Organization Change and Development

DMGT520

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LOVELY PROFESSIONAL UNIVERSITY

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SYLLABUS

Organization Change and Development

Objectives: To understand the necessity of organizational change and strategies to manage the same; To analyse and apply organisational development interventions as per business needs; To understand how change is affecting organizations and countries throughout the world.

Sr. No.	Description
1.	**Managing and leading change:** Theories, types of planned change, models of planned change- Kurt lewin model, Burke-Litwin Model, Roberts and Porras model.
2.	**Overview of Change activities:** Motivating change, managing the transition, Role of change agent.
3.	**General introduction to Organization Development:** Competencies and Ethics of OD Practitioner.
4.	**Process of Organization Development:** Entering and Contracting, Diagnosing Organization, Diagnosing groups and jobs & collecting and analyzing information, Feedback of Diagnostic information, Designing Interventions.
5.	**OD Interventions:** Individual, Interpersonal, Group process approaches
6.	**Organization Process Approaches:** Organization confrontation meeting, Intergroup relation Intervention, and Large group intervention.
7.	**Techno structural Interventions:** Restructuring Organizations, Employee involvement, Work Design, Social technical system approach.
8.	**Strategic change intervention:** Competitive and collaborative strategies, Organization transformation.
9.	**Organization Development in Global settings:** Organization development across different countries, Worldwide organization development, Global social change.
10.	Future Directions in Organization Development.

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Unit 1: Introduction to Organisation Development

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Objectives

After studying this unit, you will be able to:

- Define Organisational development
- Explain OD history-covering the early and the modern developments of the concept of OD
- Explain values, assumptions and beliefs in OD

Introduction

"Everybody has accepted by now that change is unavoidable. But that still implies that change is like death and taxes—it should be postponed as long as possible and no change would be vastly preferable. But in a period of upheaval, such as the one we are living in, change is the norm."

– Peter Ducker, Management Challenges for the 21st Century.

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Organisational Development (OD) comprises of a special set of organisational change methods. It is a planned, systematic process of organisational change based on behavioral science research and theory. The goal of OD is to create adaptive organisations capable of transforming and reinvesting themselves so as to remain effective. OD draws from psychology, sociology and anthropology. It is based on many well established principles regarding the behavior of individuals and groups in the organisations.

What was earlier popularly known as Organisation Development (OD) is currently christened as Organisational Change and Development (OCD), though such label is widely used in the academic institutions, primarily to focus on the changes the organisations are expected to embrace and their role as "drivers of change."

The field of OCD emerged as an independent discipline in the late 1950s. Taking "insights from group dynamics and the theory and practice of planned change," it has grown as an applied behavioral science used effectively to solve the critical problems confronting the various facets and dynamics which are both internal and external to organisations today.

Notes OD involves organisational reflection, system improvement, planning, and self-analysis.

In other words, it is the planned change to a company to enable growth (or change) in an effective way Relative to consulting.

At the core of OD is the concept of an organisation, defined as two or more people working together toward one or more shared goals. Development in this context is the notion that an organisation may become more effective over time at achieving its goals. OD is a long range effort to improve organisation's problem solving and renewal processes, particularly through more effective and collaborative management of organisational culture, often with the assistance of a change agent or catalyst and the use of the theory and technology of applied behavioral science.

1.1 Definition of Organization Development

Organisation development is a system-wide application of behavioral science knowledge to the planned development and reinforcement of organisational strategies, structures, and processes for improving an organisation's effectiveness. (Cummings and Worley, *Organisation Development and Change*, Sixth Edition, South-Western Publishing, 1997, p.2.)

- Organisation development, according to Richard Beckhard, is defined as:
  - A planned effort
  - Organisation-wide
  - Managed from the top
  - To increase organisation effectiveness and health
  - Through planned interventions in the organisation's 'processes', using behavioral science knowledge.
- According to Warren Bennis, Organisation Development (OD) is a complex strategy intended to change the beliefs, attitudes, values, and structure of organisations so that they can better adapt to new technologies, markets, and challenges.

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- Warner Burke emphasizes that OD is not just "anything done to better an organisation"; it is a particular kind of change process designed to bring about a particular kind of end result.
- OD is a systematic application of behavioral science knowledge to the planned development and reinforcement of organisational strategies, structures and processes for improving an organisation's effectiveness. (Cummings and Worley, 1993)

Analysis of the Definitions

The definitions so analyzed contain the elements which are important for OD. To summarize, here are the primary distinguishing characteristics of organisational developments:

- OD focuses on culture and processes.
- OD focuses on the human and social side of the organisation.
- OD realize on the action research model with extensive participation by client system participation.
- OD takes a developmental view that aims at the betterment of both individual and the organisation i.e., "win-win" solutions.
- It encourages the involvement and participation by all the level of organisation in the problem solving and decision-making.

1.2 Nature and Scope of OD

1. ***OD is a Long-term Effort:*** which means that organisational change and development take long time in fact it is a never ending journey of continuous change for organisation effectiveness.
2. ***Supported by Top Management:*** The OD programmers seeks the serious attention and commitment from the top management for achieving it's objectives of improvements.
3. ***OD is a Learning Process:*** which means the process of interaction, listening and self-examining which facilitates individual, team and organisational learning.
4. ***OD is visioning Processes:*** which mean the organisation members develop a picture of the desired future that includes the humanistic approach to make that picture a reality.
5. ***OD is an Empowerment Process:*** which means those leadership behaviors and human resource practices that enable organisation members to develop and use their talents as fully as possible towards organisational growth and success.
6. ***Contractual Relationship:*** Although neither the sponsoring organisation nor the change agent can be sure at the outset of the exact nature of the problem or problems to be dealt with or how long the change agent's help will be needed, it is essential that some tentative agreement on these matters be reached. The sponsoring organisation needs to know generally what the change agent's preliminary plan is, what its own commitments are in relation to personal commitments and responsibility for the program, and what the change agent's fee will be. The change agent must assure himself that the organisation's, and particularly the top executives', commitment to change is strong enough to support the kind of self analysis and personal involvement requisite to success of the program. Recognizing the uncertainties lying ahead on both sides, a termination agreement permitting either side to withdraw at any time is usually included.

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7. ***Change Agent:*** A change agent in the sense used here is not a technical expert skilled in such functional areas as accounting, production, or finance. He is a behavioral scientist who knows how to get people in an organisation involved in solving their own problems. His main strength is a comprehensive knowledge of human behavior, supported by a number of intervention techniques. The change agent can be either external or internal to the organisation. An internal change agent is usually a staff person who has expertise in the behavioral sciences and in the intervention technology of OD.

Notes Beckhard reports several cases in which line people have been trained in OD and have returned to their organisations to engage in successful change assignments. In the natural evolution of change mechanisms in organisations, this would seem to approach the ideal arrangement.

Qualified change agents can be found on some university faculties, or they may be private consultants associated with such organisations as the National Training Laboratories Institute for Applied Behavioral Science Washington, or University Associates (San Diego, California), and similar organisations.

The change agent may be a staff or line member of the organisation who is schooled in OD theory and technique. In such a case, the "contractual relationship" is an in-house agreement that should probably be explicit with respect to all of the conditions involved except the fee.

8. ***Sponsoring Organisation:*** The initiative for OD programs comes from an organisation that has a problem. This means that top management or someone authorized by top management is aware that a problem exists and has decided to seek help in solving it. There is a direct analogy here to the practice of psychotherapy: The client or patient must actively seek help in finding a solution to his problems. This indicates a willingness on the part of the client organisation to accept help and assures the organisation that management is actively concerned.

9. ***Applied Behavioral Science:*** One of the outstanding characteristics of OD that distinguishes it from most other improvement programs is that it is based on a "helping relationship." The change agent is not a physician to the organisation's ills; he does not examine the "patient," make a diagnosis, and write a prescription. Nor does he try to teach organisational members a new inventory of knowledge which they then transfer to the job situation. Using theory and methods drawn from such behavioral sciences as psychology, sociology, communication, cultural anthropology, organisational behaviour economics, and political science, the change agent's main function is to help the organisation define and solve its own problems. The basic method used is known as action research. This approach, which is described in detail later, consists of a preliminary diagnosis, collecting data, feedback of the data to the client, data exploration by the client group, action planning based on the data, and taking action.

10. ***System Context:*** OD deals with a total system — the organisation as a whole, including its relevant environment — or with a sub-system or systems — departments or work groups — in the context of the total system.

Example: Parts of systems such as individuals, cliques, structures, norms, values, and products are not considered in isolation; the principle of interdependency, that is, that change in one part of a system affects the other parts, is fully recognized.

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Thus, OD interventions focus on the total culture and cultural processes of organisations. The focus is also on groups, since the relevant behavior of individuals in organisations and groups is generally a product of group influences rather than personality.

11. ***Improved Organisational Performance:*** The objective of OD is to improve the organisation's capacity to handle its internal and external functioning and relationships. This would include such things as improved interpersonal and group processes, more effective communication, enhanced ability to cope with organisational problems of all kinds, more effective decision processes, more appropriate leadership style, improved skill in dealing with destructive conflict, and higher levels of trust and cooperation among organisational members. These objectives stem from a value system based on an optimistic view of the nature of man — that man in a supportive environment is capable of achieving higher levels of development and accomplishment. Also essential to organisation development and effectiveness is the scientific method — inquiry, a rigorous search for causes, experimental testing of hypotheses, and review of results. Finally, the democratic process is viewed as having a legitimate, and perhaps dominant, role in the highly effective organisation.

12. ***Organisational Self Renewal:*** The ultimate aim of the outside OD practitioner is to "work himself out of a job" by leaving the client organisation with a set of tools, behaviors, attitudes, and an action plan with which to monitor its own state of health and to take corrective steps toward its own renewal and development. This is consistent with the systems concept of feedback as a regulatory and corrective mechanism.

1.3 Historical Perspective of Organisation Development

1.3.1 Early Development

The history of organisation development is rich with the contributions of behavioral scientists and practitioners. Systematic organisation development activities have recent history.

Kurt Lewin played a key role in the evolution of organisation development as it is known today. As early as World War II, Lewin experimented with a collaborative change process (involving himself as consultant and a client group) based on a three-step process of planning, taking action, and measuring results. This was the forerunner of action research, an important element of OD, which will be discussed later. Lewin then participated in the beginnings of laboratory training, or T-Groups, and, after his death in 1947, his close associates helped to develop survey-research methods at the University of Michigan. These procedures became important parts of OD as developments in this field continued at the National Training Laboratories and in growing numbers of universities and private consulting firms across the country.

The failure of off-site laboratory training to live up to its early promise was one of the important forces stimulating the development of OD. Laboratory training is learning from a person's "here and now" experience as a member of an ongoing training group. Such groups usually meet without a specific agenda. Their purpose is for the members to learn about themselves from their spontaneous "here and now" responses to an ambiguous hypothetical situation. Problems of leadership, structure, status, communication, and self-serving behavior typically arise in such a group. The members have an opportunity to learn something about themselves and to practice such skills as listening, observing others, and functioning as effective group members. As formerly practiced (and occasionally still practiced for special purposes), laboratory training was conducted in "stranger groups," or groups composed of individuals from different organisations, situations, and backgrounds. A major difficulty developed, however, in

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transferring knowledge gained from these "stranger labs" to the actual situation "back home". This required a transfer between two different cultures, the relatively safe and protected environment of the T-Group (or training group) and the give-and-take of the organisational environment with its traditional values. This led the early pioneers in this type of learning to begin to apply it to "family groups" — that is, groups located within an organisation. From this shift in the locale of the training site and the realization that culture was an important factor in influencing group members (along with some other developments in the behavioral sciences) emerged the concept of organisation development.

Systematic organisation development activities have a recent history and, to use the analogy of the mangrove tree, have at least four important trunk stems. They are as follows:

- ***Laboratory Training Stem:*** Laboratory training began to develop about 1946 from various experiments. It is importantly involving unstructured small group situations in which participants learn from their own actions and the group's evolving dynamics. The major contributions to this concept were from behavioural scientists Kurt Lewin followed by experts Robert Tannebaum, Chris Argyris, Douglas Mc Gregor, Herbert Shepard, Robert Blake, Jane Mouton and Richard Beckhard.
- ***Survey Research and Feedback Stem:*** It is the second major stem in the history of Organisation development. It involves a specialised form of organisation research. The research was conducted for years by staff members at the Survey Research centre of the University of Michigan.

  The effectiveness of these studies were more than the traditional training courses as it involved the system of human relationships as a whole and deals with each manager, supervisor, and employee in the context of his own job, his own problems, and his own work relationships.

  The major contributors were Rensis Likert, Floydd Mann and others.
- ***Action Research Stem:*** Action research is the third stem which is a collaborative, client consultant inquiry. The scholars and practitioners who have invented and utilized action research in the evolution of OD were William F. Whyte and Hamilton. Kurt Lewin also conducted several experiments in the mid 1940's and early 1950's. This approach, today is as one of the most important methods for OD interventions in organisations.
- ***Socio Technical and Socio-clinical Stem:*** This is the fourth stem in the history of OD to help groups and organisations. The major contributions were made by W.R. Bion, John Richman, Eric Trist and others. The socio technical approach focussed on the non executive ranks of organisations and especially the redesign of work.

1.3.2 Modern Development – Second Generation OD

In recent years, serious questioning has emerged about the relevance of OD to managing change in modern organisations. The need for "reinventing" the field has become a topic that even some of its "founding fathers" are discussing critically. Since the environment is becoming turbulent the context of OD has dramatically changed throughout 1980's and 1990's. The second generation OD has focus on the Organisational Transformation, Organisation culture, Learning organisations, intensified interest in teams, Total Quality Management (TQM), Quality of work life, etc.

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1.4 Values, Assumptions and Beliefs in OD

A set of values, assumptions and beliefs constitutes an integral part of organisation development, shaping the goals and methods of the field and distinguishing OD from other improvement strategies. Let us define the terms values, beliefs and assumptions.

- A belief is a proposition about how the world works that the individual accepts as true; it is a cognitive fact of the person.
- Values are also beliefs and are defined as "Beliefs about what a desirable is or a good and what an undesirable is or a bad (e.g., dishonesty).
- Assumptions are beliefs that are regarded as so valuable and obviously correct that they are taken for granted and rarely examined or questioned.

1.4.1 OD Assumptions

People react to how they are treated. (Better treatment results in better productivity.)

- Work must meet the individual's needs and the organisation's needs.
- Most people are motivated by challenging and meaningful work; not controls threats and punishment.
- Basic building blocks of the organisation are groups—therefore the units of change are groups.
- Organisations suppress feelings, but this also suppresses commitment.
- Groups that learn to work using open and constructive feedback become better able to be productive.
- People work best in supportive and trusting environments.
- Change is best implemented when people are part of the change process.

1.4.2 Values of OD

Values have always been an integral part of OD. The three important early statements regarding OD values that had major impact on the field given are as follows:

- According to Warren Bennis OD practitioners or change agents share a set of normative goals based on their humanistic/democratic philosophy. He listed the normative goals as follows:
    - Improvement in interpersonal competence.
    - A shift in values so that human factors and feelings come to be considered legitimate.
    - Development of increased understanding between the working groups in organisations to reduce tensions.
    - Development of better methods of conflict resolution.
    - Development of organic rather than mechanical system.
- According to Richard Beckhard emphasize on the values held by OD practitioners as follows:
    - The basic building blocks of the organisations are teams.

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- ❖ People affected by change should be allowed active participation and sense of ownership of the change.

- According to Robert Tannebaum the important shifts in values was occurring and he listed these values in transition as follows:
  - ❖ Away from a view of people as essentially bad towards a view from people as basically good.
  - ❖ Away from avoidance of negative evaluation of individuals towards confirming them as human beings.
  - ❖ Away from avoidance of risk taking towards willingness to take risk.
  - ❖ These values and assumptions may not seem profound today, but in 1950's they represented a radical departure from accepted beliefs and assumptions

Self Assessment

Fill in the blanks:

1. According to Warren Bennis, …….. is a complex strategy intended to change the beliefs, attitudes, values, and structure of organisations so that they can better adapt to new technologies, markets, and challenges.
2. The OD programmer seeks the serious attention and commitment from the …… for achieving it's objectives of improvements.
3. A ……. in the sense used here is not a technical expert skilled in such functional areas as accounting, production, or finance.
4. …….. focus on the total culture and cultural processes of organisations.
5. The objective of OD is to improve the …… to handle its internal and external functioning and relationships.

