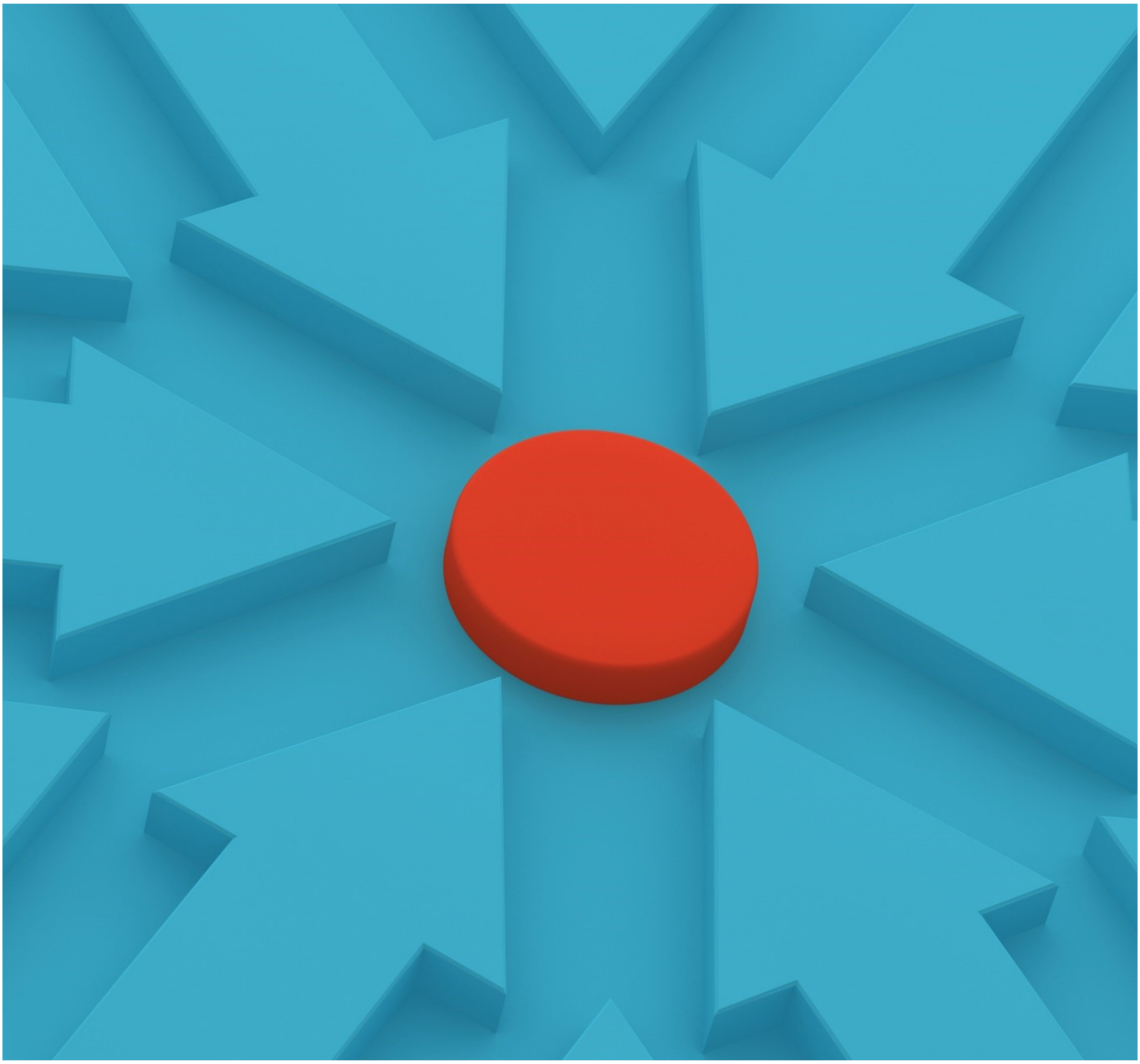


MODEL FOR ORGANIZATIONAL DEVELOPMENT – Practical Approach

2024

CLUSTIV TEAM

When organizations resist change, various agents can drive or catalyse change efforts. These agents often include:

1. **Leadership:** Effective leadership is crucial for driving organizational change. Leaders who champion change, communicate a compelling vision, and provide direction and support can influence organizational attitudes and behaviours. They can initiate change efforts, allocate resources, and overcome resistance by articulating the need for change and mobilizing support from stakeholders.

2. **Change Agents or Change Management Teams:** Change agents are individuals or teams tasked with facilitating and managing the change process within an organization. They play a key role in identifying barriers to change, developing strategies to address resistance, and guiding stakeholders through the transition. Change management teams may include internal staff, external consultants, or a combination of both.

3. **Employees:** Employees at all levels of the organization can act as agents of change by embracing new ideas, adapting to new ways of working, and actively participating in change initiatives. When employees are engaged, empowered, and involved in the change process, they can contribute valuable insights, drive innovation, and help overcome resistance within the organization.

4. **External Influencers:** External stakeholders, such as customers, suppliers, competitors, regulators, and industry associations, can also influence organizational change. Changes in market conditions, regulatory requirements, or industry standards may compel organizations to adapt their strategies, processes, and practices to remain competitive or compliant.

Examples of how organizations resist change can include:

1. **Cultural Resistance:** Organizational culture plays a significant role in shaping attitudes and behaviours toward change. In organizations with strong cultural norms and traditions, resistance to change may stem from a fear of disruption, a preference for the status quo, or a lack of trust in leadership. For example, long-established companies with a history of success may resist change due to a deeply ingrained culture of risk aversion or resistance to new ideas.

2. **Structural Resistance:** Organizational structures, processes, and systems can either facilitate or hinder change efforts. Hierarchical structures, bureaucratic processes, and siloed departments may create barriers to communication, collaboration, and innovation, making it difficult to implement change initiatives effectively. For instance, matrix organizations may struggle with conflicting priorities and competing agendas, leading to resistance to change.

3. **Political Resistance:** Organizational politics and power dynamics can also impede change efforts. Individuals or groups with vested interests, influence, or authority may resist change to protect their positions, privileges, or turf. Office politics, turf wars, and interpersonal conflicts can undermine trust, cooperation, and alignment, making it challenging to garner support for change initiatives.

4. **Resource Resistance:** Limited resources, such as budget constraints, time pressures, and competing priorities, can pose obstacles to change. Organizations may resist change due to concerns about the costs, risks, and disruptions associated with implementing new technologies, processes, or strategies. For example, budget cuts or restructuring efforts may lead to resistance from employees who fear job losses or increased workloads.

These examples illustrate how organizations may resist change due to various internal and external factors, highlighting the importance of proactive leadership, effective communication, and stakeholder engagement in navigating the change process.

Case Study: GERMANY

OUR CHANGING WORLD: GERMANY IN SLOW-MO:

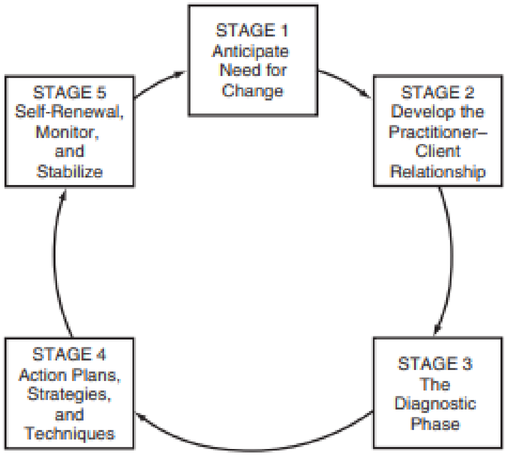
"Japan on the Rhine" is one way of describing Germany's slow-motion collapse, according to a Business Week article. Germany has grown an average of 1.3 percent a year over the past 10 years; only slightly better than Japan's rate of 1 percent. Says one leading German executive, "In the '70s and '80s, Germany was the model of the world. Now we're being repeatedly referred to as the sick man of the world, the sick man of Europe." Not only is Germany at risk but it can bring down Europe with it. STAGNATION As their country enters a second decade of stagnation, some Germans are beginning to wonder if the disease is chronic. The real nature of the decline was often covered by brief recoveries or political promises that were long on hyperbole but short on action. Politicians were ready with explanations for economic setbacks: a technology gap or a slowdown somewhere else in the world. "The government always looks for reasons elsewhere," explains a former chairman of Germany's top council of economic advisers. But now the explanations are hard to accept. Decline has enveloped Germany's most important industries. The pharmaceutical industry was the number-one producer for the world in the 1960s, but now there is no German company in the top 15. Banks have been reduced from the standard bearer of stability in the 1980s to the point where today Germany's future as a major financial centre is in doubt. The German medical system, only a decade ago, was thought to be a model for the United States to emulate, but today it is increasingly unaffordable and declining in quality of care. UNCHANGING CORE Germany has earned the reputation of being Europe's unchanging core, where high taxes stifle the economy, growth is glacially slow, and labour rigidity reduces any chance of lowering unemployment. A study that was conducted back in 1982 to identify problems could have been written today.

Germany has a religious zeal for stability at any cost. The entire country is geared to resist change. And labour is the 900-pound gorilla in the corner that no one is willing to confront. The job-protection law, the Kündigungsschutz, little changed since the 1950s, makes an employer pay hefty severance fees to lay off workers. But enter the law of unintended consequences: employers are reluctant to hire new workers for fear that a downturn or changing conditions will force them to lay off workers. Some companies with international offices even send new work out of the country rather than hire local workers. One sign of competitiveness is that German companies are investing more abroad than foreigners invest in Germany. Drug maker Schering is shifting more and more research and development to other countries as excessive bureaucracy and poor research support have decimated pharmaceuticals. A recent proposal by a politician to relax the Kündigungsschutz brought howls from unions, which can block most legislation they don't like.

Organization Development’s Five Stages

Stage One: Anticipate a Need for Change

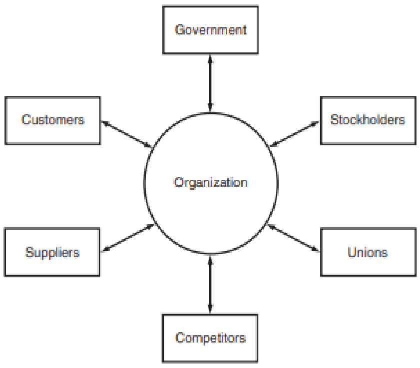
Before a program of change can be implemented, the organization must anticipate the need for change. The first step is the manager’s perception that the organization is



Stage Two: Develop the Practitioner-Client Relationship

After an organization recognizes a need for change and an OD practitioner enters the system, a relationship begins to develop between the practitioner and the client system. The client is the person or organization that is being assisted. The development of this relationship is an important determinant of the probable success or failure of an OD program. As with many interpersonal relationships, the exchange of expectations and obligations (the formation of a psychological contract) depends to a great degree upon a good first impression or match between the practitioner and the client system. The practitioner attempts to establish a pattern of open communication, a improvement. The state of disequilibrium may result from growth or decline or from

somehow in a state of disequilibrium or needs competitive, technological, legal, or social changes in the external environment. There must be a felt need, because only felt needs convince individuals to adopt new ways. Managers must be sensitive to changes in the competitive environment, to “what’s going on out there.” When a new CEO of AT&T Corporation took over, he made it clear to top executives that it was not business as usual. In his first week as CEO, he brought in the company’s top 20 officers to tell them that the company’s tradition of keeping people in top jobs as long as they didn’t mess up was over. According to one person at the meeting, the CEO said “You are going to be in my boat or out of it. But don’t be there barking or rowing against it.”



relationship of trust, and an atmosphere of shared responsibility. Issues dealing with responsibility, rewards, and objectives must be clarified, defined, or worked through at this point. The practitioner must decide when to enter the system and what his or her role should be. For instance, the practitioner may intervene with the sanction and approval of top management and either with or without the sanction and support of members in the lower levels of the organization. At one company, OD started at the vice-presidential level, and by using internal OD practitioners the OD program was gradually expanded to include line managers and workers. At another company, an external practitioner from a university was invited in by the organization's industrial relations group to initiate the OD program.

Stage Three: The Diagnostic Phase

After the OD practitioner has intervened and developed a working relationship with the client, the practitioner and the client begin to gather data about the system. The collection of data is an important activity providing the organization and the practitioner with a better understanding of client system problems: the diagnosis. One rule of operation for the OD practitioner is to question the client's diagnosis of the problem, because the client's perspective may be biased. After acquiring information relevant to the situation perceived to be the problem, the OD practitioner and client together analysese the data to identify problem areas and causal relationships. A weak, inaccurate, or faulty diagnosis can lead to a costly and ineffective change program. The diagnostic phase, then, is used to determine the exact problem that needs solution, to identify the forces causing the situation, and to provide a basis for selecting effective change strategies and techniques. Although organizations usually generate a large amount of "hard" or operational data, the data may present an incomplete picture of organizational performance. The practitioner and client may agree to increase the range or depth of the available data by interview or questionnaire as a basis for further action programs. One organization, for instance, was having a problem with high employee turnover. The practitioner investigated the high turnover rate by means of a questionnaire to determine why the problem existed, and from these data designed an OD program to correct the problems. The firm's employees felt it had become a bureaucratic organization clogged with red tape, causing high turnover. OD programs have since reduced employee turnover to 19 percent, compared with 34 percent for the industry. At a major food company, a new executive vice president needed to move quickly to improve the division's performance. With the help of an external practitioner, data were gathered by conducting intensive interviews with top management, as well as with outsiders, to determine key problem areas. Then, without identifying the source of comments, the management team worked on the information in a 10-hour session until solutions to the major problems were hammered out and action plans developed.

Stage Four: Action Plans, Strategies, and Techniques

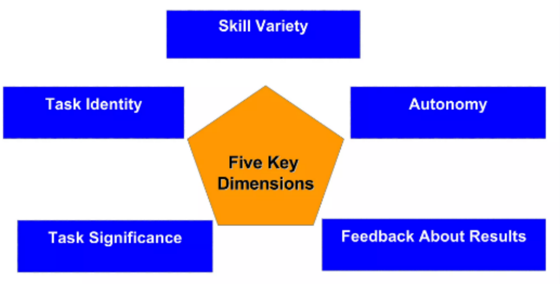
The diagnostic phase leads to a series of interventions, activities, or programs aimed at resolving problems and increasing organization effectiveness. These programs apply such OD techniques as total quality management (TQM), job design, role analysis, goal setting, team building, and intergroup development to the causes specified in the diagnostic phase (all of these techniques are discussed in detail in subsequent chapters). In all likelihood, more time will be spent on this fourth stage than on any of the other stages of an OD program.

Stage Five: Self-Renewal, Monitor, and Stabilize

Once an action program is implemented, the final step is to monitor the results and stabilize the desired changes. This stage assesses the effectiveness of change strategies in attaining stated objectives. Each stage of an OD program needs to be monitored to gain feedback on member reaction to the change efforts. The system members need to know the results of change efforts in order to determine whether they ought to modify, continue, or discontinue the activities. Once a problem has been corrected and a changee program is implemented and monitored, means must be devised to make sure that the new behaviour is stabilized and internalized. If this is not done, the system will regress to previous ineffective modes or states. The client system needs to develop the capability to maintain innovation without outside support. Continuous Improvement In today's environment, companies seeking to be successful and survive are faced with the need to continually

managers need to learn is that there are only two kinds of companies—those that are changing, and those that are going out of business. Continual change is a way of life. A critical challenge for managers who are leading change efforts is to inspire individuals to work as a team.

Individual Job Dimension



Source: exploreHR.org

This five-stage model shows how different OD methods and approaches are used to continuously improve performance so that the vision can be achieved. It is important to remember that no model or paradigm is perfect, but it can still provide useful approaches to change.

As an OD program stabilizes, the need for the practitioner should decrease. If the client moves toward independence and evidences a self-renewal capacity, the gradual termination of the practitioner-client system relationship is easily accomplished. If the client system has become overly dependent upon the practitioner, termination of the relationship can be a difficult and awkward issue. At one company, for example, the program produced tangible benefits. Of 264 managers involved in the program, **93 percent** reported that the program led to improved teamwork.

One important issue in the implementation of an OD program is whether or not the practitioner is able to deal effectively with power and the use of power. Hierarchical

introduce changes. The unlikely has become commonplace, and the unthinkable has become almost inevitable. The most important lesson

organizations, whether they be business, governmental, for-profit, or not-for-profit, rely on power. The individuals in positions of influence generally constitute the power structure and frequently are power-motivated people. Managers compete for promotions, and departments and divisions have disagreements over budget allocations.

Political infighting is a reality (and often a dysfunctional factor) in most organizations, and the issue is whether OD practitioners deal with these power issues in bringing about a change. In a study of high-speed decision making, **Kathleen Eisenhardt and L. J. Bourgeois III** found that politics influence decisions and that political conflicts within top management teams are associated with poor firm performance.

The OD practitioner acts as a facilitator to promote team problem solving and collaboration, and encourages such values as trust, openness, and consensus. Given the nature of an OD program, it is our view that OD is not a political/power type of intervention. Given the political nature of organizational decision making, however, the OD practitioner must be aware of politics and use a problem-solving approach that is compatible with power-oriented situations.

SUMMARY

There is focus on several major issues. One is that organizations operate in a dynamic and changing environment and consequently must be adaptive. You have been introduced to the emerging field of organization development (OD) and the ways it is used to improve organizational effectiveness.

• ***Change.*** *One of the manager's most difficult tasks is initiating organization change and renewal. As a manger, you must be sensitive to changes in markets, products, and competition* *and be aware of the need for an adaptive and flexible organization. The first step in the change process is an awareness that a problem exists.*

- ***OD.*** *Organization development is the discipline that applies behavioural science techniques to management problems. Because the essential task of management is to deal with change, it is the purpose of this book to better prepare managers for this task.*

- ***Culture.*** *Culture is the set of characteristics of a specific civilization, society, or group. Organizational culture is the shared language, dress, patterns of behaviour, value system, interactions, and group norms of the members of an organization.*

- ***Socialization****. Entering a class for the first time is very similar to the first day on a new job. You may decide to rebel and reject the classroom norms, you may conform by accepting the classroom norms, or you may respond with creative individualism.*

- ***Psychological Contract****. A psychological contract, brings many underlying expectations out into the open, explains them, and defines the interdependence and shared responsibility between the individual and the organization.*

- ***OD Model.*** *Organization development involves the long-term, system-wide application of behavioural science techniques to increase organization effectiveness. OD works on the idea that organizational change involves improving the way people work together on teams and the way team activities are integrated with organizational goals.*

Constant Change

“The Only Constant in Life Is Change.”- Heraclitus

Because of the rapid pace of technology, firms are confronted with the early technological obsolescence of products. In the past, companies could grow during the long lifespan of a proprietary invention, but today their innovations are often quickly overtaken by competitors with technological improvements. These problems are the result of the increasing rate of change and are made more difficult because of the impact of future shock on management. Managers today face risk situations unlike those of the past, and in an era of accelerating change, managerial excellence derives from the ability to cope with these changes. Organizations either become more adaptive, flexible, and anticipative, or they become rigid and stagnant, reacting to change after the fact, often when it is too late. Seldom can managerial decisions be based solely on extrapolations of historical experience. Many decisions are unique, innovative, and risky, involving new areas of opportunity. Putting a new product or a new process into production is a major business decision. Organizations exist in a changing environment and therefore must have the capacity to adapt. As Apple Computer’s evangelist for the MacIntosh, Guy Kawasaki was one of the driving forces behind a revolutionary new product. Kawasaki’s first rule: If you want to make a revolution, you have to start by unleashing revolutionary products and ideas. You have to “create like God,” but thinking differently is just the first step.6 Business revolutionaries (or change agents) also have to keep rethinking—and just as important, they have to keep doing, if they are to turn radical ideas into real accomplishments. By mid decade IBM will unveil a new supercomputer called Blue Gene that will be faster than today’s top 500 supercomputers combined. And around the same time Sun Microsystems will unveil a “throughput computer” that crams the equivalent of eight huge servers onto a single chip—an advance that will increase the power of Internet servers fifteen-fold. Because high-tech firms are moving faster on the experience curve, the consequences of being slow to respond to change are most severe in that business. In this chapter, we examine the way managers react to the accelerating rate of change. The pressure of future shock results in new perspectives for management strategies and decisions. Managers must do more than just react: they must be able to anticipate the changing patterns of people, markets, products, and technology. Six areas will be covered:

1. Organization renewal.

2. The systems approach.

3. The sociotechnical system.

4. Future shock.

5. Organizational transformation and development.

6. Organizational development and planned change.

Major Characteristics of the Field of OD

A change leader is a person in an organization responsible for changing existing patterns to obtain more effective organizational performance. People using organization development have come to realize that conventional training techniques are no longer sufficient for effecting the type of behavioural changes needed to create adaptive organisations. Going to a company's management class and listening to someone lecture about the need to change or the importance of effective organizations may be a good beginning but speeches will not produce exceptional organizational performance. New techniques have been developed to provide organization members with the competence and motivation to alter ineffective patterns of behaviour.

Why Organization Development?

Why has such a fast-growing field emerged? Organizations are designed to accomplish some purpose or function and to continue doing so for as long as possible. Because of this, organizations are not necessarily intended to change. But change can affect all types of organizations, from giants like IBM, GE, and Boeing to the smallest business. No one can escape change, and change is everyone's job. Managers at all levels must be skilled in organization change and renewal techniques.8 One study examining why organizations initiate large-scale change programs found that the factors listed below were the ones most often cited as reasons for beginning a change program:

1. Level of competition: **68 percent** of respondents indicated that the organizations were experiencing a high or very high level of competition.

2. Survival: more than **15 percent** indicated that the organization would have ceased to exist within the next few years without some type of change program.

3. Improved performance: **82 percent** indicated

Characteristics	Focal Areas
Change	Change is planned by managers to achieve goals
Collaborative	Approach Involves collaborative approach and involvement
Performance Orientation	Emphasis on ways to improve and enhance performance
Humanistic Orientation	Emphasis upon increased opportunity and use of human potential
Systems Approach	Relationship among elements and excellence
Scientific Method	Scientific approaches supplement practical experience

that without an OD program, the organization would have gradually suffered a decline in performance. The study also identified the primary goals of change programs as shown in **Table 1a**. Other goals cited included changing the corporate culture, becoming more adaptive, and increasing competitiveness.

In today's business environment, managers must continuously monitor change and adapt their systems to survive by staying competitive in a turbulent arena. Kodak, for example is trying to change by focusing on consumers who use digital cameras instead of film cameras. "If they don't invest in digital, that's the end of Kodak," according to Frank Romano, professor of digital printing at the Rochester Institute of Technology. In the coming decades, changes in the external environment will occur so rapidly that organizations will need OD techniques just to keep pace with the accelerating rate of innovation.

TABLE 1a Major Goals of Large-Scale Change Programs

Goals	Percent of Organization
Increase productivity	20
Increase responsiveness to clients	19
Improve competitive positioning (increase 19 productivity/decrease costs)	19
Increase employee involvement and participation	19
Increase employee morale	18
Develop new managerial skills and strategies	14

The Emergence of OD Organization

development is one of the primary means of creating more adaptive organizations. **Warren Bennis**, a leading OD pioneer, has identified three factors as underlying the emergence of OD.

1. **The need for new organizational forms:** Organizations tend to adopt forms appropriate to a particular time; the current rate of change requires more adaptive forms.

2. **The focus on cultural change:** Every organization forms its own culture—a distinctive system of beliefs and values; the only real way to change is to alter the organizational culture.

3. **The increase in social awareness:** Because of the changing social climate, tomorrow's employee will no longer accept an autocratic style of management; therefore, greater social awareness is required in the organization.

The Organization of the Future

The fundamental nature of managerial success is changing. The pace of this change is relentless, and increasing past sources of competitive advantage, such as economies of scale and huge advertising budgets, is no longer as effective in the new competitive landscape. Moreover, the traditional managerial approach can no longer lead a firm to economic leadership. See the following OD in Practice to learn what Trilogy Software is doing to become a successful company of the future.

Today's managers need a new mind set—one that values flexibility, speed, **innovation**, and the challenge that evolves from constantly changing conditions. **Virtual organizations** can spring up overnight as networks of free agents combine expertise for a new project or product. Nothing could be more flexible, ready to turn on a dime and grab any new opportunity. Management theorists believe that to be successful in the next century, organizations will require changes of the kind shown in Figure 1a. They suggest that predictability is a thing of the past, and that the winning organization of today and tomorrow, it is becoming increasingly clear, will be based upon quality, innovation, and flexibility. **Yogi Berra,** foreshadowing this sentiment, reportedly once said, "The future isn't what it used to be." These successful firms will share certain common traits including

• Faster—more responsive to innovation and change.

• Quality conscious—totally committed to quality.

• Employee involvement—adding value through human resources.

• Customer oriented—creating niche markets.

• Smaller—made up of more autonomous units.

Figure 1a. The Changing Organization of the Twenty-first Century

THE ORGANIZATION CULTURE

One element of an organization system which a manager needs to understand is the organization culture. The term culture refers to a specific civilization, society, or group and its distinguishing characteristics. As B. F. Skinner commented: "A culture is not the behaviour of the people 'living in it'; it is the 'it' in which they live—contingencies of social reinforcement which generate and sustain their behaviour." One company, UnumProvident Corp., gave out **"Hungry Vulture"** awards for top performers. The award carried the motto "Patience my foot . . . I'm going to kill something."

UnumProvident, the largest disability insurer in the United States, is being investigated by 45 states in regard to how it handles claims. A senior vice-president says the award was never given to workers for denying claims but was given in recognition of good performance. However, plaintiffs' attorneys and former employees who have seen company files paint a picture of an aggressive corporate culture. The term organization culture refers to a system of shared meanings, including the language, dress, patterns of behaviour, value system, feelings, attitudes, interactions, and group norms of the members. Examine the patterns of behaviour on your campus or in your company. How do people dress? What jargon or unique terms do they use? (See the following "B.C." comic strip.) These are the elements that make up a culture: the accepted patterns of behavior. This provides a set of values and behavioural norms for the organization.

Norms are organized and shared ideas regarding what members should do and feel, how this behaviour should be regulated, and what sanctions should be applied when behaviour does not coincide with social expectations. The values and behaviours of every organization are unique, as shown by Oliver Stone's movie Wall Street, which examines the cultural norms of investment banking firms, and by the book Maverick, which is a description of a unique industry culture. Some patterns of behaviour may be functional and may facilitate the accomplishment of organizational goals. Other patterns of behaviour or cultural norms may actually inhibit or restrict the accomplishment of organization goals. A look at the types of norms that exist in an organization will help in gaining a better understanding of the organization's culture. Norms are generally enforced only for the behaviours viewed as most important by most group members. Norms essential to accomplishing the organization's objectives are called pivotal norms. Norms that support and contribute to the pivotal norms but are not essential to the organization's objectives are called peripheral norms. For example, dress codes that are enforced Monday through Thursday are probably peripheral in light of Friday's being a casual dress day. Pivotal and peripheral norms constantly confront individuals in an organization, and they must decide whether or not to conform. The pressure to conform to norms varies, allowing individuals some degree of freedom in responding to these organizational pressures depending on how they perceive the rewards or punishments. The organization also has latitude in the degree of conformity it requires of its members.

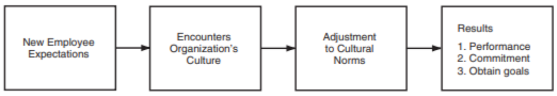
THE SOCIALIZATION PROCESS

Even if an organization does an effective job of recruiting, new employees must still adjust to the organizational culture. Because they are not aware of the culture, new employees are likely to disagree with or question the customs and values that exist. Socialization may be defined as the process that adapts employees to the organization's culture (see Figure 2a). The socialization of employees at Procter and Gamble Co. starts at an early age because employees often begin their careers there and grow up together. The culture is one of being resistant to new ideas and even being insular. P&G is, by many measures, a family company and only promotes from within. It is located in a relatively small city, Cincinnati, where employees live near one another, go to the same social functions, and eat at the same restaurants. **CEO Alan Lafley** admits, "I am worried that I will ask the organization to change ahead of its understanding, capability, and commitment."

New Employee Expectations

To function effectively, managers and members must be aware of the organization's norms. They must recognize how sharply norms are defined and how strongly they are enforced. Entry into a new situation often results in some degree of anxiety or stress. The less an individual can relate the new situation to previous situations, the greater the feelings of anxiety and discomfort. The more the individual can meet expectations, the less the feelings of anxiety and discomfort. Some organizations assign current employees to act as mentors to new employees. W. L. Gore & Associates assigns each person hired by the company a sponsor who acts as a mentor. Twenty percent of Gore's associates (employees) are sponsors, and the sponsor is typically the person who has the most at stake in making the new associate successful. The Gore philosophy is that if you sponsor

Figure 2a The Socialization Process



someone, you want them to be successful, and therefore will offer them opportunities, such as sitting in on meetings. If the new associate is successful, the team will be successful, and Gore will be successful.

Encounter Organization's Culture

The organizational culture provides a way for organization members to meet and get along. Three important aspects of socialization when joining an organization are: 1. Deciding who is a member and who is not. 2. Developing an informal understanding of behavioural norms. 3. Separating friends from enemies. To work together effectively, individuals need to understand things like power, status, rewards, and sanctions for specific types of behaviours. For instance, what behaviour gets one a good grade, and so on. While the individual employees are experiencing a new situation, the organization may be attempting to influence them. If new members come to an organization expecting to find a certain set of norms, they are looking for their expectations to be affirmed. If their expectations reflect the actual norms of the organization, the integration process for both the new members and the organization is relatively painless.

Adjustment to Cultural Norms

New members often find that the norms are unclear, confusing, and restrictive. As a result, they may react in different ways when entering an organization (see Figure 2b). At one extreme, a new member may choose to conform to all the norms of the organization, resulting in uniformity of behaviour and complete acceptance of organizational values. This conformity may result in stagnation, non-responsiveness, and a loss of creativeness. At the other extreme, a new member may choose to rebel, to reject all the values, or to leave the organization altogether.

FIGURE 2b Basic Responses to Socialization

Results

Only the healthier organizations allow their members to challenge their norms. The aim of OD is to develop an organizational climate that is appropriate to the organization's mission and members. In a sense, OD involves changing the culture of organizations and work groups so that a more effective means of interacting, relating, and problem solving will result. OD seeks to develop the organization to the point that it feels comfortable about allowing its members to openly examine the norms, both pivotal and peripheral, with the ultimate goal of building a more effective organization. The reaction of the individual to the norms results in the formation of an unwritten agreement with the organization. For example, at one organization employees believe that it is their responsibility to innovate and be creative. They develop new and improved products, processes, and ways to serve their customers. They believe that team discussion, challenging ideas, and taking risks are appropriate behaviours for achieving goals. However, at another organization employees believe that following procedures, reaching numerical outcome targets, doing no more or less than what is required, and not saying anything that the boss does not want to hear are the appropriate behaviours. These two organizations have very different types of cultures. In both of these organizations, each person tends to do the following:

1. Separate more important from less important goals.

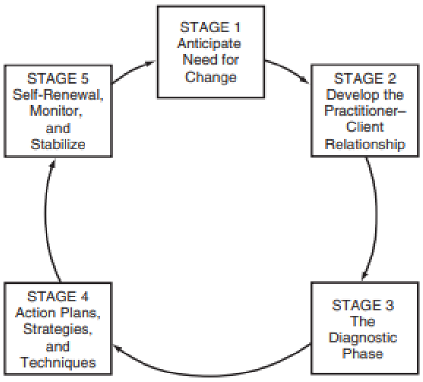
2. Develop ways to measure their accomplishments.

3. Create explanations for why goals may not always be met

A MODEL FOR ORGANIZATIONAL DEVELOPMENT

Organization development is a continuing process of long-term organizational improvement consisting of a series of stages, as shown in Figure 3a. In an OD program, the emphasis is placed on a combination of individual, team, and organizational relationships.

FIGURE 3a Organization Development's Five Stages



The primary difference between OD and other behavioural science techniques is the emphasis upon viewing the organization as a total system of interacting and inter-related elements. Organization development is the application of an organization-wide approach to the functional, structural, technical, and personal relationships in organizations. OD programs are based upon a systematic analysis of problems and a top management actively committed to the change effort. The purpose of such a program is to increase organizational effectiveness by the application of OD values and techniques. Many organization development programs use the action research model. Action research involves collecting information about the organization, feeding this information back to the client system, and developing and implementing action programs to improve system performance. The manager also needs to be aware of the processes that should be considered when one is attempting to create change. This section presents a five-stage model of the total organization development process. Each stage is dependent on the preceding one, and successful change is more probable when each of these stages is considered in a logical sequence.

Stage One: Anticipate a Need for Change

Before a program of change can be implemented, the organization must anticipate the need for change. The first step is the manager's perception that the organization is somehow in a state of disequilibrium or needs improvement. The state of disequilibrium may result from growth or decline or from competitive, technological, legal, or social changes in the external environment. There must be a felt need, because only felt needs convince individuals to adopt new ways. Managers must be sensitive to changes in the competitive environment, to "what's going on out there." When a new CEO of AT&T Corporation took over, he made it clear to top executives that it was not business as usual. In his first week as CEO, he brought in the company's top 20 officers to tell them that the company's tradition of keeping people in top jobs as long as they didn't mess up was over. According to one person at the meeting, the CEO said "You are going to be in my boat or out of it. But don't be there barking or rowing against it."

Stage Two: Develop the Practitioner-Client Relationship

After an organization recognizes a need for change and an OD practitioner enters the system, a relationship begins to develop between the practitioner and the client system. The client is the person or organization that is being assisted. The development of this relationship is an important determinant of the probable success or failure of an OD program.

As with many interpersonal relationships, the exchange of expectations and obligations (the formation of a psychological contract) depends to a great degree upon a good first impression or match between the practitioner and the client system. The practitioner attempts to establish a pattern of open communication, a relationship of trust, and an atmosphere of shared responsibility. Issues dealing with responsibility, rewards, and objectives must be clarified, defined, or worked through at this point. The practitioner must decide when to enter the system and what his or her role should be. For instance, the practitioner may intervene with the sanction and approval of top management and either with or without the sanction and support of members in the lower levels of the organization. At one company, OD started at the vice-presidential level, and by using internal OD practitioners the OD program was gradually expanded to include line managers and workers. At another company, an external practitioner from a university was invited in by the organization's industrial relations group to initiate the OD programm.

Stage Three: The Diagnostic Phase

After the OD practitioner has intervened and developed a working relationship with the client, the practitioner and the client begin to gather data about the system. The collection of data is an important activity providing the organization and the practitioner with a better understanding of client system problems: the diagnosis. One rule of operation for the OD practitioner is to question the client's diagnosis of the problem, because the client's perspective may be biased. After acquiring information relevant to the situation perceived to be the problem, the OD practitioner and client together analyse the data to identify problem areas and causal relationships. A weak, inaccurate, or faulty diagnosis can lead to a costly and ineffective change program. The diagnostic phase, then, is used to determine the exact problem that needs solution, to identify the forces causing the situation, and to provide a basis for selecting effective change strategies and techniques. Although organizations usually generate a large amount of "hard" or operational data, the data may present an incomplete picture of organizational performance. The practitioner and client may agree to increase the range or depth of the available data by interview or questionnaire as a basis for further action programs. One organization, for instance, was having a problem with high employee turnover. The practitioner investigated the high turnover rate by means of a questionnaire to determine why the problem existed, and from these data designed an OD program to correct the problems. The firm's employees felt it had become a bureaucratic organization clogged with red tape, causing high turnover. OD programs have since reduced employee turnover to 19 percent, compared with 34 percent for the industry. At a major food company, a new executive vice president needed to move quickly to improve the division's performance. With the help of an external practitioner, data were gathered by conducting intensive interviews with top management, as well as with outsiders, to determine key problem areas. Then, without identifying the source of comments, the management team worked on the information in a 10-hour session until solutions to the major problems were hammered out and action plans developed.

Stage Four: Action Plans, Strategies, and Techniques

The diagnostic phase leads to a series of interventions, activities, or programs aimed at resolving problems and increasing organization effectiveness. These programs apply such OD techniques as total quality management (TQM), job design, role analysis, goal setting, team building, and intergroup development to the causes specified in the diagnostic phase (all of these techniques are discussed in detail in subsequent chapters). In all likelihood, more time will be spent on this fourth stage than on any of the other stages of an OD program.

Stage Five: Self-Renewal, Monitor, and Stabilize

Once an action program is implemented, the final step is to monitor the results and stabilize the desired changes. This stage assesses the effectiveness of change strategies in attaining stated objectives. Each stage of an OD program needs to be monitored to gain feedback on member reaction to the change efforts. The system members need to know the results of change efforts in order to determine whether they ought to modify, continue, or discontinue the activities. Once a problem has been corrected and a changee program is implemented and monitored, means must be devised to make sure that the new behaviour is stabilized and internalized. If this is not done, the system will regress to previous ineffective modes or states. The client system needs to develop the capability to maintain innovation without outside support.

Continuous Improvement

In today's environment, companies seeking to be successful and survive are faced with the need to continually introduce changes. The unlikely has become commonplace, and the unthinkable has become almost inevitable. The most important lesson managers need to learn is that there are only two kinds of companies—those that are changing, and those that are going out of business. Continual change is a way of life. A critical challenge for managers who are leading change efforts is to inspire individuals to work as a team. This **five-stage model** shows how different OD methods and approaches are used to continuously improve performance so that the vision can be achieved. It is important to remember that no model or paradigm is perfect, but it can still provide useful approaches to change. As an OD program stabilizes, the need for the practitioner should decrease. If the client moves toward independence and evidences a self-renewal capacity, the gradual termination of the practitioner-client system relationship is easily accomplished. If the client system has become overly dependent upon the practitioner, termination of the relationship can be a difficult and awkward issue. At one company, for example, the program produced tangible benefits. Of 264 managers involved in the program, 93 percent reported that the program led to improved teamwork. One important issue in the implementation of an OD program is whether or not the practitioner is able to deal effectively with power and the use of power. Hierarchical organizations, whether they be business, governmental, for-profit, or not-for-profit, rely on power. The individuals in positions of influence generally constitute the power structure and frequently are power-motivated people. Managers compete for promotions, and departments and divisions have disagreements over budget allocations. Political infighting is a reality (and often a dysfunctional factor) in most organizations, and the issue is whether OD practitioners deal with these power issues in bringing about a change. In a study of high-speed decision making, Kathleen Eisenhardt and L. J. Bourgeois III found that politics influence decisions and that political conflicts within top management teams are associated with poor firm performance. The OD practitioner acts as a facilitator to promote team problem solving and collaboration, and encourages such values as trust, openness, and consensus. Given the nature of an OD program, it is our view that OD is not a political/power type of intervention. Given the political nature of organizational decision making, however, the OD practitioner must be aware of politics and use a problem-solving approach that is compatible with power-oriented situations.

SUMMARY

This part was focused on several major issues. One is that organizations operate in a dynamic and changing environment and consequently must be adaptive. You have been introduced to the emerging field of organization development (OD) and the ways it is used to improve organizational effectiveness.

- *Change:* One of the manager's most difficult tasks is initiating organization change and renewal. As a manger, you must be sensitive to changes in markets, products, and competition and be aware of the need for an adaptive and flexible organization. The first step in the change process is an awareness that a problem exists.

• *OD:* Organization development is the discipline that applies behavioural science techniques to management problems. Because the essential task of management is to deal with change, it is the purpose of this book to o better prepare managers for this task.

• *Culture:* Culture is the set of characteristics of a specific civilization, society, or group. Organizational culture is the shared language, dress, patterns of behaviour, value system, interactions, and group norms of the members of an organization.

• *Socialization:* Entering a class for the first time is very similar to the first day on a new job. You may decide to rebel and reject the classroom norms, you may conform by accepting the classroom norms, or you may respond with creative individualism.

• *Psychological Contract:* A psychological contract, brings many underlying expectations out into the open, explains them, and defines the interdependence and shared responsibility between the individual and the organization.

• *OD Model:* Organization development involves the long-term, system-wide application of behavioural science techniques to increase organization effectiveness. OD works on the idea that organizational change involves improving the way people work together on teams and the way team activities are integrated with organizational goals.

KEY WORDS AND CONCEPTS

• Action Research Model • Change Leader • Client • Creative Individualism • External Practitioner • Internal Practitioner • Norms • Organization Culture • Organization Development (OD) • OD Practitioner • OD Specialist • Peripheral Norms • Pivotal Norms • Psychological Contract • Socialization

CASE STUDY: TGIF

It's 4:30 on a Friday afternoon and the weekly beer bust is in full swing at Quantum Software's Seattle headquarters. The sun shines on the volleyball court and beyond; the patio sparkles over a dazzling view of Lake Washington. Every week most of the employees drop in to unwind and relax at the beer bust for an hour as a reward for extra effort. Quantum Software was founded three years ago by Stan Albright and Erin Barber based upon an idea they came up with in college for forming a business aimed at developing and selling computer software specifically oriented to the needs of independent oil businesses. Few of these firms grow large enough to do their own data-processing systems. Quantum has grown to more than 200 employees and $95 million in sales over the past three years. One Friday afternoon, Bill Carter, the corporate attorney, dropped in to attend a business meeting. After the meeting, he was invited to mix in with employees at the weekly beer bust. "What a great place to work!" several people told Bill. The spirit of Quantum continually amazed Bill. Stan and Erin knew how to keep things hopping and yet hold morale at an enthusiastic level. To counter the frantic work pace of 16-hour days and six-day weeks, Quantum had a beer bust every Friday afternoon. Everyone was invited, from Stan and Erin to the part-time janitor who worked nights. No ties, no suit coats, first names only: this was a great way to encourage the team concept. Lately though, Bill Carter had been having second thoughts about serving alcohol at a company-sponsored party. He made up his mind to speak to CEO Stan Albright about t it and started toward the pool where Stan and Erin were holding a lively discussion with three employees. Just then, John Hooker, a new programmer in software development, lost his balance and fell on the snack table, sending finger sandwiches flying in all directions and getting a round of applause. "All right, John!" several people called out. More determined than ever, Bill approached Stan and Erin and said, "Don't you think this party thing is getting a little out of hand? It used to be a lot of fun, but now maybe we're growing too fast.

