

Converting into a platform: linking Bourdieu's social capital to readiness for change

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The sample
company

14 years ago large freight forwarding company in Russia

demand for small scale transportation is on the rise

to offer customers a more flexible solution

This move was also triggered by the rising number of online
purchases throughout Russia

intended to convert into a platform business

From Pipeline to Platform



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embrace the opportunities of digitalization

a very high degree of freedom

managers established **preferential contacts with individual haulers** and these **close personal ties** were now subject to scrutiny

the strategy change was successfully implemented

the firm enjoyed subsequently a period of economic growth



Organizational Development Department = Project Management Team

the reengineering of the established business processes

changes in the organizational structure

The selection of members for the project management team **was a collective decision, together with the head of this newly-formed unit.**

In the regional offices, **the change management team members** were brought in from outside. The training of the unit took six weeks.

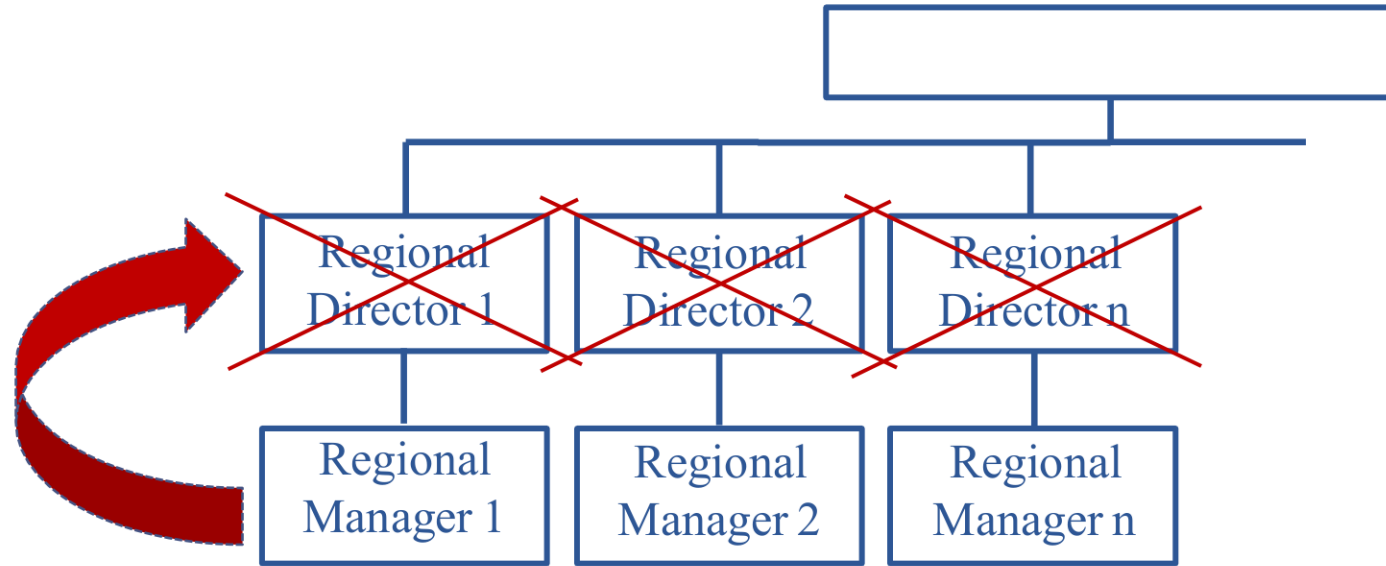
Organizational Change

each region developed its own organizational culture, own project delivery methods and different lines of communications with clients and hauliers

required the streamlining of the business processes throughout the entire company

a unified approach to communication and marketing towards customers and hauliers throughout all branches and departments

the project management team created units in the regional divisions that reported to the head of the project management team



new KPIs required employees to increase the number of transactions in order to receive a similar monetary reward.
the project management team worked out a new reward system

Managers of the logistics departments that were to this point loyal saw their monthly salaries declining

As a result, after 6 months, the average level of monetary remuneration began to rise and exceeded previous salaries by approximately 20%. Some employees (about 4%) could not keep up though and left the company

regular conferences on how to manage in changing conditions, as well as training sessions

new system coexisted with the current one

employees who disregarded the new IS started experiencing a decrease in their monetary remuneration

Where the new system was used, growth was up to 350% compared to previous year, but where the symbiosis of new rules and old manipulations was present - 10-30% at best.

A good logistic manager – and this was repeated in corporate communication – relied on human capabilities and experience.