1.5 System Theory of OD

A second foundation of organisation development is system theory, which views organisation as open systemic active exchange with their environments. This theory explains how its application enhances the practice of OD.

The system theory is one of the most powerful conceptual tools available for understanding the dynamics of the organisation. Fagen defines system as "a set of objects together with relationship between the objects and between their attributes".

System denotes interdependency, interconnectedness, and interrelatedness among elements in asset that constitutes an identifiable whole or gestalt.

1.5.1 Nature of System

The nature dynamics and characteristics of the open system are well known. Organisations are open system. Katz and Kahn have described the following characteristics of a system:

1. ***Input-throughput-output Mechanism:*** This explains that system takes inputs from the environment in the form of energy information, money, and people and processes the inputs via throughputs, conversion or transformation and exports products to the environment in the form of outputs.

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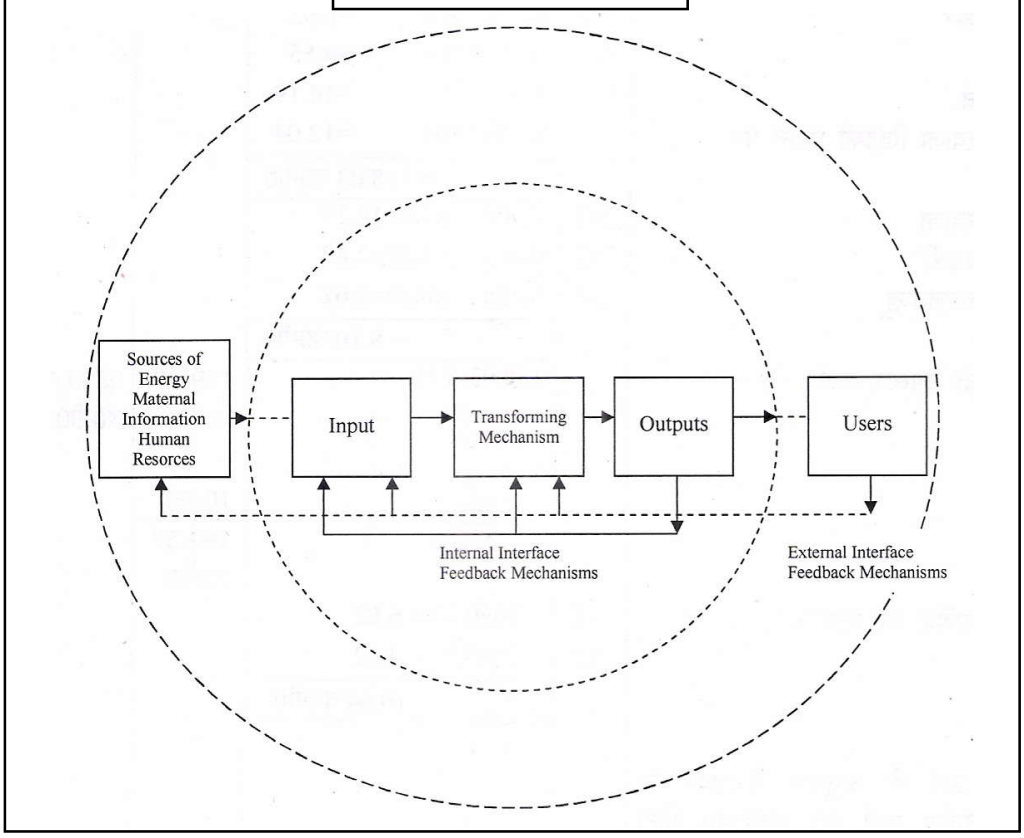
2. ***Every System is delineated by a Boundary:*** This means that each system has boundary to differentiate the inside and outside of the system, however boundaries of an open system are permeable, which permits exchange of information, resources and energy between system and environment.

3. Open system have purposes and goals for their existence.

1.5.2 Congruence among System Elements

David Nadler and Associates at Delta consulting group developed the congruence model for understanding organisational dynamics and change. It is explained with the help of The diagram (Figure 1.1).

Figure 1.1: System Approach



Source: Jerry I. Porras and Peter J. Robertson, Organisational Development: Theory, Practice and Research, p. 729.

This model depicts the organisation as an input-throughput-output system. According to this model the three major input factors are:

1. Environment

2. Resources

3. History which consist of memories of past successes, failures and important events.

Outputs however are performances at the total organisational level, group level and individual level.

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The congruence model's value is an analytical tool for:

1. Assessing the characteristics and functioning of each of the elements.
2. Evaluating the goodness of fit or how well the elements go together.

1.5.3 Socio-technical System Theory and Open System Planning

Two major variants of open system theory are –socio-technical system theory (STS) and open system planning.

Socio-technical system theory was developed by Trist and others at the Tavistock institution in 1950's. According to this theory organisations are comprised of two independent systems, a social system and a technical system and changes in one effect the other. It is the conceptual foundation for efforts in work redesign and organisation restructuring of OD.

Open system planning explains that:

1. Scanning the environment to determine the expectations of external organisations and stakeholders.
2. Developing scenario of possible futures both realistic and ideal.
3. Developing action plans to achieve the desired result.

Mostly OD practitioners engaged in redesign projects use a combination of socio-technical system theory and open system planning.

The other theories of OD are grouped into the four broad categories:

1. Life cycle
2. Teleology
3. Dialectical
4. Evolutionary theories

Where and when do these theories apply to explain development in organisational entities? To address this question it is useful to emphasize four distinguishing characteristics in the preceding discussion of the four theories. Each theory: (1) views process in terms of a different cycle of change events, (2) which is governed by a different "motor" or generating mechanism that (3) operates on a different unit of analysis, and (4) represents a different mode of change.

The four groups are distinguished from each other either on the basis of unit of change or mode of change. The unit of change is either the single individual identity, interactions among people or relationship between organisations. The mode of change is either prescribed or constructive:

- A life cycle model depicts the process of change in an entity as progressing through a necessary sequence of stages. An institutional, natural, or logical program prescribes the specific contents of these stages.
- A teleological model views development as a cycle of goal formulation, implementation, evaluation, and modification of goals based on what was learned by the entity. This sequence emerges through the purposeful social construction among individuals within the entity.
- In dialectical models of development conflicts emerge between entities espousing opposing thesis and antithesis that collide to produce a synthesis, which in time becomes the thesis for the next cycle of a dialectical progression. Confrontation and conflict between opposing entities generate this dialectical cycle.

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- An evolutionary model of development consists of a repetitive sequence of variation, selection, and retention events among entities in a designated population. Competition for scarce environmental resources between entities inhabiting a population generates this evolutionary cycle.

Life Cycle Theory

Many management scholars have adopted the metaphor of organic growth as a heuristic device to explain development in an organisational entity from its initiation to its termination. Witness, for example, often-used references to the life cycle of organisations, products, and ventures, as well as stages in the development of individual careers, groups, and organisations: start-up births, adolescent growth, maturity, and decline or death.

Notes The life cycle theories include developmentalism, biogenesis, ontogenesis and a number of stage theories of child development, human development, moral development, organisational development, group decision making, and new venture development. Next to teleology, life cycle is perhaps the most common explanation of development in the management literature.

Life cycle theory assumes that change is immanent: that is, the developing entity has within it an underlying form, logic, program, or code which regulates the process of change and moves the entity from a given point of departure toward a subsequent end that is already prefigured in the present state. What lies latent, premature, or homogeneous in the embryo or primitive state becomes progressively more realized, mature, and differentiated. External environmental events and processes can influence how the immanent form expresses itself, but they are always mediated by the imminent logic, rules, or programs that govern.

Life cycle theory parallels the approach of the gross anatomist in biology who observes a sequence of developing fetuses, concluding that each successive stage evolved from the previous one. Hence, it is claimed that development is driven by some genetic code or prefigured program within the developing entity.

Life cycle theories of organisational entities often explain development in terms of institutional rules or programs that require developmental activities to progress in a prescribed sequence.

Example: The U.S. Food and Drug Administration regulate a sequence of steps that all firms must follow to develop and commercialize a new drug or biomedical product.

Teleological Theory

Another school of thought explains development by relying on teleology, or the philosophical doctrine that purpose or goal is the final cause for guiding movement of an entity. This approach underlies many organisational theories of change, including: functionalism, decision-making, epigenesis, voluntarism, social construction adaptive learning, and most models of strategic planning and goal setting.

Teleology assumes that development proceeds toward a goal or end state. It assumes that the entity is purposeful and adaptive; by itself or in interaction with others, it constructs an envisioned end state, takes action to reach it, and monitors its progress. Thus, this theory views development as a repetitive sequence of goal formulation, implementation, evaluation, and modification of goals based on what was learned or intended by the entity. The theory operates in a single

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individual or among a group of cooperating individuals or organisations who are sufficiently like-minded to act as a single collective entity. Teleology inherently affords creativity since the entity, consisting of an individual or group, has the freedom to enact whatever goals it likes.

However, it implies a standard for judging change: development is that which moves the entity toward its final state. Some teleological models incorporate the systems theory assumption of equifinality; there are several equally effective ways to achieve a given goal. There is no prefigured rule, logically necessary direction, or set sequence of stages in a teleological process. Instead, these theories focus on the prerequisites for attaining the goal or end state: the functions that must be fulfilled, the accomplishments that must be achieved, or the components that must be built or obtained for the end state to be realized. These prerequisites can be used to assess when an entity is developing: it is growing more complex, or it is growing more integrated, or it is filling out a necessary set of functions. We are able to make this assessment because teleological theories posit an envisioned end state for an entity and we are able to observe movement toward the end state vis-a-vis this standard.

Dialectical Theory

A third school, dialectical theories, begins with the Hegelian assumption that the organisational entity exists in a pluralistic world of colliding events, forces, or contradictory values that compete with each other for domination and control. These oppositions may be internal to an organisational entity because it may have several conflicting goals or interest groups competing for priority. Oppositions may also arise external to the organisational entity as it pursues directions that collide with those of others. In any case, a dialectical theory requires two or more distinct entities that embody these oppositions to confront and engage one another in conflict.

Dialectical process theories explain stability and change by reference to the relative balance of power between opposing entities. Struggles and accommodations that maintain the status quo between oppositions produce stability. Change occurs when these opposing values, forces, or events gain sufficient power to confront and engage the status quo. The relative power of an antithesis may mobilize to a sufficient degree to challenge the current thesis or state of affairs and set the stage for producing a synthesis.

Evolutionary Theory

Although evolution is sometimes equated with change, we use evolution in a more restrictive sense to focus on cumulative changes in structural forms of populations of organisational entities across communities, industries, or society at large As in biological evolution, change proceeds through a continuous cycle of variation, selection, and retention. Variations, the creations of novel forms are often viewed to emerge by blind or random chance; they just happen. Selection occurs principally through the competition among forms for scarce resources, and the environment selects those forms that best fit the resource base of an environmental niche. Retention involves the forces (including inertia and persistence) that perpetuate and maintain certain organisational forms.

Did u know? Retention serves to counteract the self-reinforcing loop between variations and selection.

Thus, evolution explains change as a recurrent, cumulative, and probabilistic progression of variation, selection, and retention of organisational entities. In organisation and management applications, evolutionary theory is often used to depict global changes in organisational populations.

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1.6 Implications of OD Values and Assumptions

The implications of OD values and assumptions may vary for dealing with individuals, groups and organisations.

Implication for Dealing with Individuals

It is based on the assumptions that most individuals have drives towards personal growth and development if provided a supportive and conducive environment.

Implications for Dealing with Groups

It is based on the assumptions that most people wish to be accepted and to interact with at least one small reference group and are capable of making greater contributions to a group effectiveness and development.

Implications for Dealing with Organisations

A key assumption in organisation development is then needs and aspirations of human beings are the reasons for organized efforts in the society. The belief is that people can grow and develop in terms of personal and organisational competency to produce the desired result.

The basic value of OD theory and practice is that of choice.

Learning is seen as an integral part of choice. Therefore, OD utilizes various strategies to intervene into the ongoing activities of the organisation in order to facilitate learning and to help the organisation (groups within it, as well as individuals who make up the groups) to be able to make better choices about alternative ways to proceed more effectively. Because choice is a fundamental value, OD works with the organisation to find out how the organisation wishes to proceed. OD is not prescriptive in its purest form. (Organisations in crisis often demand a more prescriptive approach and this is always a difficult decision for the OD practitioner to weigh).

Self Assessment

State whether the following statements are true or false:

6. OD is a systematic application of behavioral science knowledge to the planned development and reinforcement of organisational strategies, structures and processes for improving an organisation's effectiveness.
7. Survey research is the stem of OD which is a collaborative, client consultant inquiry.

Case Study

Sea side is forced to Modernize

1991 ushered in a new era for Sea Side, the mail order retailing agent. The billion Rupees Company was growing faster than ever before and was no longer the small, homegrown catalog store. Located in South Kolkata, its five thousand employees reflected the local culture, as did its management practices and the philosophy of its founder and Chairman, Shantanu Das: "Take care of your people, take care of your customers, and the rest will take care of itself." In 1991 Mr. Das decided that the company

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needed to apply modern management principles to keep up with its growth in size and complexity.

The first step was to recruit a new executive vice president from competitor Mountain View, Subodh Marwah, to lead the changes. Mr. Marwah quickly made numerous changes to modernize the management systems and processes, including team based management, numerous training programs for trainees at all levels, a new multirater evaluation system in which managers were rated by peers and subordinates as well as their supervisors, and the use of numerous consultants to provide advice. The company revised its old mission to provide excellent products and services and to turn every customer into a friend. In addition, the company created one new international venture and one new business each year, resulting in solid businesses in UK, Japan and Germany. Mr. Marwah was elevated to chief executive officer in 1993 and, continuing the modernization, hired seven new vice presidents, including Ankit Verma as new vice president of human resource to oversee all of the changes in the employee arena. The first two years, the changes seemed to be working as the company added 100 million Rupees in revenue and posted record profits.

All was not as rosy as the profit picture seemed to show, however. In spite of the many programs aimed at employee's welfare, training, and teams, many employees complained of always having to meet production and sales quotas. The new employee performance evaluation system resulted in numerical ratings, which seemed to depersonalize relationships. No matter how many pieces she monogrammed per day, one employee felt that her work was never appreciated. Other employees complained of too many meetings necessitated by the reorganization and the cross-functional teams. One team of catalog artists, buyers, and copywriters needed numerous meetings each week to coordinate their activities. A quality assurance manager complained that his workweek has increased from forty hours to fifty-five hours and that the meetings were taking time away from doing his real job. Many employees complained that they did not need to go to training programs to learn how to take care of customers and communicate when they had been doing that all along.

The doubts grew until late 1994, when the board, led by Mr. Das decided that the new management was moving the company too far too fast and getting too far away from the basic philosophies that made the company successful. On December 2, 1994, Mr. Das and the Vice Chairman Nikhil Rao asked for Mr. Marwah's resignation and fired Mr. Verma, citing the need to return to basic and lack of confidence in the new direction of the company.

Mr. Das then chose thirty-four-years-old Vikash Sen as chief executive officer to guide the return to basic. Mr. Sen, an eleven-year veteran of Sea Side (his entire working career), immediately started the about-face by dismantling most of the teams, reorganizing the others, and returning to the basics of the top quality classic clothes and excellent customer service. Three other executives left the company shortly after Mr. Sen's appointment.

Shortly after his takeover, however, paper prices doubled, postal rates increased, and clothing demands dropped sharply. Third-quarter profits dropped by 60 percent. As the year ended, overall profits were down to Rupees 30.6 million on barely Rs. I billion in sales and Mr. Sen had to cancel one mailing to save money. Rather than cutting quality and laying off people, Mr. Sen spent even more on increasing quality and employee benefits, such as adoption assistance and mental health referrals. His philosophy was that customers still demand quality products and that employees who feel squeezed by the company will not provide good customer service. Early results were positive, with first-quarter profits three times those of the year before.