We're getting more people like John there, who just seem to overdo it." "Take it easy, Bill," said Stan. "The atmosphere around here would get stale real fast if we couldn't blow off a little steam now and then." "Come on, Bill," Erin added, "lighten up. We need this time to relax and for everyone to socialize over a beer without the pressure of work." "You should know, Bill, how much these parties mean to our success. I really feel that one of the keys to our continued growth has been the family feeling among our employees. On Fridays at our TGIF get-togethers, we all get to know one another as equals. That gives me the right to kick butts when I have to because they know I like them and want them to succeed. That's the real value of these parties." "Okay, Stan, so you tell me," Asked Bill, "what's the value in having someone like John who has had too many beers driving home and possibly causing a serious accident? Do you realize that Quantum could be held liable in such an instance?" "Bill," responded Erin, "you know I'm the one who first thought up the idea of having a Friday bash and I still think it's a great idea. I agree with Stan that this company is a success thanks to our employees and the esprit de corps that we've developed. If we drop the TGIFs as a time to unwind, what can we replace it with? I can see the point you're trying to raise. I agree that something bad could come out of this, but if we can't take a few risks, we may as well close the doors. These parties are great for recruitment and they define our corporate culture. I feel it would be a big mistake to drop the parties." "I think you two are missing the point," answered Bill. "Of course, I realize how important it is to keep our team spirit. What I'm trying to say is, isn't there a way to keep that spirit and put some limit to our liability exposure at the same time?"

OD IN PRACTICE: WHAT'S YOUR CULTURE WORTH

The founders of Setpoint had a pretty good idea of the sort of company culture they wanted to build. It didn't occur to them that what they came up with would become one of the company's most valuable assets. Steve Petersen, owner of his own company, Petersen Inc., with about 300 employees, says he had no particular agenda when he dropped by Setpoint for a visit. He certainly wasn't thinking about a merger. Setpoint was just another custom-manufacturing company employing only about 30 employees. Most of its revenues come from designing and building factory-automation equipment. He'd heard about some of the things they were doing with project management and open-book accounting. Setpoint's CEO, Joe Knight, took Petersen on a tour of the facility. At some point they wound up in the shop, where about 10 employees were working on half a dozen machines. Petersen noticed a large whiteboard off to one side. Scribbled across the board were about 20 rows and 10 columns of numbers forming a table of some sort.

THE BOARD

"What's that?" he asked. "That's our board," Knight said. "It's how we track our projects and figure out whether or not we're making money." "How do you do that?" Petersen asked. Knight began explaining what the numbers were and where they came from. Then Knight stopped. "You know," he said, "you really shouldn't take my word for it. You should get these guys to tell you about it." He called out to one of the technicians and introduced him. "Would you mind explaining this board to us?" Petersen asked. "Sure," the young man said and proceeded to walk them through it. He talked about calculating the gross profit that he and his colleagues had earned the previous week on each project. He pointed out the column showing each project's gross profit per hour and explained the importance of keeping that number in mind. He said he also watched the ratio of overall gross profit to operating expenses, since that's how you knew if the company was making money. He added that he liked to see it running at about 2.0. "I was just amazed," Petersen recalls. "He knew that board inside and out. He knew every number on it. He knew exactly where the company was and where they had to focus their attention. There was no hesitation. He had great confidence in

what was up there." Petersen continues, "I could see that the board was a cherished possession, and I was so impressed, not that Joe Knight understood it, but that the people on the shop floor had it down like that. It was their scoreboard. It was the way they could tell if they were winning or losing. I talked to several of them, and I just couldn't get over the positive attitude they had and their understanding of business. . .. I knew right then that Setpoint had what we needed, and somehow we had to get it." MERGER NEGOTIATIONS Shortly thereafter, Petersen began negotiating with the owners of Setpoint to acquire their business, their services, their management system, and their culture. Mergers are never easy, and the negotiations between Petersen Inc. and Setpoint have not yet produced one. Nevertheless, both sides say that some sort of merger is likely within the next year. Companies are bought for a limited number of reasons. "In almost every acquisition the buyer is looking for market share, earnings, cash flow, strategic advantage, or some kind of synergy, either alone or in combination," says Sam Kaplan, president of Central Chase Associates LLC in New York City, who has bought and sold upwards of 50 businesses in his career, either on his own or with partners. Setpoint has little to offer Petersen in terms of those criteria. Yet Setpoint does have one asset that Steve Petersen, at least, would be willing to pay a substantial price for—namely, a particular type of corporate culture.

Support The second tool provides the corporate entrepreneur with the support and necessary "go ahead" from higher management as well as the cooperation of peers and subordinates. If the project will cut across organizational lines, support and collaboration from other departments is needed. For example, interdepartmental meetings and training sessions that bring people together can provide the opportunity to build support for projects. Organizations can remove the fear to fail and provide a climate that supports people in taking risks. Resources The third tool provides the resources, including funds, staff, equipment, and materials, to carry out the project. Budgetary channels are the normal vehicle of funding innovation, but in most instances this process is too time-consuming to respond to a project in a timely manner. Some organizations support projects from bootlegged funds budgeted for other projects. Lockheed Aircraft is well known for its "skunk works" projects, and 3M normally requires that a certain percentage of a funded project be devoted to bootlegged projects. "Venture capital" and "innovation banks" also provide support for innovative projects. W. L. Gore and Associates, another example of a highly adaptive company, does not have employees; instead, it has associates, and the company encourages people to develop their ideas into projects. This provides a team focus and authoring of operations. Change does not take place quickly in a strongly established culture. Some of the key factors in changing an ingrained culture are shown in Table 2a. Any changes to the organization's culture must focus on what people value and what they do. Cultural changes become possible if the OD practitioner can get members to behave in new ways.

TABLE 2a Key Factors in Cultural Change

- **Understand the old culture.** Managers can't change their course until they know where they are.
- **Encourage change in employees.** Reinforce people to change the old culture and to develop new ideas.
- **Follow outstanding units.** Recognize outstanding units in the organization, and use them as a model for change.
- **Don't impose cultural change.** Let employees be involved in finding their own approaches to change and an improved culture will emerge.
- **Lead with a vision.** The vision provides a guiding principle for change, but must be bought into by employees.
- **Large-scale change takes time.** It may take three to five years for significant, organization-wide cultural change to take effect.
- **Live the new culture.** Top management values, behaviors, and actions speak louder than words.

TABLE 2b OD Values

- *Respect for people.* Individuals are allowed to function as human beings, perceived as responsible, authentic, and caring. People should be treated with dignity and respect, not just as resources.
- *Trust and support.* Develop an effective, healthy organization characterized by trust, authenticity, openness, and a supportive climate.
- *Power equalization.* Provide opportunities for people to influence their work environment. Effective organizations have less reliance on hierarchical authority and control.
- *Confrontation.* Provide an environment of open communication where problems aren't swept under the rug. Issues and strategies should be openly confronted and decided.
- *Participation.* Provide opportunities for individuals to develop their full potential. The more that people affected by a change are involved in the decisions leading to that change, the more they will be committed to implementing the change.

Determining the Priority of the Goals A third issue involves which of the goals of an OD program is likely to be given precedence. As noted earlier, change programs generally are aimed at improved effectiveness, efficiency, and participant satisfaction. It then becomes necessary to decide how much emphasis, if any, to put on each goal. Are organizational or individual goals to take precedence? This sounds relatively simple in theory, but in practice the executives who are paying for the OD program are frequently under pressure to improve efficiency and profitability, even though they also seek increased participant satisfaction and morale. The question is: How can the OD practitioner help improve the productive efficiency of the organization and at the same time improve the quality of work for its members? So, one challenge for the OD practitioner is to try to develop a balanced intervention—one that considers member rights and well-being along with improvements in productivity. Underlying the challenges and dilemmas of OD is a set of values about the nature of human beings and their positions in an organizational context, as shown in Table 3.2. In this environment of change, OD practitioners face both exciting challenges and serious dilemmas over how to fully meet the changing values and processes of change. There has been a growing concern about the philosophical issues surrounding the field of OD. These issues arise from the basic inconsistencies between the values of OD

practitioners and those held by client organizations. The technology and value system of OD is itself undergoing change and revitalization.31 To sum up, the objectives of OD are to create organizational cultures that are more effective, more potent, more innovative, and better equipped to accomplish both organizational and member goals. The following chapters examine each stage of an OD program and explain them in greater depth.

SUMMARY

- *Change:*

Change is an inevitable consequence of operating in a dynamic environment. For OD practitioners and managers, it is important to recognize that organizational changes can be initiated by organization members (renewing) or as a reaction to external forces (reactive). This chapter focuses on the idea that a key aspect of implementing change is the need to institutionalize the change into organizational value systems. Consequently, the corporate culture is an important element in implementing a change program.

- *Corporate Culture:*

Whether anticipative or reactive, change is likely to be most successful when the organization proceeds with a planned approach that takes the nature of the culture into account. In recent years, corporate culture has been reorganized as a pervasive force influencing organizational effectiveness. Culture has been defined as the shared values and behaviours of organizational members and represents a key factor in implementing planned change in organizations.

- *Planned Change:*

Planned change efforts concentrate on problems of efficiency, effectiveness, and participant satisfaction. The focus of planned change efforts on organizational improvement includes individual behaviour, group and intergroup relations, and overall organizational problems.

- *Cultural Resistance to Change:*

Culture emerges out of the shared behaviours of organization members and the working relationships that have developed over time. An inappropriate culture is often one of the biggest stumbling blocks on the path to adaptation. A culture can prevent a company from remaining competitive or adapting to a changing environment.

• *Tools for Change:*

Three organization tools are required in the adaptive organization: information, support, and resources. Employees need to have information or the ability to gather information. Support is necessary from higher management, and so is the cooperation of peers and subordinates. Resources, including funds, staff, equipment, and materials to carry out the project, are also required.

• *Goals and Values of OD:*

It is important to understand the underlying goals, assumptions, and values basic to most OD programs. OD programs are aimed at improving and maximizing basic organizational dimensions that affect performance: managerial effectiveness, managerial efficiency, and motivational climate. OD practitioners must consider the ethical consequences of various actions and develop a set of ethical standards to guide them when competing interests collide.

KEY WORDS AND CONCEPTS

• Corporate Culture • Managerial Effectiveness • Managerial Efficiency • Organizational Effectiveness • Professionalism • Motivational Climate • Open-Book Management

THE INTERVENTION PROCESS

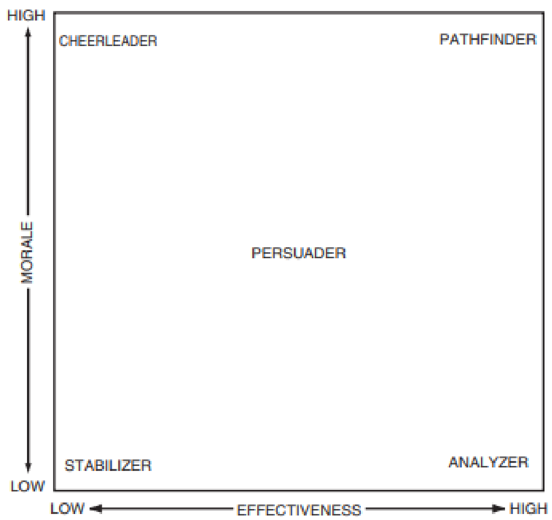
Role and Style of the OD Practitioner

The OD process involves a collaborative relationship between a practitioner and a client system. OD practitioners may have a variety of styles, philosophies, and approaches; they generally perform a certain set of functions with regard to the client system. These functions include:

(1) helping the client determine its current level or state (data gathering),

(2) assisting in a collaborative analysis or problem areas and planning strategies of change (diagnosis), and

(3) intervening and facilitating change from the current level to some ideal or desired level.



See OD in Practice for an example of the consulting process at Bain & Co. Like McKinsey, Bain is a management consulting firm that sometimes does OD-type work. The Readiness of the Organization for OD Upon first contacting the client system, the OD practitioner begins evaluating its receptiveness for an OD program. It is a mistake to assume that all organizations must, and should, have an OD program simply because most organizations can benefit greatly from one. Ironically, the very organizations most in need of such programs are precisely the least receptive. Their inflexibility and insensitivity to the need for change seem almost proverbial: "There are none so blind as those who will not see." Rather than impose organization development upon them, the practitioner needs to wait until key personnel, typically top management in an organization-wide program, decide whether change is really needed. The motivation for a change program is then built in, not artificially contrived. To gauge the preparedness of an organization for an OD program, there are four questions the practitioner needs to answer before venturing further:

1. Are the learning goals of OD appropriate?

2. Is the cultural state of the client system ready for organization development?

3. Are the key people involved?

4. Are members of the client system prepared and oriented to organization development?

Once these questions have been satisfactorily answered, then, and only then, should the practitioner proceed.

The Intervention

Practitioners, whether external or internal, actually begin to intervene when they contact the client system. Intervention refers to a coming between or among members or groups of an organization for the purpose of effecting change. More specifically, intervention refers to an array of planned activities participated in by both the practitioner and the client, including shared observations of the processes occurring between members of a group or of an organization for the purpose of improving the effectiveness of the processes. The intent of the intervention is to alter the status quo. OD practitioner and writer **Richard Beckhard** suggests that a planned intervention consists of "moving into an existing organization and helping it, in effect, 'stop the music'; examine its present ways of work, norms, and values; and look at alternative ways of working, relating, or rewarding." In a very broad sense, stages 2 through 5 of the OD process describe the intervention process. During the course of an OD program there will be many interventions: interventions for gathering data, team-building activities, and so forth, but here we are concerned with the practitioner's initial contact with the client system. The initial contact with the client system is an intervention if for no other reason than it is a message to the organization members that the climate of the organization is under scrutiny and that new and more effective ways of doing things are being sought. The promise of a better future, in itself, can effect change and therefore constitutes an intervention. The practitioner faces many different types of situations when intervening in an organization. These may be categorized in terms of client system support. In the most favourable type of situation, every level of the organization recognizes the need for and supports change programs. In another type of situation, top management recognizes the need for change and provides support, but lower levels are non-supportive or resistant. Still another type of situation occurs when lower levels of the organization are supportive whereas top management is resistant to change.

OD Practitioner Skills and Activities

Activity	Average Use
Team development	2.97
Corporate change	2.91
Strategy development	2.60
Management development	2.45
Employee (career) development	2.04
Technology integration	1.97

Practitioner Skills Profile

The skills that focus on the people-oriented nature of the OD practitioner include:

• *Leadership:*

Leaders keep members focused on key company values and on opportunities and need for improvement. A leader's job is to recognize when a company is headed in the wrong direction and to get it back on the right track.

• *Project Management:*

This means involving all the right people and departments to keep the change program on track.

• *Communication:*

It is vital to communicate the key values to everyone in the organization.

• *Problem-Solving:*

The real challenge is to implement a solution to an organizational problem. Forget about today's problems: focus constantly on the next set of problems.

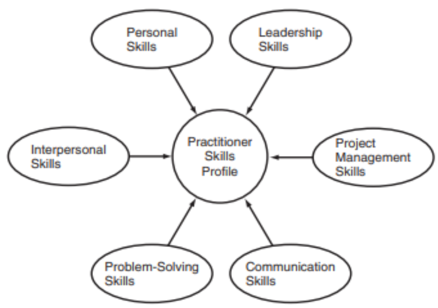
• *Interpersonal:*

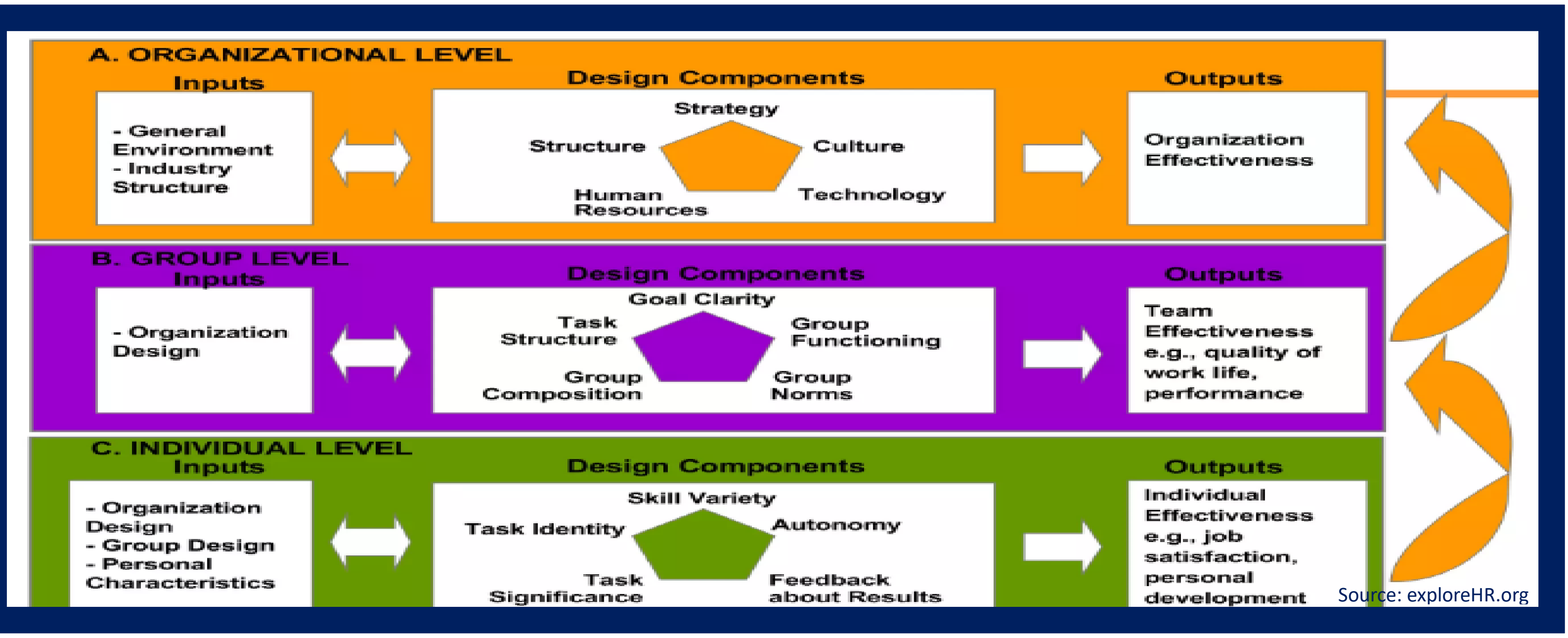
The number-one priority is to give everybody in the organization the tools and the confidence to be involved in the change process. This includes facilitating, building relationships, and process skills.

• *Personal:*

The confidence to help the organization make tough decisions, introduce new techniques, try something new, and see if it works.

The OD practitioner's role is to help employees create their own solutions, systems, and concepts. When the practitioner uses the above-listed skills to accomplish these goals, the employees will work hard to make them succeed, because they are the owners of the change programs.



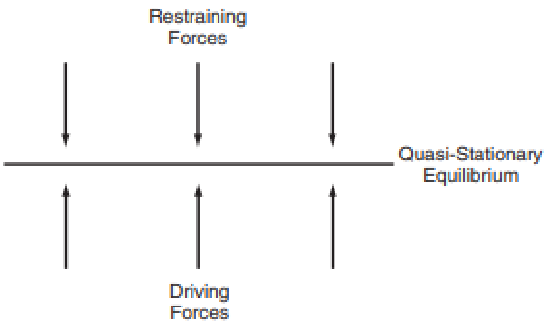


THE DIAGNOSTIC PROCESS

The Force-Field Analysis Model

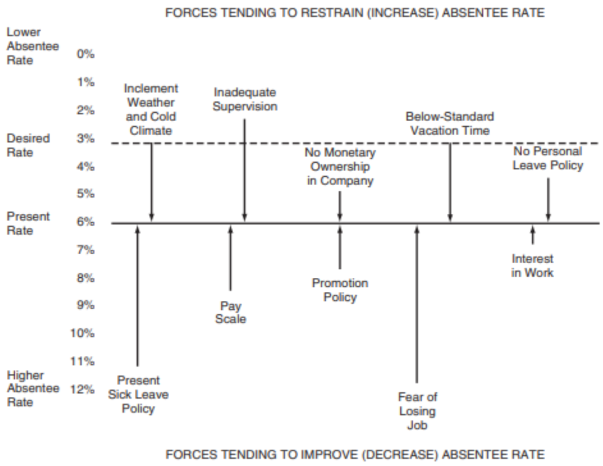
The force-field analysis model, originated by Kurt Lewin, is a general-purpose diagnostic technique. This model views organizational behaviour not as a static pattern but as a

The Force-Field Analysis Model



dynamic balance of forces working in opposite directions. In any organizational situation, there are forces that push for change and forces that hinder change. The forces acting to keep the organization stable are called restraining forces; they put pressure on the organization not to change. Opposite forces, called driving forces, put pressure on the organization to change. If the forces for change and the forces against change are equal, the result is equilibrium and the organization remains stable, as shown in Figure 5.4. Lewin termed this state quasi-stationary equilibrium. This technique assumes that at any given moment an organization is in a state of equilibrium; put differently, it is balanced. Change takes place when there is an imbalance between the two types forces and continues until the opposing forces are brought back into equilibrium. The imbalance can be planned, and specifically brought about, by increasing the strength of some of the forces, by adding a new force, by decreasing the strength of some of the forces, or by a combination of these methods. An example of how force-field analysis can be used may be helpful. The general manager of a hospital employing 300 workers and her immediate subordinates identified the 6 percent daily absentee rate as an area of concern. They determined that a 3 percent absentee rate would be much more acceptable. In other words, they found a "performance gap." After going over the survey results with the OD practitioner, it was decided to use force-field analysis to gain an improved diagnosis of this problem. In a brainstorming session, the work team listed all of the forces tending to restrain and increase absenteeism. The managers made the length of the arrows proportionate to the strength of the forces. They had a choice of several strategies to reduce the performance gap. They could decrease the strength of the restraining forces, increase the strength of the driving forces, or a combination of both. Generally, if the forces that put pressure on people **(such as fear of losing their job)** are increased, the tension within the system will also increase, possibly bringing about stronger resistance and unpredictable behaviour. It is often better to increase forces that do not put pressure on people (for instance, a promotion policy that is more closely tied to an employee's absentee rate), to reduce restraining forces, or to add new driving forces.

Example of the Use of Force-field Analysis



RED FLAGS IN THE DIAGNOSIS

The change strategy and OD intervention techniques follow from the diagnosis. An inappropriate intervention can be very costly. Such programs can disrupt operations, generate resistance or even hostility among employees, and create additional problems. Using the wrong change strategies will either fail to produce the needed changes or lead to unnecessary changes at the expense of the client system. Ineffective change programs are usually the result of an inaccurate diagnosis. The diagnostic phase presents some special problems. Because diagnosis is one of the most important stages in the OD process, the practitioner should be aware of the following warning signals. Confidentiality The issue of confidentiality is a critical problem area in diagnosis. As noted in the discussion of practitioner ethics, the relationship is based upon privileged communication between client and practitioner. This often represents information that may be potentially damaging. The practitioner is entrusted with private information about the client. In one case two practitioners carried on a casual conversation in the elevator about sensitive material revealed to them by the CEO, only to learn later that they had been overheard by an attorney who was a close personal friend of the CEO. There are many similar examples indicating that practitioners cannot be too careful about how they handle confidential information. This goes back to the trust that the practitioner must be able to develop with organization members. The Over-Diagnosis Sometimes a diagnosis goes on for so long that it is impossible to adopt a corrective program. The term "analysis paralysis" best describes this situation. The diagnosis itself may become a ritual of continual analysis. An executive at one company, for example, commenting on his company's tendency to over-diagnose problems, said, "Everything has to be studied to death." The diagnosis may continue to a point where so many problems are identified that the client is overwhelmed by the complexity of the situation. While diagnosis is an important step, it can also be a delaying factor and prevent change programs from even getting started. In most situations, there are several problems that need correction. But if managers are faced with too many alternatives, the most important ones may be obscured or overlooked. The Crisis Diagnosis the OD practitioner is often in danger of falling into the trap of attending only to the immediate, short-term crises that the client sees as immediate and important. Energy is often wasted on fighting symptoms or dealing with small crises as a way of avoiding the long-run change programs necessary to develop a more effective organization. Because of time pressures, a practitioner may go through an organization in a few days and quickly diagnose the problems. This often results in dealing only with the conspicuous problems, whereas more important but less visible ones may be missed. The Threatening and Overwhelming Diagnosis an OD practitioner interacting with a client system and beginning to perceive possible problem areas may confront the client about them. There is a danger, however, that the practitioner may come across so blunt or so strong that the relationship with the client is weakened. Clients sometimes find it difficult to face and accept information about problem areas. The client may also be inundated with more information than can be dealt with in a meaningful way. If the diagnosis is too threatening or overwhelming, the client may resist or reject the entire change program. The Practitioner's Favourite Diagnosis Practitioners have a tendency to fall victim to their own biases and selective perceptions. This may result in imposing a special or favourite diagnosis regardless of the nature of the problem. As an example, some practitioners see all problems as caused by organizational structure regardless of the actual circumstances. Other practitioners see every problem as arising from interpersonal behaviour. The tendency to impose a favourite diagnosis on problems must always be kept in mind. Over-reliance on a favourite technique may so distort the problem so that it is impossible to find a solution. Variables that do not fit in are disregarded, and a well-designed solution is formulated for something that is not a problem.

SUMMARY

Diagnosis. Organizational diagnosis is one of the most critical and difficult elements in the OD process. Diagnosis has this importance because it leads to problem-solving action. A weak or inaccurate diagnosis prevents the practitioner and the client from identifying underlying forces and multiple causality that would enable them to specify the nature of the problem.

• *Data Collection:* Intervention and data gathering take place throughout an OD program. Decisions about what information to collect and how it should be collected are difficult and important. No data-gathering method is right or wrong in itself; each method has its limitations as well as its strong points. The process of collecting information is an important step in an OD program because it provides a foundation for diagnosing problems and selecting change strategies and techniques. What must be determined is whether a given method is most appropriate for the specific objectives and climate of each unique situation.

• *Problem-Solving:* In diagnosing an organization's problems, the practitioner and the client try to specify the problems, determine the underlying causes, and identify the opportunities for change. The practitioner sorts out factual from nonfactual information and searches for multiple sources of the problem condition. The outcome is an explicit and specific diagnosis upon which to base change efforts.

• *Diagnostic Process:* Diagnosis is not a simple process, because it encompasses both the client's needs and the system problems. The diagnostic process involves identifying the problems and assessing the readiness for change in the client system. It requires an understanding of the client's viewpoint. The practitioner must apply a system's approach by specifying the interrelationships of various elements of the client system. This requires organizing the available data or evidence into meaningful patterns.

• *Diagnostic Models:* Several diagnostic models have been described, including the analytical model, the emergent-group behaviour model, the sociotechnical systems model, and the force-field analysis model. The practitioner uses these models to facilitate the analysis of client system problems. The important factors and models in the diagnostic process have been described. This stage provides the foundation for subsequent OD interventions.

• *Implementation:* The practitioner needs maximum participation in the diagnostic process from members of the client system and needs to consider the impact of the diagnosis upon the relationship with the client. Since the practitioner may confront the client with unpleasant facts, the more objective the data and the more the analysis includes both strengths and weaknesses, the better the resulting OD program will be. During the diagnostic phase, the practitioner should be alert for danger signals or red-flag conditions.

DIAGNOSTIC MODELS

The Analytical Model

Most organizations are composed of departments or divisions; that is, the organization is made up of differentiated functions or units that must be integrated into a unified effort if the organization is to be effective. The tasks the units work on can be examined in respect to four characteristics of the organization's environment:

(1) the degree of departmental structure,

(2) the time orientation of members,

(3) the interpersonal orientation of members toward others, and

(4) organization members' orientation toward goals

The Emergent-Group Behaviour Model

The emergent-group behaviour model is based primarily on a complex pattern of behaviour consisting of activities, interactions, sentiments, and norms develops from the set of behaviours and relationships required to perform the work of the group. Another complex set of behaviours emerges in addition to those that are required, such as social activity. These behaviours may or may not assist the group members in the performance of their duties. The emergent-group behaviour model helps in understanding how teams operate. This model gathers observations and information on these four characteristics and uses them to diagnose problems among or within teams.

The Management Practitioner Model

It analyses six basic factors:

Basic planning. Do they have a mission, vision, and goals?

General business practices. Do they have appropriate management systems?

Finance. Are they operating with timely, accurate financial data, and plans?

Advertising and promotion. Are they aware of the link between advertising and sales?

Market research. Are they aware of their competitors' strategies and policies and their customers' needs?

Personnel. Do they have appropriate systems for recruiting, training, and retaining human resources?

The Sociotechnical Systems Model

every organization comprises a social system consisting of the network of interpersonal relationships and a technological system consisting of the task, activities, and tools used to accomplish the organization's purpose. These two systems—the social system and the technological system—are interrelated and interdependent. The diagnosis determines how they interrelate, with emphasis on the feedback or lack of feedback between the various subsystems.

Cause Maps and Social Network Analysis Model

Cause maps are mathematical representations of perceived causal relationships among variables. First, a list of the most important factors (such as quantity, speed, frequency, quality, and morale) is generated through group discussion. Then participants are asked to identify the causal relationships among the variables. The results are incorporated into a matrix of relationships. The social network analysis model is based upon a mathematical representation of the relations between individuals or groups (such as a marketing department). Analysis of the causal makeup of the organization and the specific interdepartmental relationships provides knowledge about important interdependencies.

KEY WORDS AND CONCEPTS

• Analytical Model • Cause Maps • Clique • Closed Questions • Confidentiality • Data • Diagnosis • Directed Interview • Driving Forces • Emergent-Group Behaviour Model • Equilibrium • Force-Field Analysis Model

OVERCOMING RESISTANCE TO CHANGE

THE LIFE CYCLE OF RESISTANCE TO CHANGE

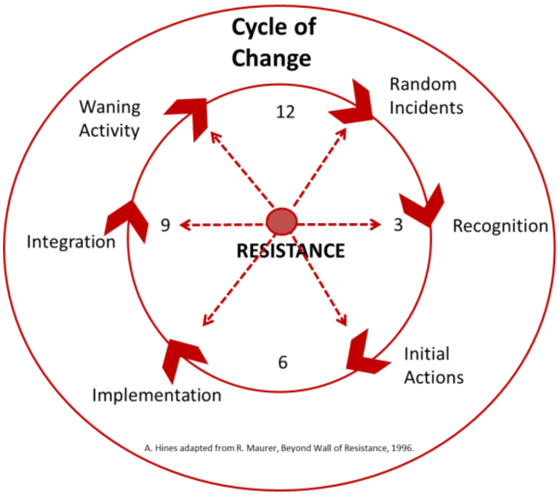
Organization programs such as downsizing, reengineering, and total quality management (discussed in future chapters) involve innovations and changes that will probably encounter some degree of resistance. This resistance will be evident in individuals and groups in such forms as controversy, hostility, and conflict, either overt or covert. The response to change tends to move through a life cycle.

Phase 1

In the first phase, there are only a few people who see the need for change and take reform seriously. As a fringe element of the organization, they may be openly criticized, ridiculed, and persecuted by whatever methods the organization has at its disposal and thinks appropriate to handle dissidents and force them to conform to established organizational norms. The resistance looks massive. At this point the change program may die, or it may continue to grow. Large organizations seem to have more difficulty bringing about change than smaller organizations. One of IBM's business partners has said, for example, that trying to get action from IBM is like swimming through "giant pools of peanut butter."

Phase 2

As the movement for change begins to grow, the forces for and against it become identifiable. The change is discussed, and is more thoroughly understood by more of the organization's members. Greater understanding may lessen the perceived threat of the change. In time, the novelty and strangeness of the change tends to disappear.



Phase 3

In this phase there is a direct conflict and showdown between the forces for and against the change. This phase will probably mean life or death to the change effort, because the exponents of the change often underestimate the strength of their opponents. Those in an organization who see a change as good and needed often find it difficult to believe how far the opposition will go to put a stop to the change.

Phase 4

If the supporters of the change in power after the decisive battles, they will see the remaining resistance as stubborn and a nuisance. There is still a possibility that the resisters will mobilize enough support to shift the balance of power. Wisdom is necessary in dealing with the overt opposition and also with the sizable element who are not openly opposed to the change but also not convinced of its benefits.

Phase 5

In the last phase, the resisters to the change are as few and as alienated as the advocates were in the first phase. Although the description of the five phases may give the impression that a battle is being waged between those trying to bring about change and those resisting the change (and sometimes this is the situation), the actual conflict is usually more subtle and may only surface in small verbal disagreements, questions, reluctance, and so forth. To better understand the phases, see The Five Phases of Resistance to Change in Action. Regardless of how much resistance there is to the organization's change program, the change will to some extent evolve through the five phases described above.

THE FIVE PHASES OF RESISTANCE TO CHANGE IN ACTION

PHASE 1

In the 1970s the environmental movement began to grow. The first Earth Day was held in 1970. Widespread interest in environmental concerns subsided during the 1980s. Some political officials neglected environmental concerns, and environmentalists were often portrayed as extremists and radicals. The forces for change were small, but pressure for change persisted through court actions, elected officials, and group actions.

PHASE 2

Environmental supporters and opponents became more identifiable in the 1980s. Secretary of the Interior James Watt was perhaps the most vocal and visible opponent of environmental concerns and served as a "lightning rod" for pro-environmental forces like the Sierra Club and the Wilderness Society. As time passed, educational efforts by environmental groups increasingly delivered their message. The public now had information and scientific data that enabled it to understand the problem.

PHASE 3

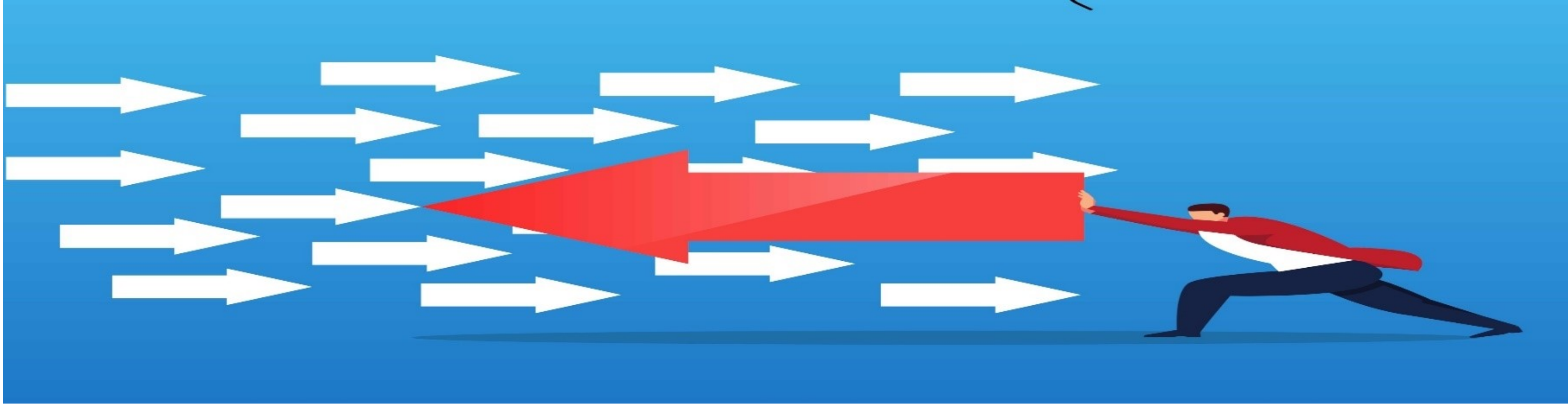
The Clean Air Act passed by Congress in 1990 represented the culmination of years of confrontation between pro- and anti-environmental forces. The bill was passed several months after national and worldwide Earth Day events. Corporations criticized for contributing to environmental problems took out large newspaper and television ads to explain how they were reducing pollution and cleaning up the environment. The "greening" of corporations became very popular.

PHASE 4

One example is the confrontation between Greenpeace (an environmental group) and Shell Oil. The Greenpeace group had been campaigning for weeks to block the Royal Dutch/Shell group from disposing of the towering Brent Spar oil-storage rig by sinking it deep in the Atlantic Ocean. As a small helicopter sought to land Greenpeace protesters on the rig's deck, Shell blasted high-powered water cannons to fend off the aircraft. This was all captured on film and shown on TV around the world. Four days after the incident, Shell executives made a humiliating about-face; they agreed to comply with Greenpeace requests and dispose of the Brent Spar on land. This incident, like. the Exxon Valdez oil spill, shows how high-profile cases can ignite worldwide public interest.

PHASE 5

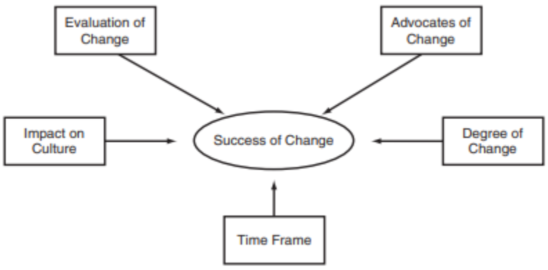
Much of the world now sees environmentally responsible behaviour as a necessity. Near-zero automobile emissions are moving closer to a reality. Recycling has become a natural part of everyday life for many people. But new ways to be environmentally responsible are still being sought.



LEADING CHANGE

Changing an organization involves modifying its existing systems, structure, and culture to some different standard or level of performance. The purpose of change is to increase the organization's effectiveness or even to ensure its survival. Most managers agree that if an organization is to continue to be excellent, it must continually respond to significant environmental developments.

Change Factors



Some managers consider change to be so critical to the success of the organization that they continuously search for ways to make positive organizational changes. The major factors affecting the success of change include advocates of change, degree of change, time frame, impact on culture, and evaluation of change (see Figure).

Advocates of Change

The person who spearheads a change program is very often the most important force for change. The change advocate may be a CEO for a companywide change program or a manager for a divisional change. In some situations, an internal or external OD practitioner may be brought in to assist in the change project.

Degree of Change

A second change force is the projected extent of the change. Is it relatively minor, such as a change in sales order forms? Or is it a major, such as a new product line or downsizing? The greater the degree of change, the more difficult it is to implement successfully.

Time Frame

The length of time in which the change program is to be implemented is the third factor in the change process. The change may be minor and implemented over several months or years, or it may be a significant change that is implemented immediately. In general, the more gradual the change and the longer the time frame, the greater the chance of success. Some organizations, however, have become so ineffective that any chance they have for survival depends on radical change introduced swiftly.

Impact on Culture

The fourth factor in a change program is the impact on existing systems and culture. The greater the impact on the existing culture and norms, the greater the amount of resistance that is likely to emerge, and thus the more difficult it will be to implement the change program. As an example, the breakup of AT&T caused a problematic situation in which senior employees sometimes clashed with newer workers. The senior employees had been brought up in an environment where competition meant getting in a request for a rate increase on time. When what is now Verizon Communication Corporation was a division of the AT&T system, there was a manual covering virtually every contingency. The manual, in three-ring binders, took up about 24 feet of shelf space, and the section on "How to Properly Take an Order" was more than 1,200 pages long. A system like this attracts and breeds a certain kind of person. After years in such a system, change becomes difficult. One manager said, “This certainly isn’t the cruise ship I signed up for 30 years ago.”

Evaluation of Change

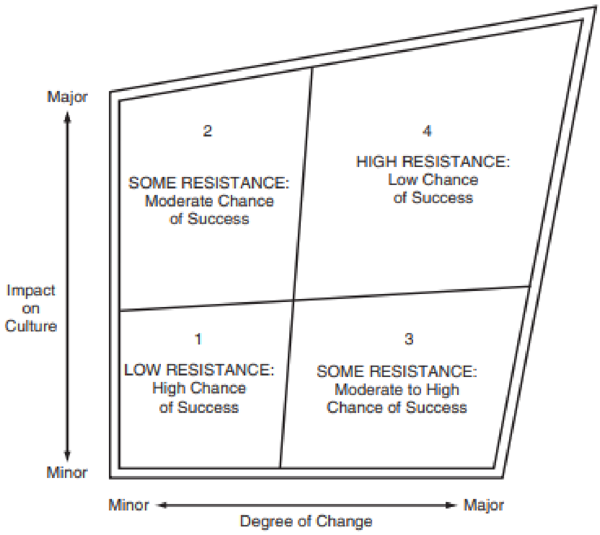
Finally, the last force in the change process is the system for evaluating the change. Standards or levels of performance are developed to measure the degree of change and its impact on the organization’s effectiveness.

A CHANGE MODEL

Two major considerations in organizational change are the degree of change and the impact on the organization’s culture. Implementation is difficult and resistance can be expected whenever a change involves a significant impact on the organization’s traditional behaviour, power, culture, and structure. The degree of change and the impact on the existing culture are shown in the change model in Figure . The areas in the divisions of the figure show how much resistant is encountered in four possible change situations.

1. Minor change, minor impact on culture: When the change to be introduced is relatively minor and the impact on the existing culture is small, resistance will be at the lowest level and success will be most probable.
2. Minor change, major impact on culture: When the change is minor but the impact on the culture is high, some resistance can be expected, depending on the size of the threat and the speed of the change.
3. Major change, minor impact on culture: When the change is major, but the impact on existing culture is minor, some resistance is likely, but good management can probably overcome it.
4. Major change, major impact on culture: When the change is large and the impact on the existing culture is high, the greatest resistance can be predicted.

