism, and transparency, all compatible with the capitalistic free market. This culture has no place for the egalitarianism of the past. The resentment felt by junior staff has resulted from the many-layered changes and is expressed both materially and symbolically. The division of roles that followed the appointment of the new general manager has strengthened the ranking system in the factory, in which senior managers enjoy exclusive privileges. New vehicles distributed according to seniority, fancy offices, and more—all of these have upset the delicate balance that existed in the classic kibbutz factory. Kibbutz members in junior positions today hanker for days gone by, and cannot reconcile themselves with the new general manager's insistence on the image of "house" and "family."

As a kibbutz member himself, the general manager understands the power of long-standing symbols for enlisting support from staff as well as from kibbutz members who are not involved in the factory. Organizational ceremonies and familial images ease the passage from old values to new. Factory staff who are also veteran kibbutz members find it hard to adapt, particularly so when there is a personal price to pay. Moreover, the agreement between the kibbutz and factory management makes it harder

for them to voice their dissent. It is particularly hard when factory staff members are also kibbutz members and, ipso facto, the factory owners. The alliance between the factory leader and the kibbutz management neutralizes any opposition within or without the factory walls.

It is important to point out that, in other factories, managers have also taken pains to preserve the image of factory as home and family. The factory-as-family narrative has become the accepted way for organizations to harness workers to management targets (Morgan, 2006). Together with this, one can construe the factory-as-family concept as the ideological offspring of Bereshit. After all, the early social collectivism in Israel was expressed through the idea of the group (the commune) as a substitute for the family (Fogiel-Bijaoui & Shefer, 1992). Managing the Bereshit factory by fostering the factory as family has a strong historical and cultural basis in the cooperative lifestyle. The appeal of the collective framework is stronger by far in the Bereshit factory than in non-kibbutz factories, where workers have no tradition of sharing everything. In fact, the collectivist tradition of the classic kibbutz probably helps the management wear down resistance to its organizational reforms.

We have found that the new leader of Bereshit has adopted a dual set of values that varies expediently. On the one hand, the factory no longer bows to collectivism: staff members are chosen on the basis of profitability, output, and usefulness. On the other, workers are expected to be loyal and to feel a sense of collective commitment and responsibility toward the factory. Management's ethical codes are based on the capitalist world's values of universalism and materialism, but the general manager also expects staff to adhere to the old collective values. These are the image of the organization as home or family, so prominent in the factory of old, and the demand that workers relate to the workplace on the emotional basis of a primary relationship so that they can nurture it and feel that the factory's success is due to their unswerving allegiance and devotion. It is probable that the general manager, in his transformational style, with his intimate knowledge of kibbutz life, might well understand how to manipulate their collectivist values for the benefit of the factory.

The general manager's manipulative behavior also explains the problems he has experienced in establishing trust and commitment from his employees and veteran kibbutz workers in his aim of successfully leading organizational change (Kotter, 1995). He inspired in his vision only the senior managers in the factory, who understood the need for his radical steps (Kouzes & Posner, 1988; Lyons, 2007).

This study shows how difficult it is for transformational leaders to prevent resistance to cultural change. Although the literature emphasizes the role of the transformational leader in shaping his subordinates' views and norms (Eisenbach et al., 1999), the new manager has succeeded only in part since he could not change all his workers' viewpoints (Kuhnert & Lewis, 1987), although his position has enabled him to get rid of those who resisted his innovative steps (Pawar & Eastman, 1997). He has tried to become an example to his followers and a role model by hard work and effort, hoping to inspire and lead his employees to new beliefs and attitudes (Poper & Ronen, 1989). The new manager has the courage, innovativeness, and practical skills to implement the cultural change that was necessary to overcome organizational crises in turbulent environments (Beugré et al., 2006; Warrick, 2009, 2011; Yukl, 2006).

The new general manager acts as a transformational leader by motivating his workers and attending to his employees' ideals, values, and beliefs (Bass, 1988), and succeeding in raising their standards and morals. But his veteran employees have not embraced his ideas, because their priority was to maintain their benefits and incentives and their work conditions became worse. Perhaps it can be said that the success of a transformational leader depends on maintaining basic material conditions, under which conditions the employees are more willing to cooperate. The general manager provides his employees with vision, inspiration, and commitment to work (Kouzes & Posner, 1988; Yukl, 2006), but he has had difficulties in achieving his goals in this factory, because many workers did not trust him, being afraid that the cultural change would cost them their positions.

Another finding of the study is that the general manager used power to enforce his ideas, in that he fired the veteran workers who resisted his policy. The change in the factory's workforce empowered his position, leaving open the question of whether a leader who uses coercive power can be considered a transformational leader. Most of his characteristics and behavior are compatible with the features of the transformational style as described above. However, his manipulative steps and authoritarian pattern of behavior cast a shadow over his transformational style (Moskovich, 2009).

Although the literature emphasizes the role of the transformational leader in overcoming resistance to change, Bereshit's leader acted in extreme conditions. In the end, he succeeded in overcoming resistance through coercion. His behavior was a combination of leadership styles, in that most of the time he behaved as a transformational leader, although he acted as a transactional leader when necessary. According to Bass and Bass (2008), transformational and transactional leadership styles, while different, may sometimes overlap. This case study is a good example of the combination of several leadership styles that vary according to organizational situations and conditions; this combination can be better understood through the contingency theory (Fiedler, 1967; Yukl, 2006). This theory explains leadership as an outcome of interaction between leader traits, employees' needs, and internal and external environmental organizational conditions. The new general manager acted in a highly uncertain environment, but his charisma and experience helped him to overcome the complex organizational decline of the Bereshit factory.

6. CONCLUSION

The organizational change in the Bereshit kibbutz factory was successful from an economic point of view. When the new general manager was appointed, the factory was in crisis. The adoption of a (largely) transformational leadership style helped the factory recover from its organizational decline. The necessary steps implemented by the management eventually achieved their purpose by turning the factory into a profitable enterprise. These economic goals, however, were not achieved without social costs, such as harming kibbutz solidarity. The internal conflicts that took place in the factory reflect the struggles in the new-style kibbutz between members who want to preserve the old values and those who want to adopt capitalistic ones.

This case study illustrates the problems resulting from leading a factory in transformational style when organizational reform is involved, including downsizing and economical cutbacks. Maybe the touchstone for this kind of leadership style is the need for it to be carried out in a different way, to build trust and openness in a transparent atmosphere together with the workers, and to avoid unilateral steps. If not, it seems clear that manipulative behavior and hypocritical rituals will cause the transformational leadership style to fail. Future research should examine other kibbutz factories that have undergone the process of transformation, and to compare leadership styles employed there with those reported in this case study.

6.1. Practical implications

- To overcome employees' resistance to change, it is important for a transformational leader to use open and transparent communication.
- In cases of organizational decline, a transformational leader needs to cooperate with the workers' representatives. Mutual understanding and agreement between the transformational leader and workers can facilitate the implementation of painful and extreme reforms in organizations.
- Building trust between a transformational leader and his or her followers is the key factor in implementing cultural and organizational changes.

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