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Critics of Mr. Sen's return to basic argue that the modernization attempts were necessary to position the company for global competition and faster reaction to competition in several of its catalog lines. Its return to growth occurred primarily in acquisition and new specially catalog lines and not in the main catalog for which it was so famous. Mr. Sen has put further acquisition and global expansion on hold as he concentrates on the core businesses. Employees say that they have fewer meetings and more time to do their work.

Questions

1. How would you characterize the two sets of changes made at Sea Side? Which set of change is really modernization?
2. How did the change processes differ?
3. How do you think employees will view future attempts to change Sea Side?

1.7 Summary

- Organisation development is a contractual relationship between a change agent and a sponsoring organisation entered into for the purpose of using applied behavioral science in a systems context to improve organisational performance and the capacity of the organisation to improve itself.
- Organisation Development (OD) is one of the most significant developments in the field of organisational behavior in recent years. OD began to evolve as a distinct field of study in the 1940s when behavioral scientists in the US and Britain made efforts to resolve problems facing modern organisations.
- OD has been defined in different ways by different behavioral scientists and applies the knowledge and practice of behavioral science to improve the effectiveness of organisations.
- OD has four prominent approaches: laboratory training, survey research and feedback, action research, and sociological and socio technical approaches.
- The field of OD rests on foundation of values and assumptions about people and organisations. The beliefs help to define what OD is and guide its implementations.
- The OD values were considered revolutionary and are widely accepted today.

1.8 Keywords

Change Agent: A behavioral scientist who knows how to get people in an organisation involved in solving their own problems.

Organisation Development (OD): A planned approach to improve employee and organisational effectiveness.

1.9 Review Questions

1. Describe organisation development in terms of its characteristics as a valid tool for bringing about change within the organisation.
2. Discuss briefly the history of OD.
3. Discuss the implications of values, assumptions and beliefs in OD.
4. Describe the role of change agent in the process of OD.

Notes

Answers: Self Assessment

1. Organisation Development (OD)
2. Top management
3. Change agent
4. OD interventions
5. organisation's capacity
6. True
7. False

1.10 Further Readings

Books

Cummings, Thomas G., & Worley, Christopher G. (2000), *Organisation Development and Change*, 7th ed., South-Western Educational Publishing.

French, Wendell L., and Cecil H. (1996), *Development: Behavioral Science Interventions for Organisation Improvement* (5th Edition), New Delhi, India: Prentice Hall of India.

Hatch, Mary J. (1997), *Organisation Theory*, New York: OUP.

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S. Ramanarayan, T.V. Rao, Kuldeep Singh, *Organisational Development Interventions and Strategies.*

Unit 2: Nature of Planned Change

Notes

CONTENTS

Objectives

After studying this unit, you will be able to:

- Explain meaning of change, various forces of change
- Describe process of change, theories and practices at the various level
- Explain nature and process of planned change

Introduction

Change is inevitable in the life of an individual or organisation. In today's business world, most of the organisations are facing a dynamic and changing business environment. They should either change or die, there is no third alternative. Organisations that learn and cope with change will thrive and flourish and others who fail to do so will be wiped out. The major forces which make the changes not only desirable but inevitable are technological, economic, political, social, legal, international and labour market environments. Recent surveys of some major organisations around the world have shown that all successful organisations are continuously interacting with the environment and making changes in their structural design or philosophy or policies or strategies as the need be.

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According to Barney and Griffin, "The primary reason cited for organisational problems is the failure by managers to properly anticipate or respond to forces for change."

Thus, in a dynamic society surrounding today's organisations, the question whether change will occur is no longer relevant. Instead, the issue is how managers cope with the inevitable barrage of changes that confront them daily in attempting to keep their organisations viable and current. Otherwise the organisations will find it difficult or impossible to survive.

2.1 Meaning of Change

Unlike other concepts in organisational behavior, not many definitions are available to define the term "change". In very simple words we can say that change means the alternation of status quo or making things different.

"The term change refers to any alternation which occurs in the overall work environment of an organisation."

To quote another definition "when an organisational system is disturbed by some internal or external force, change occurs frequently. Change, as a process, is simply modification of the structure or process of a system. It may be good or bad, the concept is descriptive only."

From the above definitions we can conclude that change has the following characteristics:

- Change results from the pressure of both internal and external forces in the organisation. It disturbs the existing equilibrium or status quo in the organisation.
- The change in any part of the organisation affects the whole of the organisation.
- Change will affect the various parts of the organisation in varying rates of speed and degrees of significance. Changes may affect people, structure, technology and other elements of the organisation.
- Change may be reactive or proactive. When change is brought about due to the pressure of external forces, it is called reactive change. Proactive change is initiated by the management on its own to increase organisational effectiveness.

2.2 Forces for Change

There are a number of factors both internal and external which affect organisational functioning. Any change in these factors necessitates changes in an organisation. The more important factors are as follows:

2.2.1 External Forces

External environment affects the organisations both directly and indirectly. The organisations do not have any control over the variables in such an environment. Accordingly, the organisation cannot change the environment but must change themselves to align with the environment. A few of these factors are:

1. ***Technology:*** Technology is the major external force which calls for change. The adoption of new technology such as computers, telecommunication systems and flexible manufacturing operations has profound impact on the organisations that adopt them.

   The substitution of computer control for direct supervision is resulting in wider spans of control for managers and flatter organisations. Sophisticated information technology is also making organisations more responsive: Both the organisations and their employees

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will have to become more adaptable. Many jobs will be reshaped. Individuals, who do routine, specialized and narrow jobs will be replaced by workers who can perform multiple in decision-making. Managements will have to increase their investment in training and education of the employees because employees skills are becoming obsolete more quickly Japanese firms have progressed rapidly because they are very fast in adopting new technological innovations.

2. ***Marketing Conditions:*** Marketing conditions are no more static. They are in the process of rapid change as the needs, desires and expectations of the customers change rapidly and frequently. Moreover, there is tough competition in the market as the market is flooded with new products and innovations everyday new methods of advertising are used to influence the customers. Today the concept of consumerism has gained considerable importance and thus, the consumers be treated as the kings.

   Moreover, the competition today has some significant new twists; most markets will soon be international because of decreasing transportation and communication costs and the increasing export orientation of business. The global economy will make sure that competitors are likely to come across the ocean as well as from across town. Successful organisations will be those who can change in response to the competition. Organisations that are not ready for these new sources of competition in the next decade may not exist for long.

3. ***Social Changes:*** Social and cultural environment also suggest some changes that the organisations have to adjust for. There are a lot of social changes due to spread of education, knowledge and a lot of government efforts. Social quality, e.g. equal opportunities to women, equal pay for equal work, has posed new challenges for the management. The management has to follow certain social norms in shaping its employment, marketing and other policies.

4. ***Political Forces:*** Political environment within and outside the country have an important impact on business especially the transnational corporations. The interference of the government in business has increased tremendously in most of the countries. The corporate sector is regulated by a lot of laws and regulations. The organisations do not have any control over the political and legal forces, but they have to adapt to meet the pressure of these forces.

   In our country, the new economic policy has liberalized the economy to a large extent. Many of the regulatory laws have been amended to reduce the interference of the Government in business. An organisation is also affected by the world politics. Some of the changes in the world politics which have affected business all over the world are e.g. the reunification of Germany, Iraq's invasion of Kuwait and the break of Soviet Union.

2.2.2 Internal Forces

Internal forces are too many and it is very difficult to list them comprehensively. However, major internal causes are explained as follows:

1. ***Nature of the Workforce:*** The nature of workforce has changed over a passage of time. Different work values have been expressed by different generations. Workers who are in the age group of 50 plus value loyalty to their employers. Workers in their mid thirties to mid forties are loyal to themselves only. The youngest generation of workers is loyal to their careers.

   The profile of the workforce is also changing fast. The new generation of workers has better educational qualifications; they place greater emphasis on human values and question

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authority of managers. Then behavior has also become very complex and leading them towards organisational goals is a challenge for the managers. The employee turnover is also very high which again puts strain on the management. The workforce is changing, with a rapid increase, in the percentage of women employees, which in turn means, more dual career couples.

Did u know? Organisations have to modify transfer and promotion policies as well as make child care and elder care available, in order to respond to the needs of two career couple.

2. ***Change in Managerial Personnel:*** Change in managerial personnel is another force which brings about change in organisation. Old managers are replaced by new managers which are necessitated because of promotion, retirement, transfer or dismissal. Each manager brings his own ideas and way of working in the organisation. The informal relationships change because of changes in managerial personnel. Sometimes, even though there is no change in personnel, but their attitudes change. As a result, the organisation has to change in accordingly.

   Changes in the organisation are more fast when top executives change. Change in top executives will lead to important changes in the organisation in terms of organisation design, allocation of work to individuals, delegation of authority, installation of controls, etc. All these changes will be necessitated because every top executive will have his own style and he will like to use his own ideas and philosophies.

3. ***Deficiencies in Existing Management Structure:*** Sometimes changes are necessary because of some deficiencies in the existing organisational structure, arrangement and processes. These deficiencies may be in the form of unmanageable span of management, larger number of managerial levels, lack of coordination among various departments, obstacles in communication, multiplicity of committees, lack of uniformity in policy decisions, lack of cooperation between line and staff and so on. However, the need for change in cases goes unrecognized until some major crisis occurs.

4. ***To Avoid Developing Inertia:*** In many cases, organisational changes take place just to avoid developing inertia or inflexibility. Conscious managers take into account this view that organisation should be dynamic because any single method is not the best tool of management every time. Thus, changes are incorporated so that the personnel develop liking for change and there is no necessary resistance when major changes in the organisation are brought about.

Task Discuss the concept of planned change by providing example.

Self Assessment

State whether the following statements are true or false:

1. The term change refers to any alternation which occurs in the overall work environment of an organisation.
2. Change will affect the various parts of the organisation in varying rates of speed and degrees of significance.
3. Changes may affect people, structure, technology and other elements of the organisation.

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4. Internal environment affects the organisations both directly and indirectly. The organisations do not have any control over the variables in such an environment.
5. Change in managerial personnel is another force which brings about change in organisation. Old managers are replaced by new managers which are necessitated because of promotion, retirement, transfer or dismissal

2.3 Level of Change Programmes

The various types of change programmes may be classified into individual level change, group level change and organisational level change.

2.3.1 Individual Level Change

Individual level changes may take place due to changes in job-assignment, transfer of an employee to a different location or the changes in the maturity level of a person which occurs over a passage of time. The general opinion is that change at the individual level will not have significant implications for the organisation. But this is not correct because individual level changes will have impact on the group which in turn will influence the whole organisation. Therefore, a manager should never treat the employees in isolation but he must understand that the individual level change will have repercussions the individual.

2.3.2 Group Level Change

Management must consider group factors while implementing, any change, because most of the organisational changes have their major effects at the group level. The groups in the organisation can be formal groups or informal groups. Formal groups can always resist change, for example; the trade unions can very strongly resist the changes proposed by the management. Informal groups can pose a major barrier to change because of the inherent strength they contain. Changes at the group level can affect the work flows, job design, social organisation, influence and status systems and communication patterns.

Notes The groups, particularly the informal groups have a lot of influence on the individual members on the group. As such by effectively implementing change at the group level, resistance at the individual level can be frequently overcome.

2.3.3 Organisational Level Change

The organisational level change involves major programmes which affect both the individuals and the groups. Decisions regarding such changes are made by the senior management. These changes occur over long periods of time and require considerable planning for implementation. A few different types or organisation level changes are:

1. ***Strategic Change:*** Strategic change is the change in the very basic objectives or missions of the organisation. A single objective may have to be changed to multiple objectives.

Example: A lot of Indian companies are being modified to accommodate various aspect of global culture brought in by the multinational or transnational corporations.

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2. ***Structural Change:*** Organisational structure is the pattern of relationships among various positions and among various position holders. Structural change involves changing the internal structure of the organisation. This change may be in the whole set of relationships, work assignment and authority structure. Change in organisation structure is required because old relationships and interactions no longer remain valid and useful in the changed circumstances.

3. ***Process Oriented Change:*** These changes relate to the recent technological developments, information processing and automation. This will involve replacing or retraining personnel, heavy capital equipment investment and operational changes. All this will affect the organisational culture and as a result the behavior pattern of the individuals.

4. ***People Oriented Change:*** People oriented changes are directed towards performance improvement, group cohesion, dedication and loyalty to the organisation as well as developing a sense of self-actualization among members. This can be made possible by closer interaction with employees and by special behavioral training and modification sessions. To conclude, we can say that changes at any level affect the other levels. The strength of the effect will depend on the level or source of change.

2.4 Managing Planned Change

A planned change is a change planned by the organisation; it does not happen by itself. It is affected by the organisation with the purpose of achieving something that might difficulty. Through planned change, an organisation can achieve its goals rapidly. The basic reasons for planned change are:

- To improve the means for satisfying economic needs of members
- To increase profitability
- To promote human work for human beings
- To contribute to individual satisfaction and social well-being.

In introducing planned change, the basic problem before management is to handle in such a way that there would be necessary adjustment in various forces. For this purpose, the manager who has to act as the change agent has to go through a particular process. The planned change process may comprise basically the following three steps:

1. Planning for change
2. Assessing change forces
3. Implementing the change

2.4.1 Planning for Change

The first step in the process of change is to identify the next for change and the area of changes as to whether it is a strategic change, process oriented change or employee oriented change. This need for change can be identified either through internal factors or through external factors. Once this need is identified, the following general steps can be taken:

- ***Develop New Goals and Objectives:*** The manager must identify as to what new outcomes they wish to achieve. This may be a modification of previous goals due to changed internal and external environment or it may be a new set of goals and objectives.

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- ***Select an Agent of Change:*** The next step is that the management must decide as to who will initiate and oversee this change. One of the existing managers may be assigned this duty or even sometimes specialists and consultants can be brought in from outside to suggest the various methods to bring in the change and monitor the change process.
- ***Diagnose the Problem:*** The person who is appointed as the agent of change will then gather all relevant data regarding the area or the problem where the change is needed. This data should be critically analyzed to pinpoint the key issues. Then the solutions can be focused on those key issues.
- ***Select Methodology:*** The next important step is selecting a methodology for change which would be commonly acceptable and correct. As the human tendency is to resist the change, employee's emotions must be taken into consideration when devising such methodology.
- ***Develop a Plan:*** After devising the methodology, the next step will be to put together a plan as to what is to be done.

Example: If the management wants to change the promotion policy, it must decide as to what type of employees will be affected by it, whether to change the policy for all the departments at once or to try it on a few selected departments first.

- ***Strategy for Implementation of the Plan:*** In this stage, the management must decide on the 'when', 'where' and 'how' of the plan. This include the right time of putting the plan to work, how the plan will be communicated to the employees' in order to have the least resistance and how the implementation will be monitored.

2.4.2 Assessing Change Forces

The planned change does not come automatically; rather there are many forces in individuals, groups and organisation which resist such change. The change process will never be successful unless the cooperation of employees is ensured. Therefore, the management will have to create an environment in which change will be amicably accepted by people. If the management can overcome the resistance the change process will succeed.

In a group process, there are always some forces who favor the change and some forces that are against the change. Thus, equilibrium is maintained. Kurt Lewin calls in the "field of forces". Lewin assumes that in every situation there are both driving and restraining forces which influence any change that may occur.

Driving Forces are those, forces, which affect a situation by pushing in a particular direction. These forces tend to initiate the change and keep it going. Restraining Forces act to restrain or decrease – the driving forces. Equilibrium is reached when the sum of the driving forces equals the 'sum of the restraining forces.

There may be three types of situations, as both driving and restraining forces are operating:

1. If the driving forces far out weight the restraining forces, management can push, driving forces and overpower restraining forces.
2. If restraining forces are stronger than driving forces, management either gives up the change programme or it can pursue it by concentrating on driving forces and changing restraining forces into driving ones or immobilizing them.
3. If driving and restraining forces are fairly equal, management can push up driving forces and at the same time can convert or immobilize restraining forces.