Change Model



The larger the area, the greater the resistance

Concomitantly, the probability of success is low. Experience suggests that both the level of resistance and the time needed to implement change tend to be underestimated. An alternative plan, assuming the organization has the time, is to break the change into smaller components that can be introduced over a longer time. Each component will encounter low resistance because it represents only a small degree of change and has a small impact on the culture.

DRIVING FORCES TOWARD ACCEPTANCE OF A CHANGE PROGRAM

Driving forces are anything that increases the inclination of an organization to implement a proposed change program. They vary in intensity, depending on the specifics and the immediate situation. Some driving forces help to create the need for a change program or energize its initiation; others develop later, as the change program progresses.

Dissatisfaction with the Present Situation

Organizations sometimes find themselves in a similar situation; that is, they realize that they are unhealthy or ineffective. The more intense the dissatisfaction with the present situation, the greater the motivation to change. Members of an organization who are dissatisfied with their personal positions may push for change in the belief that things cannot get much worse.

External Pressures Toward Change

An organization does not exist in a vacuum. It is part of a larger external environment that imposes certain forces upon it. Sometimes external pressures will cause the organization to change some of its methods of operation. These pressures range from voluntary actions to involuntary legal requirements. In industry, the corporation may need to adopt new technologies to remain competitive, or may be required by law to make a change necessitated by environmental or civil rights legislation. International competition and lowering of trade barriers are probably doing more to force changes on organizations than any other external force. The newest technologies, such as electronic communications, the Internet, and computer software, are by their very nature products without boundaries.

OUR CHANGING WORLD: GLOBALIZATION OF THE WORLD'S BUSINESS

Of the 100 largest economies in the world, 53 percent are multinational corporations, the other 43 percent are nations. The world's largest company in terms of sales is Exxon Mobil Corp., and its annual revenues exceed the gross domestic product of 200 of the world's 220 nations. Wal-Mart is the world's largest private employer, with 1.5 million employees in 3,500 stores around the world. It is also the world's largest retailer and plans to open nearly one store a day for the next year. Much has been reported in the general media and especially in business and economic publications about globalization and the effect it is having on businesses, competition, governments, workers, societies, and cultures. There are several books devoted to the subject, one of which is Global, Inc. The authors describe the book as "An Atlas of the Multinational Corporation" and an effort "to conceptualize and to see globalization in a historical perspective." For businesses, governments, and employees, this book and material like it are helpful in obtaining data that show the challenges and potentials of globalization. Getting as much data as possible about globalization can help a business deal with the changes that will undoubtedly result.

WHY GLOBALIZATION NOW?

Globalization is not a new concept on the landscape. World trade was going on even before the first caravans brought silk from China to Europe, and in the sixteenth century European explorers set out to find a better route to Asia for the profits to be made in the spice trade. Globalization lumbered along for 500 years or so until the last 30 years, when it really picked up speed. Globalization has experienced exponential growth due in part to phenomenal improvements in communications and transportation, more efficient global banking systems, surpluses in capital in the United States, Japan, and Europe, and worldwide lowering of trade barriers. FACTS AND FIGURES As evidence of the rapid changes in globalization, there were about 2,400 multinational companies (MNCs) in 1869. By 1969, 100 years later, the number had tripled to 7,258. Approximately 30 years later the number of multinationals had grown by a factor of nearly nine to above 63,000. Today the 1,000 largest accounts for 80 percent of the world's industrial production. The nature of the MNC has also changed. In 1962, almost 60 percent of the 500 largest corporations were based in the United States. Today, only 37 percent of MNCs are U.S.-based. Japan accounts for about 21 percent, and Europe has 25 percent. Perhaps more important, MNCs are emerging in developing countries, all reaching out for a piece of the pie. MNCs help create markets by employing workers worldwide; 90 million people in all countries and 20 million in developing countries are employed by MNCs. They pay more than $1.5 trillion in wages and more than $1.2 trillion in taxes to governments.

Momentum Toward Change

When a change program is under way, certain forces tend to push it along. An OD program is built around involvement. The members of an organization play a major part in directing the change, and those involved in orchestrating the change will probably become committed to the program. Since change programs usually do not come cheap, an organization that spends money to begin a change will probably want to continue in order to get its money's worth. Once a change program is under way in one part of an organization, it may set off a chain reaction requiring or permitting changes in other parts of the organization. This is often the case with self-managed work teams, which are usually set up on a trial basis within a department. Other workers, hearing of the teams, may ask for self-managed teams in their units so they can participate. This notion of change is compatible with the OD fundamental that effective change is organization-wide, or if the change is in a subpart of an organization, the subpart is reasonably well isolated.

Motivation by Management

The manager or advocate of change should not be overlooked as a motivating force. A CEO's words of assurance and encouragement to the department managers can have a strong motivating effect. More experienced and senior managers may have been involved in other planned change programs, but for some employees this may be the first major planned change program. Participants in the change program may be discouraged by the seemingly slow pace at which the change is moving, or, after having been involved in the diagnosis of problems, they may be overwhelmed by the variety and magnitude of the problems. The behaviour of key managers can often be a motivating force, especially if others hold them in high esteem. Members of the organization may be closed, untrusting, and dishonest in their relations with one other, whereas the change advocates believe that effective organizations are built on openness, trust, honesty, and collaboration. If the advocates of change personally behave in this manner and are held in high regard, others may change their own behaviour.

RESTRAINING FORCES BLOCKING IMPLEMENTATION OF CHANGE PROGRAMS

In addition to the driving forces of change, implementation of any OD change program needs to take account of the restraining forces of change. The advocates of the change may assume that everyone will actively support the change because its goals are worthwhile, but this is sometimes not what happens. Since change always alters the status quo, managers should anticipate some employee resistance and plan for this eventuality in the change strategy. The failure of management to win acceptance of the proposed changes can be one of the most significant hindrances to an OD change program. The success of organization development programs may depend to a great extent on the ability of those doing the planning. Managers can benefit from the knowledge of sociologists, social psychologists, and cultural anthropologists who have studied the process of change. Resistance to organization development programs is a complex rather than a simple problem; it is the cumulative effect of many factors that make up the acceptance or rejection of change.

Uncertainty Regarding Change: "The Comfort Zone"

Organization members may have a psychological resistance to change because they want to avoid uncertainty. Past ways of doing things are well known and predictable, and unwillingness to give up familiar tasks or relationships may cause resistance. Many people feel comfortable doing things the same way as always—"**the comfort zone**."

Fear of the Unknown

A large part of the resistance to change stems from a fear of the unknown. People become anxious when they have to exchange the old and familiar for something new and uncertain. Lack of information or understanding often leaves a vacuum that is filled by rumour, speculation, and insecurity.

Disruption of Routine

Proposed changes that disturb habitual routines or patterns are likely to encounter resistance because human behaviour is governed largely by habit and routine. If a person tries to cope with a situation and succeeds, that person will usually continue to operate in the same way. The familiar is preferred, and this is especially true when the established behaviour has been successful until now. There is little incentive to change when the old way seems to work. Once habits and attitudes are firmly established, they become the framework through which people respond to their environment and to new ideas. Situations in conflict with the old attitudes are altered and perceived in a way that is congruent with them. The old adage "We hear what we want to hear" has some degree of truth. People may conveniently forget some learning if it is in conflict with their present behaviour. The notion of selective perception means that people will successfully resist and negate the possible influence of new information upon their earlier attitudes and behaviour.

Loss of Benefits: "What's in It for Me?"

When a change causes employees to feel pressured, they may interpret the change as a loss of individual security. There may be an emotional loss associated with the change, a loss of the former "comfort zone." Any proposed change is more readily accepted if it promises to benefit those affected by it, but the motivation of top management to change may not be shared at the operating level. In some cases resistance may be due to a lack of interest or practical appreciation of the reason for the change. In a similar vein, the expectations of a group will influence its reception of a proposed change. A group that favours a change and expects to benefit will change more readily than one that starts with a negative attitude. People affected by a change tend to resist unless they see the need for it. OD practitioner Lynda McDermott comments, "My experience of organization change is that typically the focus is on what's in it for the organization, but to counter resistance to change there has to be a focus, for some period of time, on what's in it for the individual."

Threat to Security Change

sometimes results in a disadvantage to an individual employee or group, and people tend to resist change that threatens the security of their environment. There may be concern about vested interests, such as loss of the job, reduced promotional potential, change in career opportunities, reduced wages or benefits, or greater job demands. There are many instances of work groups withholding a secretly invented tool or improved work method from management for fear the job will be restructured and people laid off or transferred. These fears induce a loss of security and result in resistance to change.

Threat to Position Power

Any change that causes a manager or group to "lose face" will be resisted. Changes that threaten to lower the status or prestige of the individual or group will probably meet with resistance. For example, a department manager is not likely to favour a change perceived as reducing his or her sphere of authority. A former CEO of General Motors referred to the tens of thousands of managers made complacent by the golden days of GM as the "frozen middle." Where a proposed change appears to be detrimental to the vested interest of any group, the group will resist the change. Thus, even though a change to an organization's structure may benefit the organization as a whole, functional departments may view the change as a threat to their best interests and therefore resist.

Redistribution of Power

A major factor in resistance to innovation is that reorganization invariably implies a redistribution of power and influence. Individuals or groups who perceive a change as lessening their influence will strongly resist it. Those who have the most to lose will be most likely to disapprove of or resist proposed changes.

Disturb Existing Social Networks

Technical changes are more readily accepted when they do not disturb existing social networks. Friendships, social cliques, or informal teams may be threatened by changes. Research evidence indicates that the stronger the group ties, the greater the resistance to change.

Conformity to Norms and Culture

Norms are organized and shared ideas about what members of an organization should do and feel. The members define the norms and enforce individual behaviour to conform to them. The enforcement is imposed by the individuals and by the group through peer pressure upon those who do not conform. Norms cannot easily be changed because of their strong group support. This is especially true if an individual attempts to change a norm because of the possibility of exclusion from the group. When a person is external to the group (say, an upper-level manager), the change process may be even more difficult because of lack of familiarity with the group. The organizational culture includes the language, dress, patterns of behaviour, value systems, feelings, attitudes, interactions, and group norms of the members. Larger organizations will have subcultures formed around smaller units of work or social groups. According to the system view of organization behaviour, it is difficult to change the ways of behaving in one part of the organization without influencing and being influenced by the other parts (perhaps through resistance). Unless the managers advocating a change begin by considering the possibility of resistance from the organization as a whole, the ultimate acceptance of the change program will be in serious doubt.

Driving Forces and Restraining Forces Act in Tandem

Effective change programs try to increase the driving forces toward acceptance of change and simultaneously to decrease the restraining forces blocking the change. The force field analysis model was discussed as a diagnostic model of change. If the equilibrium point in change is to be shifted to the desired goal, strategies must be implemented that decrease the strength of the restraining forces and concurrently increase the strength of the driving forces. This is analogous to the changes in the weather due to high- and low-pressure systems. The weather is a very dynamic system in which a high-pressure system increases or decreases while a nearby low-pressure system behaves in an opposite manner. Depending on the intensity of the two systems, there can be volatile changes in the weather or more gradual and subdued changes. Organization development differs from weather systems in a variety of ways, one being that the OD practitioner attempts to control the change. Unlike the saying commonly attributed to Mark Twain "Everyone talks about the weather but nobody does anything about it," in OD someone is trying to do something about it.

STRATEGIES TO LESSEN RESISTANCE

The chances of success for an OD program are improved if resistance to change can be minimized. It is important to recognize two things about resistance. First, resistance to change can be predicted. Second, resistance cannot be repressed effectively in the long run. In a change situation, resistance of some type is inevitable. The task of the manager is to creatively utilize the conflict resulting from the resistance for the organizational good. In other words, since it is unwise and even futile to try to repress conflict, the objective is to turn the energies generated by the anti-change resistance to good advantage.

A manager can, however, minimize the threat that underlies resistance. Certain steps can be taken to make resistance creative for the organization and to reduce resistance. The OD in Practice above is an example of how DuPont initiated a change program at one of its facilities. Resistance to change is a signal that something is not working in the implementation of the program. The signals include delays and inefficiencies, failure to produce anticipated results, or even efforts to sabotage the change program. There are several methods for dealing with resistance to change.

Education and Communication

An effective communication program can minimize the uncertainty and fear of the unknown associated with change. (See B.C. comic strip.) The lack of reliable information leads to rumours and uncertainty. Information concerning the what and why of the change program should be provided to all organization members. In a survey of 1,500 senior executives from 20 countries commissioned by Fortune magazine, 89 percent believed that the need to communicate frequently with employees will be one of a CEO's top characteristics, compared to 59 percent saying it currently was a top characteristic.19 3M, for example, runs a leadership-development institute where the CEO, James McNerney, is a regular instructor.

Many companies, including Dana Corporation and General Motors, have shown employees commercial television programs on the ability of U.S. companies to compete internationally in an attempt to increase awareness of the need for a change. Employees are much more likely to support changes when they are told about falling sales, sharply rising costs, declining profits, decreasing quality, customer complaints, high absenteeism, and other statistics that compare unfavourably with the competition or where the company would like to be. Change leaders find a way to communicate this information and establish a sense of urgency.

CEO J. T. Battenberg III allowed the union to bring in an independent auditor to examine the factory's books. "I'll do anything to improve communication," he says. "It's important that people have trust." The advantages and rewards of the communication of proposed changes should be emphasized, because opposition to change disappears as the fears it generates are explained away. Once the reasons underlying a change program and how individuals will benefit are made clear, the employees involved can more readily understand and accept the impact of the change.

Create a Vision

In a Fortune magazine survey of senior executives, 98 percent of the respondents said that conveying a strong sense of vision would be an important characteristic for CEOs in the future, compared to 75 percent who describe themselves or their current CEO as having this characteristic now.22 In another survey roup level g1,450 executives from 12 global corporations, the ability to "articulate a tangible vision, values, and strategy" for the firm was deemed the most important of 21 competencies crucial for global leaders Look no further than Steven A. Ballmer, the CEO of Microsoft, who concluded, with 100 in-depth employee interviews under his belt, that it was time to reinvent Microsoft. He explains: "We needed to give people a beacon that they could follow when they were having a tough time with prioritization, leadership, where to go, what hills to take." Ballmer and his boss, chairman William H. Gates III, call it "Vision Version 2," a sweeping overhaul of the thinking and structure at Microsoft. As Gates says: "The Internet has changed everything, and now Microsoft must change too.

Participation of Members

in the Change Program Making sure that the individuals involved in a change are allowed to participate in the decision process rather than forced to go along with it is a basic technique for increasing the acceptance of change. The participation of employees in matters that concern them increases the probability that they will find the program acceptable. People who help to create a program have an interest and ownership in it that is likely to lead to better motivation and understanding. CEO A. G. Lafley of Procter & Gamble Co. says about his approach to bringing about change, "I avoided saying P&G people were bad. I enrolled them in change.

Facilitation and Support

Reinforcing the change process and providing support for those involved in it is another way managers advocating change can deal with resistance. If the situation allows, managers can arrange promotions, monetary rewards, or public recognition for those who participate in the change program.

Negotiation, Agreement, and Politics

Another technique to lessen resistance is to negotiate with potential resisters. Some examples include union agreements, increasing an employee's pension benefits in exchange for early retirement, transferring employees to other divisions instead of laying them off, and negotiating agreements with the heads of the departments that will be affected by the change. Political alliances can help reduce the resistance to change. Building a coalition, just as politicians do, of people who hold divergent points of view can be a powerful force for change. To win an election or get a piece of legislation passed requires that a politician reach out and get support from not only his or her core base but also from other individuals and groups. Similarly, a manager seeking to make a change on the production line or a CEO implementing a strategic change must not only go to the loyal following but should forge alliances with many other people and groups. Compromise, reciprocity, and trade-offs may be necessary parts in building political alliances.

Leadership

The leadership of key managers in the organization is critical. Today's executives can not have an emotional commitment to the past. They cannot be afraid to shake things up. An example of the role of leadership in bringing about change comes from Continental Airlines. Its former president, Greg Brenneman, says that when he took over he had "never seen a company as dysfunctional as Continental. . . . We saved Continental because we acted and we never looked back. . . . No, we just took out the scalpel and went to work." Brenneman sold his plan to the employees with "energetic zeal," referring to his and the CEO's efforts. Employees affected by a change need to be involved and supportive. Looking again to the Continental example, Brenneman said, "We knew that the two of us [he and the CEO] could not save Continental on our own. But if we could get every employee headed in the same direction, we had a chance." Leaders with loyal followers set high standards and strive to attain exceptional results. Through such methods as empowering employees, the leader is able to accomplish things that he or she could not accomplish if acting alone, as shown by the example of the Continental executives. A number of companies hold management- and employee-development seminars to open up participants to accept changes. Other than the formal leadership in the organization, the support of its informal leaders is also important. Bringing in informal leaders early in the planning stages can build grass-roots support for a change.

Reward Systems

Flexible reward systems that take account of the differences between individual employees can win acceptance of changes. Profit-sharing, bonuses, skill- and knowledge-based pay, gain sharing, and stock-ownership plans have recently become more common in large and small businesses.30 Profit-sharing uses the performance of the business to calculate pay. Knowledge-based pay or skill-based pay uses the knowledge or skills a worker has to determine pay. Gain sharing recognizes the value of a specific group of workers based on measurable characteristics that become the basis for calculating pay. The members of the group typically share the rewards equally. Employee stock-ownership plans (ESOPs) use formulas of various kinds to grant stock or stock options to a broad segment of employees.

Profit-sharing, knowledge-based pay, gain sharing, and ESOPs often use sophisticated and elaborate formulas to calculate the pay or amount of stock. Compensation consultants and lawyers are often brought in to help set up the plans.

Explicit and Implicit Coercion

People are sometimes forced to go along with a change by explicit or implicit threats involving loss of jobs, loss of promotion, or raises. When the president of one company ordered its managers to participate in a quality improvement program, they sat with their backs to the conference table. In some situations, employees who refuse to change may be dismissed or transferred. Such methods, though infrequent, pose risks and make it more difficult to gain support for future change programs.

Climate Conducive to Communications

Creating a climate where everyone involved in a change program feels free and not threatened to communicate with others can minimize resistance in the long run. Attitudes of respect, understanding, and communication will help to break a cycle of reciprocal threat and aggressiveness on the part of the resisters and the advocates of the change program. A climate that focuses attention on the basic issues and the relevant facts and ensures that parties do not sit in judgment of each other will more likely be productive.

Power Strategies

OD practitioners have historically been reluctant to deal with the use of power in organizations. To some extent, power strategies are antithetical to OD values. But most organizations operate within a system of some type that sanctions and uses power, and the organization's members are motivated to some extent by the perceived power of the organization. It may be necessary to use the power structure in an organization to persuade its members of an OD program's worthiness.

SUMMARY

- *Change:*

The bottom line is that today's organization must focus on what has to be changed. A radically new environment demands radically new forms of organization and ways of managing. In this chapter, we have examined some of the forces motivating individuals toward change, some factors that restrain the likelihood of change, and some change strategies that foster acceptance. The process of change is made complex by the interaction of social, technical, and psychological factors. People often become satisfied with the status quo and react with insecurity or anxiety when change occurs.

- *OD Strategy:*

Motivating the organization toward change is an important factor to be considered before the implementation of any OD strategy. Some resistance to proposed changes may arise from perceived threats (real or unreal) to personal security.

- *Resistance:*

Resistance to change is usually a reaction to the methods used in implementing a change rather than an inherent human characteristic. People tend to resist changes that do not make sense to them or that are forced upon them against their will. Certain factors, such as loss of security or status, lead to resistance to change. There are ways to reduce this resistance, including good communication and participation in the change process.

- *Acceptance:*

Acceptance of change can be improved when certain conditions are present that minimize the threat or discomfort of a proposed change. These conditions include careful planning and thorough communication of the change to the target individual, group, or system. The degree of acceptance also increases when others are allowed to participate in making a self-designed change program. The probability that a change will be accepted is increased if the manager can create a climate in which people feel free to change rather than coerced.

PROCESS INTERVENTIONS

Process interventions are an OD skill used by OD practitioners, whether managers or OD professionals, to help work groups become more effective. The purpose of process interventions is to help the work group become more aware of the way it operates and the way its members work with one another. The work group uses this knowledge to develop its own problem-solving ability.9 Process interventions, then, aim at helping the work group to become more aware of its own processes, including the way it operates, and to use this knowledge to solve its own problems.

GROUP PROCESS

The foundation of process interventions is the study of how groups and the individuals within groups behave. Whereas group content is what a group does (its task), group process is how the group goes about accomplishing its task. Process interventions help the work group solve its own problems by making it aware of its process. The interventions focus on five areas crucial to effective organization performance: communication, member roles and functions in groups, group problem-solving and decision-making, group norms and growth, and leadership and authority.

Group Level Intervention

Source: Springer Link

Group Process Intervention

The manager uses several techniques to analyse the communications processes in a work group.

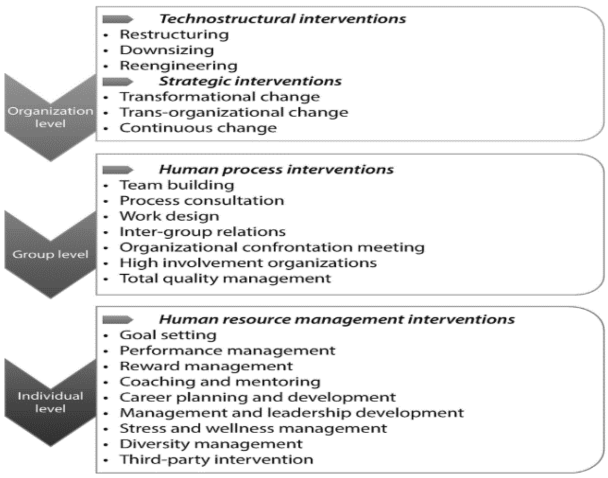
• *Observe:* How often and how long does each member talk during a group discussion? These observations can be easily recorded on paper and referred to later when analysing group behaviour. It is also useful to keep a record of who talks to whom or to use a sociogram.

• *Identify:* Who are the most influential listeners in the group? Noticing eye contact between members can give insights on the communication processes. Sometimes one person, and perhaps not even the person who speaks most frequently, is the one focused on by others as they speak.

• Interruptions: Who interrupts whom? Is there a pattern to the interruptions? What are the apparent effects of the interruptions? The manager will probably share this information with the group to enable the members to better understand how they communicate with one another. The actual timing of when to provide feedback to members is a judgment call by the manager. Feedback may be given intermittently during the meeting or at the conclusion of the meeting.

Group Process Interventions

And the information need not have be based on a formal team meeting; it may have been gathered outside of meetings, such as during the normal workday. The purpose of feedback



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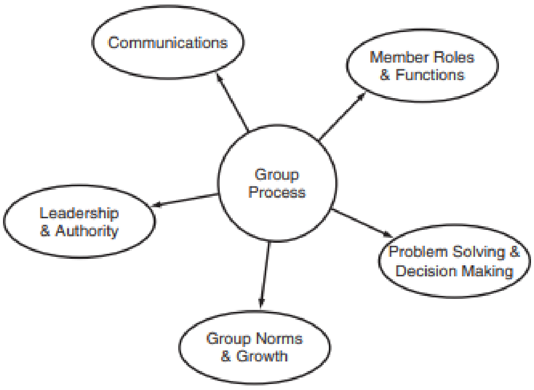


is to enable group members to learn about the way they communicate with one another.

Problem-Solving and Decision-Making An effective work group must be able to identify problems, examine possible actions, and make decisions. Problem-solving begins with gathering the necessary information and identifying problem areas. Alternatives are then generated, along with forecasts of possible results. An alternative is chosen, and a detailed plan of action is formulated. The decision is implemented, and finally an evaluation of the decision is made. Groups can use several methods to reach decisions. One common method is to take a vote and let the majority rule. Although often expedient, this may leave issues unresolved and some members disenfranchised. When the decision is implemented, some participants may not be completely supportive. Another method that groups use to make decisions is through consensus. A decision made by group consensus is one that all the members have shared in making and one they will support and buy into even though they may not be totally supportive. This is the ideal decision method, but it is the most difficult to obtain. Group consensus is not the manager getting advice from subordinates and then making the decision. Group consensus is especially effective if the acceptance and cooperation of the group members are required because they are the one who will carry out the decision. A manager's process interventions help the group to understand how it makes decisions and the possible consequences of making decisions in that way. Process interventions do not involve the content of the decisions; they focus on how decisions are made.

Group Norms and Growth

Norms are the organized and shared ideas regarding what group members should do and feel, how this behaviour should be regulated, and what sanctions should be applied when behaviour does not coincide with social expectations. Process interventions help the group understand its norms and whether they are helpful or dysfunctional. As the members of the group continue to meet, they move forward from the acquaintance stage to become an effectively functioning team. The group will grow as the members become more supportive, use member talents and resources, and understand how the group operates and improves upon its decision-making process.

Leadership and Authority

Process interventions help the work group understand the impact of leadership styles and authority issues. As a team goes about its task, a leader will emerge to perform a leadership function, then move back into more of a follower role. Another person will emerge and perform another leadership function, and so on. Consequently, leadership functions are widely shared among team members. As the earlier example of the top-executive meeting at P&G illustrates, an outside observer might have trouble distinguishing the CEO. A manager practicing process interventions encourages others to take leadership roles instead of dominating all the leadership functions. Although the work group is likely to have a formal leader, there will probably also be some informal leaders. Group members will share the leadership functions; for example, the members who perform the functions of gatekeeping, summarizing, or some other task or maintenance function are all behaving in the role of leader.16 See the following Our Changing World for an example of how Shell is building leadership at the "coal face."

OUR CHANGING WORLD: GRASSROOTS LEADERSHIP COMES TO SHELL

Royal Dutch/Shell (Shell) has **over 100,000 employees** in worldwide operations in 130 countries. It has a market capitalization of around $180 billion and annual revenues of $130 billion. Shell has been around for almost 100 years and is quite well known for consistency and . . . being around for almost 100 years—something not too many companies can say. But cutting-edge, fast-moving, and innovative are not the sort of adjectives that are normally used to describe Shell. Traditional, highly structured, and bureaucratic are words more typical of Shell. Steve Miller has the job of transforming Shell. He is the group managing director of the Royal Dutch/Shell Group of Companies. But after several years of efforts to transform itself one layer of management at a time, everything at Shell looked the same for the frontline activities. Shell was not going very far and certainly not very fast. Miller decided he needed to make an end run around the bureaucracy and go directly to employees in the field—or at the "coal face" which is the term Shell applies to its frontline activities. Miller and his team developed a system that brought change to the coal face and then let it spread to the managers above this level. Miller spends more than 50 percent of his time working directly with grassroots employees. For six months Richard Pascale, formerly a faculty member at Stanford Business School, observed and talked to Miller at his home in Houston and his office in The Hague, where Shell is headquartered. The following, which appeared in Fast Company magazine, describes some of the grassroots leadership changes in Miller's own words. CHANGE THE BASICS OF LEADERSHIP In the past, the leader was the guy with the answers. Today, if you're going to have a successful company, you have to recognize that no leader can possibly have all the answers. . . . But the actual solutions about how best to meet the challenges of the moment have to be made by the people closest to the action—the people at the coal face. The leader has to find the way to empower these frontline people, to challenge them, to provide them with the resources they need, and then to hold them accountable. As they struggle with the details of this challenge, the leader becomes their coach, teacher, and facilitator. GRASSROOTS APPROACH We brought six- to eight-person teams from a half dozen operating companies worldwide into an intense "retailing boot camp." One example, from Malaysia: In an effort to improve service-station revenues along major highways, we brought in a cross-functional team that included a dealer, a union trucker, and four or five marketing executives.

Then those teams went home while another group of teams rotated in. For the next 60 days, the first set of teams worked on developing business plans. Then they came back to boot camp for a peer review challenge. At the end of the third workshop, each team sat with me and my team in a "fishbowl" to review its business plan, while the other teams watched. The peer pressure and the learning were intense. At the end of that session, the teams went back for another 60 days to put their ideas into action. Then they came back for a follow-up to analyze both breakdowns and breakthroughs.

TEACHING METHODS

One of the most important techniques we use is the fishbowl. The name describes what it is: I'm sitting in the middle of the room with members of my management team. One team is in the centre with us, and the other teams are all around us in an outer circle. Everyone is watching as the group in the centre talks about what it's going to do and about what it needs from me and my colleagues to be able to do that. It has completely changed the dynamics of our operation.

TYPES OF PROCESS INTERVENTIONS

Process interventions differ in many ways, but they never involve the group's task. The concern is how the group is going about accomplishing its task. A manager's process interventions should be as brief and crisp as possible and focus on only one level of behaviour at a time. They should provide maximum impact with minimum interruption.

The types of process interventions that may be used include clarifying, summarizing, synthesizing, generalizing, probing, questioning, listening, reflecting feelings, providing support, coaching, counselling, modelling, setting the agenda, feeding back observations, and providing structural suggestions.

Clarifying and Summarizing

Clarifying refers to resolving mmisunderstandings or incorrect perceptions in what members are saying. (See CROCK comic strip.) For example, "Mary, I seem to be hearing you say . . . Is this correct?" Providing a summary of the major points and accomplishments of a discussion may be helpful. This sometimes helps the group to understand where it is and also provides a link to the next topic on the agenda.

Synthesizing and Generalizing

Synthesizing occurs when several points and ideas are put together in a common theme. Generalizing refers to taking the ideas or feelings of one person and attaching them to the entire group. For example, when one person expresses reservations about dealing with a particular issue, a process observation is, "Am I correct in assuming the rest of you share Irwin's position?"

Probing and Questioning

When the group needs additional information or needs to explore additional ideas, it may be important to seek additional information and ask questions. As an example, "Larisa, you mentioned . . . I'm not sure everyone understands your point. Could you explain it in more detail?" Probing and questioning may be especially useful at the beginning of a discussion if members are reaching hasty conclusions.

Listening

Listening is one of the most important process interventions. In this context, listening is not simply passively hearing what another person is saying—it is a very complicated activity. One must use nonverbal communication (eye contact, nods of the head, body posture) to indicate that the speaker is being listened to. Listening refers to hearing the entire message, including any feelings. The speaker's feelings are rarely expressed in words but are often communicated nonverbally: tone of voice, facial expressions, hand and arm movements, body posture, eye movements, and so forth.

Reflecting Feelings

Most messages have two parts: the content and the speaker's feelings, often expressed nonverbally. The listener needs to practice empathy by trying to see the world from the speaker's point of view. Reflecting feelings refers to communicating back to the speaker the feeling part of the message that has been heard. For example, "By the looks on most of your faces, you seem confused by what Carlos has said. Is this correct?"; and after seeing a member slowly push her chair back from the table and fold her arms tightly, "Shannon, am I correct in assuming you have a problem with what Murphy has just reported?" The purpose of reflecting feelings is to check out perceptions and get members more involved in the discussion. It is important for process interventions to test constantly for an understanding of what others are saying. Empathizing with and then reflecting back what the speaker seems to be saying from both a content and feeling point of view builds positive relations with the speaker and is at the foundation of problem-solving and change.

Providing Support, Coaching, and Counselling

Providing support includes encouraging group members to talk and express their ideas. It also includes complimenting the group for a particularly productive meeting. A manager who coaches asks the team or individuals for their ideas about how to improve a work process instead of just telling them what to do. The team is encouraged to think about the problem and develop solutions. Coaching and counselling may occur in a private meeting with individuals, particularly the formal manager or supervisor of the group. It is important to remember that the objective of process interventions is to help the work group to be an active participant in identifying and solving its own problems. Modelling Because managers have many responsibilities and thus will be working with the work group for only a limited time, it is important for group members to learn how to make process interventions. These interventions can be very helpful to the group on a regular basis, not just at sessions when the manager is present. One of the better methods for learning how to give process observations is through observing someone else doing so. Members should be encouraged to take over the role of providing process interventions. Ideally, and with time, the manager's role in process interventions will become less frequent until group members are providing their own process interventions. To some extent, the manager's object is to make the managerial job unnecessary.

Setting the Agenda

Agenda-setting interventions include setting aside time when process issues will be specifically discussed apart from content issues. Agenda-setting interventions do not include determining the task items to be discussed. The manager may encourage the work group to allocate time at its regular meetings to discuss the processes of the meeting or may suggest that the group hold a separate meeting just to deal with process issues. These issues may include how well members communicate with each other, how satisfied members are with the meeting, and how involved they are in the meeting.

Feeding Back Observations

Feedback to work groups can occur at meetings or to individuals after meetings. The manager is often strongly tempted to share interesting observations regardless of the group's' ability to receive and absorb feedback. There should be no feedback to individuals or groups until they are ready to receive it. The feedback may be more useful if it is limited in scope and quantity, and given over a period of time. This will better enable the receivers to gradually integrate the feedback into their behaviour.

Structural Suggestions

The manager also makes structural suggestions about work group membership, communication patterns, allocation of work, assignment of responsibility, and lines of authority. The manager often makes suggestions about how work should be organized, who should be on what committees, and who should be working on specific projects. It is critical for the manager to avoid stepping in and taking over, otherwise the group will not learn to solve its own problems and may develop a dependency relationship upon the manager. The following OD in Practice is an example of how Hewlett-Packard Company's CEO works with others and the types of leadership she uses.

OD IN PRACTICE: SHAKING UP HP

For the first time in its history, the Hewlett-Packard Company has gone outside for its CEO. HP has been struggling to maintain its 20 percent annual growth in sales, and, in fact, sales growth recently dropped to as little as 12 percent combined with a near 20 percent increase in operating expenses. As the previous CEO Lewis Platt said, "Our competition has closed the gap. Our execution just isn't what it used to be." Some inside executives say that HP has become so focused on protecting its existing businesses that it has taken its eye off of creating new markets. Still, HP remains a powerhouse compared to other companies.

NEW CEO

Late in the 1990s, responding to a number of concerns about the future of HP and its intention of changing its stodgy image, the board took the bold move of appointing a CEO from outside the company for the first time. The new CEO brought a number of other "firsts" not only to HP but also to corporate America. Chosen was Carleton Fiorina, known widely as Carly. She was only 44 years of age at the time of her appointment, making her one of the youngest CEOs of a company the size of HP. She is also the first woman to head one of the nation's 20 biggest publicly held corporations. Fiorina came to HP from Lucent Technologies, where she ran the global-services division. At Lucent she earned a reputation as a decision-maker. Says one of her past co-workers, "In her mind, there is no space between defining a problem and solving it." Reports of her ability to work with others are also glowing. One of the executives who reported to her at Lucent said that at a small gathering in her office to celebrate a third straight year of record profits, she said, "So, where do we go from here? I know you won't want to rest on your laurels." He added that Fiorina didn't say, "Great job, but I'm not satisfied." Instead: "You're wonderful, and I know you want to do even better. "Another person who has worked with her says, "She has a gift for taking account of people's very diverse desires, goals, and abilities."

STOCKHOLDER REVOLT

Fiorina sparked a firestorm of controversy and stockholder revolt when she proposed a merger with Compaq Computer Corp. This led to one of the biggest proxy fights in corporate history. Heading the opposition to the merger was Walter Hewlett, eldest son of co-founder William R. Hewlett. If the merger had failed, Fiorina would have undoubtedly been out of a job at HP. Things got so bad that she was booed at an HP special shareholders' meeting convened to explain the merger. With much media attention, the merger became a live-action soap opera. The merger ultimately succeeded.

SUMMARY

• *OD Skills:*

This chapter has presented an overview of process interventions, one of the most used OD skills. Process interventions are often utilized to develop more effective teams. They are used to assist work groups in diagnosing and solving their own problems and to increase the functioning of work groups by helping team members work together.

• *Own Solutions:*

One of the major characteristics of process interventions is that people learn to identify problems and then initiate their own solutions. Process interventions help individuals and teams to diagnose and solve their own problems.

• *Performance:*

The foundation of process interventions is the study of how groups and the individuals within groups behave. Five areas crucial to effective organization performance are communication, member roles and functions, group problem-solving and decision-making, group norms and growth, and leadership and authority.

• *Types:*

The types of process interventions that may be used include clarifying, summarizing, synthesizing, generalizing, probing, questioning, listening, reflecting feelings, providing support, coaching, counselling, modelling, setting the agenda, feeding back observations, and providing structural suggestions. Interventions should be as brief and crisp as possible. The concern is how the group is going about accomplishing its task.

• *Interventions:*

Managers must examine several factors in deciding upon an intervention. They must determine not only the depth of the desired intervention but also the relative advantages and disadvantages of various possible interventions. Process interventions can often be used to enhance team functioning and performance. In the remainder of this text, you will be participating in simulations where the application of process interventions will be appropriate. Use these skills to the point that they become natural and comfortable.

OD INTERVENTION STRATEGIES

There are several major categories of OD strategies:

- Structural,
- Technological
- Behavioural

Structural strategies emphasize the organization's design and work flow, such as who reports to whom and how the work is structured. Structural strategies attempt to change an organization's design by modifying the lines of authority, span of control, and arrangement of work functions. Restructuring corporations to make them more competitive has been a major goal of corporations over the past two decades. Major corporate restructuring was initially concentrated in the United States. Because of global markets, what happens in one country can have repercussions in other countries. In order to remain competitive, corporations in other countries also undertook major restructuring efforts

Technological strategies implement new developments in areas related to technological innovations. Examples of technological strategies are new manufacturing equipment and computerized information systems. Technological changes have helped companies and their employees become more productive.

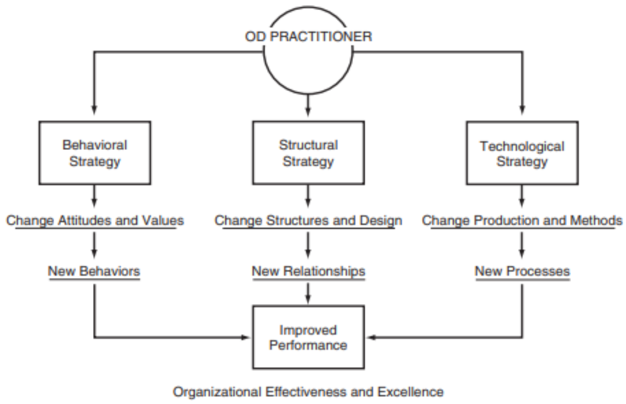
Behavioural strategies improve the use of human resources, such as empowering people at lower levels of the organization to make decisions without seeking upper-level approval. In the past, managers concentrated on fully analysing an organization's technological and mechanical capacities, but often neglected a vast untapped resource: its human assets. Employees generally have higher morale and are motivated toward organization goals when their personal resources and talents are fully used. Increasing the morale, motivation, and commitment of members can also improve an organization's performance.

Developing a strategy includes the planning of activities intended to resolve difficulties and build on strengths in order to improve the organization's effectiveness and efficiency. From the strategies, the OD process moves to the stage of selecting intervention techniques and technologies. Intervention techniques are the specific means, activities, and programs by which change goals can be attained. This chapter describes several major OD strategies for setting up a program of change.

THE INTEGRATION OF CHANGE STRATEGIES

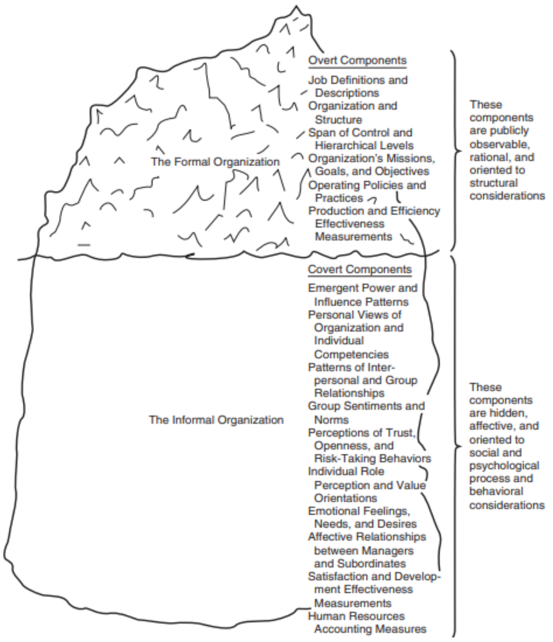
Organization development has evolved during the past several decades from a narrow viewpoint favouring one specific intervention strategy to a more integrated or systematic approach to change. Historically, OD was seen as using behavioural-oriented interventions. Today, the trend in OD is to deal with the total organization through an integration of behavioural, structural, and technological strategies. **Figure 3a** shows the integration of the three approaches to change

Figure 3a: An Integrated Approach to Change



For OD strategies to be successful, the organization must consider the interdependencies among its various sub-elements. A change in one subsystem will have some impact upon other elements of the system. A comprehensive approach needs to consider the system's technological and structural variables as well as its behavioural variables. One approach is to use a diagnosis based on the analogy of an iceberg. There are surface or overt organizational elements that are easily observed, such as organization structure and policy; and there are subsurface or covert elements, such as patterns of communication, trust, and openness, that are often obscured or hidden (see Figure 3b). Often the diagnosis examines only the more visible and overt aspects of the organization and ignores the many powerful but hidden problem areas. It is essential in any change program to consider all possible problem areas, both overt and covert, if the strategy is to be successful.

