

STRATEGY DIRECTIVE (MA 208-2)

10. RESEARCH ON ORGANIZATIONAL DEVELOPMENT

10.3. The Changing Environment by Nature

In recent years, serious questioning has emerged about the relevance of OD to managing change in modern organizations. The need for "reinventing" the field has become a topic that even some of its "founding fathers" are discussing critically. With this call for reinvention and change, scholars have begun to examine organizational development from an emotion-based standpoint. For example, emotional trauma can negatively affect performance. Due to downsizing, outsourcing, mergers, restructuring, continual changes, invasions of privacy, harassment, and abuses of power, many employees experience the emotions of aggression, anxiety, apprehension, cynicism, and fear, which can lead to performance decreases. Research suggests that in order to heal the trauma and increase performance, OD practitioners must acknowledge the existence of the trauma, provide a safe place for employees to discuss their feelings, symbolize the trauma and put it into perspective, and then allow for and deal with the emotional responses. One method of achieving this is by having employees draw pictures of what they feel about the situation, and then having them explain their drawings with each other. Drawing pictures is beneficial because it allows employees to express emotions they normally would not be able to put into words. Also, drawings often prompt active participation in the activity, as everyone is required to draw a picture and then discuss its meaning. The use of new technologies combined with globalization has also shifted the field of organizational development. As a result, organizational development is a transformative leap to a desired vision where strategies and systems align, in the light of local culture with an innovative and authentic leadership style using the support of high tech tools.

Currently, it would not be an exaggeration to say that there is no other topic in management that impacts the whole of the business operation as much as change management and consequential organizational development: from business planning, production, improvement processes, quality systems; from marketing through to customer relationship management; and from a personnel viewpoint covering both individual performance and team working. The topic of change and

organizational development should not be merely considered to be the production of a company's organogram, it is clearly far more than this. Organizational development involves understanding the culture of the company, identifying its strengths and opportunities and trying to minimize its weakness and any real (or perceived) threats throughout the whole company. Having discussed some models around change and OD it has to be said that change *per se* has now become a regular feature of business life as part of the desire for continual increased business performance and the ever important need to demonstrate a growth in shareholder value. However, change management strategies have quite often been too rapidly internalized and wrongly communicated, usually resulting in a knee - jerk response which links demand for increased performance purely with the consequential financial benefits. While it may be difficult to undertake change, it is suggested that those that fail to embrace change will have a limited future. Perhaps this is also a good message for today's business managers.

For change to succeed, a corporately social environment needs to be fostered which truly encourages and rewards organizational leaders for maintaining high organizational performance and promoting the right behavioral environment, culture and values. Implementation of change often results in periods of organizational tension. However in that state of flux those leading the change management process must not mistakenly overlook the huge return on investment to business from harnessing the intuitive skills of its most valuable resource, its people. Change can only become successful when people are engaged and committed to its planned outcomes. It is also worth noting that without careful consideration of the interconnectedness of the behavioral factors that affect so much of an organization's culture, any lasting improved performance will become an elusive goal and any related change in culture will have no lasting value and thus be transient in its nature. Therefore, improved organizational performance is about not only the application of hard and fast rules for achievement, but rather an acceptance and ownership of the impact these factors have in shaping organizational behaviors during periods of change. If change management objectives and performance management targets are not seen to be remotely achievable, they can unintentionally prevent organizations creating the conditions necessary for gaining an improved and sustainable performance while fuelling at the same time Machiavellian protectionist and defensive behaviors.

10.4. The Future of Organizational Development

Interventions are principal learning processes in the action stage of organization development. Interventions are structured activities used individually or in combination by the members of a client system to improve their social or task performance. They may be introduced by a change agent as part of an improvement program, or they may be used by the client following a program to check on the state of the organization's health, or to effect necessary changes in its own behavior. Structured activities mean such diverse procedures as experiential exercises, questionnaires, attitude surveys, interviews, relevant group discussions, and even lunchtime meetings between the change agent and a member of the client organization. Every action that influences an organization's improvement program in a change agent-client system relationship can be said to be an intervention.

There are many possible intervention strategies from which to choose. Several assumptions about the nature and functioning of organizations are made in the choice of a particular strategy. Six such assumptions are identified below;

1. The basic building blocks of an organization are groups (teams). Therefore, the basic units of change are groups, not individuals.
2. An always relevant change goal is the reduction of inappropriate competition between parts of the organization and the development of a more collaborative condition.
3. Decision making in a healthy organization is located where the information sources are, rather than in a particular role or level of hierarchy.
4. Organizations, subunits of organizations, and individuals continuously manage their affairs against goals. Controls are interim measurements, not the basis of managerial strategy.
5. One goal of a healthy organization is to develop generally open communication, mutual trust, and confidence between and across levels.
6. People support what they help create. People affected by a change must be allowed active participation and a sense of ownership in the planning and conduct of the change.

Interventions range from those designed to improve the effectiveness of individuals through those designed to deal with teams and groups, intergroup relations, and the total organization. There are interventions that focus on task issues (what people do), and those that focus on process issues (how people go about doing it). Finally, interventions may be roughly classified according to which change mechanism they tend to emphasize: for example, feedback, awareness of

changing cultural norms, interaction and communication, conflict, and education through either new knowledge or skill practice.