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Thus, to make the people accept the changes, the management must push driving forces and convert or immobilize the restraining forces.

2.4.3 Implementing Change

Once the management is able to establish favorable conditions, the right timing and right channels of communication have been established the plan will be put into action. It may be in the form of simple announcement or it may require briefing sessions in house seminars so as to gain acceptance of all the members and specially those who are going to be directly affected by the change. After the plan has been implemented there should be evaluation of the plan which comprises of comparing actual results to the standards.

Self Assessment

Fill in the blanks:

6. Technology is the major ……. force which calls for change.
7. …….....…. of workforce has changed over a passage of time.
8. Change in managerial personnel is another force which brings about change in …….
9 ……..... helps the client to integrate the new point of view into the total personality and self-concept and significant relationships.

Case Study

Making Friends at PILLCO

Samir Sethi, the Managing Director of Pillco, a Mumbai based textile manufacturer, was quite pleased with himself. It was Friday afternoon and his flight from Tokyo was just about to land at Mumbai. In conjunction with his Sales Director, Aman Kalra, he had just returned from Japan where he managed to successfully complete negotiations on a ₹ 25 million order from a Japanese golfing manufacturer, Kokuna. The order was for the manufacture of a new range of golf sweaters and accessories and was the biggest single order that the company had dealt in the last five-year history. They had come up against stiff competition from other sportswear manufacturers in India and Japan.

To secure the order, Pillco had to promise delivery of the first batch of newly designed golf wear within six weeks and bulk order shipments of 10,000 pullovers every two months. This created a problem. At maximum production, Pillco could only manufacture and meet these order requirements by dropping 80% of its ongoing business. It also meant that three new computer controlled manufacturing machines and a new computer aided design system would be put to work to come up with the new style and design to manufacture the sweaters. These had been recently purchased at great expense. The problem was who would operate the machinery and design systems to meet the order requirements, and what to do with Pillco's current workload.

Still, it had been a good trip and Samir had the weekend to plan the future development of the company.

Sunanda Rakhija, Production Director at Pillco, was called into the Board meeting on the Monday morning. "Its like this, Sunanda", said Samir. "We need the new designs in a

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matter of weeks and they have to be computer generated to fit straight into our new machinery. Our people haven't been trained on them yet so we will have to subcontract this to some freelance designers who specialize in this field. They will do the design for us and we should be able to meet the six-week deadline with some ease."

Sunanda paused." So who is going to actually make all these lovely new golf sweaters then, and who will tell Tinna and Co. that we can't provide them with any knitwear for the next nine months? You cant just tell the design shop that they are surplus to requirements for the next couple of weeks, and then tell Tinna that we are sorry but they will have to wait. That's not how we do business, isn't it?"

Samir's reply was succinct and to the point. "Sunanda, this is a new millennium. If this company is going to survive it has to become an international concern. Sure, Tinna is a big contract for us but we will deal with that problem, when it arises. As for the designers, I am going to have a meeting with all operating staff this afternoon and let them have the good news."

Work stopped at Pillco at 4.30 p.m. that day. Samir Sethi accompanied by Aman Kalra and Sunanda Rakhija, addressed the staff at the company cafeteria. Samir started off in ebullient mood. " Well, the situation facing us is one that I am sure other companies would like to be in. I am sure you are aware by now that we have managed to win the biggest order in this company's short history, with the Japanese golf company, Kokuna. This assures our futures and means that jobs are secure. However, it does put us under a bit of pressure. To this end I have made arrangements with an outside design and production team to join us temporarily to design and manufacture the Kokuna sweaters on our new equipment. This should allow the rest of you to carry on with your normal duties, allowing us to meet the tight deadlines Kokuna have set. The outside team will be independent and will gradually bring in our own staff on design and production matters when they feel that the time to pass on the contract is right. To me, it's the best of both the worlds, and with a little bit of a squeeze we can do the Kokuna work and still satisfy the need of our other customers. There are good times ahead, lots of hard work, but I am sure you will agree with me that it will be worth the struggle in the end?"

Samir's comments were met initially with stunned silence. However, it did not take long for murmuring to begin. The first comments came from one of the designers: "Are you saying that we aren't good enough to do the design for the new sweaters? " " Yeah, and we can't handle the new machinery so we will buy in some smart alecs from outside, is that it?" The meeting soon deteriorated into a slinging match from the floor, with comments such as," We're only good for the simple stuff'", Who are these outsiders anyway?"," and Don't you trust us to be able to deliver this for you?

As the meeting finally began to get out of hand, Samir turned to the assembled group and said, " Who do you people think you are? We bring in the biggest order we've ever had and all you can think about is yourselves. Obviously we will have to get this situation resolved before we go anywhere." However, on his way out of the cafeteria he turned to Sunanada. "These bolshie lots need a good sorting out. Come and see me tomorrow morning first thing and we will get to the bottom of this."

Questions

1. Was Samir Sethi wrong? How should he have approached the situation?
2. What advice will you give to Sunanda before the Tuesday morning meeting?
3. How should Pillco try to recover the situation?

Notes

2.5 Summary

- The OD literature has directed considerable attention to leading and managing change.
- The planned change does not come automatically; rather there are many forces in individuals, groups and organisation which resist such change.
- The change process will never be successful unless the cooperation of employees is ensured. Therefore, the management will have to create an environment in which change will be amicably accepted by people. If the management can overcome the resistance the change process will succeed.
- In a group process, there are always some forces who favor the change and some forces that are against the change. Thus, equilibrium is maintained. Kurt Lewin calls in the "field of forces". Lewin assumes that in every situation there are both driving and restraining forces which influence any change that may occur.
- Driving Forces are those, forces, which affect a situation by pushing in a particular direction. These forces tend to initiate the change and keep it going. Restraining Forces act to restrain or decrease – the driving forces. Equilibrium is reached when the sum of the driving forces equals the 'sum of the restraining forces.

2.6 Keywords

Change Agent: Person who attempts to alter some aspects of an organisation or an environment.

Magnitude of Change: Minute alterations in the operation, to quantum change.

Unfreezing: The forces, used for maintaining the status quo in the organisational behavior, are reduced by refuting the present attitude.

2.7 Review Questions

1. Kurt Lewin suggests that planned change is a three stage process. Describe these stages.
2. Describe the various sources in the business environment from which impetus for planned change has come in the recent years.
3. Describe forces of change.
4. Write short note on organisational level of change.

Answers: Self Assessment

1.	True	2.	True
3.	True	4.	False
5.	True	6.	External
7.	Nature	8.	Organisation
9.	Refreezing		

2.8 Further Readings

Notes

Books

Cummings, Thomas G., & Worley, Christopher G. (2000), *Organisation Development and Change* (7th Edition), South-Western Educational Publishing.

French, Wendell L., and Cecil H. (1996), *Development: Behavioral Science Interventions for Organisation Improvement* (5th Edition), New Delhi, India: Prentice Hall of India.

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S. Ramanarayan, T.V. Rao, Kuldeep Singh, *Organisational Development Interventions and Strategies.*

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Unit 3: Models of Change

CONTENTS

Objectives

After studying this unit, you will be able to:

- Explain Systems model of Change
- Discuss the Force Field Analysis
- Describe Continuous Change Process Model
- Explain Change and Transition Management
- Discuss Organisational Growth Model

Introduction

In last unit you have studied about planned changed. Change results from the pressure of both internal and external forces in the organisation. It disturbs the existing equilibrium or status quo in the organisation. The change in any part of the organisation affects the whole of the organisation. Change will affect the various parts of the organisation in varying rates of speed and degrees of significance. Changes may affect people, structure, technology and other elements of the organisation. This unit provides information related to models of change.

3.1 Characteristics of Effective Change Programmes

Distinguishing between change that inevitably happens to all organisations and change that is planned by members of an organisation is important. Our focus is primarily on intentional, goal-oriented organisational purposeful attempt by managers and employees to improve the

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functioning of teams, departments, divisions or an entire organisation in some important way (Cummings& Worley, 1997).

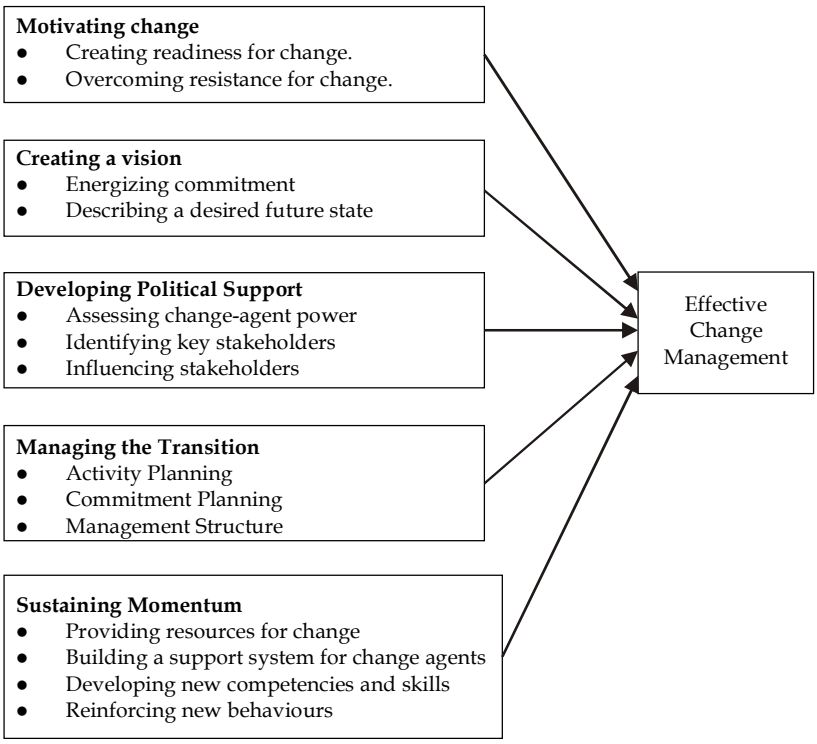
Effective planned change efforts are often characterized by some common characteristics.

Example: Effective change programmes may involve.

- Motivating change by creating a readiness for the change among employees and attempting to overcome resistance to change;
- Creating a shared vision of the desired future state of the organisation;
- Developing political support for the needed changes;
- Managing the transition from the current state to the desired future state; and
- Sustaining momentum for change so that it will be carried to completion.

The initiatives required to address each of these aspects of a change programmes are summarized in Figure 3.1

Figure 3.1: Initiative Contributing to Effective Change Management



Similarly, the conditions necessary for successfully carrying out effective change programs include the following:

- The organization's members must be the key sources of energy for change, not some party external to the team or organisation.
- Key members of the organisation must recognize the need for change and be attracted by the potentially positive outcomes of the change programme.
- A willingness to change norms and procedures must exist (Porras & Robertson, 1992).

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These two lists are similar in some respects. Change must come from within the organisation. People must be aware of the need for change, believe in the potential value of the changes proposed, and be willing to change their behaviours in order to make the team, department, or the organisation effective. In the absence of these beliefs and behaviors, effective organisational change is problematic.

Notes Effective change must rely on a contingency perspective that is open to trying different things at different times.

Self Assessment

State whether the following statements are true or false:

1. Effective planned change efforts are often characterized by some common characteristics.
2. Key members of the organisation must recognize the need for change and be attracted by the potentially positive outcomes of the change programme.
3. Change must come from within the organisation.
4. Effective change must rely on a contingency perspective that is open to trying different things at different times.

3.2 Models of Change

Organisations and their managers must recognize that change, in itself, is not necessarily a problem. The problem often lies in an inability to effectively manage change. Not only can the adapted process be wrong, but also the conceptual framework may lack vision and understanding. This happens because the managers are unable to appropriately develop and reinforce their role and purpose within the complex, challenging and dynamic organisations. Change is now a way of life; organisations and more importantly their managers, must recognize the need to adopt strategic approached when facing transformation situations. Some of this approaches that have been discussed below include:

1. Systems model of Change
2. Force Field Analysis
3. Continuous Change Process Model
4. Change and Transition Management
5. Organisational Growth Model

3.2.1 Systems Model of Change

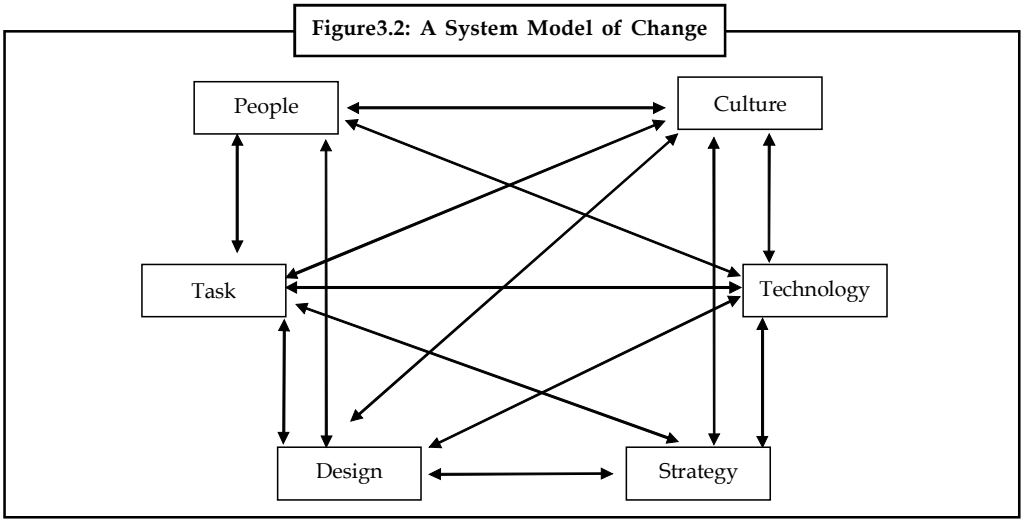
Meeting the challenge posed by the organisation change often means not doing things piecemeal. To be successful, change usually must be organisation wide (Armenakis, et. al., 1999). From the perspective of managing change a system may be defined as being an organized assembly of components, which are related in such a way that the behaviour of any one individual component will influence the overall status of the system. It is not possible to think of any physical mechanism or process that cannot be described in a systematic manner. All types of systems, physical or 'soft', must have a predetermined objective that the interrelated components strive to achieve.

Notes

Did u know? Changes in any given system will affect both its internal working and very possible those of related external systems.

The System Model shown in Figure 3.2 provides a useful way to think about organisational change.

Figure3.2: A System Model of Change



The System Model of change describes the organisation as six interacting variables that could serve as the focus of planned change: people, culture, task, technology, design, and strategy. The *people* variable applies to individuals working for the organisation, including their individual differences – personalities, attitudes, perceptions, attributions, needs and motives. The *culture* variable reflects the shared beliefs, values, expectations, and norms of organisational members. The *task* variable involves the nature of work itself – whether job are simple or complex, novel or repetitive, standardized or unique. The *technology* variable encompasses the problem solving methods and techniques used and the application of knowledge to various organisational processes. It includes such things as the use of information technology, robots, and other automation, manufacturing process tools and techniques. The *design* variable is the formal organisational structure and its system of communication, control, authority, and responsibility. Finally, the *strategy* variable comprises the organisations planning process and includes decisions about how the organisation chooses to compete. It typically consists of activities undertaken to identify organisational goals and prepare specific plans to acquire, allocate, and use resources in order to accomplish those.

As Figure 3.2 indicates, these six variables are interdependent. A change in any one usually results in a change in one or more of the other.

Example: A change in the organisation strategic plan might dictate a change in organisation design to an adaptive or network form. This change, in turn, could result in the reassignment of people. At the same time, the redesign may also lead to a change in the technology used by the organisation, which affects the attitudes and behaviours of the employees involved, and so on.

All these changes would occur within a particular organisation culture, which might either support or resist them. Moreover, the change itself may either modify or reinforce the prevailing culture. An advantage of the systems approach to organisational change is that it helps employees and managers understand and think through such interrelationship.

Notes

Notes The system approach reminds management that it cannot change part of the organisation, without, in some sense changing the whole.