Figure 3b: The "Organization Iceberg" Approach to OD



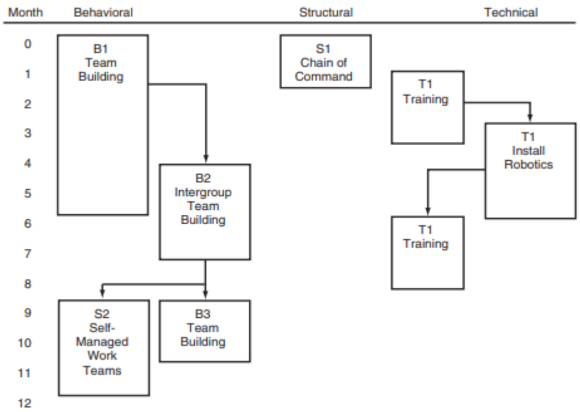
Structural, technological, and behavioural change strategies do not exist in isolation of one another. For example, a structural change in an organization eliminates a layer of the organization's hierarchy. The decisions and work of the employees who were removed are delegated to lower levels. To make quality decisions that are timely, these employees need access to additional information that should be but is currently not available. Technological changes in the form of a new management-information system are thus made. This entails a larger computer system with more remote terminals for the increased number of lower-level employees needing access to information. In addition, people at lower levels making decisions mean behavioural changes in the form of working more closely with other employees involved in the decisions and forming points where information can be exchanged with other people in the company. Recent research suggests that technology alone is not the answer for a company to attain quality improvement. To reach the true potential of technological changes, management must also carry out structural and behavioural changes. Similarly, a company that has set up finely tuned structural and behavioural innovations but uses outdated technology cannot operate at full potential. By combining both team development(behavioural), videoconferencing, and groupware (technological), companies can get more return on their investment than if they implemented just one strategy. The combination permits work teams to communicate and collaborate easily with one another, even across long distances and organizational boundaries, such as departments (structure). Software that goes by various names but is often called groupware is available and being used to make virtual meetings and real-time collaboration a reality. Virtual meetings are meetings that occur electronically over telecommunications lines and in some cases over the Internet. The need for face-to-face meetings is reduced.

It is increasingly evident that organizations involve complexity and contingencies. Simple cause-and-effect diagnosis and intervention strategies may overlook critical interrelationships that influence the change effort. As a result, it is often difficult to isolate changes to the relationship between any two single variables. The interrelationships between organizational variables are often complex and unclear, and the OD strategies must be comprehensive enough to provide interventions that deal with such situations. A significant aspect to be considered in the selection of a change strategy is second order consequences. This refers to the indirect or deferred consequences that result from the immediate change actions. A change in one aspect of a system to solve one problem may result in newly created problems. The organization's problems should emerge from the diagnosis. The most effective strategy is then selected from these findings. This can be termed an integrative approach to organization change and involves combining structural, technological, and behavioural change approaches to achieve the desired goals. In summary, the change strategy selected must collectively consider structural, technological, and behavioural issues. The use of an inappropriate or limited strategy of change will probably lead to ineffective results and the emergence of new problems.

STREAM ANALYSIS

Stream analysis is one method used in planning the implementation and analysis of behavioural, structural, and technological changes.20 Stream analysis begins by identifying behavioural, technological, and structural interventions that the organization can implement as part of the OD program. Through the planning process, interventions are scheduled to begin and end at specific times, and the relationships between the interventions are determined. Because of the number and complexity of the variables (interventions, times, interrelationships), a chart is made to better visualize the OD strategy. The chart is the major document used in stream analysis change strategy. It shows the interventions plotted over time with arrows showing the relationship of interventions to one another. **Figure 4a** shows a portion of a stream analysis chart for a hypothetical OD program. The key features in such a program could include installing a robotic production system (technological), implementing self-managed work teams (structural), and holding team-building sessions (behavioural). As an example, team building takes place to introduce the new technology before a robotic production line can be installed and changes made in work teams. Team building will begin at Month 0 and continue through Month 5. Robotic systems will be installed beginning Month 4 and completed by Month 7. A revised chain of command will be introduced in Month 0, and so on. Stream analysis presents a visual representation of the OD program. Stream analysis charts bear some resemblance to a

Figure 4a: Stream Analysis Chart



combination of modified **PERT and Gantt planning charts**. Complex change programs may benefit from the use of software programs that manage and keep track of the program and its many interrelated elements. Stream analysis is useful from several perspectives. It helps the organization to diagnose and plan interventions, and keeps track of progress once the change program is underway. The client is better able to keep the organization operating as effectively as possible during the change. It may show "holes," or periods of time when there is little activity (Month 8), and periods when there is a good deal of activity (Month 4). This information may be used to redesign the change program or to schedule time appropriately. Stream analysis shows a pattern of triggers, with one activity triggering or causing another activity to follow. For complex OD projects, it is especially helpful to visually represent the change program and show "where we've been and where we have to go." If modifications are required in the OD program, the consequences of the changes on other interventions can more easily be ascertained by referring to the stream analysis chart. In one OD program, more than two dozen practitioners were working with several operating divisions of a very large client system. Using the stream analysis approach, it was possible to plan and monitor the change program and build the necessary coordination among the practitioners and the operating divisions of the client system. The approach was also useful to top management because they could keep track of change activities occurring in the field. An entire room was devoted to charts wrapped around its walls so that top managers could drop by and see that the change program was moving on schedule. The charts gave a certain degree of legitimacy to the OD program because top management could see that something was going on out in the field. Additionally, the practitioners were better able to coordinate their activities and see areas of opportunity or potential problems that needed to be addressed. Top management must be prepared to lead their company through a period when people are being asked to change not only structure, technology, and behaviours but also, more important, their cultural values. Changing values is often a gut-wrenching and agonizing experience. Once there is an awareness of a need for change and the organization develops a change strategy, it is necessary to decide what specific action intervention will be most appropriate. A range of activities, practices, and techniques for intervening are available to enhance the effectiveness of the organization.

OD IN PRACTICE: IS IT A KINDLER, GENTLER MICROSOFT?

When a company is as successful as Microsoft, it is hard to understand why those in charge would change its structure so radically that the company will barely resemble its former self. After all, despite the information technology slump in the early part of the 2000s, Microsoft grew at more than 20 percent each quarter and posted a 35 percent after-tax profit margin. Its stock is up 34,186 percent since it became publicly listed in 1986. But from 2000 to 2004, the stock lost 50 percent of its value.

CHANGE STARTS AT THE TOP

The changes at Microsoft were initiated at the top and by the top. The change started when chairman of the board Bill Gates, who was also CEO, stepped down as CEO and made his long-time friend Steven A. Ballmer CEO and president. Then Gates named himself chief software architect. Both men concluded that it was time to reinvent Microsoft. However, Warren Buffett, bridge partner to Gates and fellow billionaire, says, “Even though Steve is really running it all, Bill knows what’s going on everyplace. No sparrow falls, or even thinks about falling, at Microsoft without him knowing about it.” There were some missteps at first because Gates, somewhat of a control freak, was reluctant to let Ballmer take control and operate as CEO. Now Ballmer is actively moving to put his own stamp on Microsoft. His goal: to create a “great, long-lasting company. . . . To enable people and businesses throughout the world to realize their full potential. . . . This is not just a fluffy statement of principles, but really a call to action.” A second tier of executives has been given the power to run their units with less supervision. The company has restructured itself around seven businesses that will be more responsive to customers.

A KINDER, GENTLER MICROSOFT

CEO Ballmer’s decision to empower a second tier of executives to run their businesses with less supervision breaks from Microsoft’s heritage of placing every important decision in the hands of Gates and Ballmer. Ballmer is encouraging everyone to rethink every aspect of the way they do their jobs. There are now meetings, reviews, and examinations that force people to do their jobs differently. Every new change is designed to connect to the next so that decisions can be made quickly. In a company memo, Ballmer says he wants his people to be “respectful” and “accountable” toward outsiders and each other. “People have to be very open, self-critical, almost relentlessly honest, and, at the same time, respectful,” he says. He wants managers who are willing to work collaboratively. This is an about-face from the highly competitive environment that he and Gates created. The danger of this change is that with so much attention being paid to managerial processes, innovation may suffer. In addition, Ballmer brings a lot of personal baggage to his new job. He is known, or at least was in the past, for tearing apart business plans at annual reviews and humiliating executives. One former Microsoft executive says that he would rather put his arm in a food processor than work for Ballmer again.

THE CUSTOMER IS KING

Microsoft has never had the reputation of putting the customer first. But Ballmer is out to change this. In response to the frustration of corporate customers, he has ordered his engineers, sales force, and managers to improve the quality of their products and services. At a management retreat, sales chief Ayala said that customers often think Microsoft doesn't care about producing great products, and believe Microsoft feels it can get away with shoddy work because it has a monopoly. He continued, "Some of us should lose our jobs. . . .All of us are accountable." He got a standing ovation. When Ballmer announced at the end of the retreat that customer trust would be the focus of a future retreat, he too got a standing ovation. Bill Gates is aware of Microsoft's poor reputation among customers, and in his role of chief software architect he is trying to put the customer first. In an interview where he spoke about the new operating system under development, code-named Longhorn, Gates made the analogy that it was like building a really big airplane. "If you are designing a Cessna, you have five or six guys whose offices are next to each other, and at lunch one guy can say, 'Hey, your thing seems a little heavy. I'm not sure my wings can handle this.' You don't have to have a weight review meeting. Longhorn is more like a 747, and the wing group alone is 500 people who don't have lunch with the fuselage guys, who don't know the engine guys, who don't know the customers." Will the new Microsoft be successful? Will its more independent product divisions begin competing with one another? And will the emphasis on collaboration among managers produce complacency and stifle innovation? "There are going to be some bumps along the way," says a long-time Microsoft board member. Of the prospect for success, Ballmer says, "Let's say this is V-2. We're going to tune up. We'll have a V-3 if we need to. We'll have a V-4 if we need to. We're just going to keep working it and working it and working it."

SELECTING AN OD INTERVENTION

When an organization is inefficient, it is necessary to alter the values, beliefs, and behaviours of the individuals who make the system work. OD intervention techniques are based upon the idea that the relationships between organization groups and organization members are one of the principal reasons for inefficiency problems and that certain activities do not contribute to organization objectives.

In Parkinson's Law, the satirist C. Northcote Parkinson summarizes the inherent problems of inefficient practices. Parkinson proposed two principal reasons for organizational inefficiency:

(1) **the law of multiplication of subordinates**—managers want to increase the number of subordinates they direct rather than create rival organization members; and

(2) **the law of multiplication of work**—members of an organization make work for one another. There are many, similar kinds of inefficient operations that OD techniques seek to change.

In selecting a specific OD technique, the practitioner and the client consider several factors, including the nature of the problem, the objectives of the change effort, the cultural norms of the client system, and the expected degree of resistance. Selecting a technique involves comparing and testing possible intervention techniques against some criteria. Three broad aspects are of concern to the OD practitioner in selecting the appropriate intervention:

Potential Results of the Technique

- Will it solve the basic problems?

• Does it have any additional positive outcomes?

Potential Implementation of the Technique

• Can the proposed technique actually work in a practical application?

• What are the actual dollar and human costs of this technique and the impact of the costs upon the client system?

• How do the estimated costs of the technique compare with the expected results (cost vs. benefit)?

The Potential Acceptance of the Technique

• Is the technique acceptable to the client system?

• Is the technique adequately developed and tested?

• Has the technique been adequately explained and communicated to members of the client system?

These important facets should be considered before a final decision is made on the selection of a technique. The selection of any given technique is usually a trade-off between advantages and disadvantages because there is no precise way to answer all of these questions in advance. After comparing the advantages and disadvantages, specific techniques are selected for the action phase of the OD program. Practitioners generally use more than one technique in an OD program. Many OD programs utilize a multi-faceted approach with a combination of interventions. Several studies have found that OD programs using more than one OD technique generally achieved better results than programs relying on only one technique.

THE MAJOR OD INTERVENTION TECHNIQUES: AN OVERVIEW

	Types of Interventions			
Category	***Individual***	***Team***	***Intergroup***	***Total Organizational System***
Behavioral	Laboratory learning Career planning Managerial Grid (Phase 1) Stress management Biofeedback Management by objectives	Team building Process consultation Quality control Role negotiation Role analysis Grid OD (Phase 2) Goal setting Third-party intervention	Intergroup development Third-party intervention Organization mirror Process consultation Grid OD (Phase 3) Total quality management	Goal setting Grid OD (Phases 4, 5, 6) Survey research and feedback Action research Likert's System 4 Total quality management High-performing systems Reengineering
Structural	Job enrichment Stress management Management by objectives	Job enrichment Team building Role negotiation Self-managed work teams Role analysis Grid OD (Phase 2)	Job enrichment Goal setting Total quality management	Grid OD (Phases 4, 5, 6) Survey research and feedback Action research Likert's System 4 Total quality management High-performing systems Reengineering
Technological	Job design	Job design Quality control Grid OD (Phase 3)	Job design Grid OD (Phase 3) Total quality management	Grid OD (Phases 4, 5, 6) Survey research and feedback Action research Likert's System 4 Total quality management High-performing systems Reengineering

SUMMARY

OD is a long-term effort to introduce planned change on a system-wide basis. Therefore, the selection of specific strategies and techniques is an important action step.

• *OD Strategy:*

The OD strategy involves the planning and direction of intervention activities. A comprehensive approach involves the way the organization is managed, the way jobs are designed, and the way people are motivated. The practitioner and the client determine the appropriate strategy to best attain the change objectives. There are also a number of possible OD techniques. Based upon the change strategy, specific action interventions that will best resolve problem conditions and increase organizational effectiveness are set in motion. A more detailed description of these techniques will be presented in the following chapters.

• *Change:*

Three basic approaches to change were identified: structural, technological, and behavioural. Structure provides the framework that relates elements of the organization. These units are engaged in some task or technological accomplishment and are bound together in an interrelated network of social and behavioural relationships.

• Interventions:

There are many possible intervention techniques that may be used in organization development. Although these techniques differ, they aim at the same basic goals:

(1) to improve the functioning of the client system,

(2) to increase the organization's adaptive capability toward a more anticipative system, and

(3) to enhance the development and potential of the individual members of the organization.

• Systems:

All the major variables are interrelated, and a change in structure, for example, may have consequences on technological and behavioural elements. Therefore, a systems approach or integrative approach involves analysing the way work is designed, the way the organization is managed, and the way people are motivated.

KEY WORDS AND CONCEPTS

• Behavioural Strategies • OD Intervention • OD Strategy • Parkinson's Laws • Second-Order Consequences • Stream Analysis • Structural Strategies • Technological Strategies • Virtual Meetings

EMPLOYEE EMPOWERMENT AND INTERPERSONAL INTERVENTIONS

Like Dell, a growing number of today's companies are not only concerned but doing something about the way they manage their employees. They recognize that empowered employees are the difference between success and failure in the long run. Empowerment is the process of giving employees the power to make decisions about their work. As a survey of major firms revealed, "firms that have transformed their culture claim to have increased productivity and number of clients, boosted employee camaraderie, made each employee feel a sense of ownership, and increased profits." Most OD programs find it essential to foster greater openness of communication and improved conflict resolution, requiring the development of specialized skills among members.

EMPLOYEE EMPOWERMENT

Employee empowerment is a relatively new technique for unleashing human potential in organizations. Central to empowerment is the delegation of power and decisionmaking to lower levels, and the promulgation of a shared vision of the future, engaging all employees so that they develop a personal sense of pride, self-respect, and responsibility. Employees who are empowered are more proactive and self-sufficient in helping their organizations to achieve their goals. Management is responsible for creating a supportive climate and removing barriers.3 The individual is one of the most critical elements in any large-scale organizational change. Excellence is achieved by organizations that push risk-taking and decision-making down to the lowest possible level. The new culture of organizations is built upon the empowerment of the individual. The challenge is to empower employees to take initiative and responsibility at every level and function. Organizations are designed to use the energy and ability of individuals to do work and realize goals. Members bring to the organization their values, assumptions, and behaviours. The success of future organizations, then, depends on how effectively the needs of individual members can be integrated with the vision and goals of the organization. People and behaviour-oriented changes are aimed at the psychosocial system functioning of the organization. The psychosocial system includes the network of social relationships and behavioural patterns of members, such as norms, roles, and communication. Behavioural interventions may take various forms, but all are intended to improve the basic skills that enhance employee empowerment, and thus underlie managerial effectiveness.

Employee empowerment attempts to move the organization from the traditional "I just work here, I don't make the rules" type of culture to one of a shared vision and goals. The purpose is to have the individual's purpose and vision congruent with the organization's. Employees develop a feeling of psychological ownership leading to concern, interest, commitment, and responsibility. A crucial point is that empowerment must be genuine. It is not empowerment when the managers tell employees they have authority and responsibility but do not allow them to make actual decisions and carry out actions. Managers must not just "talk the talk"; more important, they must **"walk the talk."** According to a survey of 4,000 American managers:

- Only 46 percent give their best effort at work.
- Only 36 percent feel personally challenged by their jobs.

• 52 percent feel they have not attained their personal objectives.

• Over 43 percent feel trapped in their jobs.4 This suggests that many organizations lack a fully involved workforce. Officials at Ford believe that employee empowerment has directly and significantly contributed to an improvement in quality. In one year, Ford recalled more automobiles than it built, but now Ford claims to have the best quality of any U.S. automaker. Ford continues to use employee involvement and encourages its suppliers to set up similar programs.

The power that can be unleashed by employee empowerment is enormous. General Electric has implemented a version of employee involvement that it calls "Work-Out."

Jack Welch, retired CEO of GE, says of Work-Out:

„The only way I see to get more productivity is by getting people involved and excited about their jobs. You can't afford to have anyone walk through a gate of a factory, or into an office, who's not giving 120 percent. I don't mean running and sweating, but working smarter. . . . It's a matter of seeing the importance of your role in the total process. The point of Work-Out is to give people better jobs. When people see that their ideas count, their dignity is raised. Instead of feeling numb, like robots, they feel important. They are important. "

INTERPERSONAL STYLE: THE JOHARI WINDOW MODEL

Organizations are made up of individuals, each with a unique set of values, behaviours, and motivations. An organization's climate is formed by the interaction and communication between its members. If the organization uses formal communications, lines of authority, and centralized decision-making, most of the communication between members may not be authentic. People will say what they think others want to hear or expect them to say. The communication is "mask to mask, " from one person's facade to another person's facade. Such communication is usually distorted, inaccurate, and ineffective. Communication is a critical dimension in determining the effectiveness of organizations. The Johari Window Model, conceived by Joe Luft and Harry Ingram (the name Johari is formed by taking a portion of each of their first names), is a technique for identifying interpersonal communication style. The model (see Figure 5a) measures interpersonal style in terms of communication awareness by presenting a two-dimensional, four-celled figure based on the interaction of two sources of information: oneself and others. Each cell represents a specific area of knowledge about oneself and illustrates the quality of the interpersonal communication process.

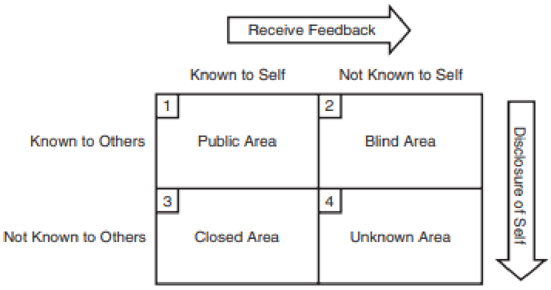
The Public Area

This area includes behaviours, thoughts, and feelings that both the person and others know. This is the area of our public image and of interaction involving mutually shared perceptions (others see us as we see ourselves). One underlying assumption of the **Johari Window Model** is that interpersonal effectiveness is directly related to the amount of mutually shared information, or congruence. The larger this area becomes, the more effective the communication will be.

The Blind Area

This area represents aspects of the self (behaviours, thoughts, and feelings) not known to oneself but readily apparent to others. These include mannerisms and habits that you may be unaware of but that others discover easily. The person who is red-faced and shouting "I'm not angry" and the one whose lip is twitching nervously but whose words are saying "I'm in control" are examples. Some managers act forceful and tough because they think they will look soft if they show any warmth, but others can see that in fact they do have such feelings.

Figure 5a: **The Johari Window: A Model of Interpersonal Communication Processes**



The Closed Area

This area involves behaviours, thoughts, and feelings known only to oneself and not to others. This involves a protective facade intended to protect the ego or self-image. For others to become aware of this area, you must disclose it. This area includes feelings you may perceive as possibly harmful to your self-image. For example, some people may attempt to laugh at an off-colour joke even though they are repulsed by the humour. How effective are such facades, and how effectively do people use them? When we are in a new situation or with strangers, the closed area usually represents a large part of our behaviour because and we and others who are present do not know much about one another and trust is low. Interestingly, people go to great lengths to conceal this part of their selves, yet it is this element that makes each of us most human. It often takes years of knowing someone before we gain insights into this area.

The Unknown Area

Included here are behaviours and feelings that are inaccessible both to oneself and to others. According to some psychologists, unconscious, deeply repressed feelings and impulses or other hidden aspects of the personality reside here. Over time, we may become aware of some of these aspects of ourselves, but for the present purposes this area is of less importance.

As indicated in **Figure 5a**, movement along the vertical and horizontal dimensions enables individuals to change their interpersonal styles by increasing the amount of communication in the public or shared area. To enlarge the public area, a person may move vertically by reducing the closed area. As a person behaves less defensively and becomes more open, trusting, and risk taking, others will tend to react with increased openness and trust. This process, termed disclosure, involves the open disclosure of one's feelings, thoughts, and candid feedback to others. The openness of communication leads more to open and congruent relationships.

The behavioural process used to enlarge the public area horizontally, termed feedback, allows us to reduce the blind area. The only way to become aware of our blind spots is for others to give information or feedback about our behaviour. The blind area can be reduced only with the help and cooperation of others, and this requires a willingness to invite and accept such feedback. Almost every organization finds that poor communication is the most important problem preventing organizational effectiveness.

The Johari Window Model is a technique for examining and improving the interpersonal communication process. For example, an associate of Time Warner's CEO, Dick Parsons, says, "Dick is a nice guy, but if that's all he was, he'd already be in the library under 'History.' Dick shows you what he wants you to see, and the part of him you don't often see is his assertive, unwavering, killer instinct. People like to say that they play to win, but that's not the statement for Dick. I'd put it like this: There's nothing else on Dick's mind but winning." The ideas of the Johari Window can be used with laboratory learning to help participants understand their effect on others (disclosure) and how their behaviour comes across to others (feedback). The following Our Changing World provides an example of what a Johari Window might be like between corporations from different countries.

OUR CHANGING WORLD: JOINT VENTURES, MERGERS, AND PART-OWNERSHIP

Much has been written about the fierce competition between European, Japanese, and U.S. companies, especially in the auto industry. Though the competition between companies gets most of the general news coverage, business publications also carry news about cooperative efforts between companies, many on a worldwide basis. Learning and sharing are occurring in all directions between companies. Joint ventures, mergers, and acquisitions between auto companies are notably prevalent; the firms involved include Toyota and General Motors, Chrysler and Daimler Benz, Mitsubishi and DaimlerChrysler, Nissan and Renault, General Motors and Opal, Isuzu and General Motors, and Mazda and Ford.

TRUST AND COOPERATION

Many ventures and mergers have not been successful. Lack of trust, misunderstandings, and not enough mutual benefit are some of the more significant problems. Mazda and Ford have developed a successful joint venture, but they have been working at their relationship since 1979, when Ford took its first equity position in Mazda. The two companies cooperate on new vehicles and exchange valuable information. The companies bring to the table different, but complementary, expertise. Mazda shares its engineering, manufacturing, and product development abilities. Ford offers international marketing, finance, and computer-controlled measuring equipment. Ford has also included Mazda in its quality improvement program.

BASIC BUSINESS PRINCIPLES

Building a mutually beneficial relationship between two companies is something that does not happen automatically. Some aspects of the relationship cannot be drawn up in legal documents. Ford and Mazda work hard at making their agreement work. Decisions about what to work on jointly are made on a project-by-project basis. Through the years, Mazda and Ford have developed a set of basic business principles:

■ Top management must provide support; otherwise, middle management will resist ceding partial control of a project.

■ People at all levels meet often. Socialization between Ford and Mazda is important for building trust.

■ Disputes are resolved using a third party.

■ Neither company loses its identity. They maintain independence and sharpen expertise.
■ Each project must be viable for each partner.
■ A monitor is appointed to take primary responsibility.

■ Anticipate cultural differences. Open, honest communication is a key component in the success of the Mazda-Ford relationship. The president of Mazda says, “The most important point is for people to meet face-to-face and talk freely.”

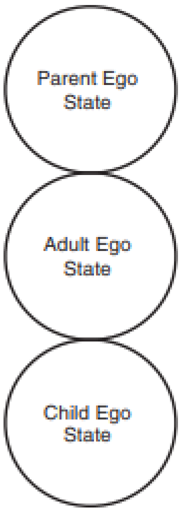
THE JOHARI WINDOW

If you think of corporations as entities, you can describe corporate behaviour in Johari Window terms. Corporations, as they interact with one another, form windows with cells of different sizes. For example, when Mazda and Ford work out a joint project, each company presents a “public area” to the other. According to the basic business principles, the two companies work on enlarging the public area. They have also agreed up front to maintain certain areas as closed. For example, Ford has refused to manufacture certain Mazda models, and Mazda has refused to share some of its models with Ford.

TRANSACTIONAL ANALYSIS

Transactional analysis (TA) is a practical and useful interpersonal relationship model that some OD practitioners apply in organization change programs.16 TA, originally developed by Eric Berne, is a way for people to understand themselves better. Although psychologists use TA, members of organizations have adapted the ideas to improve their communication and interpersonal relationship skills. TA provides a model for analysing and understanding human behaviour using terminology familiar to many people. Structural Analysis In examining interpersonal communication, we can employ structural analysis or personality analysis to understand how we get to be who we are. According to structural analysis, every person has three separate sources of behaviour called ego states.

Figure 6a: Ego States



The Parent

This ego state is a set of feelings, attitudes, and behaviours copied from a parental figure. Behaviour may include prejudicial, critical, consoling, or nurturing actions.

The Adult

This ego state is an independent set of feelings, attitudes, and behaviours involving the basis of objective facts. An individual who gathers facts, tests reality, and computes a rational, objective answer is in an adult state.

The Child

This ego state is a collection of feelings, attitudes, and behaviours retained from the individual's childhood. The child ego state usually shows emotions of some kind, such as anger, excitement, sadness, and fear.

All three ego states exist within everyone, and they are not related to the person's age. A certain amount of each ego state is necessary for a well-integrated personality. The best way to examine ego states is to look at the person, or at ourselves, for behavioural clues, such as the words and gestures used, the attitude that is displayed, and the tone of voice.

Structural analysis can enable people to better understand the source of their values, behaviours, and thoughts. This increased awareness of one's personal style can help in improving one's effectiveness in an organization.

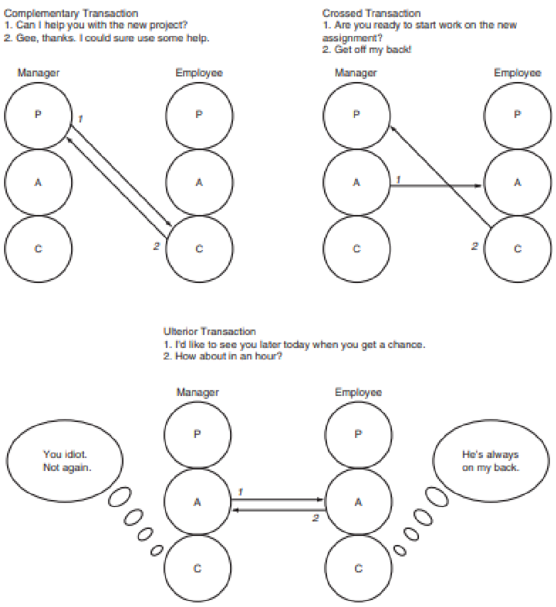
Transactional Theory The three ego states are present in every individual and directly affect the type of transactions the person will have with others. Every interaction between people involves a transaction between their ego states. When one person converses with a second person, the first person is in a distinct ego state and can direct the message to any of the three ego states in the second individual. A transaction is the basic unit of communication. Transactions are classified as

(1) complementary or open,

(2) crossed or blocked, and

(3) ulterior or hidden (see **Figure 6b**). A complementary transaction occurs when a message sent from one ego state receives an expected response from the other person's appropriate ego state. A crossed transaction occurs when a message from one ego state receives a response from an inappropriate or unexpected ego state. An ulterior transaction involves two ego states simultaneously: the literal words of the transaction, which may mean one thing, and the underlying intent, which may mean something entirely different.

Figure 6b: Types of Transactions



Stroking is an important concept in transactional theory. A stroke is any form of recognition, including physical, verbal, or visual, of one person by another. Strokes are given for "doing" and for "being." Strokes given for doing are conditional strokes: they are tied to some type of performance by the receiver of the stroke. A manager ties a "thank you" to the desirable behaviour by an employee. A stroke for being, or an unconditional stroke, is given to a person with no strings attached: it is given simply for being who they are. A manager who gives only conditional strokes may be regarded as artificial—saying something only when something else is wanted in return. People in organizations generally need both performance and "being" strokes.

Strokes may be positive, negative, or crooked. Positive strokes (in TA language, "warm fuzzies") are transactions that provide an expected response and reassure a person's worth, esteem, or competency: "You're OK!" Negative strokes ("cold prickles") are the reverse, resulting in an unexpected, unreassuring response with a "You're not OK" feeling. A crooked stroke has a double meaning similar to the ulterior transaction. It transmits a message different from the words a person uses. The stroking patterns of organizations tend to be closely related to the organizational culture. Effective managers are usually managers who know how to use conditional, unconditional, and positive strokes appropriately.

Authentic Communication and Relationships Transactional analysis emphasizes open, authentic communications and relationships. Muriel James and Dorothy Jongeward apply the term winner to "one who responds authentically by being credible, trustworthy, responsive, and genuine both as an individual and as a member of society" and a loser to "one who fails to respond authentically." A loser is living in the past or future, intellectualizing and rationalizing. His or her potential remains dormant. When organization members are not acting authentically, they begin to make mistakes, shift the blame, and complain about the inadequacies of other individuals or groups. TA provides a framework for carrying out change by examining how people relate, communicate, and work. Proponents of TA feel that adult-to-adult transactions make for a more effective organization and help develop employee involvement and empowerment.

Multinational corporations can use TA in preparing managers to operate effectively within another culture. Cross-culture training programs can use the conceptual framework of TA by helping managers achieve an adult ego state.

A word of caution is in order. People who know very little about TA often play the "TA game": analysing others or using the jargon on them. TA is most wisely applied to oneself before it is applied to others. If a person feels that TA can help solve a problem, it is probably better for that person to discuss it in terms of his or her feelings and reactions, such as "I'm responding like a parent in this situation" or "I feel like a child when you treat me that way." Too often people use TA in a one-upmanship game with such statements as "Aha! That's your child showing now" or "Your parent is talking now."

Despite such problems, the TA concepts are sometimes presented in employee sessions. For some people TA can be a useful framework for understanding and relating to others on and off the job.

CAREER LIFE PLANNING INTERVENTIONS

Career may be defined as “a continuing process through which a person engages in a sequence of developmental tasks necessary for personal growth in occupational life.”

The purpose of career planning is to develop and promote high-potential employees in channels where their abilities will be used to the fullest. Career life planning is the process of choosing occupational, organizational, and career paths. There are several different approaches to career life planning. All of them use the idea of goal setting and achievement motivation to gain greater control over one’s future career development.

Management guru **Peter Drucker** advocates that individuals take responsibility for managing their own futures.

STRESS MANAGEMENT AND BURNOUT

Stress seems to be everywhere: in personal lives and on the job. In the latest worker survey conducted by the National Institute for Occupational Safety and Health (NIOSH), more than 29 percent of American workers now describe their jobs as” “extremely stressful” day in and day out. These statistics were closely duplicated in a survey by the U.S. Families and Work Institute. It showed that 25 percent of all U.S. employees have “felt like screaming and shouting at times on the job,” and 14 percent “felt like striking a co-worker” because of work-related stress.

The expressions “going postal” and “don’t go postal on us” originated from violent acts on the job by postal workers. Often, workplace violence can be traced to stressed-out workers lashing out at their boss and fellow workers. The American Institute of Stress estimates that job stress costs U.S. industry $300 billion annually as assessed by absenteeism, diminished productivity, employee turnover, medical costs, and legal and insurance fees.29

Another estimate from the National Institute for Occupational Safety and Health finds that health problems associated with stress cost companies about $200 billion a year. The costs show up in increased absenteeism, tardiness, decreased productivity, and loss of talented workers. 30The study estimated that between 70 and 90 percent of employee hospital visits are linked to stress. Approximately 40 percent of worker turnover is due to job stress.

Primary care physicians report that **75 to 90 percen**t of patient visits are for stress-related complaints. **Stress** has been linked to the leading causes of death, including heart disease, cancer, lung ailments, accidents, and suicide—and 43 percent of all adults suffer adverse health effects due to stress. In the United States, 1.5 million people have heart attacks every year, and more than 550, 000 of them die. In addition, **high blood pressure** afflicts 58 million people.

Stress is an interaction between an individual and the environment characterized by emotional strain affecting a person’s physical and mental condition.32 Stress refers to a reaction to a situation and not to the situation itself. Stress may also be defined as a pattern of emotional and physiological reactions in response to demands from internal or external sources. **For example, having to work late one evening is not stress; stress is how a person reacts to working late**. Working late, however, is a stressor. Stressors are what cause stress. **Stressors** are events external to an individual that create a state of disequilibrium within the individual. The responses of an individual to stress may be positive, as when it causes someone to be challenged in the performance of simple tasks, or they may be negative, as when someone worries so much about doing a good job that he or she fails in the task or, worse yet, a heart attack results. In summary, stress requires two simultaneous events: an external event (stressor) and an emotional or physical reaction (normally regarded as a negative reaction) to the stressor, such as fear, anxiety, fast breathing, muscle tension, increased heart rate, and so on.

Today's organizational life can contribute in a variety of ways to the stress an individual experiences, from downsizing to worksite violence.37 The factors engendering stressful work activities include:

Technological change

Engineers and managers often plan advances in technology, such as introducing a new computerized system, without seeking input and involvement from the people affected by the change.

Downsizing

Layoffs, mergers, and downsizing cause incalculable levels of stress in workers who fear losing their jobs and have difficulty handling expanded job responsibilities and heavier workloads. Employees not involved in a round of layoffs fear future cuts.

Sudden reorganizations and unexpected changes in work schedules

Changes in the structure of the organization result in new work groups and changes in the way individuals work with one another. The new structures may split up workers who have formed friendships.

Competition

The limited number of positions available for promotions sometimes causes people to compete excessively for the positions. As organizations restructure and remove layers of management, especially middle management, there are fewer positions available for career advancement.

Lack of participation in decision-making

Managers have traditionally not involved subordinates in decision-making. Consequently, employees typically feel that they have little control of the work environment in their lives.

Empowerment

The empowerment of employees offers advantages to the organization and its employees. Some employees appreciate the greater responsibility and decision-making authority and empowerment. But employees who have no interest in empowerment and responsibility may experience greater levels of stress. Some people find group work stressful, and their work may suffer when they work in a team setting.

Conflicts with other people

Organizations, by their very nature, require people to work with one another. The current trend is for employees to be assigned to work teams where they are more dependent on one another. The interaction with more people provides more opportunities for conflicts between fellow employees. **Some people like to work in teams, but there are others who find the interaction and inevitable conflicts to be stressful**.

Immediate supervisor

Leadership, and especially the leadership, of an employee's immediate supervisor has a pervasive influence on organization life. A study by Hogan, Gordon, and Hogan asserted that

the reactions to inept leadership include turnover, insubordination, industrial sabotage, and malingering. ***Sixty to 75 percent*** *of the employees in any organization—no matter what or where the survey was completed and no matter what occupational group was involved—report that the worst or most stressful aspect of their job is their immediate supervisor. Good leaders may put pressure on their people, but abusive and incompetent management creates billions of dollars of lost productivity each year.*

Not enough time to do expected duties

Downsizing and layoffs can be stressful because they induce fear of losing a job. The work requirements of employees remaining at an organization are often increased: they are doing more work with fewer people.

Violence in the workplace

Acts of violence committed by employees and customers may be both the cause and result of stress. According to the American Institute of Stress, homicide is the second leading cause of fatal occupational injury, and for working women it is the leading cause of death. Almost **2 million** instances of homicide, aggravated assault, rape, or sexual assault are reported in the workplace. **An average of 20 people** are murdered on the job each week in the United States. Though much publicity is given to disgruntled former or current employees taking their anger out on co-workers or bosses, this accounts for only **4 to 6 percent** of the homicides. Most violence occurs during a robbery or other crimes committed by customers or nonemployees. Regardless of who commits the crime, the violence leads to a substantial amount of stress that can affect an employee. The many different kinds of stressful events that occur away from work often include problems related to marriage, children, a serious illness, death of a family member or friend, finances, changes in social activities, impending retirement, life and career goals, and environmental pollution (noise, traffic, and air quality). These events may be out of the employer's control, but employees will nevertheless bring the stress in their lives to work.

Job Burnout

Job burnout refers to the emotional exhaustion, depersonalization, and reduced accomplishment sometimes experienced by those who work with people or do "people work" of some kind. It is a response to the chronic emotional strain of dealing with other human beings, particularly when they are troubled or have problems. Job burnout is now recognized as a major work stress problem. Burnout is most common among professionals who must deal extensively with other people—clients, subordinates, and customers on the job. The professionals who seem most vulnerable to job burnout include managers, accountants, lawyers, nurses, police officers, and social workers. Studies show that burnout is more widespread than was once thought. Those who experience job burnout seem to have few personalities characteristic in common, but they do show many significant and consistent job, work setting, and organizational characteristics. They tend to experience much stress because of job-related stressors, be perfectionists or self-motivating achievers, and seek unrealistic or unattainable goals. Under the stress of burnout, the individual can no longer cope with the demands of the job and becomes less and less willing to try. *The costs of job burnout, both to the organization member suffering from this syndrome and the organization, can be high*. The programs for coping with stress that are examined in the last section of this chapter are also useful in reducing the causes and symptoms of job burnout.

Stress Management Interventions and Coping with Stress

Stress management interventions aim to help individuals and organizations effectively cope with and reduce stress levels. Here are some common stress management interventions and coping strategies:

Stress Awareness Workshops: These workshops educate employees about the causes and effects of stress, as well as techniques for managing stress effectively.

Mindfulness and Meditation: Practices such as mindfulness meditation can help individuals reduce stress by promoting relaxation, self-awareness, and present-moment focus.

Stress Reduction Techniques: Various techniques such as deep breathing exercises, progressive muscle relaxation, and guided imagery can help individuals relax and alleviate stress.

Time Management Training: Teaching individuals how to prioritize tasks, set realistic goals, and manage their time effectively can reduce feelings of overwhelm and stress.

Workload Management: Assessing workloads and redistributing tasks or responsibilities can help prevent burnout and reduce stress levels among employees.

Flexible Work Arrangements: Offering flexible work hours, remote work options, or compressed workweeks can help employees better balance work and personal responsibilities, reducing stress.

Physical Activity and Exercise Programs: Regular physical activity has been shown to reduce stress levels by promoting the release of endorphins and improving overall well-being.

Social Support Networks: Encouraging a supportive work environment where colleagues can seek help and advice from one another can buffer the negative effects of stress.

Employee Assistance Programs (EAPs): Providing access to counselling services, mental health resources, and confidential support can help employees cope with stress and seek professional help if needed.

Healthy Lifestyle Promotion: Educating employees about the importance of nutrition, sleep, and self-care activities such as hobbies or leisure pursuits can help them better manage stress and maintain overall health.

Conflict Resolution Skills Training: Teaching employees effective communication and conflict resolution skills can help reduce interpersonal tensions and workplace stress.

Leadership Support and Communication: Encouraging open communication between managers and employees, providing support, and recognizing and addressing sources of stress within the organization can foster a healthier work environment.

By implementing these interventions and promoting coping strategies, organizations can create a culture that supports employees in managing stress effectively and maintaining their well-being.

SUMMARY

- Interventions

This chapter has presented an overview of several OD interpersonal interventions. The practitioner and the client must examine many factors in deciding upon an intervention. They must decide not only on the depth of the intervention desired but also on the relative advantages and disadvantages of various possible interventions. Employee empowerment is a powerful technique for unleashing human potential in organizations.

- Laboratory Learning

Although research on the effectiveness of laboratory learning programs shows mixed results, there is evidence suggesting that this technique can influence managerial behaviour. OD practitioners often used it successfully in change programs in the past, but it is not used as frequently today.

- Johari Window

The Johari Window provides a way of thinking about ourselves in relation to other people. It also provides two major ways of getting to know and understand others and ourselves: self-disclosure and feedback. The purpose of these two strategies is to enlarge our open areas as much as possible by reducing the blind or closed areas. To the extent that we gain clearer and more accurate perceptions of others and ourselves, we can improve our ways of communicating and working together.

- Transaction Analysis

Transactional analysis is a technique for changing an organization's culture by getting people to think about their relationships with others and by providing a framework for improving their managerial style. One manager may assume that people are irresponsible and approach situations like a parent—critical, judgmental, and admonishing; another may act in ways that are dependent, powerless, or rebellious, like a child. Because the nature of the people in any organization is changing, the manager or OD practitioner needs to develop new skills in relating to others. These relational skills involve transactions with others, and the way you come across to others may well influence your effectiveness.

• Career Life Planning

Career life planning provides activities that help individuals to reassess their life and career goals and to redirect their efforts toward new goals. Now or at some time in the future you may be at a career decision point where you will want to use this technique to examine your career or life plan.

• Stress

Stress and burnout are increasingly having an impact upon organization members. Stress management programs set up by organizations for their members include biofeedback, meditation, career life planning, training in stress management, wellness programs, and seminars on job burnout. The purpose of most of these programs is to help individuals increase their coping skills. One objective of OD programs is to improve organization situations that cause stress.

• Choice

The idea of choice is an important notion regarding behavioural change. We often behave in certain ways that we find effective before we become aware of their consequences. Such behaviours are essentially habitual and not by choice. A choice is opened up as you begin receiving feedback on your blind spots and on how others react to your behaviour. You can choose to continue behaving the same way and accept the consequences. Or you can choose to alter your patterns of behaviour in the hope of changing the consequences to modes that are more effective. Either way, more authentic and effective behaviour is possible once you have recognized the choices and take responsibility for your actions.