Organizational Change



Organizational Change

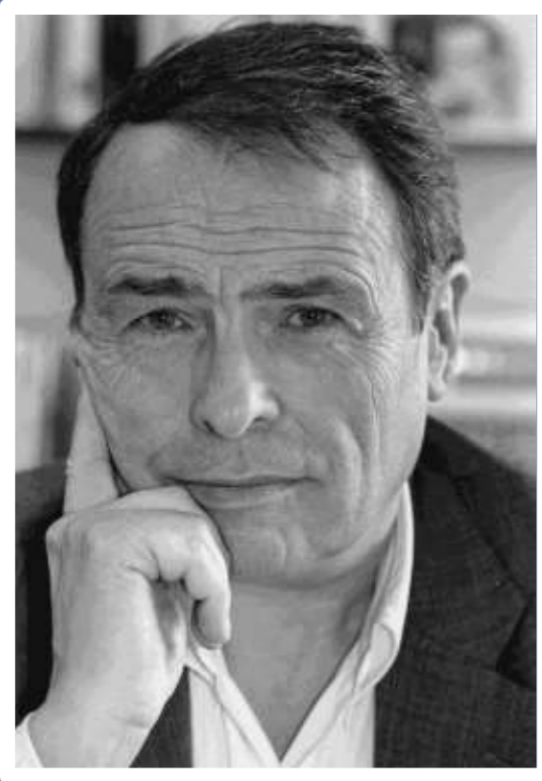
company reached the planned levels

Communication between the reorganized units was still weak

Training sessions and case studies during joint conferences

the CEO managed to prove to the proprietor that the project management unit was no longer necessary

Research framework



French sociologist **Pierre Bourdieu** (1930 – 2002)

organizations as social spaces that follow their own set of rules and hold different forms of capital in high demand

each individual holds a certain social position in a social space, which is driven by access to capital resources that are acquired through their experience

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Research framework

Three forms of Capital:

Economic Capital e.g. control over financial resources, like shares and institutionalized forms of property rights

Cultural Capital e.g. good manners over skill sets or formal education

Social Capital e.g. actual or potential resources out of personal relationships between individuals

Bourdieu, P. (1986). The Forms of Capital. In J. Richardson (Ed.), Handbook of Theory and Research for the Sociology of Education (pp. 241-258). New York: Greenwood.

Research framework

Social Capital follows three dimensions :

Structural dimension e.g. density of relationships in a network / ability to span different networks

Relational dimension e.g. trust and reciprocity that builds on relationships

Cognitive dimension e.g. understanding other perspectives, and being seen to do so

Nahapiet J. and Ghoshal S. (1998). 'Social capital, intellectual capital and the organizational advantage'. Academy of Management Review, 23(2), 242–266.

Research framework

each social space has **positions at the core of the field and positions at the periphery**

Battilana, J., Leca, B., & Boxenbaum, E. (2009). How Actors Change Institutions: Towards a Theory of Institutional Entrepreneurship. Academy of Management Annals, 3(1), 65-107.

access to different forms of capital defines the role actors hold in this social structure.

Actors located in peripheral social positions are more likely to initiate change

interviews with head of the change management team lasted around 45 minutes to one hour



Case study 1: Head of the logistics Department

has been working for the company for a long time

she was in good standing with the company's top management **despite declining key indicators throughout the department translated into a reduced remuneration**

was supportive to the change

voted for a rather cautious policy of small steps in order to keep the department's overall rating - **it was not at all done in a manner she had favored**

the manager started to initiate and orchestrate resistance among her team members

use the company email system to spread her opinion



Analysis of case study 1

high levels of social capital

she preferred more incremental steps

when she voiced her dissatisfaction, her colleagues showed her loyalty and adopted her mindset

division's position in the overall rating increased

a lot of time and training was directed to convince her that after all, she and her team will master the new system

manager was able to secure more economic capital due to her high levels of social capital

Once insecurity vanished, she used her social capital to align her team back with the company's strategic vision

Case study 2: Head of regional division in Central region

peers considered him as one of the best and most knowledgeable regional managers

vast experience in the industry + had superior insights into the strategy of other industry participants

the majority of work procedures in place were developed by him

did welcome the change, but only as long as they didn't interfere with his established principles of work

disguised himself as a change agent, while in fact trying to roll out his work procedures throughout the entire company

top management let him prevail





Case study 2: Head of regional division in Central region

As the selection was carried out against the logics of the criteria established, then the manager was obliged to indicate a comment on why the decision was made that way

could still continue to do telephone conferences

recorded numerous attempts of the manager to negotiate preferred conditions



Analysis of case study 2

very strong social capital (structural component)

able to span networks and bring in experiences from other organizations

he showed great support for the company's plans to change their business models, but only as long as his access to social and economic capital was not endangered

was asked to explain why he diverted from the company's processes

he lost a great part of his social capital on the relational dimension as trust in him vanished