3.2.2 Lewin's Force Field Analysis Model

We have earlier discussed that the environment forces push companies to change the way they operate which is relatively easy to visualise. What is more difficult to see is the complex interplay of these forces against other organisational dynamics. Psychologist Kurt Lewin developed the Force Field Analysis model to help us understand how the change process works. Although developed over 50 years ago, Lewin's Force Field Analysis model remains the prominent way of viewing this process.

One side of the Force Field Model represents the driving forces that push organisations towards a new state of affairs. There are several driving forces in the environment like information technology, global and local competition and demographics. Along with these external forces are driving forces that seem to originate form within the organisation, such as competition across divisions of the company and the leaders need to impose his or her image on the organisation.

Did u know? The other side of the Lewin's model represents the restraining forces that maintain the status quo. There restraining forces are commonly called "resistance to change" because they appear as employee behaviour that block the change process. Stability occurs when the driving and restraining forces are roughly in equilibrium; that is, they are of approximately equal strength in opposite directions.

The reaction to change (driving or resisting) of employees will depend on the source of change and their position relative to it. When an individual or a group has initiated certain actions, which in turn have to be managed, then they are more likely to display positive attitudes towards the situation and view it as driving forces. When the feeling of ownership is combined with the knowledge that one controls, and has influence over the surrounding environment then the driving forces for the change will be significant. Externally generated change produces the greatest degree of negative feedback from those affected resulting in presence of restraining forces. Table 3.1 illustrates the attitudinal responses and key features that can be attributed to the source of change.

Table 3.1: Reactions to Change Based on Sources of Change

Internally generated change	Externally generated change
Proactive stances	Reactive response
Positive feelings	Negative feelings
Greater driving forces	Greater restraining forces
Higher certainty	Higher uncertainty
Higher control	Lowered control
Less disruption	High disruption

The Kurt **Lewin change theory model** is based around a 3-step process (Unfreeze-Change-Freeze) that provides a high-level approach to change. It gives a manager or other change agent a framework to implement a change effort, which is always very sensitive and must be made as seamless as possible.

Notes

The Kurt **Lewin model** can help a leader do the following three steps:

1. Make a radical change
2. Minimize the disruption of the structure's operations
3. Make sure that the change is adopted permanently.

Kurt Lewin's Change Theory

This three step model gives a manager or change agent an idea of what implementing change means when dealing with people. The three phases of the Kurt Lewin model provide guidance on how to go about getting people to change: a manager will implement new processes and reassign tasks, but change will only be effective if the people involved embrace it and help putting it into practice it.

Lewin's Change Model – Unfreeze – "ready to change"

When a structure has been in place for a while, habits and routine have naturally settled in. The organization as a whole is going in the right direction, but – as shown on the illustration – people or processes may have strayed off course. For example, tasks that are not relevant or useful anymore are still being performed by force of habit, without anyone questioning their legitimacy. Similarly, people might have learned to do things one way, without considering other, more efficient methods. Unfreezing means getting people to gain perspective on their day-to-day activities, unlearn their bad habits, and open up to new ways of reaching their objectives. Basically, the current practices and processes have to be reassessed in order for the wheels of change to be set in motion.

Lewin's Change Model – Change – "implementation"

Once team members have opened up their minds, change can start. The change process can be a very dynamic one and, if it is to be effective, it will probably take some time and involve a transition period. In order to gain efficiency, people will have to take on new tasks and responsibilities, which entails a learning curve that will at first slow the organization down. A change process has to be viewed as an investment, both in terms of time and the allocation of resources: after the new organization and processes have been rolled out, a certain chaos might ensue, but that is the price to pay in order to attain enhanced effectiveness within the structure.

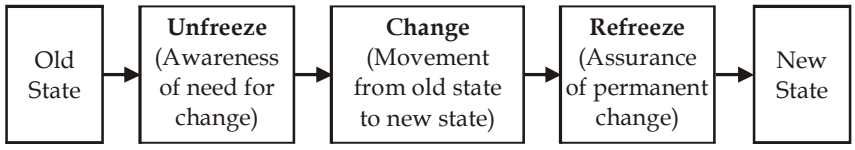
Lewin's Change Model – Freeze (sometimes called refreeze)- "making it stick"

Change will only reach its full effect if it's made permanent. Once the organizational changes have been made and the structure has regained its effectiveness, every effort must be made to cement them and make sure the new organization becomes the standard. Further changes will be made down the line, but once the structure has found a way to improve the way it conducts its operations, "re-freezing" will give the people the opportunity to thrive in the new organization and take full advantage of the change.

Kurt Lewin suggests that efforts to bring about planned change in organisation should approach change as a multistage process (Lewin, 1951). His model of planned change is made up of three steps – unfreezing, change, and refreezing – as shown in Figure 3.3.

Notes

Figure 3.3: Lewin's Process of Organisational Change



Unfreezing is the process by which people become aware of the need for change. It people are satisfied with current practices and procedures, they may have little or no interest in making employees understand the importance of a change and how their jobs will be affected by it. The employees who will be most affected by the change must be made aware of why it is needed, which in effect makes them dissatisfied enough with current operations to be motivated to change.

Change itself is the movement from the old way of doing thing to a new way. Change may entail installing new equipments, restructuring the organisation, implementing a new performance appraisal system - anything that alters existing relationships or activities.

Refreezing makes new behavior relatively permanent and resistant to further change.

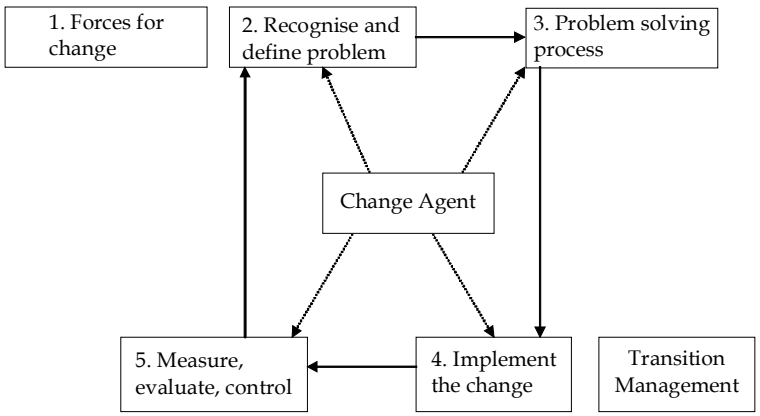
Example: Refreezing techniques include repeating newly learned skills in a training session and role-playing to teach how the new skill can be used in a real-life work situation.

Refreezing is necessary because without it, the old ways of doing things might soon reassert themselves while the new ways are forgotten.

Example: Many employees who attend special training sessions apply themselves diligently and resolve to change things in their organisation. But when they return to the workplace, they find it easier to conform to the old ways then to make waves. There usually are few, if any, rewards for trying to change the organisational status quo. In fact, the personal sanctions against doing so may be difficult to tolerate.

3.2.3 The Continuous Change Process Model

Figure 3.4: Continuous Change Process Model of Organisation Change



Perhaps because Lewin's model is very simple and straightforward, critically all models of organisation change use this approach. However, it does not deal with several important issues. A more complex and more helpful approach is illustrated in Figure 3.4.

Notes

This approach treats planned change from the perspective of top management and indicates that change is continuous. It is also important to note that as change becomes continuous in organisations different steps are probably occurring simultaneously throughout the organisation. This model incorporates Lewin's concept into implementation phase.

In this approach, top management perceives that certain forces or trends call for change, and the issue is subjected to the organisations usual problem solving and decision-making process. Usually, top management defines its goals in terms of what the organisation or certain processes or outputs will be like after the change. Alternatives for change are generated and evaluated, and an acceptable one is selected.

Early in the process, the organisation may seek the assistance of a change agent – a person who will be responsible for managing the change effort. The change agent may also help management recognize and define the problem or the need for change agent may be involved in generating and evaluating potential plans of action. The change agent may be a member of the organisation, or an outsider such as a consultant, or even someone from headquarters whom employees view as an outsider. An internal change agent is likely to know the organisations people, task, and political situation, which may be helpful in interpreting data and understanding the system; but an insider may also be too close to the situation to view it objectively. (In addition, a regular employee would have to be removed from his or her regular duties to concentrate on the transition). All parties because of his or her assumed impartiality, then, often receive an outsider, better. Under the direction and management of change agent, the organisation implements the change through Lewin's unfreeze, change and refreeze process.

The final step is measurement, evaluation and control. The change agent and the top management group assess the degree to which the change is having the desired effect; that is, they measure progress towards the goals of change and make appropriate changes if necessary. The more closely the change agent is involved in the change process, the less distinct the step becomes. The change agent becomes a "collaborator" or "helper" to the organisation as she or he is immersed in defining and solving the problems with members of the organisation. When this happens, the change agent may be working with many individuals, groups, and departments within the organisation on different phases of the change process. When the change process is moving along from one stage to another it may not be readily observed because of the total involvement of the change agent in every phase of the project. Throughout the process, however, the change agent brings in new ideas and viewpoints that help members look at old problems in new ways. Change often arises from the conflict that results when the change agent challenges the organization's assumptions and generally accepted patterns of operations.

Through the measurement, evaluation and control phase, top management determines the effectiveness of the change process by evaluating various indicators of organisational productivity and effectiveness on employee morale. It is hoped that organisation will be better after the change than before. However, the uncertainties and rapid change in all sections of environment make constant organisation change a certainty for most organisations.

Transition Management is the process of systematically planning, organizing, and implementing change from the disassembly of the current state to the realisation of a fully functional future state within an organisation (Ackerman, 1982). Once change begins, the organisation is in neither the old state nor the new state. Yet business must go on. Transition management ensures that business continues while the change in occurring, and thus it must begin before the change occurs. The members of the regular management team must take on the role of transition manager and coordinate organisational activities with the change agent. An interim management structure or interim positions may be created to ensure continuity and control of the business during the transition. Communication about the changes to all involved, from employees to customers and suppliers play a key role in transition management (Tichy and Ulrich 1984).

Notes

Beckhard (1992) suggest ten organisational prerequisites, which must exist before transformational change can be achieved in an organisation. These are summarized in Table 3.2.

Table 3.2: Beckhard's Ten Organisational prerequisites for Transformational Change

Priority	Prerequisites
1.	Ensuring senior management commitment to the imposed changes, which needs to be visible to all participants throughout the organization.
2.	Producing a written statement about the future direction of the organization that makes clear its new objectives, values and policies.
3.	Creating a shared awareness of condition to produce a common perception that change must be implemented.
4.	Assembling a body of key managers and other important opinion formers to gain their commitment t o the change process so that this may be disseminated more widely.
5.	Generating an acceptance that this type of change will require a long time to implement fully even though there may be short-term, dramatic changes as part of the overall process of transformation.
6.	Recognising that resistance to change is part of the normal process of adaptation, so that manager can be effective to be aware of this and equipped to manage this reaction.
7.	Educating participants about the need for change and training them with the necessary competence to be effective to overcome resistance and gain commitment.
8.	Preserving with the change process and avoiding blame where an attempt to implement a facet of this process fails. Such negative action will generate resistance and reduce necessary risk- taking behaviour.
9.	Facilitating the change process with necessary resources.
10.	Maintaining open communication about process, mistake and subsequent learning.

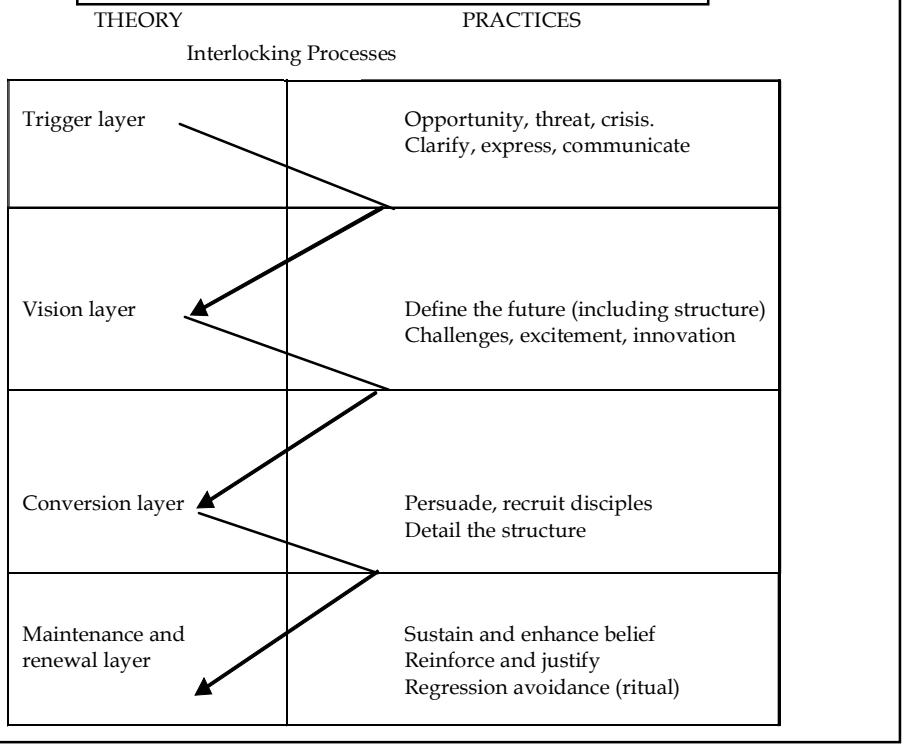
3.2.4 Change and Transition Management

If the concept of change can be examined from an internal, external or proactive set of viewpoints, then the response of managers has to be equally as widespread. Buchanan & McCalman (1989) suggest that this requires a framework of 'perpetual transition management'. Following from Lawler's (1986) concept of the lack of a visionary end state, what appears to be required is the ability within managers to deal with constant change. This transition management model, although specifically related to large-scale organisational change, has some interesting insights into what triggers change in organisation and how they respond. It suggests that four interlocking management processes must take place both to implement and sustain major organisational changes. These processes operate at different levels, and may involve different actors in the organisational hierarchy. The four layers are:

- ***Trigger Layer:*** Concerning the identification of needs and openings for major change deliberately formulated in the form of opportunities rather than threats or crises.
- ***Vision Layer:*** Establishing the future development of the organisation by articulating a vision and communicating this effectively in terms of where the organisation is heading.
- ***Conversion Longer:*** Setting out to mobilise support in the organisation for the new vision as the most appropriate method for dealing with the triggers of change.
- ***Maintenance and Renewal Layer:*** Identifying ways in which changes are sustained and enhanced through alterations in the attitude, values and behaviours, and regression back to tradition is avoided.

Notes

Figure 3.5: Model of Perceptual Transition Management (Buchanan & McCalman), 1989



Transition management suggests that organisations have to plan for, divert resources to, and implement four sets of interlocking processes. These are designed to implement, to sustain, and to build on change and its achievement in an attempt to address the issues associated with change over time. The argument here is that these layers – trigger, vision, conversion and maintenance and renewal – are necessary processes that occur in change management. The respective emphasis and priority attached to each of them will alter overtime, but recognition of their existence goes a long way in determining the management action needed.

The model of perceptual transition management starts out with a number of questions. How do we explain successful change? How do we explain changes in organisations that were doomed from the start? How do we explain changes that are initially successful but wane or fizzle out halfway through? Effective large-scale changes demand a series of management actions linked to the four interlocking layers or processes (Figure 3.5).

In terms of trigger layer, it is necessary to understand what is causing a need for change in the organisation. These triggers need to be expressed in a clear way and communicated throughout the organisation.

Example: Poor trigger identification and communication processes are best seen when the first that employees know of the difficulties facing the organisation is when they are called in to discuss redundancy terms.

People are generally willing and able to deal with change but many managers do not understand this. They are afraid that change is associated with some form of failure and feel they need to hide the changes. People will accept change when they know it is necessary and accept the explanation for the need for change.

Notes

It is necessary for these triggers to be expressed and communicated throughout the organisation in clear and identifiable terms. For example, the trigger in many organisations is often a crisis, but it does not necessarily have to be a threat. People will respond to a challenge of a crisis but may react negatively to a threat. Expressing any potential crises as an opportunity for change may assist the process itself. In this sense, the language in which the triggering mechanism is transmitted to the internal organisation has to be clearly expressed as opportunity, and communicated widely. The chances of successfully implementing change are significantly improved when everyone concerned has a shared understanding of what may happen and why.