• Organization Efficiency

Interpersonal interventions are based upon improving organization efficiency by increasing the individual's involvement, motivation, and competence.

KEY WORDS AND CONCEPTS

• Career Life Planning • Complementary Transaction • Crooked Stroke • Crossed Transaction • Disclosure • Ego States • Empowerment • Fade Out • Feedback • Job Burnout • Johari Window Model • Laboratory Learning • Meditation • Negative Strokes • Positive Strokes • Psychological Positions • Psychosocial System • Stress • Stress Management Intervention • Stressors • Stroking • Structural Analysis • Transaction • Transactional Analysis • Ulterior Transaction • Wellness Programs

TEAM DEVELOPMENT INTERVENTIONS

A **team** is a group of individuals with complementary skills who depend upon one another to accomplish a common purpose or set of performance goals for which they hold themselves mutually accountable.

Teamwork is work done when the members subordinate their personal prominence for the good of the team. Members of effective teams are open and honest with one another, there is support and trust, there is a high degree of cooperation and collaboration, decisions are reached by consensus, communication channels are open and well developed, and there is a strong commitment to the team's goals.

Many management theorists see the team-based organization as the wave of the future. The self-managed team could be one of the basic building blocks of the organization and may well become the productivity breakthrough.

Management consultant **W. Edwards Deming** (management guru to the Japanese and responsible for much of Japan's post-war industrial success) once said in an interview, "An example of a system well managed is an orchestra. The various players are not there as prima donnas—to play loud and attract the attention of the listener. They're there to support each other. In fact, sometimes you see a whole section doing nothing but counting and watching. Just sitting there doing nothing. They're there to support each other. That's how business should be." The CEO of General Motors, **Rick Wagoner**, echoes this idea: "I'm a much better basketball player than I am a golfer, so you can draw your own conclusions. I don't think you come to work for General Motors with the idea that you individually want to become a star. If you want to do that, you go be an investment banker or an entrepreneur."

The coordination of individual effort into task accomplishment is most important when the members of a team are interdependent. **Interdependence** refers to situations where one person's performance is contingent upon how someone else performs. Sports like baseball, football, and basketball provide some useful parallels for understanding the workings of teams in other types of organizations. Among the three major professional sports—baseball, football, and basketball—basketball is more of a team sport than the other two.

Baseball is a game of pooled interdependence where team member contributions are somewhat independent of one other. The players are separated geographically on a large field, they are not all involved actively in every play, and they come to bat one at a time.

Football, in contrast, involves sequential interdependence. A flow of plays and first downs are required to score. The players are closer geographically than in baseball, and there is a greater degree of interdependence. Players are normally grouped together functionally (i.e., offense and defence) and the two groups do not contact one another. Unlike baseball, all the players on the field are involved in every play.

Basketball exhibits the highest degree of interdependence. The players are closely grouped together and the team moves together on the court. Every player may contact any other player, and the player's roles or functions are less defined than in football. All the players are involved in offense, defence, and trying to score.

Organizations frequently use sport teams as a model. For example, some organizations require close teamwork similar to basketball, whereas other organizations require team involvement similar to baseball. Using sports terminology, a production manager at Procter & Gamble expressed his vision for his work team by saying, “I have a picture of an ideal basketball team in my head that I compare to the production team. When I see people not passing to each other or when I see somebody taking all the shots, I know we have to work on teamwork. When we’re not using the backboard, we need to work on skills. When only part of the team can get rebounds, we have to do cross-training.

One major OD technique, termed **team building or team development** (the two terms are generally interchangeable), is used for increasing the communication, cooperation, and cohesiveness of units to make them more productive and effective. Team building is an intervention where the members of a work group examine such things as their goals, structure, procedures, culture, norms, and interpersonal relationships to improve their ability to work together effectively and efficiently.

There are several reasons for using team development to improve organizational effectiveness. First, the work group is the basic unit of the organization and thus provides a supportive change factor. Second, the operating problems of work groups are often sources of inefficiency.

Teams or work groups often have difficulty in operating effectively. The problems that inhibit effective operation include lack of clear objectives, interpersonal differences or conflicts, ineffective communication, difficulty in reaching group decisions, and inappropriate power and authority levels in the group. Team development techniques are used in change programs to increase work team effectiveness. The work team reviews and evaluates its own functioning and develops improved work and relational patterns. The emphasis is on the members exploring the team’s functioning and processes, usually with the help of a practitioner’s process interventions. If the team’s manager or leader is the OD practitioner, then the manager will make process interventions. With time and team development, the members will also make process interventions.

OD IN PRACTICE: A CUP OF JOE AT STARBUCKS

Howard Schultz’s vocabulary, at least in formal interviews, makes him sound like a college professor of management. The interviews are peppered with words like “**collaborative**,” “**teams**,” “**empowerment**,” “**empathetic**,” and “**vision**.”

Schultz just happens to be one of the founders, chairperson of the board, and chief strategist of Starbucks Coffee Company, and he is intent on moving Starbucks to new highs. “We are in the second inning of a nine-inning game,” he says. Starbucks stock has gone up more than 3,000 percent since it first went public in 1992. The firm has over 7,500 stores in 36 countries and is expanding so rapidly that the running joke is that a new Starbucks will be opening in the restroom of a current Starbucks. Over 25 million people visit Starbucks each week. No American retailer has a higher frequency of customer visits. Besides a good cup of Joe, what is the Starbucks formula for success?

Perhaps it is the firm’s vision. Says former U.S. Senator and current Starbucks board member Bill Bradley, “Howard is consumed with his vision of Starbucks. That means showing the good that a corporation can do for its workers, shareholders, and customers.” On Starbucks six-point mission statement, number one is “**Provide a great work environment and treat each other with respect and dignity**.”

Starbucks overriding company philosophy is "Leave no one behind." This philosophy shows up in new employees receiving 24 hours of in-store training, higher-than-average salaries, and benefit packages. All employees who work more than 20 hours a week receive stock options and full healthcare benefits. Schultz says, "The most important thing I ever did was give our employees stock options. That's what sets us apart and gives a higher quality employee, an employee that cares more."

In employee surveys Starbucks ranks ahead of other companies. Starbucks employees show an 82 percent job-satisfaction rate compared to a 50 percent rate for all employers. Starbucks has the lowest employee turnover rate of any restaurant or fast-food company. Another survey found that the two principal reasons people work for Starbucks are "the opportunity to work with an enthusiastic team" and "to work in a place where I feel I have value." A Starbuck spokesperson says, "We look for people who are **adaptable**, **self-motivated**, **passionate**, **creative team players**." Maintaining this spirit is not easy in a company with around 11,000 full-time and almost 70,000 part-time employees. "Getting big and staying small," is the Starbucks objective, says Schultz.

Starbucks has lower profit margins than other companies in the fast-food industry, partly because it has higher salaries and benefit costs. All of the stores are owned by Starbucks, which enables the company to control store operations. "I look at franchising as a way of accessing capital, and I will never make the trade-off between cheap money and losing control over our stores," says Schultz.

Categories of Team Interaction

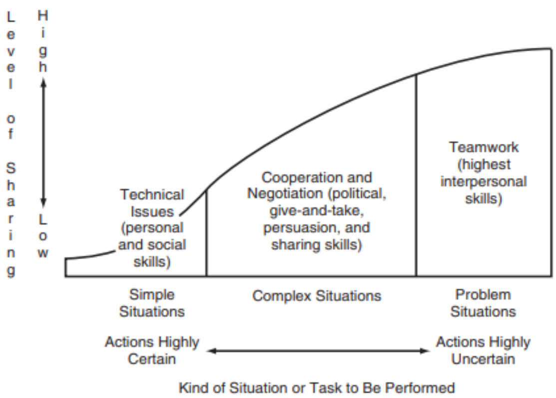
Some practitioners feel that team building is an overused technique. As they point out, the members of many teams say they do not want to work together, cannot work together, and have no reason to work together. Given these limitations, it is important to examine the degree of team member interaction before beginning a team development intervention. Situations that require interaction tend to fall into three categories:

(1) simple situations,

(2) complex situations, and

(3) problem situations. The kind of task to be performed determines whether a team is required.

Figure 7a: Situation Determines Teamwork



Simple Situations

A simple situation is one that can be solved by a single individual. For example, an electronic engineer may need to consult occasionally with colleagues to obtain technical information to design a routine component, but the project is one that the engineer is expected to complete alone based on technical expertise. There is no need to involve others except to pass along or obtain information. The involvement of others may slow down the organization's functions. Managers operating in a simple situation focus on their responsibilities, do not involve others in their work, and, therefore, avoid wasting valuable time. Good social skills are important, but team development is not needed for work groups involved with simple situations. Teamwork and employee participation are not needed under the following conditions.

• The work is structured so that the tasks that make it up are highly independent of other tasks.

• There is one person who is obviously more of an expert on the subject than anyone else, and those affected by the decision acknowledge and accept that expertise.

• There is an obvious correct answer.

• The task or problem is part of someone's regular job assignment, and it was not his or her idea to form the team.

• There is little or no interest in the issue.

• The involvement of others will not contribute to the issue, nor would their knowledge or expertise be increased by the team experience.

• The reward or pay is based on individual performance and not on the collective performance of the team.

• There is no time for discussion.

• Employees work more happily and productively alone.

Complex Situations

Complex situations encompass most of a group's work. There is a need to share information at a level that allows work to be accomplished, because the members cannot do the task on their own. However, input is not required from all of the group's members, and the level of the input is not deeply personal. These types of activities arise constantly in most organizations, and members handle them by cooperating with one another. For example, they assist each other in getting out the quarterly financial statements. Acting alone, no one person would have enough information or time to complete the statements, so information is shared and members help one another. Team development is not essential, but it is recommended because members need to cooperate and negotiate with one another and coordinate their activities. Good interpersonal skills are required, including the ability to compromise, to see situations from another member's point of view, to negotiate, to persuade, to listen, and to share information.

Problem Situations

Problem situations are atypical, consequential, unprecedented, and have an impact outside an individual's scope of influence. For example, a company that is planning to introduce a new product must work effectively not only in the various departments that formulate plans but also between departments to arrive at a general strategy. The uncertainty involved with these types of problems and the need to involve others in the solutions requires a team-building approach. Different modes of working require different processes. The team approach is appropriate under the following conditions.

• When the work is designed to be done by a team.

• To permit members to gain new expertise and experience and to develop and educate members.

• To allow those who know something about the subject to become involved.

• To build and enhance employee commitment, because teams offer increased levels of participation in decisions.

• To build consensus and commitment on a controversial issue.

• To work on a problem that does not belong to any one person.

• When rewards are based on team performance rather than individual performance.

• To allow more creative discussions by pulling together people of unusual and different backgrounds and interests.

• To avoid the obvious decision and explore a variety of effects.

Operating Problems of Work Teams

When individuals are brought together to work on some problem or goal of the organization, they are likely to develop a complex pattern of behaviours, interactions, and feelings. A primary function will be to preserve the norms of the team and protect it from outside pressures perceived to be threats. Those who receive rewards from the team and support its norms represent a core of "regular" members. At the other extreme are the "isolates," who have little to do with the others and seem to have little interest in and need for observing the norms.

The team also satisfies several important individual needs. If these needs are frustrated by organizational obstacles, problems will arise both for the individual and for the work organization. The satisfaction of social needs such as affiliation, acceptance, and status is important for most people, and often these needs are partially met through the team. Work teams provide emotional support and identity for their members. The lack of support is noticeable when work teams are dissolved, as in an organization or company takeover. Work teams also serve the valuable purpose of helping individuals to attain goals and accomplish tasks.

A survey sponsored by the American Management Association found that the principal causes of conflict within organizations included value differences, goal disagreements, poor cooperation, authority and responsibility disputes, poor personal performance, frustration, competition for organizational resources, not following policies and work rules, misunderstandings, and personality clashes. The sources of team operating problems shown in **Figure 7b** centre around the following elements: goals, member needs, norms, homogeneous members, decision-making, leadership, and size.

Goals

Individuals often have difficulty in defining and clarifying their goals, and in work teams the problem is multiplied. Objectives are often misunderstood, confused, or changed without any definite clarification. Similarly, teams tend to lose their purpose and direction, and goals require testing from time to time to figure out whether they are going full steam but in the wrong direction.

Member Needs

As previously noted, teams fill several needs of individuals, and frequently the satisfaction of completing the task is overemphasized at the expense of the social and personal needs of team members. Interpersonal differences, conflicts, or misunderstandings may hinder team effectiveness. Members may take sides and reject any compromise, or they may attack one another in subtle ways. Such interpersonal "garbage" or hang-ups need to be brought out and resolved.

Norms

The team must develop norms about its behavioural patterns. In some cases the norms lead to behaviour that is antisocial and dysfunctional for the organization. For example, groups with strongly antisocial climates appear to have significant influence on the antisocial actions of their members. If team members comprise a tightly knit group, they are more likely to match their level of antisocial behaviour to that of the group.

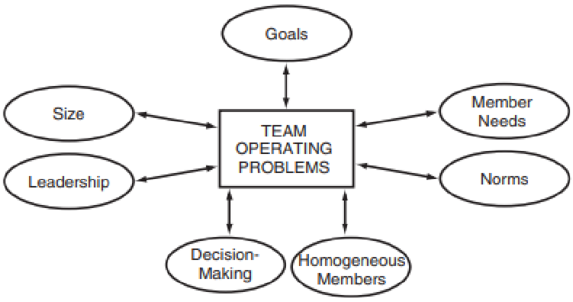
Homogeneous Members

Groups that are homogeneous tend to produce homogeneous ideas. Creative ideas and projects tend to come from groups that have diverse backgrounds and interests.

Decision-Making

Another frequent source of difficulty in teams is the way decisions are made. Decisions may be made by authoritarian decree, by majority rule, or by unanimous rule. Each method has advantages and disadvantages. There is a good deal of evidence showing that decisions implemented by members who use consensus rules are more effective.

Figure 7b: Sources of Team Problems



Leadership

One key issue for teams is the degree of power and control that the members have over themselves and others. Groups sometimes suffer from low participation, boredom, or apathy. Some groups and individuals function better in a more structured, authoritarian situation, whereas others do not. For example, production units may operate better with more structure, whereas research groups probably do better with more independence.

Size

A work team can consist of as few as two members or as many as 25 or 30, but five to seven is generally considered the most effective size. People on a small team behave differently from those on a large team. A team of two or three is generally too small to be effective, whereas is probably the upper limit for the members to interact with every other member. With even larger teams, there is a greater likelihood that sub teams of five to seven will form to handle specific concerns. For example, Bank One Corp.'s COO, Jamie Dimon, says that he prefers to work in small groups, where managers cannot hide. He says it is also easier to make changes in small groups.

COHESIVENESS AND GROUPTHINK

The term **group** (or team) **cohesiveness** refers to the unity that the members of a group have for one another. Some groups have more closeness and team spirit than others, and such groups are more cohesive than those where members are indifferent. **Cohesiveness** can improve **group performance**, but it can also make the need for uniformity more important than the need for high-quality decisions. This type of group behaviour is called groupthink.

Groupthink is a theoretical framework posited by Irving Janis to describe the problems of group cohesiveness. Groupthink refers to "a mode of thinking that people engage in when they are deeply involved in a cohesive in-group, when the members striving for unanimity overrides their motivation to realistically appraise alternative courses of action."

Some authorities on work group behaviour, including Warren Bennis, a writer and OD practitioner, advocate appointing an official "contrarian" who is responsible for raising legitimate questions and criticisms before the team makes a key decision. "Give people license to tell the truth," Bennis said. "It's a way of stopping the folly of 'groupthink.'"

Groupthink often occurs when the members of a group avoid making harsh judgments of ideas put forward by their leaders or colleagues. In their behaviour and thinking, they adopt a soft line of criticism. The members are friendly to one another and seek complete concurrence on every important issue. There is no disagreement or conflict to spoil the cozy, "we feeling" atmosphere.

Irving Janis identifies **eight characteristics** of groupthink and the problems tending to result from it.

1. Illusion of invulnerability. Most or all members share an illusion of invulnerability that masks obvious dangers, leads them to take extraordinary risks, and causes them to fail to respond to clear warnings of danger.

2. Rationalization. Members construct rationalizations that allow them to discount warnings or other negative information.

3. Illusion of morality. Members unquestionably believe in the inherent morality of the group's position. Other groups with opposing views are thought of as evil. This type of thinking allows the group to disregard the ethical or moral consequences of their actions.

4. Shared stereotypes. Views held by an opposing group, and especially by its leaders, are seen as evil or as so stupid that the opposing group could not possibly understand reasonable negotiations with one's own groups.

5. Direct pressure. The group applies direct pressure to any member who expresses doubts about the group's positions or questions the validity of the arguments supporting a position.

6. Self-censorship. Members of the group do not express views that differ from what appears to be a group consensus and minimize to themselves the importance of their doubts.

7. Illusion of unanimity. An illusory belief that the members of the group are all in agreement. It is partly based on the false assumption that individuals who remain silent agree with the group.

8. Mind guards. Self-appointed members protect the leader and other members from adverse information external to the group that might disrupt the group's cohesiveness.

Eastman Kodak Company's insular management is an example of groupthink. The physical location of Kodak in Rochester, New York (where it has been located for over a century), means that managers have little chance to mix with counterparts from other companies. Fortune magazine has called Kodak a champ, maybe the champ, of inbreeding and insularity. The social lives of many of its employees revolve around company events. At Kodak, consensus has become the norm, and confrontation is frowned upon. Groupthink may also explain some of the poor decisions made by corporate boards of directors in the early 2000s. This may be especially true of corporations that formerly had been successful for long periods.

The consequences of group problems are usually not clearly understood, but most managers agree that they influence motivation, morale, and productivity. Empirical investigations of groupthink do not conclusively support Janis's theory. There are, however, studies that generally support the groupthink phenomenon. One study found that in groups whose leaders promoted their own preferred solution, the group exhibited symptoms of groupthink, poor decision-making process, and poor-quality decisions. Other studies point to the importance of a group being composed of members with diverse personalities so that each member can contribute unique attributes to the team.

THE TEAM DEVELOPMENT PROCESS

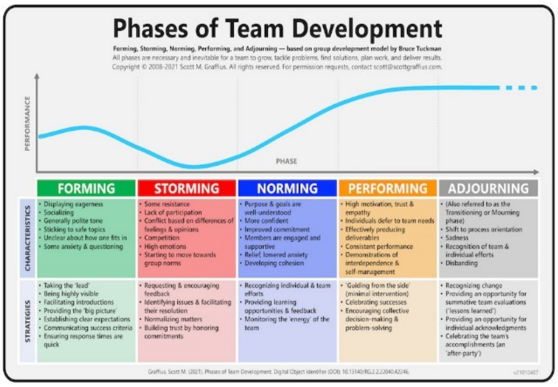
The team development process refers to the stages and dynamics that teams typically experience as they form, mature, and achieve their goals. Various models describe these stages, with one of the most commonly referenced being Bruce Tuckman's stages of group development: Forming, Storming, Norming, Performing, and Adjourning (sometimes referred to as "Mourning" in cases where the team disbands).

Forming: In the forming stage, team members come together and get acquainted. They may be polite and cautious, trying to understand their roles, goals, and expectations. This stage is characterized by orientation, testing boundaries, and dependency on the leader for guidance.

Storming: As the team progresses, conflicts and differences in opinions may arise. This stage is marked by competition for leadership, disagreements about tasks or methods, and the emergence of cliques or factions within the team. Effective communication and conflict resolution skills are crucial during this stage to navigate through challenges.

Norming: In the norming stage, team members begin to resolve their differences, establish norms and rules for collaboration, and develop cohesion. Trust and mutual respect grow, and individuals start to identify with the team's goals and identity. Roles and responsibilities become clearer, and consensus is reached on how the team operates.

Figure 7C: Phases of Team Development



Performing: During the performing stage, the team is highly productive, and members work together seamlessly to achieve their goals. There is a strong sense of unity, shared purpose, and accountability among team members. Creativity flourishes, and the team achieves high levels of performance and effectiveness.

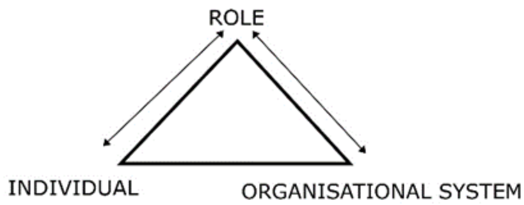
Adjourning (or Mourning): In this final stage, the team disbands either because the project is completed or due to other reasons such as restructuring or reassignment. This stage involves reflecting on the team's accomplishments, celebrating successes, and acknowledging individual contributions. In cases of disbandment, team members may experience a sense of loss and need support to transition to new roles or teams.

It's important to note that not all teams progress through these stages linearly, and they may regress to earlier stages or get stuck in a particular stage if issues are not addressed. Additionally, external factors such as changes in leadership, organizational culture, or project scope can influence the team development process. Effective leadership, clear communication, and proactive conflict resolution are essential for guiding teams through these stages and fostering their development and success.

ROLE ANALYSIS

Another team development intervention, called role analysis technique (RAT), is designed to clarify role expectations. Because team norms influence member behaviour, team members form expectations about the behaviour of the other members of their team. The sets of behaviours or attitudes associated with the various positions in a team are called roles. Discrepancies sometimes arise between what is expected of a team member's role and the member's actual behaviour. Role analysis is used to clarify such role discrepancies, leading to improved cohesiveness and functioning. Role expectations are the behaviours expected or prescribed for one member of the team (the role incumbent) by the other team members.

Figure 7d: Organisational Role Analysis



Source: orgcultureconsulting

ORGANIZATIONAL ROLE ANALYSIS (ORA) adds to OD processes and coaching by

- Eliciting creative right brain activity
- Circumventing the blame game
- Makes meaning of challenges on both the individual, as well as the bigger systemic level
- Providing many different possibilities and opportunities for change

Organizational Role Analysis (ORA) is a process designed to develop insight and understanding into the way in which the professional role of the client is shaped by the organization and the role holder him/herself, consciously and unconsciously.

The focus is on making sense of the whole system, and of the individual's role, which is the link between the individual himself and the organization. In other words, rather than focusing on individual's personality traits and pathologies, ORA attends to the 'internal map of the role which the person has of the organization in which he/she works, and of his/her place in the organization.

When working with ORA, **role is** regarded as follows;

- Role is more than the formal position the employee holds, or a description of his/her tasks and duties, but it also includes an
- Invertor of shared, and hidden, expectations placed on a person within a group/organization.
- Metaphorically, role is the place / area which is the 'interface' between the individual and the organization.
- Role is shaped by the definitions of the organisation, as well as the role holder. It is part of the psychosocial dynamics which emerge at the 'interface' between people and organizations.
- Thus, a role always exist in a context, and
- **The person and the role is not the same.**

SUMMARY

• Team Development

Team development is a major OD intervention. It is a useful and successful vehicle for bringing about significant changes in a team. Team development includes outdoor experiential training, role negotiation, and role analysis techniques. These techniques are used to increase the communication, cooperation, and cohesiveness of work teams, resulting in increased organizational efficiency. It is important to remember that team development is only a part of an organization-wide change program that values participation, collaboration, and the maximization of the use of human resources.

• When to Use a Team

Not all work situations require the use of a team. Simple situations can be solved by an individual. The use of a team in a simple situation could actually impede organizational success. However, where complex situations predominate in a group's work, team development would be highly desirable. The problem-oriented situations that a work group faces require a finely tuned team, and the work group would greatly benefit from team development.

• Problems of Work Teams

Problems inevitable occur when a group of people are brought together to work on a common project. Common problems center on differences in member needs, goal disagreements, norms, divergent points of view, different decision-making methods, different leadership styles and ways of administering direction, and too many or too few members.

• Groupthink

Work groups can benefit from cohesiveness, but too much cohesiveness can be dysfunctional. When the need for uniformity within a group is greater than the need for high-quality decisions, the situation called groupthink occurs. Groupthink is a type of thinking engaged in by members of a work group when they are highly involved in a cohesive in-group and their striving for unanimity overrides the motivation to realistically appraise different courses of action

• Team Development Process

Team development is a process of education for the work team where the team learns new and more effective ways of operating. Team development meetings focus on the processes of how the team operates rather than the product or work of the team.

• Role Negotiation and Role Analysis

Role negotiation encourages participants to negotiate and arrive at an agreement on what they expect from one another. Role analysis allows the participants to clarify their roles and relationships with one another.

KEY WORDS AND CONCEPTS

• Group Cohesiveness • Groupthink • Interdependence • Natural Work Team • Outdoor Experiential Laboratory Training KEY WORDS AND CONCEPTS • Role Ambiguity • Role Analysis Technique • Role Conflict • Role Negotiation • Team • Team Building • Team Development • Teamwork • Temporary Task Team

INTERGROUP INTERVENTIONS

ORGANIZATIONAL DEVELOPMENT

INTERGROUP DEVELOPMENT INTERVENTIONS

CHANGING RELATIONSHIPS

One key area in the improvement of organization effectiveness involves the relation between operating groups or departments. Complex organizations tend to create situations of team interdependence, where the performance of one group is contingent upon another group. Manufacturing depends upon engineering, production upon purchasing, marketing upon production, and so on. Consequently, managers must operate and function in an interdepartmental environment. General Electric Corporation focuses on both teamwork and cooperation between teams. Before **Jack Welch retired as CEO** he said, *"If you can't operate as a team player, no matter how valuable you've been, you really don't belong at GE. . .. **What we value most is boundarylessness. It's the ability to work up and down the hierarchy, across functions and geographies,** and with suppliers and customers."*

Because of these problems, one set of OD interventions aims specifically at improving interdepartmental interfaces and intergroup operating problems. Such interventions attempt to bring underlying problems to the surface and use joint problem-solving to correct misperceptions between groups and reopen channels of communication.

COLLABORATION AND CONFLICT

An organization is a large system consisting of subsystems. The subsystems have internal boundaries across which members of the subsystems exchange information and materials. The points of intersection between departments are termed **interfaces**. The organization requires cooperation among its departments and divisions if it is to be effective. Teamwork implies that all the members are contributing to an overall objective even if doing so means subordinating their personal prominence. In sports, individuals play together as a team, and usually their degree of success depends on how well they cooperate and collaborate. The same is true of an organization's departments and groups. The climate of collaboration and the interface between work groups often determine an organization's effectiveness.

Richard Beckhard, an OD practitioner and one of the pioneers of OD, notes, "One of the major problems affecting organizational effectiveness is the amount of dysfunctional energy expended in inappropriate competition and fighting between groups that should be collaborating." This competition and conflict originate with differences in objectives, values, efforts, and interests between groups. Some aspects of competition are consciously recognized and intentionally produced, whereas others are unconscious or unintentional. The interdependence of functions is one potential source of conflict. Our Changing World illustrates the conflict and how DaimlerChrysler tried to resolve it.

Because of the possibility of group conflicts, and because work teams are often interdependent, the relationship between work teams is a crucial element in organizational efficiency. Within the organization there is a need for competition between these elements, but there is also a need for cooperation and collaboration.

Success often depends upon effective sharing of resources, and many groups are interdependent; that is, they depend upon the exchange of resources with other elements to attain their objectives. Interdependence is the mutual dependence between groups. Often, however, inter-dependencies introduce conflict into the organization system.

OUR CHANGING WORLD: M-CLASS AS THE PROTOTYPE FOR DAIMLERCHRYSLER

The merger of Daimler-Benz AG and the Chrysler Corp. to form DaimlerChrysler has entailed many challenges. Daimler's premerger research found that more than 70 percent of such mergers are given up as failures within three years—and this merger represents the coming together of two companies from two countries with very different cultures. Five years after the biggest industrial merger in history took place, the goal of making DaimlerChrysler into the world's most profitable carmaker has all the marks of being a financial flop.

An international auto analyst says, "The Mercedes guys think they're brilliant because their product is respected for its quality. But Chrysler people feel the same way about their reputation for efficiency. Chrysler's strength was never manufacturing; it was low-cost product development. You put the two companies together and you are going to have clashes. The biggest challenge in a merger like this is on the production floor." For example, Chrysler makes 3 million vehicles a year with about 120,000 employees, whereas Daimler-Benz makes only 850,000 vehicles with a workforce of about the same size.

AN INTEGRATED MANAGEMENT TEAM AND THE M-CLASS

There is one DaimlerChrysler plant that may provide some insight about to how to handle the merger.

The plant, now known as the M-Class production facility, is located in Tuscaloosa County, Alabama.

Mercedes-Benz decided in 1989, 10 years before the merger, that it must do something to avoid becoming irrelevant in the twenty-first century. In 1991, Mercedes-Benz gave Andreas Renschler the task of initiating a new auto project. He put together a team of people who were initially from Germany to represent development, production, marketing, and finance. By 1992, the team had decided to produce a sport-utility vehicle in the United States and a site was chosen in Alabama. By late 1993, Renschler had hired a diverse managerial team to start and manage the new operations: three Germans, one Canadian, and two Americans. They came from different companies: Nissan, Ford, Westinghouse, Toyota, and General Motors.

A FAMILY LIVES UNDER ONE ROOF

They had intense discussions for months in Stuttgart, Germany, concerning the details of the new plant. The team battled over whether to have private offices and hallways, as Daimler-Benz does at its headquarters, or to adopt the open style of U.S. offices. The open-style office won. Another disagreement occurred over the design of the factory. German engineers came up with the idea of separate buildings for different assembly lines. The Canadian and U.S. members argued for one structure to promote the team concept. One member said, "A family lives under one roof. "The North Americans won. Pay for employees also became an issue. The team decided to pay the U.S. workers less than their German counterparts, but to adopt a gain-sharing plan based on the skills and education the workers acquired. Even attire for employees became an issue. Instead of suits for management and uniforms for production workers, it was agreed that everyone would wear casual slacks and shirts embroidered with their first name. The team decided on one employee cafeteria and no executive dining room.

How did this democratic team approach go over with the traditionally bureaucratic German board of directors? One member of the management team said, “Well, there was certain uneasiness.” However, with the backing of several key Mercedes-Benz board members, the project went forward.

THE M-CLASS PRODUCTION FACILITY AND THE TEAM

The design of the M-Class facility became the foundation of a culture of teamwork and open communication. Before the plant started operations, people were hired to work on the line—not based on automobile experience, because there was none in Alabama—but based on good education, technical and problem-solving skills, good work ethic, and the ability to work effectively in a team. Of the new hires, 160 were sent to Germany for training. They became the “multipliers” for the workers in the rest of the plant. About 80 German trainers were sent to Alabama for the start-up. The team approach is the basis for the M-Class production system. There is a succession of stations each of which is staffed by approximately six members. The cycle time of each station is three minutes at maximum production levels. Each team has a leader who is called a group or team leader. Each team member at a station is trained to do the others’ work, and every two hours they rotate positions. Each station is trained in the work of the station immediately before and after it. This enables each station to understand the needs and requirements of the stations they receive work from and send work to. A customer orientation is established at each station, as discussed in the TQM section of this chapter. Training on the job is complemented by classroom instruction.

THE PROTOTYPE

Any merger is a minefield, but a merger separated by different cultures, languages, policies, pay and salary plans, management philosophies, and up to nine hours difference in time is a gargantuan challenge. Perhaps the experience of the M-Class production facility in Tuscaloosa County, Alabama, will help. In many ways the M-Class facility has become the prototype for DaimlerChrysler plants throughout the company.

Solution example: GE

General Electric reduces the conflict between operating divisions, departments, and teams by subscribing to interdependent teams and emphasizing the concept of being boundaryless. Jack Welch says that being boundaryless is “an open, trusting, sharing of ideas. A willingness to listen, debate, and then take the best ideas and get on with it. If this company is to achieve its goals, we’ve all got to become boundaryless. **Boundaries are crazy**.”

Competition among divisions for all sorts of resources (capital, labour, management, and so forth) often becomes a win-lose situation. If the company decides to build a new manufacturing plant in Texas, it cannot build a new research laboratory in California. There are far too many examples of this dilemma.

Conflict is increasingly perceived as inevitable and is all too common in today’s organizations. Managers report that they spend approximately 20 percent of their time dealing with conflict and its impact. According to another report, corporate managers spend 25 percent of their time dealing with conflict, and public administrators (in schools, hospitals, cities, and so on) spend almost **50 percent** of their time dealing with conflict. Thus a manager’s ability to manage conflict is important. The horizontal organization structure is becoming increasingly common, and this design intentionally builds in controlled conflict for integrating diverse activities.

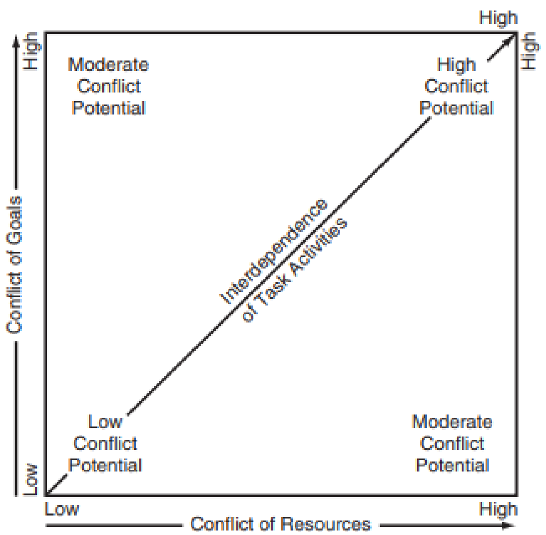
Certain implications for the organization development practitioner stem from this view of interdependent subsystems. First, the OD practitioner must be able to recognize the interdependence of organization units. He or she must be aware that these interactions result in conflicts between units. Moreover, elements often operate without feedback, or in an open loop as it is termed. When this is the case, there is no mechanism for corrective action to take place.

Intergroup competition is an important aspect of the organization. Relations between groups often lead to conflicts or dysfunctional behaviour affecting operating efficiency. As a result, one objective of OD is to increase cooperation among organization subsystems. These **intergroup interventions** have been described as "the deliberate interaction of two or more complex social units which are attempting to define or redefine the terms of their interdependence."

INTERGROUP OPERATING PROBLEMS

The potential for conflict depends on how incompatible the goals are, the extent to which required resources are scarce and shared, and the degree of interdependence of task activities. **Figure 8a** shows that that there will

Figure 8a: Factors Involved in the Potential for Conflict



be more conflict between groups when their tasks are interdependent. The chance of goal conflict is somewhat low between groups that have their own resources and perform entirely different tasks directed toward completely separate goals. Electrical engineers and janitors seldom conflict because their tasks are largely separate. The potential for conflict is much higher between engineers and production managers or between salespeople and credit managers. This is because such units tend to rely on common resources, their tasks are interdependent, and they frequently pursue incompatible goals (e.g., increasing sales vs. reducing credit losses).

Suboptimization

When the goals of operating divisions are interdependent, optimization by one group may result in decreased goal attainment for other groups and the organization. As an example, engineering may design a product very quickly and inexpensively, but the product is difficult, time-consuming, and costly for the manufacturing department to produce. The financial group, by limiting hiring or overtime, may optimize its objective of cutting costs, but other departments and the organization may lose profits or customers, bringing about a net reduction in profits. This is called suboptimization. Suboptimization occurs when a group optimizes its own subgoals but loses sight of the larger goals of the organization as a whole.

General Motors, before its reorganization, had significant problems of suboptimization. Its engineering and production divisions were so autonomous that they did not interface except through the president . A car body would be designed to meet appearance and safety requirements but could not be manufactured because of physical limitations of stamping or bending metal. The design would have to be sent back to engineering to be redone. The CEO at the time described the process: "Guys in Fisher Body would draw up a body and send the blueprint over and tell the guy, 'Okay, you build it if you can.' And the guy at GMAD [production] would say, 'Well, ____, there's no damn way you can stamp metal like that, and there's no way we can weld this stuff together.'"

Outside experts tend to agree that General Motors still has problems of suboptimization. An Arthur D. Little consultant said of GM's unwillingness to divert resources from ailing brands and send them to the fledging but once successful Saturn, "GM pulled a rabbit out of the hat [referring to Saturn]. Then they almost let it die because of interdivisional fighting." Company infighting left Saturn without a single new car for almost a decade. Saturn's competition came not from Japan but chiefly from GM's own brands, from pickups to Oldsmobile, which consistently got new products and big marketing budgets. GM CEO G. Richard Wagoner Jr. admits, "Saturn is still a brand in transition."

Obviously, to be effective, the old functionally oriented structures need to be altered to bring down barriers. The objectives of OD interventions are aimed at decreasing suboptimization by increasing collaboration or integration between interdependent groups. OD practitioners Paul Lawrence and Jay Lorsch found that effectiveness measures were closely related to the degree of integration. From these data it may be hypothesized that suboptimization, or lack of integration, is a contributing factor to decreased organizational performance. Many organizations are becoming acutely aware of how important integration is. For years, some of America's largest corporations like IBM, General Motors, and Sears failed to see the problems caused by suboptimization.

Intergroup Competition

A second condition causing intergroup problems involves groups with conflicting purposes or objectives. The condition known as intergroup competition emerges when a group desires or pursues one goal while directly opposing the values of another group.

An example of this type of conflict is the conflict between the Air Force and the Army over tactical air support. The Army has acquired helicopters and fixed-wing aircraft for this function, but the Air Force feels that tactical air support is under its jurisdiction— the result is conflict. Similar situations occur in other types of organizations. Engineering may need special hand-tooled prototypes built and developed by a small manufacturing operation. Manufacturing, on the other hand, may see this as usurping its function and field of expertise. The subsystems of an organization all have their own special functions or areas, and they jealously guard them against intrusion as almost a territorial right.

Perceived Power Imbalance Between Groups

Differences of power between groups are another condition that may lead to intergroup conflict. The problem emerges where there is a perceived imbalance between units or when some previously established relationship is altered. This can be a serious problem in today's environment of corporate mergers and takeovers. When one group is overpowering, and its views and objectives are consistently favoured, its relations with the other group are likely to deteriorate. The submissive or losing group often feels compelled to revise the power balance. It may try to manipulate the situation by means of delaying tactics or by insisting on adherence to policies and procedures.

Role Conflict, Role Ambiguity

Role conflict (explained earlier) also exists when an individual belongs to or identifies with two or more groups whose goals or values are in conflict. This is more typical in a matrix or project form of organization, where an individual may belong to several work groups and report to several bosses. When directives are vague or incompatible, intergroup conflict may result.

Role ambiguity occurs when an individual or the members of a group are not clear about their functions, purposes, and goals within the organization. Staff groups, such as personnel or accounting, often encounter vague or unclear situations where their functions tend to interfere or conflict with line operations. Personnel, for example, may want to control all hiring and promotion decisions, but other departments may want to have control over such matters. An individual or the members of a group may face a situation in which their job scope is being reduced for the good of the organization; this may result in noncompliance or conflict because of the intangible and multifaceted nature of what is good for the organization.

In the real workday world, employees are faced with role conflict and ambiguity in some very traumatic ways. There are many cases of managers and line workers being enrolled in work improvement programs that turned out to be so effective that they were no longer needed and lost their jobs. Business Week reported on such an incident at Boeing Company.

Many employees recognize that Boeing needs to change. However, some roll their eyes at the slogans and endless meetings and training sessions. Blue-collar workers and union members are especially leery. Boeing aims to "empower" them to suggest ways to do their jobs more efficiently. Yet the more efficiently they make things run, the more likely they are to render their own jobs unnecessary.

Personality Conflict

A final source of intergroup problems arises from interpersonal differences between members, usually the managers. Two individuals who are competing for promotion, rewards, or resources may elevate this to a situation of intergroup conflict. Such conflicts may result from conflicting functions, **objectives, career aspirations, or personalities**.

COOPERATION VERSUS COMPETITION

Competition is normally thought of in positive terms, especially in a market-driven economic system. Some managers rationalize that the introduction of competition into their organizations helps make operations "lean and mean."

IBM had an industry reputation for internal strife and competition between divisions. Some years ago, for example, the managers responsible for large mainframe computers, afraid that these would become obsolete, wielded enough power to delay the introduction of more advanced personal computers into the marketplace. Of course, IBM's competitors had no such reluctance. Now IBM is battling Sun Microsystems and Hewlett-Packard to capture a share of the high-end personal computer market. A former CEO of IBM fumed, "We should have dominated. Where have we been?" For an approach that General Mills is using, see the following OD in Practice.

OD IN PRACTICE: GENERAL MILLS LOOKS TO EXTREME TEAMS

General Mills has improved its teams by looking outside the company. Some of its wanderings look, on first blush, as if they were dreamed up by a movie scriptwriter. What do SWAT teams and NASCAR pit crews have to do with running a cereal company? That question is what the chief technical officer of General Mills, Randy Darcy, wanted to find out. With a staggering $8.9 billion in debt, General Mills is trying to wring some of the costs out of its operations.

EXTREME TEAMS

Darcy is looking at groups that take team performance to the extreme: groups that dissect their operations, analyse them, change them, and put them back together. Then the teams practice, practice, and practice some more. These extreme teams look at their processes, or how they do their work, under a microscope.

One of the target groups was a NASCAR pit crew. Darcy and his team visited the racetrack and spent time observing and studying how the crews were able to work with blinding speed. The answer: better organization. So General Mills took the lessons learned to the Betty Crocker plant at Lodi, California. The purpose was to jolt employees into thinking of new ways of doing their jobs. Here it took production line workers 4.5 hours to change from one product to another. After studying their process and applying better organization, the switch in products now takes 12 minutes.

In another example, General Mills employees watched the way that Stealth bomber pilots and ground crews cooperate. At a cereal plant in Buffalo they were able to improve their own teamwork, helping to cut costs by 25 percent.