Case study 3: Head of regional division (remote region)

situated at a remote region, far away from the company's headquarters

incapable to qualitatively develop his branch, since his region is the region of the "last mile"

competition for the few reliable hauliers is very high

incoming traffic is much lower than in the central regions

saw the opportunity that the new business logic would bring for his unit and hence the manager was among the most supportive senior managers



Analysis of case study 3

low levels of social capital

acted from a peripheral position in the network

this new opportunity would open up ways to improve his position in the social space

cognitive dimension of social capital

he failed to access economic capital



Case study 4: Department Manager

very active and reliable department manager

established a set of work principles that most other departments adopted

her department did better than the average

a very strong competitor handled most of the business

majority of the customers and hauliers worked with the company's competitor

implementation of changes in the branch was made easy

neighboring region's branch was added to the regional managers' portfolio



Analysis of case study 4

a position at the periphery of the social space

under the new business model, she could increase her social capital

the company used her case to show what could be achieved if the managers support the move which increased her social capital

Case study 5: Department Manager

performance indicators of the manager were below average

she was considered an informal leader among her peers

was highly influential as an opinion maker throughout the entire company

she used her influence to share her negative viewpoints – also throughout the company's internal communication system

invested a lot of time and energy to find various ways to circumvent the procedures of the information system

shared her success stories

IT department was working alongside her multiple attempts and found it helpful to identify weaknesses of the system





Analysis of case study 5

had great social capital throughout the company

top management knew about it and didn't want to lose her in the change process.

showing how badly the process of change has been performed

this gave her credibility and rose her cultural capital as top management started to appreciate the skills that she developed

this was again converted into higher social capital as she received a promotion

Case study 6: Head of regional division

considered himself a leading figure in the company

division was acting in a very competitive environment - the position of his division was weakening

suggested a new pricing policy and lower entry requirements to contract in new hauliers

when the process of implementing changes began, the branch's indicators actually began to decline

the manager gave contradictory explanations for the lack of development of his division, often referring to the bad implementation strategy of top management, or the unwillingness of team members to use it

manager continued to blame the new IS, often with absurd requests

replace the Head of this division, which he did eventually



Analysis of case study 6

manager acted from a position of strong social capital – especially the close connection with the CEO, which he tried to use in order to resist change and push for his own agenda

the manager showed passive resistance and refrained from following the outlaid change process

Through the decline of his relational dimension of social capital (trust), the CEO saw no other way but to remove him





Case study 7: Head of regional division

was satisfied with the status quo and her division was doing well in comparison with other units

mastered the craft to optimize the performance indicators

were built in accordance with the previous business model

had an interest to keep things the way they were as the branch operated with a group of “special treatment” hauliers

she refused to collaborate

In order to alleviate the situation, the manager received another branch. Stripped of her personal connections with hauliers and forced to deliver results, the manager adopted the roles of the new system



Analysis of case study 7

had gained certain social capital by using the performance system to her favour

she knew though that this was not a strong base to fight the process of organizational change

she realized that this procedure that was against top management's intention would have to change

I quit!



Case study 8: Head of regional division

did not see the need for any changes in the work of the branch, as under the old system she enjoyed a high standing as one of the most effective managers

was creating 75% of its revenue through one client ==> was the highest paid head

new KPI system drastically reduced the manager's remuneration

required this manager to develop relations with other clients of the region

top management didn't give in to her threats but actually approved her wish to leave, she decided to stay on

it was decided to increase this division's own fleet of vehicles in the region in order to keep the client



Analysis of case study 8

manager felt that her position in the social structure of the company was under threat due to the proposed organizational changes

tried to stop the entire change process by threatening top management with her departure

high relational dimension of the social capital through her connection to the main client – she could actually guarantee access to economic capital

convinced top management to follow her suggestion and to give special status to her department

Discussion



Conclusions.

We show how **the intended changes have transformed employees' social capital.**

Thereby, it imposed a massive threat to their **privileged position in the social space** of the firm.

In some incidents though, the **firm was able to allow the build-up of alternative or even better sources of capital**, which converted these employees from foes back to supporters of the **organizational change.**

Thank you for your time

Questions?