If the trigger for change has been clearly recognized and expressed, it is also a requirement for management within the organisation to define the future. This does not call for crystal ball gazing but for the establishment of the vision layer. The requirement here is for definition and expression of where the organisation intends to go. Just as shared understanding and awareness of the triggers for change help smooth the process, so do shared awareness and understanding of the new vision and the desired organisational goals. Management must realise the future in terms of three criteria. The first is that change is seen to provide an effective response to the events triggering change. Second, there is identification of the desired future condition of the organisation in terms of its design, its products and its goals. Finally, it must provide challenge and stimulation. Change is assisted by a climate of enthusiasm and participation; resistance is the result of fear, prejudice, anxiety and ignorance.

The third layer of perceptual transition management is related to gaining recruits for change. By this it is meant that those who have to work through the change process need to be converted to the ideas and concepts and own them. Defining a future that no one can 'buy into' will slow or hinder the change itself. Everyone involved in making change work has to feel part of it and accept the reasoning for the vision and how this is to be realized. It is at this point that the vision has to be detailed and aspects such as future structure and patterns of work explained. There is need at this point to recruit disciples to the vision. This is time-consuming, as it requires detailed explanation. Failure to do so results in negotiation, renegotiations or decay. Managers at this stage need to get involved in two activities. First there is the planning team, the main core change unit. The most appropriate mechanism here will depend upon the organisation and its consultation systems. Second, it is also necessary to talk to people about the change at every opportunity, formal or informal. This establishes a shared understanding the change problem through debate.

The last question that perpetual transition management attempts to resolve is related to the decay associated with the management of mid-term change. Maintenance and renewal attempt to address the 'moving goalpost' features of change. There are four main examples of this. First, the events that triggered change in the first place fade in the memory or lose their relevance over time. Second, articulation of the vision becomes less expressive when the organisations move on. Third, replacements feel less committed to the idea and have to be taken through the reasons for, and responses to, the triggers. Fourth, the change that took place settles down and becomes the norm in the organisation. To avoid this sort of decay process there is a requirement for the organisations to allocate resources to maintaining and renewing the original visions in an evolutionary framework. In this sense, management takes part in a process that is described as one of permanent transition. It is this point that can be regarded as the crucial concept. Getting managers to recognize that change is a constant feature in modern organisations, and one which they have to deal with, goes a long way towards addressing some of the factors, which lead to resistance to change.

Notes

3.2.5 Organisational Growth Model

Our discussions in this unit have focused on changing or working on problems in organisation that are already established. How different are the issues in new or emerging organisation? A developmental theory developed by Larry E. Greiner (Griener, 1972) is helpful in examining growing organisations.

Greiner argues that growing organisations move through five relatively calm periods of evolution, each of which ends with a period of crisis and revolution. According to Greiner, "each evolutionary period is characterized by the dominant management style used to achieve growth, while each revolutionary period is characterized by the dominant managerial problem that must be solved before growth will continue."

As illustrated in Figure 3.6, the first stage of organisational growth is called creativity. The founders of the organisation dominate this stage, and the emphasis is on creating both a product and a market. These "founder" are usually technically or entrepreneurially oriented, and they disdain management activities; their physical and mental energies are absorbed entirely in making and selling a new product." But as the organisation grows, management problems occur that cannot be handled through informal communication and dedication. "Thus the founders find themselves burdened with unwanted management responsibilities … and the conflicts between the harried leaders grow intense."

It is at this point that the crisis of leadership occurs and the first revolutionary period begins. "Who is going to lead the organisation out of confusion and solve the management problems confronting the organisation?" The solution is to locate and install a strong manager, "who is acceptable to the founders and who can pull the organisation together. "This leads to the next evolutionary period – growth through direction.

During this phase the new manager and the key staff "take most of the responsibility for instituting direction, while lower level supervisors are treated more as functional specialist than autonomous decision-making managers". As lower level managers demand more autonomy, this eventually leads to the next revolutionary period – the crisis of autonomy. The solution to this crisis is usually delegation.

When an organisation gets to the growth stage of delegation it usually begins to develop a decentralized organisation structure, which heightens motivation at the lower levels. Yet, eventually the next issue begins to evolve as top managers, "sense that they are losing control over a highly diversified field operation — freedom breeds a parochial attitude."

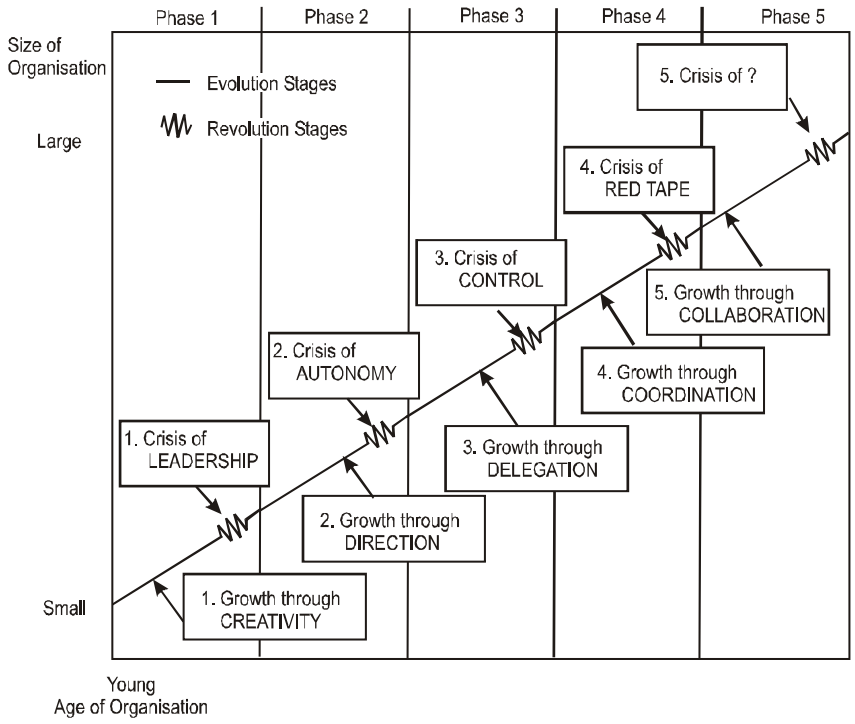
The crisis of control often results in a return to centralization, which is now inappropriate and creates resentments and hostility among those who had been given freedom. A more effective solution tends to initiate the next evolutionary period – the coordination stage. This period is characterized by the use of formal systems for achieving greater coordination with top management as the "watch-dog" Yet most coordination systems eventually get carried away and result in the next revolutionary period – the crisis of red tape. This crisis often occurs when, "the organisation has become too large and complex to be managed through formal programs and rigid systems."

It the crisis of red tape is to be overcome, the organisation must move to the next evolutionary period – to phase of collaboration. While the coordination phase was managed through formal systems and procedures, the collaboration phase "emphasizes greater spontaneity in management actions through teams and skillful confirmation of interpersonal difference. Social control and self discipline takes over the formal control."

Notes

Greiner is not certain what the next revolution will be, but he anticipates that it will center around the 'psychological saturation' of employees who grow emotionally and physically exhausted by the intensity of teamwork and heavy pressure for innovative solutions.

Figure 3.6: The Five Stages of Growth



Task Take two or three organisation and correlates those organizations with Organisational Growth Model.

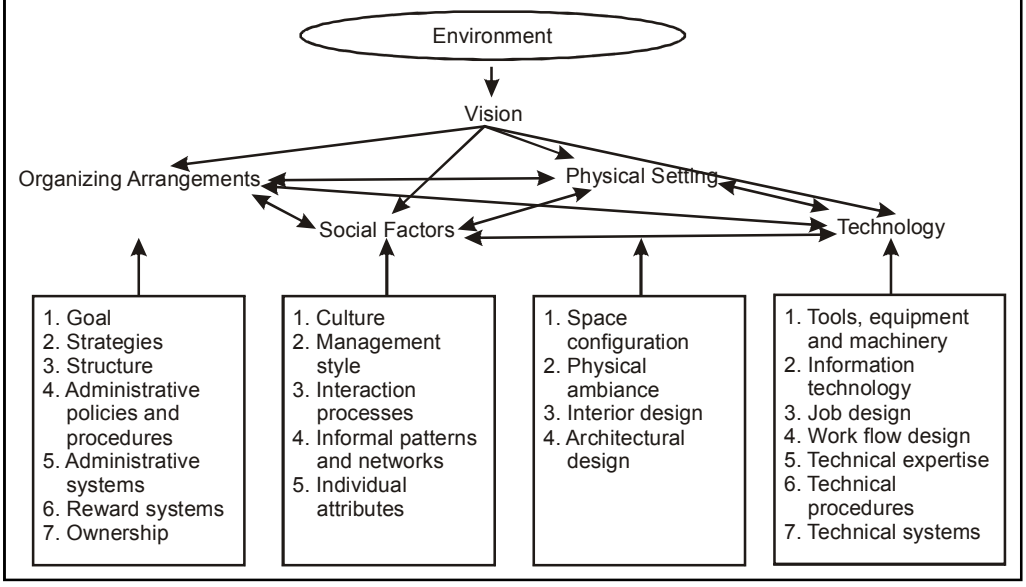
3.3 Porras and Robertson Model of Organizational Change

Jerry Porras and his associates developed a model of how organization development works; it is described in a discussion by Porras and Peter Robertson. The basic premise is that OD interventions alter features of the work setting causing changes in individuals behaviours, which in turn lead to individual and organizational improvements. Organizational change occurs only when individuals change their behaviour, and these behaviour changes occur when elements of the work setting have been modified by OD interventions. The work setting plays a central role in this model and consists of four factors: organizing arrangements, social factors, physical setting, and technology. This model shows how OD interventions can be linked to factors in the work setting. For example, OD interventions that focus on goals, strategies, and rewards will affect organizing arrangements. Interventions that focus on culture, management style, and interaction processes will affect social factors. Interventions that focus on job design and work flow design will affect technology. Following figure shows the work setting in the larger organizational framework. The premise modeled here is that work setting factors influence organizational members cognitions (they learn what is expected, required, rewarded), which

Notes

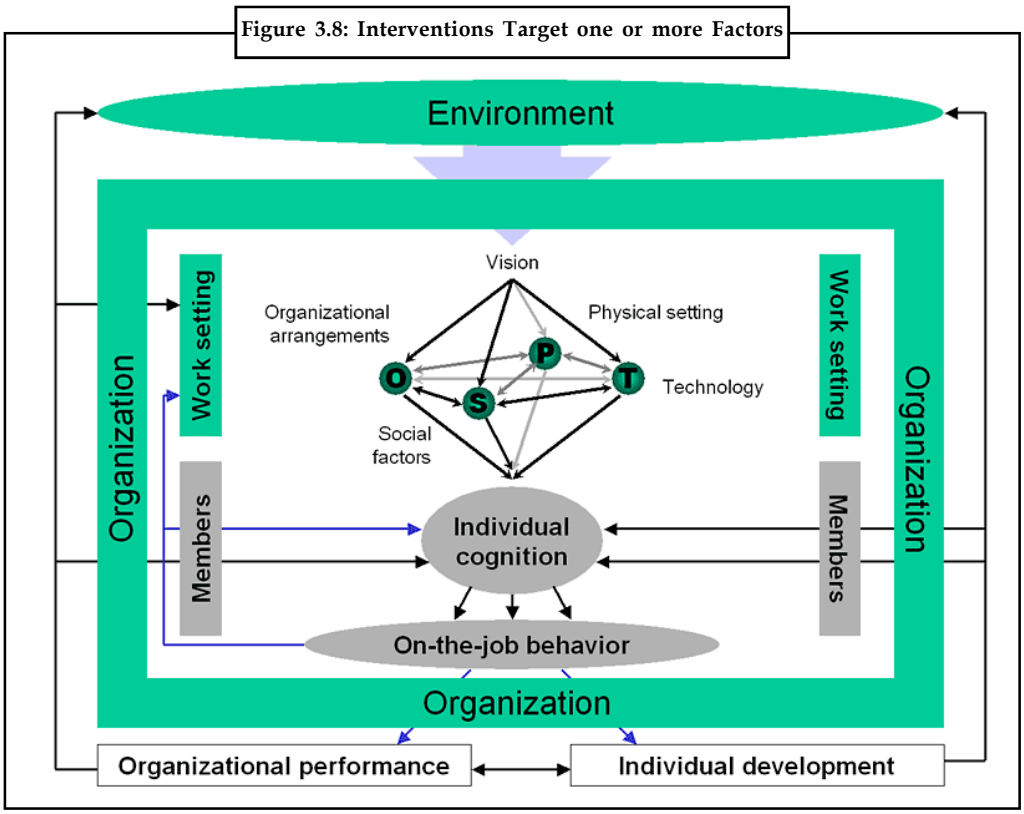
influence on-the job behaviours, which determine organizational performance and individual development. It is how OD works, according to Porras and Robertson

Figure 3.7: Porras and Robertson Model



This model is extremely useful for OD practitioners and organizational leaders. Keep this framework in mind as you read the units on OD interventions because all interventions target one or more factors shown in figures

Figure 3.8: Interventions Target one or more Factors



Notes

Dividing the working environment into four organizational subsystems helps to form the approach in a holistic way. The four sub-systems, in which changes can be initiated and supported, are:

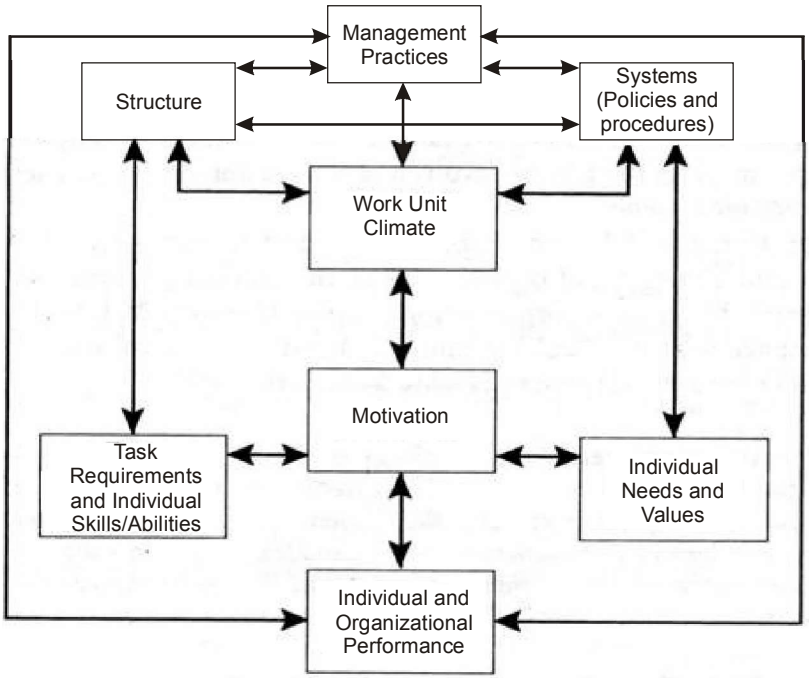
- "Organizing Arrangement", for example, workers' council, data security officer, management levels.
- "Social Factors", for example, announcements, training, internal customer care.
- "Physical Setting", for example, work materials, intranet access, work space.
- "Technology", for example, availability of systems for a large number of users, response times for research, required computer configuration, installation processes.

This organizational model for planned organizational change describes concrete approaches for making changes, with the goal of influencing on-the-job behavior of employees in a positive way. When implementing the Expertise Location Management solution, the various perspectives (work setting) were taken into consideration and specifically designed. A comprehensive project plan, which also orients itself to this outline in terms of its strategic goals, can be used as an instrument for controlling projects.

3.4 The Burke-Litwin Model of Organizational Change

The next model to be examined is the Burke-Litwin model of individual and organizational performance, developed by Warner Burke and George Litwin. This model shows how to create first-order and second-order change (which the authors call transactional change and transformational change).