CROSS-TEAM COOPERATION

Studying the cooperative methods between SWAT team units stimulated General Mills to replace separate performance goals for engineering, purchasing, and production with a single set of goals. This eliminated the inclination of one department to cut corners to meet its own goals at the expense of the other departments. In the past, a purchasing manager had been buying thinner cartons to meet his cost-cutting goals. The downside was that the thinner cartons caused equipment in the production department to jam, raising manufacturing costs. Now the three departments are measured against goals established for the team.

GLACIER CLIMBING

One of the people Darcy has worked with is Erik Weihenmayer, a blind mountaineer, who assembles teams to scale some of the world's highest peaks. Weihenmayer says, "The only way to cross a glacier is on a rope to which your entire team is tied. You either all plunge together or succeed together."

Conflicts and competition was not inevitable. The study pointed to the importance of managers having skills and procedures to discuss their opposing positions openly and to recognize that their goals are largely interdependent. Just as with competitive work groups, managers must also carefully structure cooperative groups. The task of the groups should be complicated enough to justify the group effort. The formal reward system and the norms should encourage group members and the groups as a whole to help others, share information and resources, and work on the task together.

After the groups complete the task and there is a winner and a loser, Schein says, the winning group will be more cohesive, but its self-image of being better than the other group will make its members complacent. The winning group will become more concerned about members' psychological needs and less concerned about task accomplishment. The losing group denies the loss if the situation is ambiguous enough or rationalizes the loss by blaming it on bad luck or unclear rules. Initially, the group splinters, tries to find someone to blame, and has less concern for the psychological needs of its member. Over time, however, the losing group usually learns more about itself because its preconceived ideas about being the best group are upset. The loss can have a positive outcome in the long term if the losing group realistically accepts its loss and moves forward.

MANAGING CONFLICT

Organizational conflict need not be reduced or eliminated, but it must be managed to enhance individual, group, and organizational effectiveness. The authors concluded in a research project that a high degree of competitive conflict can be very damaging, whereas a cooperative approach to conflict that encourages people to argue freely about the best way to attain goals is more likely to lead to constructive effects.

Example:

When Louis Gerstner first became the CEO of IBM (now retired), he recognized the importance of a cooperative approach. Gerstner was outraged when he learned that the IBM group selling personal computers to schools had been told that it would have to pay royalties to the IBM personal computer unit if it labelled its computers "IBM." In a message to employees, he said, "Henceforth, it will be our policy to share with our IBM colleagues, enthusiastically and without cost, whatever we develop." Gerstner zeroed in on what he calls "a classic Pogo-type problem: We have met the enemy and it is us." At a meeting of IBM employees, Gerstner angrily complained of the rivalry among divisions: "We have people who will not respond to a customer because one unit is debating with another how they're having to share the revenue. That's ludicrous!" IBM and a growing number of other companies are aware that it is important for managers to promote cooperative, healthy conflict, while simultaneously discouraging competitive conflict.

One element in diagnosing conflict situations involves learning the basic conflict styles used in dealing with interpersonal or intergroup conflict. Robert Blake, Herbert Shepard, and Jane Mouton first developed a conceptual scheme for classifying conflict styles, and K.W.Thomas reinforced it.

The styles are based on two dimensions:

(1) desire to satisfy self, and (2) desire to satisfy others (see **Figure 9a**). There are five styles representing the different levels of cooperative versus assertive behaviour:

- Avoiding The avoiding style involves a low concern for both self and others; it avoids conflict by withdrawing, buck-passing, or passive agreement.

- Obliging With a low concern for self and high concern for others, the obliging style is concerned with people satisfaction, harmony, and smoothing over conflicts.

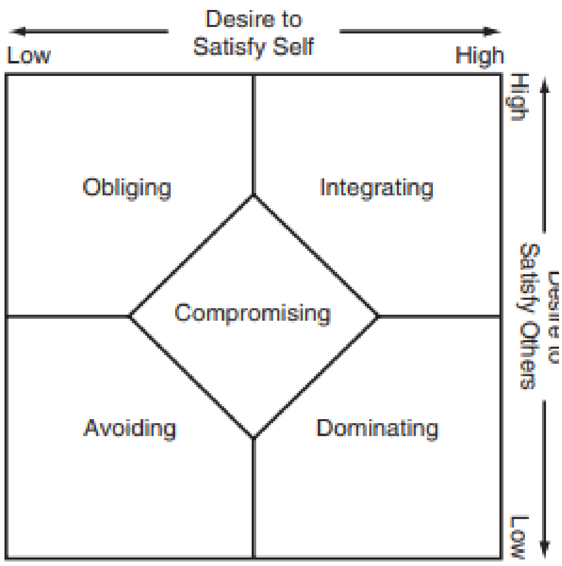
- Dominating With high concern for self and low concern for others, the dominating style attempts to attain personal objectives and often ignores the needs of others, forcing win-lose situations.

- Compromising The compromising style has moderate concern for self and moderate concern for others, tending to seek out compromise between conflicting parties or elements.

- Integrating With high concern for self and others, the integrating style is concerned with problem-solving; it uses openness, sharing of information, and the examination of differences to reach a consensus solution.

Although some behavioural scientists suggest that there is one best style suitable for use in all situations, most feel that any of the styles may be the most appropriate, depending on the given situation.

Figure 9a: Conflict Styles



Intergroup Techniques

Awareness of the problem of conflict in organizations is increasing. The influx of **women and minorities** into the workforce has resulted in new situations that cannot be managed by old structures. The popularity of decentralized structures and matrix organizations, in which many organization members wind up reporting to two or more bosses, has reduced executives' reliance on authority and increased their reliance on interpersonal conflict-management skills. An executive at Johnson Wax says of his company's use of the matrix organization: In the matrix organization you serve two bosses, and work in two different directions. Therefore, the people who are part of the manufacturing organization are also part of the business organization. . . . We can share resources, focus, and do all kinds of things. . . . Now people are sitting down and talking to each other. Instead of each doing their own thing, the business team or other teams develop decisions together.

Some companies, recognizing the existence of intergroup conflict, are encouraging team spirit by tearing down the walls that isolate departments. Now people from all the relevant disciplines, such as design, manufacturing, and marketing, get involved in new projects early on. Products are designed from the outset to be cost-effective and to provide the features customers want. Similar barriers between business units are also coming down. Collaborations involving two, three, or more divisions are common. However, these things do not happen by accident; they require extensive planning and executing.

Dealing with conflicts openly provides a way to manage tensions creatively, whereas unresolved conflict usually erodes the effectiveness of an organization. It is kind of like the 800-pound gorilla in the room whose presence no one acknowledges. The OD practitioner deals with intergroup conflict by seeking interventions that increase interaction, negotiation, and more frequent communication between groups.

The OD strategies for dealing with intergroup conflicts that inhibit cooperation have several goals. OD intergroup techniques seek to identify areas of commonality and **meta goals**—the superordinate organization goals. These techniques aim at avoiding win-lose situations while emphasizing the win-win aspects of the situation. They encourage interaction and negotiation and increase frequency of communication. Frequent contacts between groups reduce the degree of conflict. This is because intergroup contacts help to reduce biases, encourage external loyalties, make group membership less important, and weaken the pressures for conformity to group norms. In addition, frequent contact between groups permits points of potential conflict to be resolved as they occur, before the conflict builds.

To reduce conflict between groups, the OD practitioner examines group-to-group working relationships, applying joint problem-solving efforts that confront intergroup issues. The OD techniques for dealing with intergroup problems include third-party consultation, the organization mirror, and intergroup team building.

Third-Party Consultation

Intervention by a third party is one method of increasing communication and initiating intergroup problem-solving. The third party is usually an outside practitioner, but sometimes may be a superior, a peer, or a representative from another unit. Third-party interventions have the potential to solve conflicts. Confrontation is a basic feature of this technique.

Confrontation

refers to the process in which the parties directly engage each other and focus on the conflict between them.

The goals of interventions include achieving better understanding of the issues, agreeing on a diagnosis, discovering alternatives for resolving the conflict, and focusing on the common or meta goals. The third party attempts to make interventions that will open communications, equalize power, and confront the problems.

Ensuring Mutual Motivation

Each group needs an incentive to resolve the conflict. This may entail arranging for the organization to offer a formal reward of some kind to the participating groups. Any organizational rewards that inadvertently reward win-lose competitive behaviour should be reconsidered by upper management.

Achieving a Balance in Situational Power

If the situational power of the groups is not approximately equal, it is difficult to establish trust and maintain open lines of communication. In such a case, it may be possible to arrange for a third group, such as another work unit, to provide support to the group with less power. The third party may have to regulate discussions involving groups whose leaders are less articulate or forceful in their presentations.

Coordinating Confrontation Efforts

One group's positive overture must be coordinated with the other group's readiness to reciprocate. If one group is more highly motivated than the other, the third party may protract the discussion or encourage the more motivated group to moderate its enthusiasm. A failure to coordinate positive initiatives and readiness to respond can undermine future efforts to work out differences. A less-motivated group may perceive a higher-motivated group as weak and willing to capitulate.

Developing Openness in Communication

The third party can help to establish norms of openness, provide reassurance and support, and decrease the risks associated with openness.

Maintaining an Appropriate Level of Tension

If threat and tension are too low, there is little incentive for change or for finding a solution. Yet if threat and tension are too high, the parties may be unable to process information and see creative alternatives. They may become polarized and take rigid positions.

The third party provides an objective intervention for confronting or resolving issues between two disputing parties, because conflict situations are often tense and emotion-laden. Diagnostic insight is provided that is not evaluative and is a source of emotional support. The third party aids in identifying conflict factors and then helps facilitate changes in the relationships.

Organization Mirror

The organization mirror is a technique designed to give work units feedback on how other elements or customers of the organization view them.32 This intervention is designed to improve relationships between teams and increase effectiveness.

A work team in personnel, engineering, production, accounting, or any other department that is experiencing interface problems with related work teams may initiate a feedback session .A practitioner or other third party obtains specific information, usually by questionnaire or interview, from other organization groups that the work team contacts daily. The work team (also called the host group) meets to process the feedback. At this meeting, it is important that one or two spokespersons from each contacted group be present. The outside key people and the practitioner discuss the data collected in an inner circle, whereas the host group "fishbowls" and observes from the outside (therefore the term "organization mirror"). After this the host group can ask questions that seek clarification (e.g., "Why did you say this?") but may not argue or rebut. The host unit, with the assistance of the practitioner, then discusses the data to identify problems.

Subgroups are formed of host group members and key visitors to identify specific improvements that will increase operating efficiency. Afterwards the total group hears a summary report from each subgroup, then outlines an action plan and makes specific task assignments. This completes the meeting, but a follow-up meeting to assess progress is usually scheduled.

The organization mirror provides a means for a work team to improve its operating relations with other groups. It allows the team to obtain feedback on what it is doing, identify key problems, and search for specific ways to improve its operating efficiency.

Intergroup Team Building

The intervention technique known as **intergroup team building**, or confrontation, was originally developed by Robert Blake, Herb Shepard, and Jane Mouton. The key members of conflicting groups meet to work on issues or interface. "An interface is any point at which contact between groups is essential to achieving a result." The groups may be two interdependent elements of the organization, such as architects and engineers, purchasing and production, or finance and other department heads.

Role-playing is a frequently used to foster cross-group understanding. As in all confrontations, the practitioner must intervene to open communications, balance power, and shift from hostile to problem-solving confrontation.

Intergroup team-building meetings usually take one or two days. Members are brought together to reduce misunderstanding, open communication, and develop mechanisms for collaboration. Most OD practitioners advise intragroup team development before intergroup team building. The purpose of this is to clear out any team issues or "garbage" before getting to work on interface problems.

Here's a structured approach for conducting an intergroup team-building meeting:

1. *Preparation:*

- Identify the purpose and objectives of the meeting. What specific outcomes do you want to achieve?
- Determine who needs to be involved from each group and invite them to participate.
- Choose a suitable time and location for the meeting, ensuring it is convenient for all participants.
- Prepare any materials or resources that will be needed during the meeting, such as presentations, handouts, or activities.

2. *Icebreaker Activity:*

- Start the meeting with an icebreaker activity to help break the ice and create a relaxed atmosphere.
- Choose an activity that encourages interaction and allows participants to get to know each other better.
- Icebreaker examples include team-building games, trivia quizzes, or sharing interesting facts about oneself.

3. *Setting the Agenda:*

- Outline the agenda for the meeting and share it with participants.
- Include topics such as introductions, discussion points, activities, and any decisions that need to be made.
- Allocate time slots for each agenda item to ensure the meeting stays on track.

4. *Introductions and Relationship Building:*

- Begin the meeting with introductions, allowing participants from different groups to introduce themselves and briefly share their roles and responsibilities.
- Encourage participants to find common ground and shared interests, fostering a sense of connection and camaraderie.

5. *Discussion and Brainstorming:*

- Facilitate a discussion on the challenges and opportunities of intergroup collaboration.
- Encourage participants to share their perspectives, experiences, and ideas for improving collaboration between groups.
- Use techniques such as brainstorming to generate creative solutions to common problems.

6. *Team-building Activities:*

- Incorporate team-building activities that promote cooperation, communication, and trust among participants.
- Choose activities that require collaboration between different groups and reinforce key teamwork skills.
- Examples include problem-solving exercises, role-playing scenarios, or group challenges.

7. Decision Making and Action Planning:

- If there are decisions to be made during the meeting, facilitate a decision-making process that involves input from all relevant parties.
- Develop an action plan with clear objectives, responsibilities, and timelines for implementing any decisions or initiatives discussed during the meeting.
- Ensure that follow-up steps are documented and communicated to all participants.

Figure 9b: Sample Intergroup Meeting Listings

1. How do we see ourselves?

a. Agreeable	e. Teamwork
b. Friendly	f. Participative
c. Trusting	g. Productive
d. Helpful	

2. How do we think the other department sees us?

a. Aggressive	e. Competitive
b. Communicative	f. Winners
c. Leaders	g. Independent
d. Rational	

3. How do we see the other department?

a. Authoritarian	d. Opinionated
b. Sneaky	e. Inflexible
c. Loud	f. Unrealistic

8. Reflection and Feedback:

- Allocate time at the end of the meeting for participants to reflect on what they have learned and achieved.
- Encourage open feedback on the meeting format, content, and facilitation to identify areas for improvement.
- Use this feedback to inform future intergroup team-building efforts.

9. Closure:

- Summarize the key takeaways and action points from the meeting.
- Thank participants for their contributions and commitment to intergroup collaboration.
- Reinforce the importance of ongoing communication and cooperation between groups.
- Provide information on any follow-up steps or next meetings.

10. Follow-Up:

- Follow up after the meeting with any relevant materials, notes, or action items.
- Monitor progress on action items and provide support as needed to ensure that intergroup collaboration efforts continue to move forward.
- Schedule regular check-ins or follow-up meetings to review progress and address any challenges or concerns.

By following these steps, you can conduct an effective intergroup team-building meeting that promotes collaboration, communication, and mutual understanding among participants from different groups within the organization.

SUMMARY

• Conflict

Conflict is inevitable in organizations. Large organizations are divisionalized, departmentalized, and segmented to increase control and effectiveness. This creates boundaries between geographic areas or functional units, such as manufacturing, engineering, and marketing. Yet cooperation and collaboration among all units is essential to attaining objectives. The complexity and size of modern organizations often leads to competition or conflict between organization units. Largescale organizations generate increased problems of dependence between groups that often result in suboptimization and lowered general efficiency. Such problems as intergroup conflict, power imbalance, or personal conflicts inhibit coordination between groups.

• Win-Win

Organizations can experience situations of win-win instead of win-lose. Win-lose involves intergroup competition and conflict. Though the conditions and opportunity for a win-win collaboration are often present, many inherent factors lead organizations lead to define the collaboration as a win-lose situation. The consequences of win-lose situations include less communication between groups, development of negative stereotypes, and hostility and distrust toward the other group.

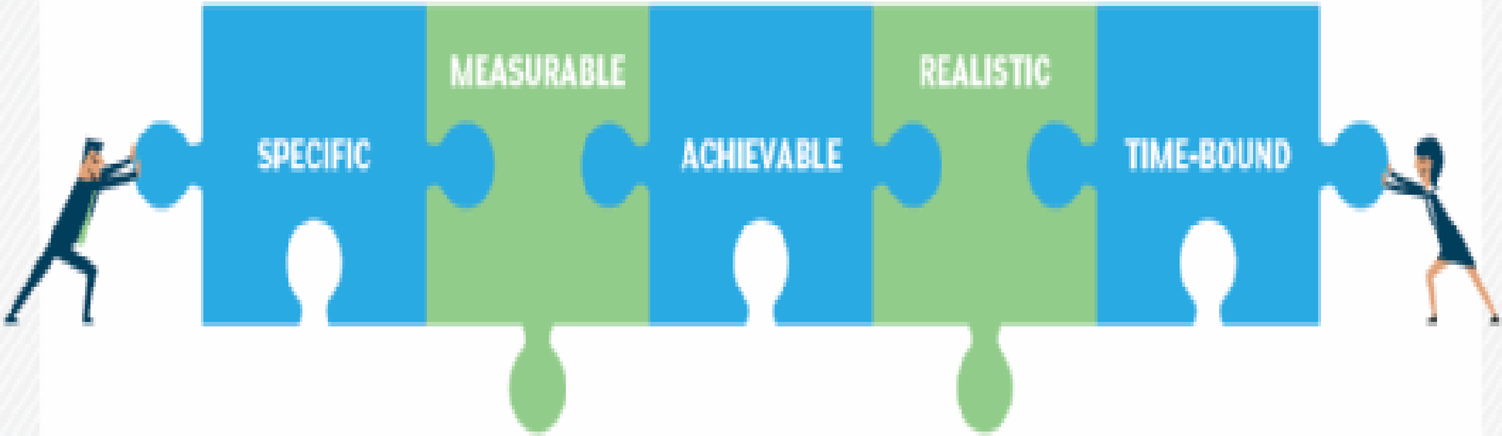
The net result is usually dysfunctional in terms of total effectiveness. The conflict between groups may escalate, with each group attempting to win by fair means or foul.

• Intergroup Interventions

The OD practitioner deals with intergroup problems by seeking interventions that emphasize improved communication and relations between operating units. These interventions stress the involvement of the individual and the members of the group in the relationship between what they do and what others are doing. The practitioner uses strategies that identify areas of commonality, increase communication, and emphasize meta goals. These interventions include third-party intervention, the organization mirror, and intergroup team building and provide mechanisms for getting collaboration between competing groups. The major objectives of intergroup interventions include a better way of working together, increased recognition of interdependence, less competition, and more collaboration.

KEY WORDS AND CONCEPTS

• Avoiding Style • Boundaryless • Compromising Style • Confrontation • Dominating Style • Integrating Style • Interdependence • Interfaces • Intergroup Competition • Intergroup Interventions • Intergroup Team Building • Meta Goals • Obliging Style • Open Loop • Organization Mirror • Role Ambiguity • Suboptimization • Team Interdependence • Third-Party Interventions



GOAL SETTING FOR EFFECTIVE ORGANIZATIONS

GOAL SETTING CAN DRIVE THE BOTTOM LINE

In a large and established company, goal setting may be a formal program such as the development of an ideal model of the organization or the implementation of a management by objectives program. On the other hand, in a newly opened business, goal setting may take the form of a mental image of what the business will be like in a year and then five years from now.

OD programs rely heavily upon the goal-setting process. OD, by definition, is planned change. In order for that change to take place, goals need to be set. Early in the implementation of the OD program, managers and other employees develop ideas, perhaps with the assistance of a practitioner, about what the organization will be like—that is, they develop goals. They then plan a series of steps that will move the organization along to accomplish the goals.

In addition to being a method for carrying out OD programs, goal setting is also a process that can be used on an individual, team, inter-team, and organization-wide basis. Team building and inter-team building set the foundation of trust and cooperation that are important for the establishment of goal setting.

Organizations have taken several different approaches to goal setting. **Management by objectives (MBO)** is a widely used method. Although some OD practitioners would be reluctant to count MBO as an OD intervention, it is an approach that can be and has been used to improve total organization effectiveness. When used properly, MBO produces a system of mutual goal setting and performance review and enhances planning, communicating, and motivation. In this chapter, we will first discuss goal-setting concepts and then focus on management by objectives.

GOAL-SETTING THEORY

Goal setting is a process intended to increase efficiency and effectiveness by specifying the desired outcomes toward which individuals, teams, and the organization should work. Goal setting may be used as an intervention strategy within an OD program. An analysis of the organization may find that its divisions are not making a unified effort, that some divisions have little or no direction, or that individuals are dissatisfied with their performance and their careers.

The goal-setting program may be carried out on the individual level to help employees improve their productivity or advance their careers. Goal setting also may be carried out on a group basis, especially if individuals are required to work with one another. Goal setting on a departmental level serves to improve productivity and gives direction to the department's efforts.

The basic premise of goal-setting theory, as formulated by **Edwin Locke and Gary Latham**, is that the actions of individuals are regulated by their conscious intentions and values. A goal is what an individual is trying to accomplish—the object or aim of the individual's action. Goals include deadlines, budgets, or other standards for behaviour and performance. The major findings of goal-setting theory are summarized below:

- *More Difficult Goals Produce Better Performance*
- *Specific Hard Goals Are Better than "Do Your Best" Goals*
- *People May Abandon Goals If They Become Too Hard*
- *Participation in Setting Goals Increases Commitment and Attainment of Goals*
- *Feedback and Goals Improve Performance*
- *Individual Differences Tend Not to Affect Goal Setting*
- *Goal Setting in Teams Deserves Special Consideration*
- *Managerial Support Is Critical*

OUR CHANGING WORLD: NISSAN AND RENAULT'S GOALS

When most people think of Renault, what typically comes to mind is a French automobile company. However, Renault is also a Japanese automobile company. Nissan had only one year of profits in the 1990s and was facing a very uncertain future. With DaimlerChrysler and Ford taking a pass on buying out Nissan, Renault took a 44 percent equity state. Renault was not without its own problems. One observer commented that it was like the French civil service reviving the Japanese economy.

THE INTERNATIONAL MANAGER

Renault brought in Carlos Ghosn to turn Nissan around. Ghosn is truly a global manager. He was born in Brazil to a Lebanese businessman and a French mother. For about 10 years he lived in Lebanon attending a French Jesuit school. Then he moved to Paris where he got an engineering degree. He speaks French, English, Portuguese, Italian, Spanish, and is learning Japanese. He has held jobs in France, Brazil, South Carolina, Belgium, and Japan.

NISSAN'S TARGETS FOR CHANGE

When Ghosn took over as CEO of Nissan, his chances of success in Japan's insular culture were not good. To compound the problem of being an outsider, Nissan had some very serious problems. As Ghosn has since explained, "Nissan suffered from a lack of clear profit-orientation, insufficient focus on customers and too much focus on chasing competitors, no culture of working together across functions, borders, or hierarchical lines, lack of urgency, and no shared vision." Ghosn had to walk a thin line in order to maintain the self-esteem of its employees but bring change quickly. Ghosn's first order of business was to assess Nissan's problems. Within days after arriving at Nissan, Ghosn assigned a cross-section of employees from all levels to teams—not just executives. The cross-functional teams were tasked with studying manufacturing, purchasing, and engineering to help guide a recovery plan. He brought in a few key managers from Renault. And he made English the common language so that everyone could communicate

Ghosn set ambitious targets for future growth, with specific time lines. Goals included boosting worldwide sales to 3.6 million vehicles and paying off Nissan's $5.8 billion in debt. While mindful of and observing Japanese culture, Ghosn oversaw the overhauling of Nissan's business practices that the cross-functional teams had identified. He was nicknamed "7-11" by the Japanese press because of the long working hours he put in on reviving Nissan. He was even made the star of a Japanese comic book aimed at people in the world of business. Ghosn made a series of changes that turned Nissan around. After five years at Nissan, he was rewarded by being appointed CEO of both Nissan and Renault.

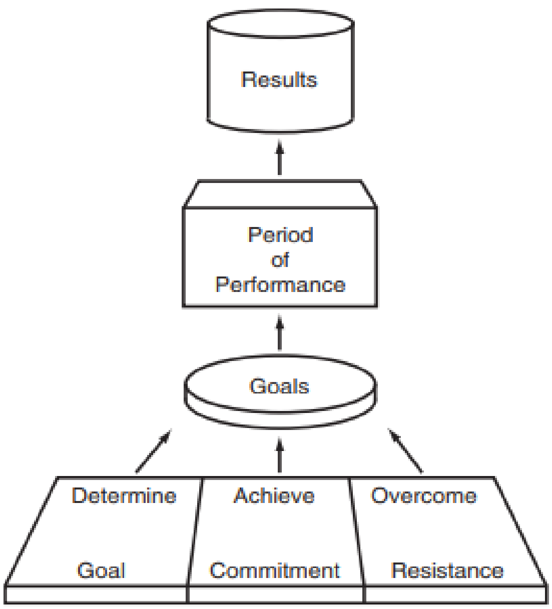
WORLDWIDE PLANS FOR RENAULT AND NISSAN

At Renault's headquarters in France, Ghosn will need to coordinate the worldwide operations of the two companies. Renault has some very lofty goals of integrating Nissan. Internal secrets, for example, on design and lowering warranty costs, are already being shared. The two have set the goal of buying 70 percent of their parts jointly within a year. The two companies have identified a need to coordinate strategy and share product development. They also plan to share chassis, engines, and parts. Their goal is for Nissan and Renault to develop 10 shared platforms, eight families of engines, and seven shared transmissions by the year 2010. Future cars of both companies will have the same basic building blocks, no matter where they are manufactured.

A MODEL FOR GOAL SETTING

As seen in **Figure 10a**, the first three factors in the goal-setting process are establishing the goal, achieving goal commitment, and overcoming resistance to goal acceptance. Goals can be established in a variety of ways. Time and motion studies can provide the basis for goals involving repetitive and standardized tasks. Another approach is to base standards on past performance, but this may not result in a challenging goal, especially when past performance has been poor. Goals also may be set by joint participation between the employee and the supervisor. This method often leads to employee commitment, a crucial ingredient in effective goal setting.

Figure 10a: Goal Setting



Goal commitment can be achieved in a variety of ways. Trust in upper management, support by management, and an effective reward and incentive system are all helpful in obtaining commitment. The work already undertaken in the OD program should have built mutual trust between employees at all levels of the organization. Past successes of accomplishing goals build excitement and a positive feeling about accomplishing future goals. Competition between employees may be useful in some cases, but managers should be careful about designing competitive situations, especially in interdependent situations. There is always the danger that employees may become so involved in competing with one another that they lose sight of the goals.

Resistance to goal acceptance can be overcome by several methods, and a combination of methods will likely result in a more successful goal-setting program. Providing special training for employees in new techniques and procedures and providing rewards and incentives can encourage goal acceptance. Participation in setting goals can lead some employees to accept goals.

The goals that work best conform to certain attributes or characteristics. They are difficult and challenging, but not impossible to accomplish. They are clear and easily understood. All the involved employees need to know what is expected of them if they are to accomplish the goals.

Goals should be specific, measurable, and compatible with the goals formulated at higher levels of the organization. As an example of goal setting, Bell Canada's telephone operators are required to answer calls **within 23 seconds**, and Federal Express customer agents are expected to answer customer questions **within 140 seconds.** Both goals were considered very difficult when initially set, but employees eventually met and exceeded these goals.

A period of performance follows upon the setting of specific performance goals. During this time, managers must be prepared to provide support. To achieve specific goals, employees may require training or additional resources, such as new equipment or information. Managers may need to work with employees in developing action plans. Finally, managers should provide timely and objective feedback when the goal is completed.

The results of the employees'' performance can be beneficial or negative. The benefits may incur to the organization or the individual. When individuals successfully meet a goal, they feel competent and successful. Better performance and pride in the achievement of successes can be expected. Employees are more likely to have clearer roles if they more fully realize the performance expected of them. Negative consequences can be expected when the goals are not achieved. This is most problematic in situations where specific and measurable goals could not be set.

MANAGEMENT BY OBJECTIVES

Management by objectives (MBO) is a technique used by organizations to set goals. It is a process aimed at the integration of individual and organization goals.

MBO may be defined as a system of management set up to help in planning, organizing, problem solving, motivating, and other important managerial activities. It involves the participation of subordinates and their managers in setting and clarifying the goals for subordinates.

George Odiorne (a leading MBO consultant) defines MBO as "a process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected, and use these measures as guides for operating the unit and assessing the contribution of each of its members."

The goals of this approach include improved performance, more communication and participation, higher morale and job satisfaction, and a better understanding of the organization's objectives at all levels. MBO approaches goal setting on the assumption that people have higher-level needs for competence and achievement, and want to satisfy these higher-level needs in their work. In addition, people will work harder and perform better if they participate in setting the goals they are to achieve. In line with this, management must create a climate that encourages self-development by individuals

The Purposes of MBO Programs

There are two underlying reasons for implementing MBO in an organization. One is to clarify the organization's goals and plans at all levels; the other is to gain better motivation and participation from the organization's members. MBO is a way to increase the clarity of organizational planning and give subordinates more knowledge and understanding of their jobs. MBO may be used to identify organizational goals at all levels and to encourage participation in setting the standards that will be used to evaluate subordinate performance. Participation in the goal-setting process allows managers to control and monitor performance by measuring performance and results against the objectives subordinates helped to set.

The MBO Process

Although practitioners have different ways of implementing MBO, most of them emphasize the need for a commitment by top management. As with the overall OD program, MBO starts at the top of the organization and works its way down.

Management by objectives may be described as a process consisting of a series of five interrelated steps (see **Figure 10b**):

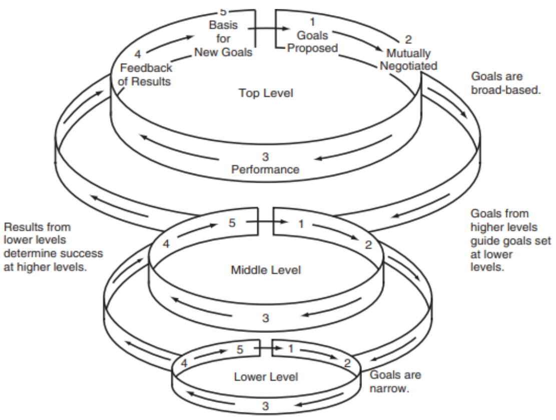
Step 1.

The subordinate proposes to the manager a set of goals for the upcoming time period that are congruent with the goals set at the next-higher level. The proposal sets forth specific goals and performance measures.

Step 2.

The subordinate and the manager jointly develop specific goals and targets. These must be specific, measurable objectives for each area of responsibility. The subordinate and the manager must mutually agree upon the goals. The major responsibility, of course, lies with the subordinate. The objectives should include both performance goals and personal career goals.

Figure 10b : **Steps in the MBO Process**



Step 3.

There is a period of performance in which the individual involved attempts to accomplish the individual goals.

Step 4.

The manager feeds back results to the subordinate and gives appropriate rewards for performance. This individual performance review involves an appraisal and discussion of accomplishments and of variations in overall performance compared with targets.

Step 5.

The outcome of the performance review is the basis for setting new performance goals and recycling the goal-setting process.

MBO is a continuing self-renewal process. How long a complete cycle takes depends on the MBO program, but most programs have quarterly reviews of objectives with a major review and new objectives set annually. Quarterly reviews facilitate quick solutions of problems and allow for considering changes in the situation. The central focus of any MBO program is the development of an agreement between supervisor and subordinate about objectives and targets. As with other OD interventions, such as team building, MBO programs are set up in many organizations independently of an OD program. Yet MBO and goal setting are processes that many OD specialists introduce into organizations. To be used as an OD intervention, MBO should include:

(1) a team approach to setting and reviewing targets,

(2) real participation by subordinates in setting goals, with an emphasis on mutually agreed upon goals,

(3) mutual trust between subordinate and manager, and

(4) a real concern for personal career goals as well as for organizational goals.

With such a team orientation, MBO logically follows team and inter-team building in an OD program. When MBO is used in this sense, it can provide individual satisfaction and motivation, and increased organizational attainment.

Some practitioners believe that properly designed MBO programs, based upon McGregor's ideas, can have positive results. Others believe that MBO can be improved by placing more emphasis upon individual goals and examining the underlying assumptions of motivation within these programs. There also should be an emphasis on mutual goal setting, and frequent feedback and interaction between superior and subordinate. Research evidence suggests that MBO programs can be made more effective by cutting down on the paperwork. In summary, MBO programs, when implemented correctly, can systematically engage individuals in target setting and performance improvement.

SUMMARY

• Goals

Goal setting can have very beneficial results for both individuals and organizations, but requires careful planning if it is to be used in an OD program. Goal-setting programs are more effective if the goals are difficult, specific, measurable, and achievable. The managers of an organization that introduces goal setting should provide feedback to the employees. Commitment by the individual employees is crucial; participation in designing the goal is an effective way to ensure acceptance.

• MBO

Management by objectives is widely used in organizations but with mixed success. The failure of MBO programs is due in part to unrealistic expectations by management and in part to improper implementation. Despite some negative reports, MBO incorporates very sound techniques and should not be overlooked as an OD goal-setting technique.

KEY WORDS AND CONCEPTS

• Goal • Goal Setting • Management by Objectives (MBO) • Six Sigma • Stretch Goals

WORK TEAM DEVELOPMENT

CONTINUOUS IMPROVEMENT PROCESSES

The organization of the twenty-first century strongly emphasizes quality and productivity. Executives striving to increase quality, enhance productivity, and reduce costs are re-examining the way companies are managed. Many organizations are changing the way they operate in such areas as organizational culture, technology, structure, and how they relate to customers and employees. The message is clear: change or face elimination. A key issue facing organizations is the way they respond to a changing environment of "world-class competition." OD interventions leading to improved productivity, efficiency, and quality have evolved to help organizations meet these challenges.

Total quality management (TQM) is a widely used quality and productivity intervention. Under TQM, organization members commit to continuous improvement in meeting or exceeding customer expectations.

TQM involves all levels of the organization in developing practices that are customer-oriented, flexible, and responsive to changing needs. For many companies, the change involves a top-to-bottom overhauling of their corporate culture. Companies are becoming leaders by driving relentlessly for market share, focusing on high quality, cutting costs, investing in research and development, and pouring heavy resources into training and empowering their employees.

Business enterprises and non-profit organizations are increasingly confronted with problems of stagnant or declining productivity, worker dissatisfaction and alienation, and domestic and foreign competition. Many federal regulations that once protected inefficient operations are being rescinded, and as a result companies now confront increased competition. Businesses in many countries no longer receive the trade protection once afforded by their national governments. As an example, for every $5 of goods or services a country produces, it sells about $1 abroad. The marketplace is truly a global market, and with this comes ever greater competition. Witness the rapid changes in the services and products offered through the Internet, the rapid expansion and mergers of airline carriers, the expansion of the services offered by the once conservative banking industry, and the change in the way health care is offered.

The trend in many profit and non-profit organizations is toward decentralization, horizontal organization, fewer levels of management, a decrease in staff positions, and broader spans of control. More of the decision-making authority is being pushed down to the lowest levels of the organization where the employees are most aware of the problems. The work team, not the individual, is becoming the mechanism for organizing work. Through high-involvement management, line workers are planning, organizing, controlling, and leading. In a real sense, they are all managers. TQM argues that *good isn't good enough!* These programs focus on continuous process improvement.

OD practitioners use structural changes like work design concepts to help organizations make productivity changes while simultaneously improving the work life of employees. First we look at how work or jobs can be redesigned, then we continue with a discussion of two quality and high-involvement interventions: total quality management and self-managed work teams.

JOB DESIGN

Job design has been a concern of managers for many years, but it was **Frederick Taylor in 1911** who first proposed scientifically designing jobs. Scientific management ideas emanating from industrial engineers tended to break jobs down into their smallest, simplest tasks to reduce human error and the need for training and skill. Time-and-motion studies were expected to increase productivity. There was little regard for the human element other than to make sure that it was adequately controlled and supervised. More recently, organizations have begun to discover that they often have to pay a high price in absenteeism, turnover, apathy, poor work quality, or even sabotage when they fail to consider the human element.

The current trend is to redesign jobs to improve worker satisfaction and productivity. Redesigning jobs is by no means easy, because there are so many variables, such as the worker, the nature of the work, the organizational climate, and the manager's style. Some of the successes in job design provide guidelines. The following is a discussion of two closely related theories of job design: job enrichment theory and job characteristics theory.

Job Enrichment Theory

Job enrichment theory holds that jobs should be redesigned to improve the motivators related to a job by permitting employees to attain more responsibility and achievement. Employees can be given appropriate recognition and advancement in their careers for a job well done, and the work itself should be challenging, interesting, and meaningful. There are many techniques for improving these motivational factors, and they must be tailored to fit specific situations. Several suggestions include:

- Give employees or work groups a natural and complete unit of work. This is in contrast to the practice of specialization of labour that dominated the structure of most organizations in the twentieth century.

- Add more difficult assignments to jobs and provide appropriate training.

- Give employees more authority. For example, let them make important or difficult decisions.

- Have peers in work groups or teams become experts in specialized areas. Works groups could have several specialists that other employees could go to for information and help.

- Make information, including company reports, directly available to employees instead of editing or censoring the information. This is particularly important where the information is related to the employees'' work. An example of making more information available to employees is open-book management,

- Remove controls over employees but continue to hold them accountable.

Job enrichment theory holds that extrinsic rewards such as money are important accompaniments to changes in the way jobs are done. It emphasizes, however, that a system that only provides rewards will not improve worker performance. Improvements in both the quality of the work and rewards are required to make a change in job design successful.

Job Characteristics Theory

The model attempts to develop objective measures of job characteristics that can directly affect employee attitudes and work behaviours. According to the model, work motivation and satisfaction are affected by five core job dimensions:

skill variety, task identity, task significance, autonomy, and job feedback.

Skill variety is the degree to which a job requires a mix of activities and involves the use of different skills and talents. Employees usually see tasks that require several different skills, especially challenging skills, as being meaningful.

Task identity refers to the degree to which the job requires completion of a whole and identifiable piece of work. It is doing a job from beginning to end with a visible outcome. An employee probably will find a task more meaningful if it entails producing the entire product rather than a small component.

Task significance is the degree to which the job has a substantial impact on the lives of other people, whether in the same organization or in the external environment. Work will likely be more meaningful when an employee perceives the results to have a substantial effect on other people.

Autonomy is the degree to which the job gives the worker freedom, independence, and discretion in scheduling the work and determining the procedures to be used in carrying it out. Autonomy allows employees to take a larger part in planning and controlling their work. Employees will generally have greater commitment to and ownership of their jobs when they have autonomy over their work.

Job feedback refers to the degree to which carrying out the work activities required by the job results in workers obtaining direct and clear information about the effectiveness of their performance. Customers or other people internal to the organization who use the product or service can provide feedback if communication channels to the employee are provided. The feedback is directly based on how well the task was done and not on the evaluations of a peer or supervisor.

The five core job dimensions can be mathematically combined to derive a score that reflects a job's motivational potential. As skill variety, task identity, and task significance jointly determine a job's meaningfulness, these three dimensions are treated as one dimension in the **Motivating Potential Score** formula, or MPS:

*Motivating Potential Score (**MPS**) = **Job Meaningfulness * Autonomy * Job Feedback***

The first variable in the formula, job meaningfulness, is a function of skill variety, task identity, and task significance. Thus the formula can further be refined:

Motivating Potential Score (**MPS**) =

[(**Skill Variety** + **Task Identity** + **Task Significance**) / **3**] * **Autonomy** * **Job Feedback**

Based on the formula, a score of near zero on either the autonomy or job feedback dimension will produce an MPS of near zero, whereas a number near zero on skill variety, task identity, or task significance will reduce the total MPS, but will not completely undermine the motivational potential of a job.

When the core job dimensions are present in a job, the job characteristics model predicts certain positive effects in an employee's psychological state. High scores in skill variety, task identity, and task significance result in the employee's experiencing meaningfulness in the job, such as believing the work to be important, valuable, and worthwhile. A high score in the autonomy dimension leads to the employee's feeling personally responsible and accountable for the results of the work. A high score in the job feedback dimension is an indication that the employee has an understanding of how he or she is performing the job.

The authors of the model and other authorities suggest that research from the behavioural sciences can be used to enrich jobs and produce a positive impact on the five core job dimensions. One approach to improving jobs is to take fractionalized tasks and put them back together to form a new and larger module of work. This increases the skill variety and task identity dimensions of the work. General

Motors has used this method for several years in its Nummi plant, a joint venture with Toyota in Fremont, California. Teams of workers are responsible for auto subassemblies, such as doors and transmissions.

A second approach is to form natural work units by giving employees tasks that constitute an identifiable and meaningful whole. Doing this enables the employee to have greater ownership in the work, and to more closely identify with it and understand its significance. A third approach is to permit the employee to have direct contact with the people who use the product or service. This means directing complaints or questions from customers directly to the involved employee or employees.

A fourth approach is to load jobs vertically by giving employees such functions as deciding on work methods, break times, and how to train new employees, formulating budgets, and managing crises. Skill training in such areas as budgets, training techniques, and time management may be needed to enable employees to successfully take on these new responsibilities, which improve autonomy.

A fifth approach is to open or create feedback channels so that employees can learn how well they are performing their work. Self-managed work teams, which will be discussed later in this chapter, combine these five approaches into a unified method of improving work. See Our Changing World for the lessons learned when ValiCert, a Silicon Valley software company, outsourced work to programmers located in Bangalore, India.

OUR CHANGING WORLD: WHEN TEAMS ARE 14 TIME ZONES APART

The sales of ValiCert's security software slowed in 2001 to the point that it began laying off software engineers. The company began looking for ways to cut costs and decided that it could save millions by moving much of its programming to Bangalore, India. ValiCert could put more people on the job at a lower cost and turn out the software faster. The "motivation was pure survival," says founder Srinivasan Krishnan. But ValiCert found that the process was difficult and the anticipated savings was offset by other costs. Senior Vice President David Jevans, who had doubts about the plan, says he preferred "small teams of awesome people" working closely together.