One of the most difficult tasks confronting the change agent is to help create in the client system a safe climate for learning and change. In a favorable climate, human learning builds on itself and continues indefinitely during man's lifetime. Out of new behavior, new dilemmas and problems emerge as the spiral continues upward to new levels. In an unfavorable climate, in contrast, learning is far less certain, and in an atmosphere of psychological threat, it often stops altogether. Unfreezing old ways can be inhibited in organizations because the climate makes employees feel that it is inappropriate to reveal true feelings, even though such revelations could be constructive. In an inhibited atmosphere, therefore, necessary feedback is not available. Also, trying out new ways may be viewed as risky because it violates established norms. Such an organization may also be constrained because of the law of systems: If one part changes, other parts will become involved. Hence, it is easier to maintain the status quo. Hierarchical authority, specialization, span of control, and other characteristics of formal systems also seem to discourage experimentation. The change agent must address himself to all of these hazards and obstacles. Some of the things which will help him are:

1. A real need in the client system to change
2. Genuine support from management
3. Setting a personal example: listening, supporting behavior
4. A sound background in the behavioral sciences
5. A working knowledge of systems theory
6. A belief in man as a rational, self-educating being fully capable of learning better ways to do things.

A few examples of interventions include team building, coaching, large group interventions, mentoring, performance appraisal, downsizing, Total Quality Management (TQM) and leadership development. From the beginning, OD developed and applied its theories of people and change to organizational life and functioning. Many of the interventions originally pioneered and practiced by OD professionals are based on the field's firm commitment to the human side of the enterprise. Though being criticized as too narrow sometimes, many of its interventions have now become mainstream, shaping the way we all think about how organizations work. This included 'change management', the term was coined in 1968, which emerged as a subfield of OD. It also included organizational role design, defining how tasks, authority and systems will be organized and integrated

across organizational units and within individual jobs. As research points out, OD has been and will remain extremely influential in organizational life.

It is in fact hard to imagine how organizations will be the same, especially in the West, if we take away the seminal influence of those early OD thinkers and practitioners. Much has changed since OD's beginnings in the 1950s. There are the ruthless pursuit of efficiency, in the form of business reengineering in the 1980s, rationalization in the 1990s, and aggressive outsourcing in the 2000s. All these stemmed from the combined impact of changes in technology, globalization, competitive pressures, unpredictable socio-political and economic factors, which together with other factions have all altered the world of work and the ways we organize work groups. However, despite the changing challenges, the following concerns remain constant for leaders and OD practitioners. How do we:

- build a sustainable high-performance organization in which individual workers take an active part in achieving the required output?
- appropriately build engaged, proactive, empowered staff when there are limited reward levers organizations can pull while needing to hold staff accountable?
- solve the problems of aligning and integrating diverse cultural elements?
- ensure there are fluid two-way communication channels – so that information can flow upward as well as downward within hierarchies?
- help organizations to be externally sensitive and internally agile?
- build organizational climates that will release human potential and creativity at work and foster continuous learning and renewal culture within organizations?

In the past few decades, the OD practitioners and academic community have continued to hold true to their value while shaping and adapting their approaches and methods to address key organizational issues that affect organizational success. The rich heritage of OD will continue to help organizations to meet these challenges, and new concepts and tools will continue to be invented to tackle ever tougher problems of change and organizational dynamics in an increasingly complex, global and diverse world. OD practitioners believe that human capital, and the quality of relationships between people, and between people and organizations, will be more important than ever in predicting organizational success. We must therefore continue to build and strengthen the field of OD and maintain its core values while seeking innovative solutions to resolve the new sets of challenges facing organizations.

OD is not obsolete. But a claim that OD is alive and relevant requires us to ask tough questions about how it works and what it can still do. Without a tough approach to exploring and understanding the current state of the field and its possibilities, we might indeed start singing OD's demise. In fact, OD's focus on promoting organizational adaptability, learning, and integration carries potential benefits that modern and future businesses clearly need. Without "O-change" (changes in the "softer" organizational processes, practice, and strategies), hard economic or "E" change efforts often fall flat. In the modern organizational world, O-change and E-change need to go hand-in-hand. For OD to continue as a healthy and equal contributor to E-change, it needs to overcome three key problems:

(1) Too little "O" in OD: Few consultants are engaged in the system-wide efforts that are OD; most are using OD techniques in limited ways because of

- "reductionist thinking legacy": always start with the individual
- the common lack of business perspective
- the common failure to integrate social systems with technical systems
- limitations of consultants to bring all the capacities needed to work in complex organizations.

(2) Too exclusive an emphasis on human processes

- excludes task and content contributions
- prevents integration of social and technical systems
- potentially distorts/over-simplifies diagnoses

(3) Rigid adherence to humanistic values, making field's strength a weakness

- blindness to forces and perspectives beyond human factors
- humanistic values can "trump" research on what works and doesn't
- advocacy for the "right" values vs. helping clients
- anti-leadership bias can lead to seeing the client as the enemy
- "double-loop" learning is blocked
- limit OD's capacity to objectively assess the impact of its intervention efforts
- devalue organizational politics

If OD can address these shortcomings and overcome competency, strategy, and leadership barriers, OD will continue to be a major player in the change world for years to come. With its powerful and influential heritage, solid core and evolving

applications and approaches, OD will continue to play a vital role in equipping HR professionals to support their organizations in today's competitive, turbulent and constantly changing world. Finally, it is believed that OD's focus on building healthy organizations contributes to society as a whole. In fact, the best path to the good society is the construction of great organizations that nurture and magnify the best in human beings.