Figure 3.9: The Transactional Factors Involved in First-order Change



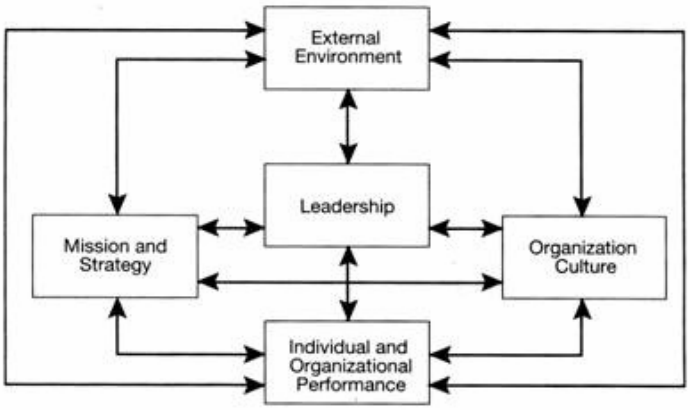
In first-order change, some features of the organization change but the fundamental nature of the organization remains the same. First-order change goes by many different labels: transactional, evolutionary, adaptive, incremental, or continuous change.

Notes

In second-order change, the nature of the organization is fundamentally and substantially altered ± the organization is transformed. Second-order change goes by many different labels: transformational, revolutionary, radical, or discontinuous change. OD programs are directed toward both first and second-order change, with an increasing emphasis on second-order transformational change. The model distinguishes between organizational climate and organizational culture.

Organizational climate is defined as peoples perceptions and attitudes about the organization-whether it is a good or bad place to work, friendly or unfriendly, hard-working or easygoing, and so forth. These perceptions are relatively easy to change because they are built on employees reactions to current managerial and organization practices. On the other hand, organizational culture is defined as deep-seated assumptions, values, and beliefs that are enduring, often unconscious, and difficult to change.

Figure 3.10: The Transformational Factors Involved in Second-order Change



Changing culture is much more difficult than changing climate.

The premise of the Burke-Litwin model is this: OD interventions directed toward structure, management practices, and systems (policies and procedures) result in first-order change; interventions directed toward mission and strategy, leadership, and organization culture result in second-order change. The model also makes a distinction between transactional and transformational leadership styles. These two concepts come from leadership research which found that some leaders are capable of obtaining extraordinary performance from followers while other leaders are not. Transformational leaders are "leaders who inspire followers to transcend their own self-interest for the good of the organization and who are capable of having a profound and extraordinary effect on their followers." Transformational leadership embodies inspiration which leads to new heights of performance. Transactional leaders are "leaders who guide or motivate their followers in the direction of established goals by clarifying role and task requirements." Transactional leadership embodies a fair exchange between leader and follower that leads to "normal" performance. Transactional leadership is sufficient for causing first-order change. Transformational leadership is required for causing second-order change. Now let us look at the Burke-Litwin model. We will do so in several steps. Following figure shows the factors involved in first-order (transactional) change. Changing structure, management practices, and systems cause changes in work unit climate, which change motivation and, in turn, individual and organizational performance. Transactional leadership is required to make this change in organizational climate.

On the other hand, if we want to cause second-order (transformational) change, we must change mission and strategy, leadership styles, and organization culture, as shown in the above figure.

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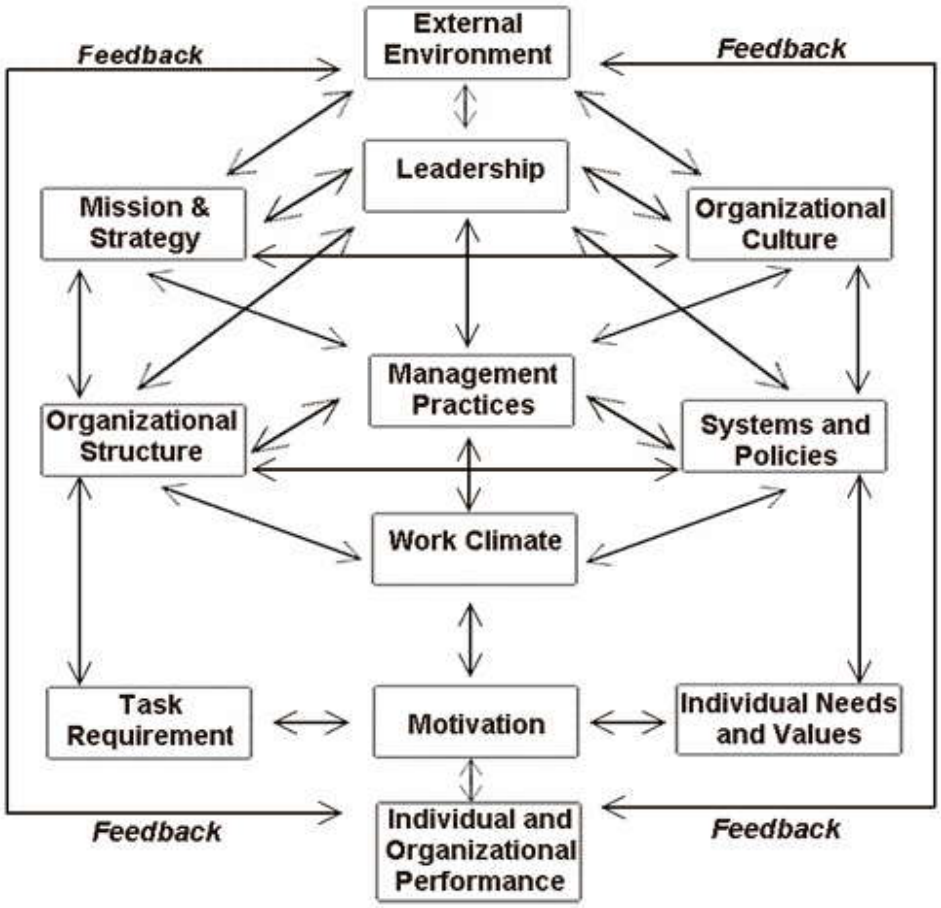
Interventions directed toward these factors transform the organization and cause a permanent change in organization culture, which produces changes in individual and organizational performance. The above two figures together yield the full Burke-Litwin model shown in the following figure. The top half of figure displays the factors involved in transformational change. These factors are powerful enough to change the culture fundamentally. The bottom half of figure displays the factors involved in transactional change. These factors are able to change the climate. To summarize, Burke and Litwin propose that interventions directed toward leadership, mission and strategy, and organization culture produce transformational change or fundamental change in the organizations culture. Interventions directed toward management practices, structure, and systems produce transactional change or change in organizational climate. Burke says: Thus, there are two distinct sets of organizational dynamics. One set primarily is associated with the transactional level of human behaviour or the everyday interactions and exchanges that create the climate. The second set of dynamics is concerned with processes of human transformation; that is, sudden "leaps" in behaviour; these transformational processes are required for genuine change in the culture of an organization. We consider the Burke-Litwin model to be a significant advance in thinking about planned change. The OD practitioner sizes up the change situation, determines the kind of change required (transactional or transformational), and then targets interventions toward factors of the organization that produce the desired change. Research by Burke and his students suggests the model performs as intended.

Figure 3.11: The Burke Litwin Model of Organizational Performance and Change



Self Assessment

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Fill in the blanks:

5. The …….. describes the organisation as six interacting variables that could serve as the focus of planned change: people, culture, task, technology, design, and strategy.
6. …….. suggests that efforts to bring about planned change in organisation should approach change as a multistage process.
7. …… is the process by which people become aware of the need for change. It people are satisfied with current practices and procedures, they may have little or no interest in making employees understand the importance of a change and how their jobs will be affected by it.
8. …….. suggests that organisations have to plan for, divert resources to, and implement four sets of interlocking processes.
9. Each evolutionary period is characterized by the ……. used to achieve growth, while each revolutionary period is characterized by the dominant managerial problem that must be solved before growth will continue.

Case Study

The New People Management: Change through Merger - Lipton and Brooke Bond

There are two ways to look at the subject—one is to really distil some of the experiences and especially some overall framework on the issue of Innovations and People Management. The other is to present real life cases.

There are five or six experiences in the form of small stories about the transition that happened earlier in Lipton and subsequently with the organization of Lipton and Brooke-Bond to form a new company called Brooke-Bond Lipton which again is going through yet another transformation as it has become a part of Hindustan Lever. Some of the human issues and how they were tackled have been touched upon here. This is an account of the transition, of team work and the innovative climate and what is the importance of continuous learning.

This is a small story about the experiences in preparing people to accept and adopt change. The information technology and how it can be a leverage for change management is yet another bit of story and experience that have been discussed here.

One of the most important things is to have a growth mindset. Lipton India Brooke-Bond India came into Unilever fold through acquisitions in 1981 and 1984 respectively. In India both companies have been arch rivals for over 80 years fighting for the same market. The years between 1993-95 witnessed certain events which have left a lasting impact as regards Brooke-Bond is concerned. Some of the major events are: Dollops ice cream's marketing and distribution business was acquired; Kisan Products Ltd. too was acquired and integrated with Brooke-Bond; Hindustan Lever has tea plantations, tea estate at Dum Duma and these were merged with Brooke-Bond. Lipton India was merged leading to the change in the name of Brooke-Bond Lipton India.

Brooke-Bond Lipton entered into frozen products and the Walls range with a large investment in Nasik. Kwality and Milkfood 100% Ice cream, with their ice cream marketing

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and distribution assets were acquired in end 1994 and early 1995 respectively. Then there was the purchase of processed tomato assets of Pepsi Foods in Punjab. Overall, the company fully utilized the opportunity for growth in processed foods. With these restructuring exercises, the company's employees now are from diverse streams and the task was to adopt an approach which will create the most positive cultural environment.

Five Lessons

There are five important lessons that were learnt in the process.

The first lesson is start with the individual. Even before the merger of Lipton India and Brooke-Bond was formally announced and approved by the Company Boards, it was appreciated that it was imperative to develop a clear human resource plan with the individual in mind. This helped to determine the new management structure with people assigned to key functions during the transition phase. The managers who were good in a single company context now have new competition leading to a reappraisal of their relative strengths and positions. Although all this appears quite logical the process was rich in human emotions. In such a situation, one must move ahead with **strong focus on counseling and retraining as the remedies.**

The second lesson that was learnt is to institutionalize open communication. A restructuring effort such as this can give rise to wild rumours that can affect group morale and interrupt smooth operations. An elaborate communication package was therefore designed to relieve employees at all levels of any concerns by taking them into confidence. The comprehensive communication package covered employees, units, traders and the external contacts. Communication meetings were initially held at the Corporate Office in Bangalore and within three days it cascaded down to all levels of employees through unit heads and departmental heads. The Chairman's review held annually to reflect on the working of the past year and to understand the key task ahead in the current year was used as yet another communication forum. Through regional reviews at six different centers the entire managerial group was covered. Symbolic of the new mindset that had begun to evolve; a lively audio-visual was developed to encourage employees to give up their formal identities in favour of their new identities.

The third one is to create feedback mechanism and this is an important lesson too. However effectively done, every communication exercise runs the risk of turning into a one-way topdown effort. For lasting results the improvement of a two-way dialogue and feedback mechanism at corporate levels cannot be overemphasized. A novel two-way communicate mechanism branded as 'Reach-Out' has been established in the company where employees can directly communicate with the top management. The top management responds to the employees' queries, comments and suggestions at the monthly communication meetings. The company also conducted a structured survey immediately after the merger and acquisition in order to assess the organization climate. The feedback has been useful for creating a framework that facilitates employee empowerment and decision-taking at the most operational level.

The fourth one is to establish positive processes for a new mindset. Even as the process of integrating the operations of the erstwhile entity has got under way, further initiatives were set in motion in order to create a new mindset among employees and attune them to the challenges of the future. As a step in that direction, the company organized a series of confluence workshops where the top management shared with the participating employees all details of the company's vision to build a large food business. The workshop touched on major problems in the way and the steps being considered to overcome them. By this

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coming together on a single platform, the employees of the erstwhile companies developed a better understanding and trust and many apprehensions were allayed. The task of welding the combined field forces in the main line of the business which is tea and coffee, therefore called as the beverages business, into a cohesive team must be viewed against the background that for decades they have been market rivals and now they have become members of one family overnight. Innovative gestures and work locations helped to solve the initial awkward phase. At the branched Sangam Meetings, the initial apprehension was whether ***Sangam Hoga Nahin Hoga***, but Sangam Meetings brought together the combined force, where the youngest salesman of one erstwhile entity garlanded the eldest salesman of the other and exchanged sweets. By initiating production of Lipton tea brands at Brooke-Bond factories and vice-versa, the mindset of factory employees changed for the better.

The last lesson is: Build teams aggressively. The vitality of an organization lies in its ability to mix its people together and again, a motherhood statement, and impart the feeling of kinship and belonging to a team. Here, both Lipton and Brooke-Bond inherited a favorable base fortunately. Constructive relationship between the employees' representatives and the management was cemented with key agreements with the All India Brooke-Bond Employees' Federation as well as the site-based Lipton Unions. There was restructuring of sales and distribution systems, which were two different systems in the erstwhile companies, into one single integrated system as regards the tea and coffee business or the beverages business was concerned.

Hard Decisions

Lastly, in all this, some hard decisions had to be taken. An organization has to take risks as well as tough decisions if its competitiveness is to be continuously strengthened. All over in Indian industry it is increasingly being realized that employee expectations for a life-time employment can no longer be fulfilled, either for the management or non-management staff and, indeed, the Japanese who propounded the life-time employment have also started redefining the concept. Over manning or under performance are issues that can no longer be brushed under the carpet because these not only add to costs but also sap competitive ability and erode the well-being of an enterprise. Therefore, employees and their representatives need to be prepared about the possibility of separation for a small number, in the interests of the majority.

Culture Audit

As part of the whole process culture audit was done. Typical of the culture audit, 75% of the managers and officers voluntarily participated. The electronic mail in an innovative manner was used to pick up their responses, their perceptions about the current performance standards, and whether team spirit was prevalent. These were, of course, scored on a five-point scale for clarity of task and objectives. The decisions are built around a fair amount of analysis-paralysis syndrome. Comments were sought regarding various practices e.g., response to the speed, relevance to the market environment, whether there was the problem of affliction of bureaucracy and how much bureaucracy existed and whether rewards had led to performance. Yet another electronic mail like survey was carried out to determine the managers' perception about what should be the positive behaviour and attributes they display and where they should be. So gaps give some indications for action.

The satisfaction with respect to speed and style of change was also assessed and essentially five dimensions in this questionnaire were listed and whether managers feel that we should make more bold and big changes. Essentially they had to give their ratings in

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terms of their current perception on this particular dimension and what should be the most ideal position that we should aim at. The second dimension that was looked at was whether we should be forthright in communications and without vagueness, for the timely accomplishments or milestones is more important than being a perfectionist. Do we have a climate where people can get things done? Do whatever they wanted to do to get success for the company. If you do not have the authority you have the freedom to find out. Now, these are some of the dimensions that were looked at in order to establish where the company was in terms of speed and style of the changed effort because it is very crucial to keep using dip sticks to see how things were being experienced. On the basis of all this, each business and function received their group score as well as company's scores. Each of the division was encouraged and views were sought as how to empower and how to deal with the blockages towards empowerment and how to provide enabling conditions for them to contribute. These processes got cascaded down involving people at all levels.

To sum up in this section, there are dozen experiences that have been gained. "People first, everything is next" is often said but rarely practiced. Review and revise as we go along a major restructuring. The human responses and human implications, manifestations undergo several changes and human implications, manifestations undergo several changes and therefore, there have to be midcourse corrections and very sensitive handling of those developments as we go along. Do not hesitate to over resource when called for. Equally, continue to recruit quality resources because sometimes major restructuring gives you a mindset. Look, we are far too many people, let us stop recruitment. And, that is the major crime that one can commit, because macro level surplus should not be confused with micro-level skill requirements and hence the need for recruiting high quality resource wherever it is found necessary. Planning for speed is important, and, equally closely monitor and be vigilant about the expected synergies. In a merger situation, one plus one which is producing two is not satisfactory. It has always to be more than two.