FORMULA FOR FAILURE

Working with teams located in California and India, separated by 14 time zones, and with no local manager in India, turned out to be a challenge. ValiCert was looking for experienced programmers with 8 to 10 years of experience. But such programmers are hard to find in India, where the average age of a programmer is 26. ValiCert engineers were accustomed to working with people on the other side of a cubicle—not on the other side of the world. Engineers were accustomed to writing vague specifications for a program because everyone was familiar with ValiCert products and customers. All the programmers knew the features that customers expected and automatically included them in the software. If anyone had a question, the answer could be found down the hall.

The combination of no local manager, in-experienced Indian programmers, and vague instructions was a formula for failure. Indian programmers were frustrated by the lack of direction followed by rejected software. About 80 percent of the Indian programmers quit. Executives in the United States went from one crisis to another. Software deliveries were delayed and revenues went down. ValiCert's reputation with customers was declining. Responses to customer requests went from two days to a week.

A WHOLE PIE, NOT A PIECE

Sitting on the edge of bankruptcy, the company's managers decided to streamline operations and change the way they divided work between California and India. They gave the Indian programmers entire projects instead of small parts of a bigger project, so that continual interaction with U.S. programmers was not required. U.S. team leaders started writing more detailed program specifications and communicating twice a week by telephone.

Concerted efforts were made to make the Indian programmers a part of the ValiCert team. The times of the telephone and conferencing calls are rotated to alternate the inconvenience caused by the time difference. Every six months scheduled calls are moved from A.M. to P.M. Employees in India are included in company-wide e-mails. Multiple sessions of company meetings are held at times convenient for the Indians. ValiCert brought in a new software engineer who coordinates the U.S. and Indian teams. It took a while to figure out what would work, but ValiCert is starting to understand how to run operations on both sides of the globe.

CULTURE AWARENESS TRAINING

Companies like Advanced Micro Devices and PeopleSoft are using culture-awareness training to prepare employees in India and the United States to work together. American employees who will be part of an Indian/U.S. team participate in courses that educate them in cultural and communication differences. Subjects include religious and language diversity and business attire and protocol. Much of the knowledge gained from the courses may seem basic, but it can help to avoid misunderstandings. What does it mean when an Indian worker makes no or little eye contact? A sign of respect and deference. Why is a handshake soft and limp? It conveys respect. Indian culture relies heavily on relationships and moral codes, whereas U.S. culture is very direct and relies on legal codes.

Communication problems, as ValiCert discovered, should not be underestimated. One suggestion is to get feedback from an Indian co-worker in a different form than what was transmitted. For example, if there was a phone conversation, get feedback about what was communicated via e-mail. Though Indians know English well, it may not be their native language, and they may not be processing the information in the same way as their U. S. co-workers. Note that this kind of training is occurring on both sides of the Pacific: Indians are undergoing culture-awareness training to work better with people in the United States.

Results of Job Design Programs

The results of job design programs suggest that they can be successful if they are managed correctly and have employee involvement. In a review of the literature on work restructuring methods, William Pasmore found that 90 percent of the reports on work restructuring interventions cited improvements in productivity, costs, absenteeism, attitudes, or quality, and that an increasing number of organizations are setting up such methods.

TOTAL QUALITY MANAGEMENT (TQM)

Today's managers are being challenged to provide leadership in new and changing conditions. Customers, competitors, employees, and stockholders are all putting pressure on management to quickly innovate and change. One approach that has emerged to meet these changing forces is termed total quality management (TQM). It is also known by other names, including continuous quality improvement (CQI) and leadership through quality (LTQ).

Total quality management is an organizational strategy of commitment to improving customer satisfaction by developing procedures that carefully manage output quality. TQM involves moving toward organizational excellence by integrating the desires of individuals for growth and development with organizational goals. TQM is a philosophy and a set of guiding principles for continuous improvement that is based on customer satisfaction, teamwork, and continuous improvement. It particularly relies on teamwork and empowerment of individuals, two concepts discussed in previous chapters. TQM is not so much a special OD technique as an aspect of a reinvented corporate culture—a culture with a strong commitment to improving quality in all organizational processes.

TQM applies human resources and analytical tools to focus on meeting or exceeding customers' current and future needs. It integrates resources and tools into managerial efforts by providing planned, systematic approaches to improving organizational performance. This involves everyone in programs aimed at improving the total organization, so that it is more customer-oriented, quality conscious, flexible, and responsive. The purpose of a TQM program is to make the organization more effective and develop the potential of its individual members. Finally, there are a series of planned improvements that will ultimately influence the quality and productivity of the organization. TQM programs currently exist worldwide in various forms, and there are a number of professional organizations that encourage their implementation.

The Characteristics of TQM

Although there is some disagreement about what makes up TQM, several key characteristics are widely recognized. TQM is regarded as an organization-wide system that focuses on the customer, increases in efficiency, and reliability of work. TQM is planned and broad-based. Organizations that practice TQM usually have several principles or components in common:

TQM is organization-wide The production line is a natural and obvious place to improve quality, but TQM also takes place in the accounting, marketing, retail sales, human resources management, information systems, engineering, and housekeeping departments, and in other service and staff areas of an organization.

The CEO and other top managers visibly support it Everyone, from top managers to hourly employees, operates under TQM. There is a reward system in place that ensures continual support.

TQM is an ingrained value in the corporate culture Continuous improvement penetrates the culture and values of the organization. Quality is seen as "how we do things around here."

Partnership with customers and suppliers The organization encourages partnerships with suppliers and customers. The product or service must meet or exceed the customer's expectations. Results—not slogans—represent quality.

Everyone in an organization has a customer The customer may be internal or external. The next person on the production line, another department, and someone outside the organization who purchases the product or service are all seen as customers.

Reduced cycle time Cycle times for products and services, as well as support functions, focus on doing the job faster.

Techniques of TQM range in scope The techniques used in TQM include statistical quality control, job design, empowerment, and self-managed work teams.

Do it right the first time Quality is not obtained by rejecting a product when it gets to the end of a production line. It has to be built in at every stage of the production process. Nothing leaves a department unless it is right, even if the poor quality may have originated in another department. Inspections are not enough; the people making the product are responsible for product quality.

Corporate citizenship The organization values and respects everyone, both those in the organization and those it serves. This includes customers, suppliers, employees, owners, the community, and the environment. These parties are often called stakeholders.

No single formula works for everyone Every organization is unique, and off the-shelf programs tend not to work. Managers often subscribe to the "follow the-crowd" or "lemming" approach, but what was successful at one company may not work in another

Quality

Harvard professor David Garvin has identified eight dimensions that define the perspective of the quality concept. Customers, managers, engineers, line operators, and employees at every level of an organization must be involved in improving and managing quality if TQM is to succeed. The dimensions of quality that he identified are listed below.

- *Performance* A product or service's primary operating characteristic (e.g., the speed of a personal computer).
- *Features* Add-ons or supplements (e.g., a cell phone that has built in games, a camera, and email capability).
- *Reliability* A probability of not malfunctioning or breaking down for a specified period of time (e.g., a six-year, 60,000-mile warranty for an automobile).
- *Conformance* The degree to which a product's design and operating characteristics meet established standards (e.g., a product test shows that the product is within 0.001 inches of the standard).
- *Durability* A measure of a product's life (e.g., 10 years).
- *Serviceability* The speed and ease of repair (e.g., a component for a product can be replaced by an untrained user).
- *Aesthetic* A product's look, feel, taste, and smell (e.g., a distinctive and appealing design).
- *Perceived quality* Quality as viewed by a customer or client (e.g., a parent who buys only one brand of baby shampoo or powder because of the company's history of providing quality products).

Malcolm Baldrige National Quality Award

The Baldrige Criteria for Performance Excellence provide a framework for guiding and assessing organizational performance. The Baldrige Criteria are based on seven core values and concepts:

Leadership examines how senior executives guide the organization and how the organization addresses its responsibilities to the public and practices good citizenship.

Strategic planning examines how the organization sets strategic directions and determines key action plans.

Customer and market focus examines how the organization ascertains customer requirements and expectations, builds relationships with customers, and acquires, satisfies, and retains customers.

Measurement, analysis, and knowledge management examines the management, effective use, analysis, and improvement of data and information to support key organization processes and the organization's performance management system.

Human resource focus examines how the organization enables its workforce to develop its full potential and how the workforce is aligned with the organization's objectives.

Process management examines how key production/delivery and support processes are designed, managed, and improved.

Business results examines the organization's performance and improvement in its key business areas: customer satisfaction, financial and marketplace performance, human resources, supplier and partner performance, operational performance, and governance and social responsibility. The category also examines how the organization performs relative to competitors.

Compatibility of TQM and OD

Total quality management and organization development share certain values. Both are system-wide, depend on planned change, believe in empowerment and involvement, are self-renewing and continuous, base decision-making on data-based activities, and view people as having an inherent desire to contribute in meaningful ways.

There are differences, however, between OD and TQM. Some OD practitioners argue that their core values differ, and they caution against OD practitioners assuming the role of "quality management expert." The OD practitioner has to enter the organization as a neutral party and resist advocating any particular method of change. OD practitioners view organization problems as having a variety of causes with no predefined solutions. TQM consultants, on the other hand, view organization problems as having TQM solutions.

SELF-MANAGED WORK TEAMS

A self-managed work team is an autonomous group whose members decide how to handle their task. The task of the team is an identifiable task, service, or product. The group may be a permanent work team or a temporary team brought together to solve a problem or develop a new product. Often teams are composed of people from different parts of the organization, with different skills and backgrounds. Authority has been vested in the teams by upper management to manage their group processes, including production and personnel matters, in order to accomplish their objectives. The diversified background of members and the necessary authority gives the teams the ability to move around the bureaucratic organization and get the job done.

Increased responsibility is placed on team members. Work teams are assigned a wide range of tasks, including setting work schedules, budgeting, making job assignments, developing performance goals, hiring and selecting team members, assessing job performance of fellow members, purchasing equipment, and controlling quality.

Although self-managed work teams are still controversial, former Texas Instruments CEO Jerry Junkins says, "No matter what your business, these teams are the wave of the future." However, Edward Lawler, who has consulted and written extensively on the subject, is more reserved: "You have to ask,'' 'How complex is the work?' The more complex, the more suited it is for teams."

Self-managed work teams also go by other names, including self-regulating work groups, cross-functional teams, sociotechnical systems, autonomous work groups, high-performance work teams, and high-commitment work teams.

The Characteristics of Self-Managed Work Teams

Self-managed work teams may be used organization-wide, at a work site composed of a number of work teams, or within just a few work teams. But to whatever degree they are used, there are several characteristics that are common to all self-managed work team sites.

The structure of the organization or work site is based on team concepts There are few managerial levels in the plant or work site structure and few job descriptions.

There is an egalitarian culture and a noticeable lack of status symbols There are no management dining rooms, no assigned parking places, and no special furniture or decor for manager's offices. Managers may not have offices; if they do, they often become team-meeting rooms. There is no special dress code; if uniforms are required, as at Honda's U.S. plant, everyone, including the plant superintendent, wears the uniform. At other sites, no one wears ties, special badges, or other signs of power.

A work team has a physical site There are functional boundaries that members can identify.

The number of people in a team is kept as small as possible Typical sizes range from five to 15 members.

Work teams order material and equipment They set goals, profit targets, and decide their production schedule. They also help set rewards for the team members. They have a voice in who is hired and fired in the work team and the hiring of managers. Says Robert Hershock, a group vice president at 3M, "You need to have a sense of who's not buying in and let the teams kick people off who aren't carrying their weight."

Team members have a sense of vision for their team and their organization A vision provides direction and energizes team behaviour to accomplish goals. Most companies have a simple, understandable creed that is well communicated to all employees.

There is strong partnership between team members and management If there is a labour union, the union is also a member of the partnership.

Team members are different enough In their backgrounds, cultural experiences, and training so that a variety of viewpoints will be represented, and their skills will be varied enough so that members can learn from one another.

Information of all types is openly shared The information system needs to be well developed and available to all members. Members are knowledgeable in accounting and statistical concepts so they can use financial and production information to make decisions.

Team members should be skilled and knowledgeable in their areas Team members should have good interpersonal skills and a desire and ability to work with others.

Training, and especially cross-training, is a major requirement of self-managed work teams A vice president of Tektronix says, "The growth and development of individual employees is the primary vehicle for advancing the company's long-term interests." The success of a team depends on its members being skilled and knowledgeable in a variety of areas, including technical skills, finance and accounting, competition in the marketplace, and group process.

Team members are knowledgeable of customers, competitors, and suppliers The primary emphasis is to focus on customers. From the team's standpoint, a customer is someone within the organization or external to the organization who uses the team's product/service. Some organizations enter into joint training ventures with their suppliers. They recognize that the finished product is no better than the components supplied by other companies.

New Organizational Structures

The structure that results from self-managed work teams is a flat one with few levels of managers and little support staff. Considerable changes are also required in organizational policies and managerial practices. Self-managed teams are not something that happens just to the employees on the lowest level; they involves the entire hierarchy. Self-managed work teams are not superimposed upon the existing structure. In most cases, they represent a substantial change in the way an organization is structured and managed. The following OD in Practice describes the unconventional structure and team approach at W. L. Gore & Associates.

One of the best ways to ensure that decisions are made within the work team is to have few levels of managers so that the remaining managers do not have time to make all the decisions. The work team carries out functions that would normally be performed by upper management. Few levels of management are needed because the work team is doing most of the work.

There are fewer support staff, such as engineering, planning departments, and purchasing, because the work team performs these jobs. Functional structures along such lines as accounting, personnel, engineering, production, and the like are counterproductive because they encourage a system where workers do not identify with the final product. These functional departments do not exist in some organizations that have implemented self-managed work teams. This does not mean that engineers and accountants are not needed, but that these functions are integrated into the work team.

Management and Leadership Behaviour

There are usually three distinct levels of management at a work site that has implemented self-managed work teams: upper management, coordinator, and internal team leader. The work team has an internal team leader who is usually elected by the members, but sometimes is appointed by higher management .The work team also has an external leader, sometimes called a coordinator. This position is similar to that of a first-level supervisor in a traditional organization, despite considerable differences. The coordinator may have a few to several dozen teams to coordinate.

Upper management, sometimes called the support team, is similar to a site manager or plant manager in traditional organizations. This level is responsible for general planning, setting broad goals, and dealing with outside parties (such as the rest of the organization for multiple-site organizations and outside clients).

Some organizations have a council made up of representatives from throughout the company to deal with substantial organization-wide concerns. The council may be elected by all the members of the organization or appointed by management.

When an organization uses self-managed work teams, a question often arises about the role of external leaders and managers. Organizing, planning, and directing, which would normally be managerial functions, are mostly carried out by the work team. The external coordinator's role is ambiguous, and so is the internal leader's role.

The internal team leader makes sure that equipment and supplies are available, helps the team organize itself, and serves as an additional team member doing work similar to other members. Like the external coordinator, the internal team leader also serves as an encourager and facilitator.

The Reward System

The reward system for self-managed work teams is usually different from what is found in traditional organizations. In most cases there are no hourly workers and all employees are salaried. Studies show that in self-managed teams rewards should be associated with team performance rather than individual performance. These reward systems are typically called **gain sharing**. A general guideline is that at least **80 percent** of the available rewards should be distributed equally among team members. The teams should be small enough for an individual's performance to be obviously reflected not only in his or her own pay check but also in the pay check of everyone else on the team. Some companies permit the team leader to distribute small rewards to individual members who have done things that supported the team. Rewards may also be given to the team as a whole, and then the team decides how they should be distributed among the members. Studies show that rewards distributed about half to individuals directly and half to the team generally result in the lowest team performance.

Role of Labour Unions

If a union is present, it will need to be highly involved from the very beginning, including the planning stages. Facilities that have self-managed work teams do not have the typical adversarial relationship between management and workers. The success of creating a collegial relationship will depend on the union's support and acceptance of self-managed work teams.

Unions often keep management honest about participative management and make sure that all sides to an issue are heard. Union support for self-managed work teams helps in the acceptance of the teams. Most union contracts covering plants that have self-managed work teams are brief and open-ended. Harley-Davidson's approach to setting up self-managed work teams at its plants is to begin working with the unions in the plant's planning stages. Policies are set by a joint union-management structure similar to the council discussed previously.

Red Flags

There are several problems associated with self-managed work teams. Most of these can be solved or circumvented. Some of the problems and cautions that should be considered are listed below:

Self-managed work teams may not be appropriate to the task, people, and context Where people and jobs are not interdependent, work teams may not be necessary. Some employees do not like self-managed teams. In many cases teams are time-consuming and require frequent meetings. Teams normally work best with people who like to work in groups. Many companies are finding that with the greater complexity of technology and rapid development of products and services brought on by more intense competition, self-managed work teams are becoming more appropriate.

The organization does not perceive a need to change This does not mean that installing self-managed work teams should be abandoned, but the driving forces for change within the organization will need to be set in motion.

Managers and leaders are vague and confused about their roles Training for managers, leaders, and team members can resolve the confusion.

Organizations that do not reward performance are likely to run into problems A "thank you" and a wall plaque are not enough. Teamwork is time-consuming, and companies that add team responsibilities to a person's existing responsibilities will probably meet with resistance. Organizations that share the wealth are more likely to have successful teams.

A lack of training can cause self-managed work teams to fai Some practitioners believe that lack of training is a major reason for failure, especially for team members in group processes and team building.

Because there are fewer layers in an organization, there are fewer opportunities for advancement into managerial positions Companies that have not altered their career-planning programs to address shorter career ladders will face long-term resistance from their workers. Some companies can get the team to focus on building an effective team, the challenge of the product, and beating the competition.

Building self-managed work teams is not a one-shot activity Once the teams are installed, people cannot go back to work at their old jobs. The team is their job.

SUMMARY

- *Job Design*

Job enrichment and job characteristics are two different views of job design. The results of these theories are mixed, but both can be useful to the practicing manager and the OD practitioner.

- *TQM*

Quality issues are an important managerial concern. This has led to the development of total quality management (TQM). TQM programs are comprehensive, integrated, and led by top management. TQM is an organization-wide system that focuses on the customer and increases the efficiency and reliability of work.

- *Self-Managed Work Teams*

Self-managed work teams represent a new method of organizing and managing an organization. Most businesses that use this approach apply it to specific plants or work sites instead of the entire organization. Self-managed work teams require a major commitment from the organization, both managers and workers. The long-term effectiveness of the teams has not been clearly established, but many organizations and their members are enthusiastic about the approach. Self-managed work teams are one of the most popular interventions and one that major corporations are hoping will make them competitive as we begin the twenty-first century.

- *Productivity* In this chapter, we have examined several quality and productivity interventions that are often part of an OD program. Some interventions have been used over several years with varying degrees of success, whereas other methods are somewhat new.

In the last few years, productivity and quality interventions have received much more attention and seem to be having a positive impact in improving organizations. There are several methods that will help managers and practitioners to improve productivity, but there is a definite need for additional research into work-design programs.

KEY WORDS AND CONCEPTS

• Autonomy • Baldrige Award • Coordinator • Gain Sharing • Internal Team Leader • Job Characteristics Model • Job Design • Job Enrichment Theory • Job Feedback • Motivating Potential Score (MPS) • Self-Managed Work Team • Skill Variety • Support Team • Task Identity • Task Significance • Total Quality Management (TQM)

HIGH-PERFORMING SYSTEMS AND THE LEARNING ORGANIZATION

SYSTEM-WIDE INTERVENTIONS

In the past, managers aimed for success in a relatively stable and predictable world. Today, however, managers confront accelerating change. They are facing constant innovation in computer and information technology and a chaotic world of changing markets and consumer lifestyles. Today's organization must be able to transform and renew itself to meet these changing forces.

All OD interventions are aimed at improving organization effectiveness, but certain interventions aim at the successful implementation of change within the total system. As noted in previous chapters, OD is essentially a system approach to the complex set of interpersonal team and inter-team relationships that are found in organizations. The system-level intervention may be described as a structural design framework for viewing an organization that examines

(1) the way the organization is designed,

(2) the organization's work process, and

(3) the interaction of individuals and teams within the flows and structures of the system.

The major system's level interventions include survey research and feedback, the learning organizations, reengineering, the system 4 approach, high-performing systems, grid organization development, and third wave.

Organizations inevitably change because they are open systems in constant inter-action with their environment. Although the impetus for change may arise from internal or external forces, the underlying factor is the degree of openness of the organization to the changing demands, technologies, and values that influence the system.

SURVEY RESEARCH AND FEEDBACK

Employee attitude surveys are gaining popularity worldwide. The key to a successful survey is for management to clearly define the survey's purpose and explain what will be done with the results. Once the data are collected, the results must then be translated into action plans.

Employee attitude surveys have two important functions. First, they are an improvement tool. Surveys identify opportunities for improvement and evaluate the effectiveness of change programs. Second, surveys are a communication tool. They provide a communications channel and facilitate dialogue between managers and employees.

Employee surveys may be used to:

- Assess the state of the organization, department, or work team.
- Evaluate policies, procedures, and work processes.
- Assess job satisfaction and morale.
- Identify problems that hinder employees from doing their jobs and satisfying customers.

The questions on the survey should cover such areas as whether employees know what direction the organization is going in, what its objectives are, and how their department fits into these goals. It is the manager's responsibility to provide employees with feedback once the survey is conducted. After the results are collected, the organization should not fall into the common trap of comparing scores with other companies. Instead, the data should be analyzed to see how the results relate to its own overall needs.

Survey research and feedback is a process in which the OD practitioner and members of the organization collaboratively collect data and use them as a basis for changing organizational relationships.

This method provides techniques for changing work relationships and a means for measuring the effects of such changes within organizations. The client system is usually involved in the data-collection activities, and managers and other organization members are usually asked to submit questions for the survey and to plan the data collection. The data are usually fed back to the organization through work teams, that is, the superior and those immediately reporting to him or her in a work-related group. These feedback conferences then provide the client system with data about problems, leading to specific action plans and programs to improve work team effectiveness.

The Survey Feedback

Survey feedback is a valuable tool in organizational development for gathering employee perceptions, opinions, and feedback on various aspects of the organization. Here are the typical steps involved in the survey feedback process:

Identify Objectives:

- Determine the specific objectives of the survey feedback process. What aspects of the organization do you want to assess or improve? Common objectives include employee satisfaction, organizational culture, leadership effectiveness, communication channels, etc.

Survey Design:

- Develop a survey instrument that aligns with the identified objectives.
- Ensure that the survey questions are clear, relevant, and unbiased.
- Use a mix of closed-ended (quantitative) and open-ended (qualitative) questions to gather both numerical data and detailed insights.

Survey Administration:

- Determine the target audience for the survey (e.g., all employees, specific departments, etc.).
- Choose an appropriate survey administration method (e.g., online survey tools, paper-based surveys, etc.).
- Communicate the purpose of the survey to participants and emphasize the importance of their honest feedback.
- Establish a timeline for survey completion and provide reminders as needed to encourage participation.

Data Collection:

- Collect survey responses from participants within the designated timeframe.
- Ensure confidentiality and anonymity to encourage honest feedback.
- Monitor response rates and follow up with reminders to boost participation if necessary.

Data Analysis:

- Compile and organize survey data for analysis.
- Analyze quantitative data using statistical techniques to identify trends, patterns, and correlations.
- Thoroughly review qualitative responses to extract key themes, insights, and suggestions.

Feedback Session Preparation:

- Prepare for the feedback session by organizing and synthesizing the survey findings.
- Identify key findings, strengths, areas for improvement, and potential action items.

Feedback Session Facilitation:

- Conduct a feedback session with relevant stakeholders, such as organizational leaders, managers, and employees.
- Present the survey findings in a clear and concise manner, highlighting key insights and trends.
- Encourage active participation and discussion among participants to gain deeper insights into the survey results.
- Use visual aids, such as graphs, charts, or tables, to illustrate survey data effectively.

Discussion and Action Planning:

- Facilitate a discussion around the survey findings, allowing participants to share their interpretations, reactions, and ideas for improvement.
- Identify priority areas for action based on the survey results and group consensus.
- Develop action plans with specific goals, strategies, and timelines for addressing identified issues or implementing changes.

Follow-Up and Implementation:

- Assign responsibilities for implementing action plans and monitoring progress.
- Provide support, resources, and training as needed to support the implementation of changes.
- Communicate updates and progress to employees to maintain transparency and accountability.

Evaluation:

- Periodically evaluate the effectiveness of the actions taken in response to the survey feedback.
- Collect feedback from employees to assess the impact of changes on their experiences and perceptions.
- Use evaluation findings to refine strategies and continuous improvement efforts.

By following these steps, organizations can leverage survey feedback as a powerful tool for driving organizational development, fostering employee engagement, and improving overall effectiveness.

THE LEARNING ORGANIZATION

The learning organization builds on a number of ideas, some of which have already been discussed in this and previous chapters. It has its roots in OD and uses the ideas and philosophies of action research, systems approach, organizational culture, continuous problem-solving, self-managed work teams, collaboration, participative leadership, and interpersonal relations. The learning organization is a system-wide change program that emphasizes the reduction of organizational layers and the involvement of all employees—management, nonmanagement, professional, line functions, staff, and so forth—in continuous self-directed learning that will lead toward positive change and growth in the individual, team, and organization.

Competition is changing the way organizations do business. Internet technology means that new competition can come from anywhere at any time. Globalization has dramatically increased the need for more responsive organizations. Successful organizations will be the ones that can develop new technologies and products rapidly, and get them to market immediately. In the Internet age, new competition is constantly emerging. This requires a flexible and responsive workforce able to adapt rapidly to constantly changing competition—in short, a learning organization.

OUR CHANGING WORLD: CEMENT IS NOT LOW-TECH AT LAFARGE

Yves Cantat is a 20-year electrical maintenance worker at Lafarge's plant in France. Gone are the days when mixing cement was like making a huge cake. Now it is all computerized. The equipment and production processes have changed over his 20 years, but not many of the employees. He says, "In 20 years I have seen only two people leave." That's a long way from the 45 percent annual turnover rates at Wal-Mart.

Lafarge is the world's biggest cement producer, with over $15 billion in revenues from 133 cement plants in 46 countries. It traces its origins to 1833 when it was founded by the Lafarge family. The founders were committed to a form of Christian humanism that still prevails in the company today even though the family no longer controls it. Since the end of World War II, Lafarge has had only four CEOs, and two of them have written books about the company's culture. CEO Bertrand Collombe says, "Lafarge will not work in situations where we are required to deny our values and participate in practices that we abhor." Collombe is an advocate of the "Lafarge way," a philosophy of participative management.

THE LAFARGE WAY

The Lafarge way says in part:

• A key responsibility for managers is to develop their people. They expose employees to challenging assignments, help them to learn from their achievements and mistakes, and support them to outperform themselves.

• We expect our people to share their experiences and to seek those of others. Best practices derive from our ability to recognize and share our local successes, regardless of their scale.

• Dealing with conflict is an integral and productive part of teamwork. Teamwork is not about reaching consensus on every issue. It is about each individual contributing, accepting, and seeking differences of opinion as a source of progress.

• Effective teamwork creates an environment of trust and confidence. This is built daily through professionalism, personal commitment, shared goals, and respect for common rules.

THE LEARNING ORGANIZATION

There are three trade unions at the French plant, and despite recent strikes, things seem amicable between management and labour. As one employee said about the strike, "After all, this is France." Many of the workers are shareholders in Lafarge. Several years ago more than half the employees bought Lafarge stock when they were given an opportunity to buy it at a price subsidized 60 percent by the company. An important element at Lafarge is training. Managers are required to monitor the development of employees. "Our aim is to become a learning organization," says the training manager of the cement division. Given the global nature of the company, managers are expected to speak English, with Lafarge offering language classes. The company practices intensive communication to make sure that its worldwide businesses understand its operations. Lafarge operates a Web site for employees and publishes a monthly magazine in French and English.

Core Values

A strong set of core values is normally present in learning organizations:

• Value different kinds of knowledge and learning styles.

• Encourage communication between people who have different perspectives and ideas. • Develop creative thinking.

• Remain non-judgmental of other and their ideas.

• Break down traditional barriers within the organization.

• Develop leadership throughout the organization. Everyone is a leader.

• Reduce distinctions between organization members (management vs. nonmanagement, line vs. staff, doers vs. thinkers, professional staff vs. nonprofessional, and so on.)

• Believe that every member of the organization has untapped human potential.

Becoming a learning organization increases the size of an organization's "brain." Employees throughout the organization participate in all thinking activities. The boundaries between the parts of the organization are broken down. General Electric calls this **"boundarylessness"** and has made it part of the corporate culture. In an interview with Fortune magazine, Sun Microsystems CEO Scott McNealy said of Jack

Welch, CEO of GE (now retired), "Jack has developed a learning organization that can spin on a dime, because he's got these black-belt, Green Beret–type folks infiltrated throughout the organization. So when the word comes down that this is the new initiative, away they go." When everyone communicates and works together, there is enormous intelligence and flexibility present to deal with rapidly changing conditions.

Characteristics of Learning Organizations

Four characteristics define a learning organization: constant readiness, continuous planning, improvised implementation, and action learning.

Constant readiness

The organization exists in constant readiness for change. By staying in tune with its environment and willing to question its ways of doing business, the organization is ready to take advantage of new opportunities.

Continuous planning

Instead of a few top executives formulating fixed plans, the learning organization creates flexible plans that are fully known and accepted by the entire organization. The plans are constantly re-examined and rewritten by those involved with their implementation—not just top management. The old adage that "the top thinks and the bottom acts" has given way to the need for "integrated thinking and acting at all levels."

Improvised implementation

The learning organization improvises. Instead of rigidly implementing plans, it encourages experimentation. Coordination and collaboration of everyone involved is required in the implementation. Successes are identified and institutionalized within the organization.

Action learning

Change is re-evaluated continually and not just at annual planning sessions. Instead the learning organization is constantly taking action, reflecting, and making adjustments. In short, learning organizations do not wait for problems to arise. They are constantly undergoing a re-examination that questions and tests assumptions.

SYSTEM 4 MANAGEMENT

System 4 management is a system-wide intervention developed by Rensis Likert. Likert found through extensive research that organizations can be described on a continuum, with traditional bureaucratic organizations (ineffective) at one end and participative (effective) organizations at the other. Likert then identified four systems, as follows:

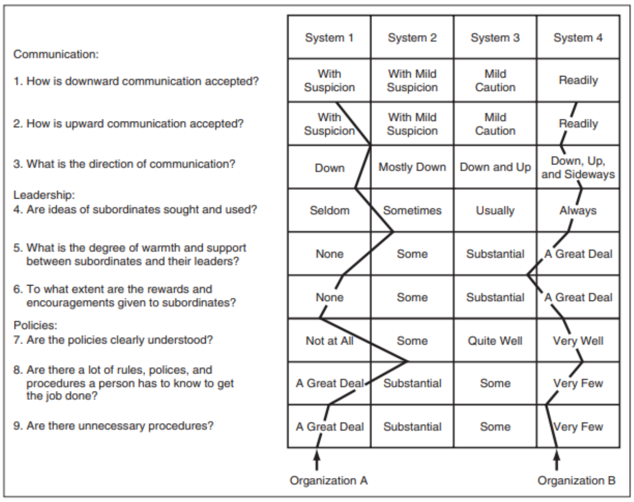
System1—exploitive-authoritative (autocratic, top-down approach).

System2—benevolent-authoritative (top-down/less coercive-autocratic).

System3—consultative.

System4—participative (based upon participative methods of decision-making and supervision, emphasizes employee involvement and participation).

Figure 10a: Profile of Organization Characteristics



Source: Adapted from Rensis Likert and Jane Gibson Likert, *New Ways of Managing Conflict* (New York: McGraw-Hill, 1976).

In today's changing environment, organizations that encourage individual ability and hold employees accountable for achieving goals are more likely to succeed. These empowered organizations attract high performance from the outside. Under this empowerment approach to system 4 management, subordinates are allowed to make decisions and employees are given personal responsibility instead of strict rules to follow. Such organizations promote individual ability and encourage their members to grow personally and professionally. Several elements should be looked for in analyzing empowered organizations:

• Action rather than further analysis.

• Decisions involving subordinates rather than by superiors.

• Individual accountability rather than rigid policies.

• Specific recognition of team and individual accomplishments rather than blanket expressions of thanks.

Managers in **empowered system** 4 organizations are demonstrating the importance of these values to themselves as individuals and as managers. Empowerment is not the simplest or easiest managerial option. In fact, an extensive commitment is required if its benefits are to be fully realized.

OD programs utilizing system 4 approaches, then, measure the present state of the system and design training interventions that foster empowerment, participative goal setting, and shared decision-making. In this way, one attempts to shift the key organizational factors toward the system 4 framework.

High-Performing Systems (HPS)

High-Performing Systems (HPS) refer to organizations or systems that consistently achieve exceptional results and demonstrate outstanding performance across various dimensions. These systems are characterized by their ability to effectively and efficiently execute their goals, adapt to changing circumstances, and sustain success over the long term. Here are some key characteristics and principles associated with High-Performing Systems:

Clear Vision and Goals: HPS have a clear and compelling vision that provides direction and purpose. They set ambitious yet achievable goals aligned with their vision and regularly monitor progress towards them.

Strong Leadership: Leadership plays a crucial role in driving and sustaining high performance. HPS are led by visionary and inspirational leaders who provide strategic direction, foster a culture of excellence, and empower their teams to succeed.

Culture of Excellence: HPS cultivate a culture of excellence characterized by high standards, accountability, continuous improvement, and a relentless pursuit of excellence in all aspects of their operations.

Effective Communication: Open, transparent, and frequent communication is essential in HPS. Leaders communicate the organization's vision, goals, expectations, and progress clearly and consistently to all stakeholders.

Collaborative and Empowered Teams: HPS foster a collaborative and inclusive environment where teams work together towards common goals. They empower employees to make decisions, take ownership of their work, and contribute their unique skills and perspectives.

Continuous Learning and Innovation: HPS value learning and innovation as key drivers of success. They encourage experimentation, creativity, and risk-taking, and they actively seek out opportunities for learning and development at all levels of the organization.

Adaptability and Resilience: HPS are agile and adaptable, capable of responding effectively to changes and challenges in their external environment. They proactively anticipate and prepare for future trends and disruptions.

Performance Measurement and Feedback: HPS use data-driven approaches to monitor and evaluate performance. They establish clear metrics and key performance indicators (KPIs) to track progress and provide regular feedback to employees.

Customer Focus: HPS are customer-centric, prioritizing the needs and preferences of their customers or stakeholders. They actively seek feedback from customers and use it to improve products, services, and processes.

Sustainable Growth and Impact: HPS balance short-term results with long-term sustainability and impact. They pursue growth opportunities in a responsible manner, considering the social, environmental, and ethical implications of their actions.

By embodying these characteristics and principles, organizations can strive to become High-Performing Systems that consistently deliver exceptional results, drive innovation, and create value for all stakeholders.

The GRID Organization Development (OD) model is a change management framework developed by Robert R. Blake and Jane S. Mouton. It's based on their Managerial Grid, which is a leadership model that identifies different leadership styles based on concern for people and concern for production.

THE GRID OD PROGRAM

The GRID OD model is designed to facilitate organizational change by helping leaders and managers understand the dynamics of their organization and implement effective change strategies. Here's an overview of the key components of the GRID OD model:

Identifying Organizational Issues:

- The process begins with identifying key issues or challenges facing the organization, such as poor communication, low morale, or inefficiencies in processes.

Assessment and Diagnosis:

- Use the Managerial Grid to assess the organization's current state in terms of leadership styles and organizational culture.
- The Managerial Grid identifies five basic leadership styles:
- impoverished, country club, produce or perish, middle-of-the-road, and team.
- Assessing where the organization falls on the grid helps diagnose strengths, weaknesses, and areas for improvement.

Defining Desired State:

- Determine the desired state or vision for the organization. What changes need to occur to address the identified issues and move the organization towards its goals?

Developing Change Strategies:

- Based on the assessment and desired state, develop change strategies and interventions to bridge the gap between the current state and the desired state.
- Strategies may include leadership development, team building, process improvement, communication initiatives, etc.

Implementation:

- Implement the change strategies in a phased and systematic manner.
- Involve key stakeholders in the change process and communicate openly about the reasons for change, expected outcomes, and their roles in the process.

Monitoring and Feedback:

- Monitor the progress of the change initiatives and gather feedback from employees and other stakeholders.
- Use feedback to assess the effectiveness of the change strategies and make adjustments as needed.

Sustaining Change:

- Develop strategies to sustain the changes and embed them into the organization's culture and practices.
- Provide ongoing support, training, and reinforcement to ensure that the changes become ingrained and lasting.

The GRID OD model provides a structured framework for understanding organizational dynamics and implementing effective change initiatives. By aligning leadership styles with organizational needs and focusing on people, processes, and outcomes, organizations can drive meaningful change and improve overall performance.

Figure 10b: The Grid Development Programme includes six phases

Source:businessjargons

THE THIRD-WAVE ORGANIZATION

The third-wave organization is a concept originated by business futurist Alvin Toffler, who foresaw a managerial third wave. The first-wave companies were built in the agricultural age. Second-wave companies evolved in the industrial age and emphasized mass production and growth. Third-wave companies are evolving in the information age to meet changing times, to be able to transform their products and organizations in response to changes in economic and social needs.

Third-wave organizations developed for success in the information age have such characteristics as flexibility, creativity, and innovations. Internet search engines like Google and Yahoo! are examples of how a company can be the most popular and then be quickly replaced by a competitor.

Flexibility

The third-wave organization is flat, lean, and flexible. Its culture provides immense flexibility to reorganize. People expect its buildings, offices, and people to change. Its structure has no permanence.

Creativity

People are the lifeblood of the third-wave organization. Third-wave people are motivated by commitment to a vision or cause, the chance to be personally involved in projects that can change the world, and the opportunity for personal growth. The third organization uses the idea of "buy-in" management—the idea that people actually influence the long-term vision and buy in to the goals of the organization.

Innovation

The third-wave organization supports risk-taking and innovation. The goal is to make yourself and your product obsolete. The difference between the traditional second wave company and a third-wave organization requires a revolution in attitudes, values, and behaviour.

Most important, the participative work culture means that a third-wave organization has a better shot at beating the competition. Employees help make everything happen. In addition, the organization's managers and supervisors help employees realize their untapped potential by becoming true leaders, not just managers.

SUMMARY

• *System wide* This chapter has examined seven different system-wide approaches to organization development: (1) survey research and feedback, (2) learning organization, (3) reengineering, (4) system 4 management, (5) high-performing systems, (6) Grid OD, and (7) the third-wave organization.

• *Survey research and feedback* This method uses attitudinal surveys of employees as a means of identifying and communicating organizational problems. The survey data are provided to work teams as a way of improving performance

• *Learning organization* This embodies a vision of more humane workplaces and organizations built around learning. It emphasizes the reduction of organizational layers and the involvement of all employees in continuous self-directed learning.

• *Reengineering* This system-wide approach implements a fundamental and radical redesign of all business processes to achieve a higher level of performance.

• *System 4 management* Organizations can be described on a continuum with traditional bureaucratic organizations (ineffective) at one end and participative (effective) organizations at the other.

• *High-performing systems* Developing a new corporate culture is a process of continuous improvement. A more participative, empowered, high-performing system can lead to a successful organization.

• *Grid OD* This approach to change focuses on improving managerial skills and developing a new strategic model. It uses methodologies similar to those of the action research model. It often involves the collection of data, the feeding back of data to appropriate individuals, and the generation of action plans by system members.

• *The third wave* Third-wave organizations are able to transform their products and organizations in response to fast changes caused by the information age. These organizations are flexible, creative, and innovative.

Example set of TEAM PROFILE FORM:

TEAM PROFILE FORM

Team Profile: Rate the team on these dimensions.

	(Low)				(Moderate)					(High)
A. Involvement	1	2	3	4	5	6	7	8	9	10
B. Shared Leadership	1	2	3	4	5	6	7	8	9	10
C. Know their facts	1	2	3	4	5	6	7	8	9	10
D. Communication	1	2	3	4	5	6	7	8	9	10
E. Goal oriented	1	2	3	4	5	6	7	8	9	10
F. Shared Decision-making	1	2	3	4	5	6	7	8	9	10
G. Collaboration	1	2	3	4	5	6	7	8	9	10
H. Openness	1	2	3	4	5	6	7	8	9	10
I. Listening	1	2	3	4	5	6	7	8	9	10
J. Motivation	1	2	3	4	5	6	7	8	9	10

ORGANIZATION TRANSFORMATION AND STRATEGIC CHANGE

STRATEGY AND TRANSFORMATION

In a world of unpredictability and rapid change, what makes one organization a winner and another unable to adjust to the same opportunities? How do some smaller companies move forward and seize new product and market opportunities, while large companies sometimes fail to take advantage of their size and situation?

The answers are multifaceted but partially lie in the ability and inability of these firms to change their strategies to meet changing conditions.

The overwhelming success of many great companies starts to work against them when "pride of position" begins to erode their base. Customers become fuzzy entities, then nonentities, as corporations stop earning their loyalty. Then corporate visions become blurred as well; the ideas for new products and services become overdrawn; and bloated corporate bureaucracies hinder employees from doing "productive work."

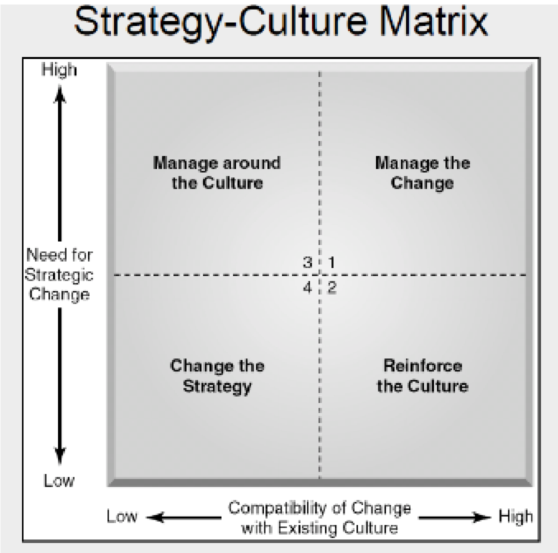
An article in Forbes argues, "Powerful companies get complacent and staff-bloated, like General Motors in the 1960s or Xerox in the 1970s.They have too much invested in old ways of doing business to see the threat from new ways, like mainframe-dependent IBM in the 1980s or film-addicted Eastman Kodak in the 1990s. They become prey to antitrust attack, losing lawsuits (Standard Oil, AT&T) or just agreeing to be less feisty (Microsoft)."

Kodak is desperately trying to reinvent itself for the digital age but realized it needed to bring in outside managers. COO Antonio Perez says, "We needed leaders who had 'been there, done that' because this is not a turnaround. It's a transformation."

Organization transformation refers to these drastic changes in how an organization function and relates to its environment. Good management does not mean trying harder by using old, out-of-date methods. It involves developing strategies for coming up with new products, making sure they are what the customer wants, and getting them to market in time to gain a competitive advantage. Accelerating changes in technology, shorter product life cycles, and unexpected new competition make succeeding in business harder than ever. The evidence indicates that managers play a major role in whether or not an organization performs. Managers make strategy, and strategy determines business success or failure.

The new excellent companies must be able to transform the way they operate and reorganize the importance of corporate culture in devising and executing new strategies. In fact, the biggest obstacle in the path of strategic change is usually an old and inflexible corporate culture.

The strategy-culture matrix provides one model that can be used to access the readiness of a corporate culture for strategic changes. A growing body of research indicates that culture affects strategy formulation and implementation, as well as the organization's ability to achieve a high level of corporate excellence. Strategic change management, another type of intervention, involves integrating the organization's strategy with its structure, technology, and people and aligning these factors to the competitive environment.



Source: (Brown, 2011, p. 406-407)

There are several major OD strategic interventions, including:

- Organization transformation
- The corporate culture
- Strategic change management

ORGANIZATION TRANSFORMATION

In a general sense, OD strategies represent more gradual approaches to strategic change, focusing on developmental and participative change processes. Organization transformation, (OT) on the other hand, may be defined as drastic, abrupt change to total structures, managerial processes, and corporate cultures.

It requires a redesign of everything in the organization, including the norms and the culture, the very soul of the organization. Nothing is sacred, and there are few, if any, guidelines. Organization transformation is more revolution than evolution. Since transformations aim for organizational survival in a competitive environment, the changes may or may not subscribe to the values of organization development and, in many instances, are not accomplished by participative processes. Organization transformations include such changes as takeovers, mergers, and plant closures, which often involve large-scale downsizing, employee layoffs, and massive restructuring.

Directive Approaches to Change

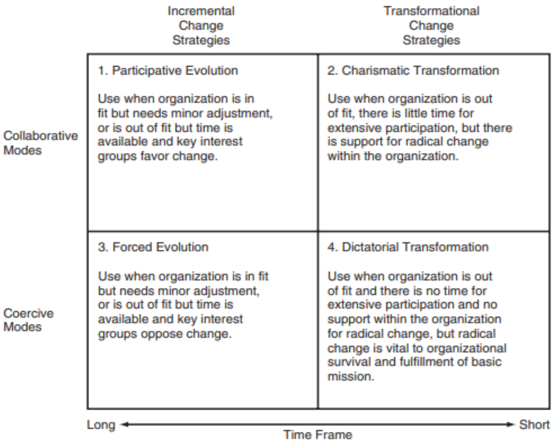
OT approaches tend to use directive rather than participative approaches. Typically, a senior manager initiates the transformational change, deciding when to initiate change, what the changes shall be, how the change is to be implemented, and who is responsible for the change program. This is usually a top-down, top-management–driven process. Research evidence suggests that the political dynamics of transformational change tend to be shaped more directively or coercively (by the use of power) rather than by ISBN: 0-536-63893-4 more collaborative, participative approaches. This may be the best way (or the only way) to rapidly bring an organization under immediate threat back into fit with its environment. The evidence also indicates that outsiders (externally recruited executives) are more likely to initiate transformational change than the existing management team.

Strategies of Change

There are several possible approaches to large-scale change programs depending upon the existing conditions. One approach, which may be termed the incremental approach, refers to long-term planned change that relies upon collaboration and participation by organization members. The second approach, transformational change, refers to immediate drastic change accomplished by directive methods.

Dunphy and Stace have identified a model of large-scale strategies based upon three key dimensions: the time frame of the change, long or short; the level of support of the organizational culture; and the degree of discontinuity with the environment. From these three dimensions, four process change strategies have been identified, as shown in Figure 11a.

Figure 11a: Strategies for Planned Organizational Change



Participative Evolution

This incremental strategy is used to keep an organization in fit with its environment in anticipation of changes, when minor adjustments are needed, and when sufficient time is available. Such change is achieved by collaborative means with the support and participation of organization members.

Charismatic Transformation

This transformation strategy is used to accomplish radical change in a short time frame, with support from the organization's culture. Fred Smith of Federal Express and Steve Jobs, founder of Apple Computer, are two examples of leaders who used such strategies to accomplish change.

Forced Evolution

This strategy is used to make minor adjustments over longer periods but without the support of the organization's culture.

Dictatorial Transformation

This transformation change strategy is used in times of crisis, when a major restructuring is needed that may run counter to the entrenched interest of the internal culture. In these conditions, authoritative direction may be the only option to ensure organizational survival.

A company that has transformed itself is General Electric Corporation under the leadership of Jack Welch. When Welch first took over as CEO and looked at the books, he was appalled. Two-thirds of sales were made by aging business. Sales were dropping for the first time in 22 years. GE was increasing productivity by a mere 1.5 percent a year, compared with the 8 percent of its Japanese competitors. Pay and bonuses depended on seniority, not merit. GE was in trouble. Welch gave the managers of every GE business an ultimatum: make your business number-one or number-two in its industry or get out.9 See the OD in Practice below for more information about transformational changes at General Electric and the Green Bay Packers.

OD IN PRACTICE: MASTERS OF TRANSFORMATION

Vince Lombardi assumed the responsibilities of coach and general manager of the Green Bay Packers in a year when they had one win and 10 losses. During the decade he held this position, the Packers won the first two Super Bowls and Green Bay, Wisconsin, was nicknamed "Title Town, USA." Decades later, Lombardi's coaching and managerial techniques are still studied by both coaches and business managers. Jack Welch served as CEO of General Electric for 20 years, and GE was one of the most successful companies of the twentieth century when he left. It is the only company that has remained a component of the Dow Industrial Index throughout the Dow's nearly 110 years of tracking stocks.

The key point of OD practitioners is that the selection of an appropriate change strategy depends on a strategic analysis of the change situation. OD practitioners should select the most effective change process and strategy, rather than rely on a strategy simply because it is compatible with their personal values. Just as important, however, is the fact that large-scale change in times of crisis can be more effectively implemented if it is combined with the behavioural skills of the OD approaches.

Masters of Transformation

	Vince Lombardi at Green Bay Packers	Jack Welch at General Electric
	"We're not just going to start with a clean slate, we're going to throw the old slate away."	"I tell people, if this place is stifling you shake it, shake it, break it. Check the system, because it wants to be a bureaucracy."
Bold Visions—easy to understand	Lombardi had a famous saying: "Winning isn't everything, it's the only thing."	Welch often said that GE would be number one or two in every business sector in which it competed—or it would get out. He painted a clear picture for employees.
	Everyone—the players, management, the owners (the owners were and are local town citizens)—all recognized in this seven-word statement what the mission was.	His term "boundaryless" simply implied that GE is a global company with many businesses. GE has no boundaries.
Changes are not complicated	Lombardi and his coaches invented a new play they called the Packer Sweep. It took advantage of a new and inexperienced offensive line.	Implemented extensive performance reviews to reward top performers. The policy became know as "rank and yank."
	The play was simple and drilled to perfection repeatedly in practice sessions.	"A" performers were generously rewarded. "C" employees, the bottom 10 percent, were eliminated every year. Welch said, "The rewards of these jobs have to be in the soul and in the wallet."
	The competition was forced to adapt to the new strategy.	Tough, analytical policy but created results. Gave GE the flexibility to go out and look for new talent every year.
Leadership—willing to make the hard calls	Proclaimed to the board of directors, "I want it understood that I am in complete command." Left no doubt in everyone's mind as to who was in charge.	Left no doubt in everyone's mind as to who was in charge.
	Got rid of players, even those he liked, when they did not perform.	Welch said "No leader enjoys making the tough decisions. … Keeping people around who aren't going to grow and prosper is 'false kindness.' "
Team effort	Gave credit to the players on the field. He knew that they were the ones who won the game	Personally taught junior executives and managers at GE training courses.
	Often said, "Teamwork is what the Green Bay Packers are all about."	Seemed to truly enjoy others excel. Managers went on to become CEOs of such companies as 3M, Allied-Signal, Young & Rubicam, and Home Depot.
	Lombardi exemplified a work ethic that led the way for a team that had the will to win.	"Giving people self-confidence is by far the most important thing that I can do."

THE CORPORATE CULTURE

An organization's culture includes the shared values, beliefs, and behaviours formed by the members of an organization over time. The leadership style of top management and the norms, values, and beliefs of the organization's members combine to form the corporate culture. Organization effectiveness can be increased by creating a culture that achieves organizational goals and at the same time satisfies member needs.

Knotter and Heskett find that highly profitable companies like PepsiCo, Wal-Mart, and Shell have adaptive cultures that serve the interest of all three of their main constituencies: employees, customers, and stockholders. Over an 11-year-period, companies that successfully satisfied these groups boosted employee productivity, satisfied customers, and increased sales by an average of four times more than those that satisfied only one or two.

The corporate culture reflects the organization's past and is often deeply rooted in its history and mythology. The corporate culture influences how managers approach problems, react to competition, and implement new strategies.

The Strategy-Culture Fit

Corporate culture is important because of its relationship to organizational effectiveness. There is increasing evidence that firms with effective corporate cultures have increased productivity, boosted employee camaraderie, increased employees' sense of ownership, and increased profits.

Strategy refers to a course of action used to achieve major objectives. This includes all the activities leading to the identification of the objectives and plans of the organization and is concerned with relating the resources of the organization to opportunities in the larger environment. Organizations are finding it increasingly necessary to change their business strategy to meet emerging discontinuities in the environment.

Culture provides a set of values for setting priorities on what is important and "the way things are done around here." Because of this, culture is a critical factor in the implementation of a new strategy. An organization's culture can be a major strength when there is a fit with the strategy and can be a driving force in implementing a successful change. The challenge of the new millennium is the need to replace bureaucratic obstacles with speed, simplicity, constant change, and improvement. The manager of organizational effectiveness at General Electric Co.'s GE Lighting operations in Cleveland, said,

We are in a cultural revolution where the change of pace is going to be faster and competition will not stop. As a result, businesses will need an organization that is very different from the hierarchical one that exists today. They will need an adaptive organization that senses change in both the internal and external environments, as well as one that entrusts power and decision making to workers. Without that no other strategy will succeed in the long run.

Every organization evolves a unique culture. However, this culture must also change to meet changing conditions. A number of studies indicate that corporate strategy alone cannot produce winning results. Management consultants say that only one company in ten can successfully carry out a complex change in strategy. However, the need to devise and execute strategic changes is rapidly increasing. A study of firms whose cultures support employee participation in decisions found that they performed significantly better than firms where this was not the case. The best way to execute strategic change is by empowering employees. Even single acts by individual employees can be critical to the achievement of total quality, customer satisfaction, and continuous improvement.

Culture: A Definition

There is widespread agreement that organizational culture refers to a system of shared values held by members that distinguishes one organization from another. An organization's culture may be described by a set of core characteristics that include:

• Individual autonomy. The degree of responsibility, independence, and opportunities for exercising initiative for members of the organization.

• Sensitivity to the needs of customers and employees. The degree of responsiveness to changing needs.

• Support. The degree of assistance and warmth provided by managers.

• Interest in having employees initiate new ideas. The degree to which employees are encouraged and empowered to come up with better quality and productivity suggestions.

• Openness of available communication channel. The degree of freedom of communication between members and teams and levels.

• Risk behaviour. The degree to which members are encouraged to be aggressive, innovative, and risk-seeking.

By combining these characteristics, then, a composite picture of the organization's culture is formed. The culture becomes the basis for the shared understanding that members have about the organization, how things are done, and the way they are supposed to behave.

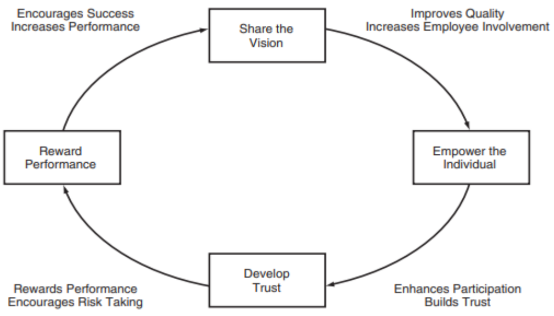
An organization's success rests on its ability to change its strategy in order to meet rapidly changing market conditions. Under these conditions the culture must be adjusted so the firm can confront and deal with factors that may contribute to its failure, stagnation, or success. The culture influences each member's adjustment to these changes. Productive corporate changes increase the company's capacity to meet new challenges. To be effective, managers must be able to motivate their employees and help them adapt to changing conditions. Success depends on management's skills and strategy, and on the acceptance of change by the organization members.

Organizations operating in different environments with different competitive situations may need to develop distinct cultures focused upon the goals of their strategy and competitive arena. Similarly, organizations existing in several markets may need to have differing subcultures to meet the unique strategies of each specific business environment. A corporate culture reinforcing innovation, entrepreneurship, and participation, for example, may be necessary for a high-tech firm competing in a highly dynamic and complex industry. On the other hand, a more traditional firm in a mature, smokestack industry may develop a culture focusing on stability, quality, and extra productivity.

Sharing the Vision

The development of a vision is an important element in organizational and cultural change. Many management theorists feel that vision is the very essence of leadership. Any attempt at changing a culture should begin with a clear vision of the new strategy and what it will take to make it work. Organizations are driven by a vision, not by directives from the chain of command.

Figure 11b: Sharing the vision



The Strategy-Culture Matrix

The strategy-culture matrix is one way of understanding the relationship between an organization's strategy and its culture.

Figure 11c: Relative Strength of Corporate Cultures

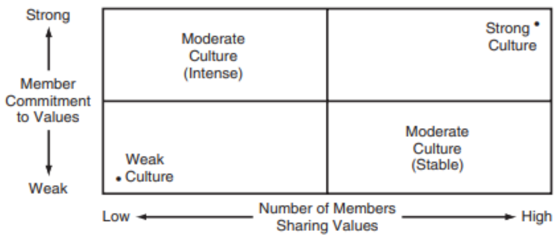
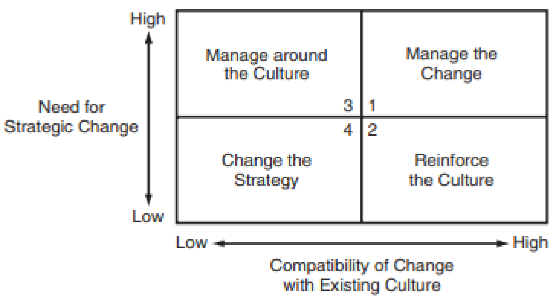


Figure 11d: Strategy-Culture Matrix



STRATEGIC CHANGE MANAGEMENT

organizations are composed of technical, political, and cultural systems. Three basic managerial tools—**organizational strategy**, **organizational structure**, and **human resource** management—may be used to align the three systems with one other and with the larger environment (see Figure 11e). Organizations are experiencing ongoing environmental change and uncertainty. This turbulence often causes existing structures and strategies to become obsolete, requiring major strategic changes. For example, the banking industry, long regarded as a stable and unchanging industry, has faced monumental changes because of deregulation, international banking, and globalization.

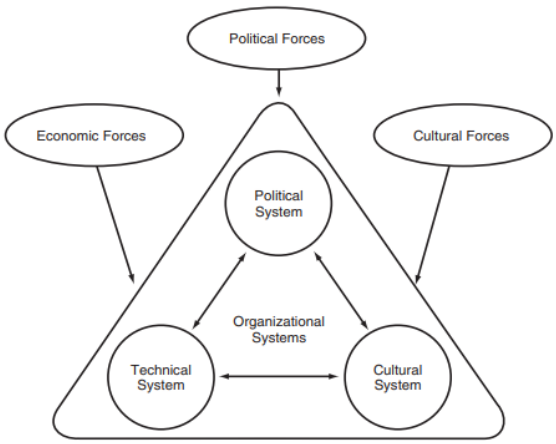
Tichy describes the three organizational systems as follows:

- *The technical system* is designed to solve the organization's production problems. It includes the mission, strategy, and organizational structure necessary to become effective.

- *The political system* resolves the allocation problem: how to distribute resources and power, including reward system, career succession, budgets, and power structure.

- *The cultural system* is designed to solve the value/belief problem: what values members share, what objectives should be pursued, and so forth.

Figure 11e: Environmental Forces and Organizational Systems



The technical, political, and cultural systems are interrelated and form an organizational system. Strategic change management involves the alignment of these systems to meet environmental pressures. Tichy's approach to change suggests the following steps:

Step 1. Develop an image of the desired organization with the technical, political, and cultural systems aligned. Change must start with a strategic vision of a desired organizational state. This vision should include a futuristic view of each of the three systems, as well as what the organization will look like when the systems are aligned.

Step 2. Separate the three systems and intervene separately in each one. Because the systems tend to be mutually reinforcing, it is necessary to unlock them from one another before strategic change can occur.

Step 3. Plan for reconnecting the three systems. After strategy interventions have been made in the three systems separately, it is necessary to determine how they will be reconnected. This reconnecting plan determines how the three systems will achieve the desired state or strategic vision in Step 1.

CHANGING THE CORPORATE CULTURE

The organization culture may inhibit the implementation of the strategy and prevent a firm from meeting competitive threats or from adapting to changing economic conditions. This can lead to the firm's decline, stagnation, or even ultimate demise unless the culture is changed.

Terrence Deal and Allan Kennedy suggest that there are only five reasons to justify large-scale cultural changes.

1. When the company has strong values that do not fit the changing environment.

2. When the industry is very competitive and changes with lightning speed.

3. When the company is mediocre or worse.

4. When the firm is about to join the ranks of the very largest.

5. When the firm is small but growing rapidly.

An organization facing these situations may need to change its culture in order to adapt to a changing environment or to perform at higher levels of effectiveness. However, implementing cultural change can be extremely difficult and time-consuming. Given the problems associated with culture change, most OD practitioners suggest that major changes to the culture should be attempted only after less difficult and costly solutions have been ruled out.

Meshing different cultures or subcultures within the same organization can also be problematic. This cultural clash becomes even more evident in the case of mergers or takeovers when two differing cultures must be integrated. In one case, a high-tech firm, Company B, with a very innovative, participative culture, was acquired by Company A, a larger competing firm with a very formal, traditional, top-down culture. When the acquisition was announced, Company A stated that no major changes were planned and Company B would continue operating as a separate company. However, within six months, 80 percent of Company B's management team was replaced, large-scale layoffs were instituted, and the Company A corporate culture was imposed on Company B. The results included loss of key people, loss of sales (including one $60 million customer), a decrease in morale and productivity, an increase in turnover, and a lack of trust among remaining employees.32The integration of differing corporate cultures during merger situations will be a very cost-effective area for the use of OD cultural change interventions in the future. For many businesses, changing the culture is not in the best long-term interest of the firm.

In summary, **leadership** in today's fast-changing world involves developing an innovative corporate culture: a culture that recognizes employees' needs, the firm's history, the marketplace, and the company's products and services. Top managers invariably try to develop a framework for transmitting the corporate culture and for adapting to change. Unfortunately, a strong culture may often prove to be a liability if it fails to respond to changing market forces. When the corporate culture is resistant to change, OD strategies can be used to move the culture in a more innovative direction.

SUMMARY

• *Organization Transformation*

In this section several interventions presented for helping organizations transform to meet new strategic directions. Large-scale change programs typically occur in response to, or in anticipation of, fundamental environmental or technological changes. Environmental discontinuities often require a dramatic shift in organizational strategy, which in turn necessitates changes to organization structure, corporate culture, and managerial processes. These strategy interventions are aimed at relating the organization to its broader environment and achieving a higher level of corporate excellence.

• *Corporate Culture*

Corporate culture includes the shared values and beliefs of organization members and determines how they perform. Corporate culture is a key determinant of how an organization implements strategic change and what strategies and techniques the OD practitioner may bring to such interventions. Changing the corporate culture starts with developing a shared vision, the empowerment of members, and the development of a trust relationship at all levels.

• *Strategy*

The strategy-culture matrix provides one tool that the OD practitioner can use in implementing strategic changes. Changing the corporate culture can be an extremely challenging task. It requires a clear strategic vision, reinforcement of new values, and reshuffling the power-reward system to fit the new strategy. Strategic change management presents another system's view of the organization as technical, political, and cultural systems, and involves aligning these systems with the environment.

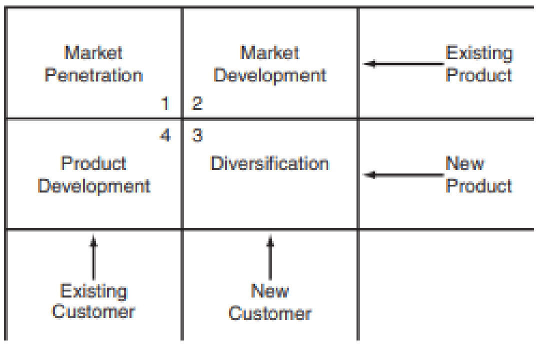
• *Changing the culture*

Organizational excellence in a rapidly changing world requires an innovative and adaptive corporate culture. Strategic change has become increasingly important in recent years, and often influences the very survival of an organization in a volatile environment. The corporate culture can be a force in reinforcing or resisting strategic changes. When the culture is resistant to innovations, OD techniques and strategies may be used to enhance successful strategic changes.

KEY WORDS AND CONCEPTS

• Culture • Incremental Approach • Organization Transformation (OT) • Strategic Change Management • Strategy • Strategy-Culture Matrix • Technical, Political, and Cultural Systems • Transformational Change • Vision

CONCEPT: Strategy Matrix



Strategy Alternatives

THE CHALLENGE AND THE FUTURE FOR ORGANIZATIONS

THE ORGANIZATION OF THE FUTURE

The organization of the future will be different from today's organization. In a world of global competitiveness and technological innovation, organizations are reengineering, restructuring, and flattening the hierarchy to meet market pressures. Leading companies now envision an endlessly changing organization. The new term is reconfigurable—an organization that is flexible and able to change on an annual, monthly, weekly, daily, or even hourly time frame. Unchanging systems will become **dinosaurs**. Singer and poet Bob Dylan prophetically said in his 1963 album and song of the same name, "The times they are a changin'."

There is a continuing need for long-range strategies to improve organizational decision-making and work relationships to meet these changing conditions. Organization development, the newest discipline in planned change techniques, has emerged from these needs. OD is viewed by organizations of all types—industrial, governmental, and health care—as a field of expertise that can provide a viable option for planned change.

Change is a continuing process. Every organization exists in a continuous state of adapting to change. Nissan Motors is a company that learned its lesson the hard way. By the mid-1990s Nissan was facing a quick demise unless it acted quickly. It did not have the deep pockets of well-healed backers to rescue it; it had to change if it was going to stay in business. "We were a collapsing company," recalls CEO Carlos Ghosn. Ghosn quickly shut down five plants, reduced the workforce by 23,000, and shifted production of more models to the United States. Nissan now has the auto industry's best profit margins and a line up of new models. Ghosn has become a corporate hero in Japan and is even the admired subject of comic books.

External competitive forces usually cause downsizing changes, whereas other changes to work processes come about because of shifting forces within the organization. Many management theorists feel that authoritarian or bureaucratic systems are too rigid to adapt to the increasing rate of change and therefore become reactive organizations, reacting drastically after problems emerge. More and more organizations are finding that employees are no longer satisfied to simply fill a slot in the organizational chart.

Because an OD program is an approach to improving effectiveness, its results have to be evaluated. The organization members involved in the change need feedback on the outcome of their efforts in order to determine whether to modify, continue, or discontinue these activities. At this point there is also usually a disengagement between the OD practitioner and the client—a termination of the change program relationship.

Organization development is an ongoing process because an organization cannot remain static and be effective. In today's changing environment, organizations must develop adaptive mechanisms and anticipative management systems. To cope with these changing conditions, an OD practitioner needs to be able to monitor and assess progress toward change goals to recognize when these efforts may be phased out. The participants and teams involved in an OD program need feedback to measure their progress toward goals and to stabilize change efforts. This continuing assessment also acts to prevent deterioration or degradation of earlier behaviours, attitudes, or values. An organization might implement total quality management and initially feel that the program is successful. A year later, however, most managers may have discarded TQM and returned to their former management methods unless there is some stabilization of the TQM program.

Because OD is a continuous improvement process, the completion of one change cycle leads to another cycle in the process of development. In this chapter, we examine the evaluation and termination process, discuss several emerging issues, and examine the future of the OD field.

MONITOR AND STABILIZE ACTION PROGRAMS

After an OD program has been implemented, the emphasis must be placed upon internalizing and stabilizing the changes so that the new behaviour becomes part of the organization's cultural norms. Chapter 1 presented a five-stage model of the organization development process. Stage 5 involves three factors:

(1) feedback—generating and communicating data to participating members so that they can measure their progress;

(2) stabilizing or "freezing" the change or desired behaviour so that it will be continued; and

(3) evaluating the OD program's results.

Developing a Self-Renewal Capacity

One of the basic objectives of the OD practitioner is to help the client system develop the ability to constantly innovate. The client system needs a self-sustaining capability to devise and implement change programs without outside support. As Watson and Glaser have noted,

> *. . . following any important change comes a period during which the new equilibrium is being stabilized. Yet that condition, too, is only temporary. The organization that has accepted an innovation may need a breathing spell in which to consolidate what it has learned. But if the organization is geared to continued growth, its members will value forward-moving change as a recurrent and desirable phenomenon. From the plateau on which equilibrium is regained, the cycle of change can be launched again.*

Self-renewal means building innovation and commitment to change into the organization's values. Change is the only constant in today's world, and leaders need to find continuing ways to renew and revitalize their teams, departments, and organizations.

The mechanism for this self-renewal capacity is usually an internal OD practitioner or group. Internal practitioners can continue collecting, diagnosing, and evaluating new data to determine the need for further change strategies and programs. The OD practitioner needs to continue to provide **members awareness** of emerging competitive problems and use this as a means of developing a willingness to move rapidly to introduce needed changes. The self-renewing organization is constantly able to initiate new strategies leading to continued innovation and adaptation. In a changing, chaotic world, there is a need for constant innovation and continuous change.

Some Conditions for Success of OD Efforts

Several OD practitioners have attempted to identify the conditions that lead to the success of OD efforts:

- *Pressure to change* The organization is generally under considerable external or internal pressure to improve. Top management has been aroused to action and is searching for solutions.

- *Change initiation* Change begins at the top of the organization in the form of a practitioner to the top team. This generally induces reorientation and reassessment of past practices and current problems.

- *Top management involvement* Top management is involved and takes a responsible role in the process. Several levels of management generally participate in the collection of data and the analysis of specific problems.

- *Commitment to change* Ideas and methods for developing solutions are generated at several levels in the organization. This results in some level of commitment to change by organization members.

- *Beta testing* Experimentation with innovation takes place. The proposed solutions are generally developed, tested, and found acceptable before the scope of the change is expanded to include larger problems or the entire system.

- *Results* The organization development program is generally reinforced by positive results. The change effort spreads with each successful experience and, as management support grows, is gradually accepted as a way of life Organization development, then, involves long-term, system-wide application of behavioural science techniques to increase organizational effectiveness. OD works on the premise that performance is increased by improving the way people work together and the way work groups cooperate. The managerial style needed to work in an innovative manner differs from traditional concepts, and OD programs are designed to focus upon the manager's attitudes and upon a managerial style that encourages action in the presence of risk. OD strategies try to increase the manager's tolerance for ambiguity and uncertainty and the ability to communicate with and motivate others.

OD IN PRACTICE: THE WAR OF THE WAREHOUSE STORES

Costco is one of the few competitors that have been able to beat Sam's Club (part of Wal-Mart) at its own game. Costco and Sam's Club are both big-box membership warehouse stores. And Costco and Wal-Mart were started up in 1983. However, that is where the similarities end.

COSTCO PAYS ITS WORKERS TOO MUCH

According to Wall Street investors, Costco pays its workers too much and provides too many benefits, such as health insurance. A Deutsche Bank analyst says, "At Costco, it's better to be an employee or a customer than a shareholder." Never mind that Sam's Club and Wal-Mart have been taking a public-relations beating for paying poverty-level wages, offering health insurance for fewer than half of their U.S. workers, hiring contractors who employed undocumented immigrants (currently under federal grand jury investigation), and are the subject of lawsuits in 25 states for denying overtime pay to those who earned it, and charges of sexual discrimination in employment that have resulted in the biggest civil-rights class action in U.S. history. The stock market seems to be more impressed by the low-cost strategy favoured by Wal-Mart and Sam's Club. The market's view of Costco, and therefore its stock price, says a lot about the so-called Wal-Martization of the U.S. economy.

A contrarian view is expressed by a Citigroup/Smith Barney analyst who says, "Costco deserves a little more credit than it has been getting lately, since it's one of the most productive companies in the retail industry." The first and only CEO of Costco, James D.

Sinegal, says, "We think when you take care of your customer and your employees, your shareholders are going to be rewarded in the long run. And I'm one of the shareholders; I care about the stock price. But we're not going to do something for the sake of one quarter that's going to destroy the fabric of our company and what we stand for." Costco thinks it has the right strategy, and it is one that it has been using for over 20 years—and beating Sam's Club by almost every measure. "Paying your employees well is not only the right thing to do but it makes for good business," adds Sinegal.

RUNNING THE NUMBERS

Business Week magazine ran the numbers on the two warehouse stores and came up with some surprising results. Costco's high-wage approach actually beats Sam's Club on many measures. Business Week found that by compensating employees generously to motivate and retain good workers, Costco gets lower turnover and higher productivity. Costco's 68,000 hourly workers in the United States generated $34 million in sales, whereas Sam's 102,000 employees generated $35 billion. In other words, Sam's required about 50 percent more employees than Costco to get less than 3 percent more in sales. On another measure, Costco had an operating profit of $13,647 per employee compared to Sam's $11,039. Comparing the last five years, Costco's operating income grew at an average of 10.1 percent annually, slightly more than Sam's 9.8 percent. See Table 16.1 for some of the findings from Business Week's number crunching. In return for its generosity toward its workers, Costco has one of the most productive and loyal workforces in all of retailing. Turnover costs, for example, show up in several ways. New employees are typically not as productive while they are learning the ropes. And training costs are higher with a higher turnover. Wal-Mart says that it costs $2,500 per worker to test, interview and train a new hire. This cost adds up when Sam's has a turnover 350 percent higher than Costco's.

MAKING THE COSTCO STRATEGY WORK

In addition to getting a more productive workforce, Costco's management has to be ever diligent and innovative. Costco looks for ways to repackage goods into bulk items, which reduces stocking and checkout labour costs. It speeds up just-in-time inventory. It is innovative in offering new products and services. It was the first to offer fresh meat, pharmacies, photo labs, and gasoline. And it even plans to offer coffins in some of its stores.

Costco has made a concerted effort to know its customers. It goes after a more sophisticated, wealthier, urban customer who may be a small business owner. Shoppers never pay more that 14 percent above the price Costco pays on such diverse items as toilet paper, a five-dozen pack of eggs, a ten-carat diamond ring for $28,000, or a $299 Chateau Mouton Rothschild Bordeaux. Costco is the biggest seller of fine wines in the United States, $600 million a year, and sells around 60,000 carats of diamonds a year.

"When your customers and employees are happy with you, you can't be going too far wrong," says Sinegal.

	Costco	*Sam's Club*
Average hourly wage	$15.97	$11.52[a]
Annual health cost per worker	$5, 735	$3, 500
Covered by health plan	82%	47%
Covered by retirement plans	91%[b]	64%
Annual retirement costs per worker	$1, 330	$747
Labor and overhead costs	9.8% of sales	17% of sales[c]
Employee turnover/year	6%	21%
Sales per square foot	$795	$516

[a]Excludes 25 percent of workforce that is lower-paid part-timers.
[b]Those on the job for less than a year are not covered.
[c]For all of Wal-Mart, Sam's Club data not broken out.

EMERGING ISSUES AND VALUES

Many executives these days would like to latch on to almost any new concept that promises a quick fix for their problems.

• Having trouble developing new products? Try entrepreneurship, the process for getting entrepreneurial juices flowing in a big company.

• Having a tough time competing against foreign competition? Try TQM, a way to involve workers in finding ways to increase productivity and ensure quality.

• Having trouble building teamwork, increasing communication skills, or boosting self-esteem? Try outdoor experiential training, a way to build trust and instill teamwork through off-the-job exercises.

• Having trouble linking a firm's daily operations to its vision? Try performance pyramids, a new paradigm that comprises the firm's key results in terms of financial and market measures.

There is nothing inherently wrong with any of these theories, but too often managers treat them as gimmicks or quick fixes rather than face the basic problems. Unless solutions are systematically thought out and supported by the commitment of top management, they may become mere fads.

Dealing with Power

OD relies upon the use of **collaboration models**, which frequently increase cohesion within units but fail to deal with organizational power issues or with relations to external systems. OD efforts seem to be successful under conditions of **trust and collaboration**, but are less able to deal with conditions of distrust, power, and conflict.

FUTURE TRENDS IN ORGANIZATION DEVELOPMENT

These future trends include organization transformation, empowerment, learning organizations, and organization architecture:

Organization Transformation (OT)

This recent advance in change strategies is used in situations of drastic, abrupt change when the organization's survival is at stake. These situations include mergers, takeovers, product changes, and plant closures, which often involve large-scale layoffs and restructuring.

Shared Vision

This approach to organizational change involves getting all levels of management to identify the strategic vision of the future and what it takes to make it work.

Innovation

Organizations are focusing more effort on innovating—creating new products, goods, and services—and on new ways of organizing and relating among organization members.

Trust

The critical factor in changing organizations is the development of trust within and between individuals, teams, and organizational units and levels. Without trust, there can be no sustainable excellence with an organization.

Empowerment

In order to develop high-performing systems, organization members must be empowered—given the autonomy to do things their own way, to achieve recognition, involvement, and a sense of worth in their jobs. This allows for member ownership of ideas and strategies, and for "buy-in" management. The payoff to employee empowerment and involvement is that it allows individuals to discover and use their own potential.

Learning Organization

A conceptual framework for the organization of the future, the learning organization is the notion that learning is central to success. Management needs to see the big picture, escape linear thinking, and understand subtle interrelationships.

Reengineering

This fundamental rethinking and radical redesigning of business systems urges an overhaul of job designs, organizational structures, and management systems. Work should be organized around outcomes, not tasks or functions.

Core Competencies

The idea is for companies to identify and organize around what they do best. Corporate strategy should be based not on products or markets, but on competencies that give a company access to several markets and are difficult for competitors to imitate.

Organizational Architecture

A metaphor that forces managers to think more broadly about their organization in terms of how work, people, and formal and informal structures fit together. This often leads to autonomous work teams and strategic alliances.

Macrosystem Trends

Organizations are becoming ever more complex and are affected by competitors and conditions globally. A small machine shop in Topeka, Kansas, is affected by another machine shop in Bombay, India. Macrosystem trends focus on the organizational system, including:

- *The impact of culture change* It will become increasingly important to understand the impact of culture on morale, productivity, competence, organizational health, and especially the relationship of culture to strategy.

- *Total resource utilization* Another trend is the need for a system approach to ensure efficient use of the organization's resources.

- *Centralization vs. decentralization* In organizations of the future, it will be necessary to both centralize and decentralize functions, structure, and governance. Organizations decentralize so that they can respond quickly to changes. Yet the organization must be centralized to ensure that units are coordinated and working together.

- *Conflict resolution* Conflict management has become an important element in today's complex organizations, and value and goal differences are continuing problems. Future OD activities should include helping managers to diagnose conflicts and resolve disputes.

- *Inter-organization collaboration* As limited resources and increased complexity confront the manager of the future, increased sharing, collaboration, and cooperation among organizations will be necessary. Networking offers alternative routes for organizational action.

Interpersonal Trends

Interpersonal trends focus on team and group dynamics, including:

- *Merging line and staff functions* There is a trend toward reducing layers of management, increasing participation, and developing temporary systems for problem-solving. OD practitioners may facilitate teamwork, assist in downsizing, and manage the transition to "do more with less" systems.

- *Resource linking* As problems become more complex, it becomes important to develop ad hoc problem-solving groups.

- *Integrating quality and productivity* The growing emphasis on productivity and quality suggests future trends for OD practitioners to develop links between the goals of management and improving productivity systems.

- *Diversity* There are increasing trends toward greater diversity of the workforce, including multinational corporations and a need for the integration of values and skills.

- *Networking* In order to benefit from knowledge and innovation, organizations will need efficient systems for identifying and accessing information.

- *Rewarding* "You get what you reward" is a truism reminding managers to reward smart work, simplification, loyalty, teamwork, and risk-taking. Rewards may include stocks, trips, bonuses, and fun.

Individual Trends

Individual trends, which focus on the individual, include:

• *Intrinsic worth* Evidence suggests that increasing intrinsic, not extrinsic, motivation is a factor in reducing stress and its symptoms. The OD practitioner can assist in shared understanding and training to deal with these problems.

• *Change in individuals* With an increased emphasis on corporate training and development efforts, the OD practitioner will need to make this process easier and more effective.

• *The effects of thinking* The concept of the thinking individual raises the question of corporate values and cultures as belief systems, and offers the OD practitioner a vehicle for creating a positive, research-based value system in the organization.

• *Health and fitness* Currently, fitness models focus on organizational and individual health; such models will provide an increase in self-selected excellence and fitness approaches for the OD practitioner in the future.

• *Interdependence* Finally, the increasing complexity emphasizes the interdependent relationship between the individual and the organization. The OD practitioner attempts to develop synergy among organizational elements

THE FUTURE OF OD

The course of change anticipated for OD will predominantly surround the issues of a changing workforce, global competence, and transformation within the organization. The changing workforce will encompass a positive change toward productivity and involvement with enhanced training and technological awareness. Global competence will mean shared values and similar organizational structures to compete in a highly competitive arena. Transformational management leaders will lend credence to the evolution of growth patterns associated with the emergence of self-managing work groups. Advances in media and communication technologies will influence all of these organizational transformations.30 Our Changing World: *No Job Is Safe—Never Will Be gives some suggestions for how to remain professionally viable and competitive.*

Organization development is an expanding and vital technology. A great deal was accomplished during its past growth, and certainly much more will be done in the future. OD is being applied in a multinational framework and in a variety of organizational settings, including industrial, governmental, and health-care institutions.

Managers need to understand that OD interventions have the potential to make the biggest difference in human development and bottom-line performance. These interventions are based on the same truths that have led us to see democracy as a superior form of governance for our society.

SUMMARY

• *Organization Development* This book has examined the practice and application of organization development as an approach to planned change. It seems fair to say that despite criticism and controversy, OD is a growing, developing, and workable discipline. OD has come a long way in the past four decades, since its inception by Douglas McGregor, Richard Beckhard, Robert Blake, and Herbert Shepard in their early work with organizational systems. Since that time, an array of new intervention techniques, methodologies, and applications have evolved. Nonetheless, many practitioners feel that OD has become too ritualized, that the field lacks rigorous empirical foundations and fails to deal with critical issues. As you have probably noted, there is a wide divergence of opinion over what are or should be called OD interventions and whether or not certain interventions lead to successful outcomes.

• *Research* One problem is that much of the research supporting various OD activities has been biased or has not been replicated with similar results. Whereas one study may conclude that a certain intervention has been very effective within an organization, a second, similar study finds just the opposite: a complete lack of positive impact. Given the conflicting data, how is one to evaluate the various methodologies, strategies, and interventions that may be utilized in an OD program?

• *Generalization* A second problem is that of overgeneralization on limited or short-term data. In a number of instances, very positive initial reports have initiated a "halo effect," so that everyone tries to duplicate an apparent success only to discover later that the outcome is not as positive as initial reports stated. One example of this at a food plant involved an OD program based upon the team concept, in which self-managed work teams were assigned areas of responsibility. The program had some very positive results, but other pressures emerged and analysts reported later that the program seemed to be deteriorating. The OD program resulted in lower unit costs, decreased turnover, and lower accident rates, but external pressures from the power system seemed to be posing new problems that may have affected long-term results.

• *Future* In conclusion, OD is not merely a passing fad. We are optimistic about its future and believe that it will continue to grow and be more widely used. Its growth will not result from more practitioners moving into the OD field or because more techniques become available, but because the problems of adapting to a more rapidly changing world create the need for expanded use of OD. The increasing need for organization transformation, high-performing systems, innovation, and empowerment suggests that speed in making transitions is the critical issue facing organizations. OD practitioners must be able to develop new and innovative ways of adapting organizations to high-speed change. As more organizations seek to achieve organizational excellence, there will be a parallel growth in the future for new OD models, new OD strategies, new OD interventions, and new OD practitioner roles.

KEY WORDS AND CONCEPTS

• Feedback • Individual trends • Interpersonal trends • Macrosystem trends • Reconfigurable • Self-renewal • Stabilizing the changes