Caution on Change in System

Sometimes in our anxiety to bring structural changes we might in fact end up throwing the baby with the bath water. So, one has to be very clear before one dispenses with systems and before we introduce changes rapidly. We must really be very sure as to what is the benefit with the change. Reward system needs to recognize not only results but also efforts because in a transition situation, results will come but there is a hell of a lot of effort which is put into the process. Often we tend to lose sight of the effort and we only look at the result as if the business is on a stable course. Obviously a degree of realism of budget expectations is important because if one over-estimates it becomes unrealistic and if one becomes an underachiever, it can have a tremendous effect on the morale of the entire work group.

From Functional to Process Organization

The beverages business is approximately a 1000 crore business. Hitherto, indents from sales management traveled all the way from the Corporate Office at Bangalore to various manufacturing locations in and around the countryside and obviously one can appreciate there is a time lag and also it lacked flexibility. So a few questions were asked as to why there is a need for change into a process type of an organization as regards this business was concerned. That it should in fact contribute to improve customer service at the stock-keeping level. Obviously, there is a financial advantage if you can lower the working capital resources, but tighter supply chain is needed to ensure stock freshness because we are in the business of tea and coffee and we cannot deliver a product much older and stale and, therefore, we have to reach out fresh stock to the consumers, minimize avoidable loss

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of sales, while pursuing the change for growth. This meant that the sales forces' morale needed to be lifted up.

There were various impediments. First and foremost is mindset itself. The functional silos, lack of team work and the merger also produced a bit of inward orientation and, therefore, the need was: refocus attention on the consumers which is basically the external focus. The way forward was to establish what is called Regional Operation Centre (ROC) which comprises functions and brand sales management team which the branch manager is co-ordinating. The second important thing was a fitment of sales and production requirements. Some of the Managers had team targets as well. For example, a factory manager or a production manager or a factory engineer or even the Personnel Manager of a factory today has volume as one of his key targets. Empowerment of the ROC teams was affected through decentralization of production and material resource planning, management of region-specific brands which are basically ROC brands rather than having them operationalised and looked at by Brand Managers in the Corporate Office.

Quarterly ROC Review

Regional Operation Centre's performance Review was brought in, a mechanism again to foster team working, accountability and launched a "Customer-first Initiative Trophy" where ROCs are being measured on clear deliverables. And, to facilitate all this, a series of workshops for the ROC teams was initiated. This is essentially for ROC members and their central workshops have already produced the following three results. The first: Common understanding of the current status of ROCs and future direction; second: team working—what are the blocks and triggers and what is the ownership which is required for improvement; third: greater commitment to consider consumer focus; and above all, it really created an ambience for collective action.

What are the results? Because, at the end of all this we should begin to evaluate and these are again self-explanatory. Service levels have gone up by 10%. There is a minimization of sales losses. Business partners, which are basically our stockiest, are now more confident about the way in which the business is able to service them. Team working is enabled and there is overall improvement in sales performance as regards the beverages division is concerned and this is perhaps a very interesting story to look at.

The next one is Innovation and Continuous Learning. One of the things that were found was, like many things, innovation also requires disciplined approach. To facilitate this, a distilled approach was started as well to help people manage group dynamics because that is one key essential ingredient for innovation successes.

Towards Innovativeness

What has been the impact of these efforts? First of all this indeed brought about a culture of innovativeness, not radical innovation as yet, but certainly a culture of innovativeness and Kaizen experiments in factories. Quite a few people are now owning up. And there are a number of projects in the pipeline. In the past it used to be one or two projects; at this point of time there are 15 and odd projects. It also brought in for businesses, increased focus on consumer understanding, automatically leading to a higher set of innovative ideas. So these are some of the benefits that are being seen. The third one is the setting up of a Learning Centre. In the context of non-stop changes how do we prepare out employees to fight against obsolescence? It was looked at how Learning centres were operating outside this country. In many Unilever groups of companies, it was discovered that a Learning Centre is much more than a library. The essential objective is to focus on personal and professional development as a supplement to formal training and development efforts.

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The media include the whole range and we have must initiated the setting up of a Learning Centre at Bangalore with an investment of about a million rupees.

The fourth story is about how one really goes about preparing employees to accept constant changes. And of course we are all aware that the competitive business environment is something which is staring at us. There is opportunity to improve performance either through margin upgradation or through volume growth or increased market share but all this really means need for a change in the mindset of people. In this the role of communication and training is very crucial. In most of the factories and sales branches, employees are covered through what is called "Our Business and Us" type of a three-day Module Programme, essentially to give them an appreciation about the economic imperative of the businesses and what are some of the challenges and problems that they are confronted with.

Long-term Settlements

Long-term settlement is yet another issue. Long-term Settlements are used with the employee unions as an instrument for improving productivity and viability, and restructuring which also involves down-sizing. For this purpose a simple model is used, where it is said that performance is a function of ability, willingness, competence, and motivation. The employees were plotted in several units and in some parts of businesses where there was the problem of over manning, in trying to identify in which of the quadrants they are falling.

There is a significant change in the information technology. The most notable feature is that there is today higher power at affordable or lower cost. How does one really make sure that this is really used as a leverage for harmonizing business processes? In this case it is really a fair amount of integration that has taken place in the sales related systems and how IT has effectively been used as an enabler. This means, for the human resource management, four challenges. The whole focus here is on training and upgrading of skills and also helping people to work in teams in order to relocate the work flow and improve the business processes. And last, but not the least is how do we really help them to look at some new means of net-working. And Email or lotus notes are examples as to how some improvements are looked at. The last issue to raise is, how to we attract and retain talents. One proposition is that it is that attracting and retaining talent is dependent upon the type of forces which are operating, which means the type of technology, the status of the market and certain societal factors, aspirational factors. In a volatile environment, the turnover for employees and management related specific resources is going to be high. If you were going to look at the spectrum, certainly you have a scenario where in software industry we are talking about, anywhere in the region of 35% to 40% separations.

Emotional Bonding

If we are to look at retention of talents from another perspective, there is that pertaining to the left brain versus the right brain meaning emotional bonding of employees with the organization. It is really taking place and there are studies to show that the Indians are highly affiliative and we have the potential opportunities of strengthening the emotive bonding of employees with the organization and the question is what is the role of line managers, what is the role of HR managers to make that process happen. And the last one is use of basic framework of management development or people development policies and all of us are aware of several policies relating to remuneration, career planning, job challenges, etc. as processes to really retain good talents. So to summarize, ultimately all innovations have to originate in the minds of human beings and be implemented through and with other persons.

Notes

3.5 Summary

- An effective planned change effort is characterized by some common characteristics, which distinguish it from unplanned changes. There are some prerequisite conditions for successfully carrying out effective change programme.
- An organisation-wide change usually requires a 'System Model Framework' that describes the organisation as six interacting variables that serve as focus of planned change: people, culture, task, technology, design and strategy. These variables are interdependent.
- The complex interplay of forces of change as described and discussed by Kurt Lewin in his 'Force field Theory' helps us to understand how the change process works.
- The change according to this model is brought out with a three step process, unfreezing, changing and refreezing. A planned change from the perspective of top management through the 'Continuous Change Process Model' indicates that change is continuous.
- The 'Transition Management Model' specifically related to large scale organisation change suggests that four interlocking management process must take place both to implement and sustain major organisational change. The layers at which these operate are: trigger layer, vision layer; Conversion layer and maintenance and renewal layer. A developmental theory by Larry E. Griener examines the issues of change in a new or emerging organisation.
- It argues that growing organisations move through five relatively calm periods of evolution, each of which ends with a period of crisis and revolution.
- According to Greiner, "each evolutionary period is characterized by the dominant management style used to achieve growth, while each revolutionary period is characterized by the dominant managerial problem that must be solved before growth will continue."

3.6 Keywords

Culture Variable: The culture variable reflects the shared beliefs, values, expectations, and norms of organisational members.

People Variable: The people variable applies to individuals working for the organisation, including their individual differences – personalities, attitudes, perceptions, attributions, needs and motives.

Refreezing: It makes new behavior relatively permanent and resistant to further change.

System Model of Change: The System Model of change describes the organisation as six interacting variables that could serve as the focus of planned change: people, culture, task, technology, design, and strategy.

3.7 Review Questions

1. Effective change management requires a number of initiatives from the management's perspectives. Discuss what can management do to bring about these changes effectively in organisations?
2. How does Force Field Analysis differ from Continuous change process model? Why is it said that continuous change process model is an improvement over Force field analysis?
3. The concept of perpetual transition management assumes that change is a constant process and is widespread. How does this get operationalized in the context of the larger business organisation?

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4. How different are the issue of change in a new or emerging organisation as compared to an already established organisation? Discuss with reference to Griener's growth model.

5. If you were the change consultant to a new organisation, what step could you think of in the fifth phase of the model where Griener talked about the 'crisis of ?"? How will you address this crisis?

Answers: Self Assessment

1.	True	2.	True
3.	True	4.	True
5.	System Model of Change	6.	Kurt Lewin
7.	Unfreezing	8.	Transition Management
9.	dominant management style		

3.8 Further Readings

Books

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Notes

Unit 4: Power, Politics and Ethics in OD

CONTENTS

Objectives

After studying this unit, you will be able to:

- Explain meaning of Power and Control issues in Organisations
- Describe concept of Organisational Politics
- Explain Ethics in OD

Introduction

In last unit you have studied about the different models of change. Power is the capacity to influence others who are in a state of dependence. This does not necessarily imply that a poor relationship exists between the power holder and the target, as most friendships involve reciprocal influence processes. Power can flow in any direction in an organization, although members at higher levels typically have more power. Power is a broad concept that applies to individuals as well as to groups. In this unit you will go through issues related to power, politics and ethics in organization development

4.1 Power and Control Issues in Organisations

Power and politics are indisputable facts of organisational life. They are universal, important phenomena that need to be understood by employees, managers and OD practitioners. The practitioners need both awareness (knowledge) and behavioral competence to deal effectively in the area of organisational power and politics.

OD has been criticized in the past for not taking account of organisational politics and power. The criticism was essentially correct for many years; it is less valid today.

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4.1.1 Power

'Power is the intentional influence over the beliefs, emotions, and behaviors of people. Potential power is the capacity to do so, but the kinetic power is the act of doing so... one person exerts power over another to the degree that he is able to exact compliance as desired', (Siu, 1979). Power is 'the ability of those who possess power to bring about the outcomes they desire,' (Salancik and Pfeffer, 1971).

"Most definitions of power include an element indicating that power is the capability of one social actor to overcome resistance in achieving a desired objective or result," (Pfeffer).

From these definitions it is seen that interpersonal power in a social situation is the ability to get one's way (McClelland 1970).

Example: Social power are seen everywhere: influence, leadership, persuasion, selling, forcing and coercing - all these acts are power is action. To have power or to exercise power is not, in itself, either good or bad. The phenomenon of power is ubiquitous.

Problems with power stem form some of the aims (goals) of powerful persons. Without influence (power) there could be no cooperation and no society. Without leadership (power) directed towards medical, political, technological, financial, spiritual and organisational activities, humankind would not have the standard of living it does today. Without leadership (power) directed towards warfare, confiscation, repression, and the like, humankind would not have much of the misery it has today.

Two Faces of Power

McClelland research indicated that while most people give a negative connotation to power, it is through the use of power that things get done in the world. The exercise of power is behind most human achievements, both good and bad. According to him the negative face of power is characterised by a primitive, unsocialised need to have dominance over submissive others. The positive face of power is characterised by a socialised need to initiate, influence and lead. This positive face of power is intended to enable others to reach their goals as well as let the persons exercising power to reach his or her goals. The negative face of power seeks domination; the positive face of power seeks "more power to everybody".

The positive face of power is much more prevalent than the negative face of power in organisations. Positive changes in organisations take place through the positive face of power and politics. Any OD program is by definition a power/political event in the organization's life, and OD by virtue of its problem solving emphasis, is a program that increases the positive face of power and politics in organisations.

Conditions for the Use of Power

As shown in Figure 4.1 the first condition of the use of power is interdependence; a situation in which what happens to one organisation actor affects what happens to others. Interdependence can arise because of competition or from some joint activity on some work product, so that what one unit does to the product affects and may be affected by what another unit does. Interdependence is an important condition because it ties the organisational participants together, in the sense that each is now concerned with what the other does and what the other obtains. In the absence of such interdependence, there would be no basis for conflict or for interaction among the participants.

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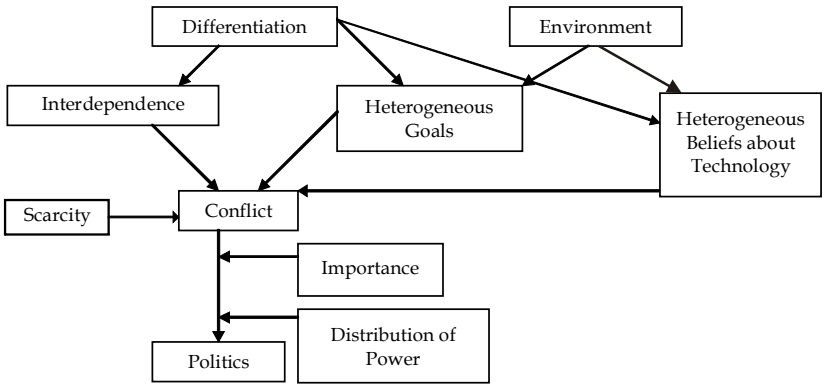
Figure 4.1: A Model of the Conditions Producing the Use of Power and Politics in Organisations



The second condition of the use of power is heterogeneous goals, or goals which are inconsistent with each other. A related condition would be heterogeneous beliefs about technology, or the relationship between decisions and outcomes.

The third condition producing the use of power is scarcity. To the extent that resources are insufficient to meet the various demands of organisational participants, choices have to be made concerning the allocation of those resources. The greater the scarcity as compared to the demand, the greater the power and the effort that will be expended in resolving the decision.

As indicated in the Figure 4.1 together the conditions of scarcity, interdependence, and heterogeneous goals and beliefs about technology produce conflict. Whether that conflict eventuates in politics, the use of power in organisational settings depends upon other two conditions. The first condition is the importance of the decision issue or the resource. In situations in which the decision may be perceived as less critical, power and politics may not be employed to resolve the decision because the issue is too trivial to merit the investment of political resources and effort. The second condition is the distribution of power. Political activity, bargaining, and coalition formation occur primarily when power is dispersed. When power is highly centralised, the centralised authority makes decision using its own rules and values. The political contests that sometimes occur in organisations take place only because there is some dispersion of power and authority in the social system.

Sources of Power

The power can be seen to be emanating from different sources. The sources of power determine the process of generation and acquisition of power. There are different approaches to understand as to who gets power and how (French & Bell, 1995). Some of these are:

Emerson's "Power-dependence Theory"

Power dependence theory states that power is inherent in any social relationship in which one person is dependent over the other. The sociologist Richard Emerson (1962) states that "the dependence of actor A upon actor B is (1) directly proportional to A's motivational investment in the goals mediated by B, and (2) inversely proportional to the availability of these goals to A outside of A-B relation. In other words, if a person has something we want badly and we cannot get it at any place else, that person has power over us. The components of this theory are a social relation between two parties, resources (commodities, goals, and rewards) that are controlled by one party, and desired by the other party.

Notes

French & Ravens "The bases of Social Power"

John R.P. French and Bertram Raven (1959) have suggested five sources, or bases of social power, which are:

1. ***Reward Power:*** Power based on the ability of the power holder to reward another, i.e., to give something valued by the other.
2. ***Coercive Power:*** Power based on the ability of the power holder to punish other, i.e., to give something negatively valued by the other.
3. ***Legitimate Power:*** Power based on the fact that everyone believes that the power holder has a legitimate right to exert influence and that the power-receiver has a legitimate obligation to accept the influences.
4. ***Referent Power:*** Power based on the power-receiver having an identification with (attraction to, or feeling of oneness with) the power holder.
5. ***Expert Power:*** Power based on the power holder possessing expert knowledge or expertise that is needed by the other. Informational power is a form of expert power where the power holder possesses important facts or information needed by the other.

Strategic Contingency Model by Salancik & Pfeffer

This model asserts that power in organisations accrues to organisational subunits (individuals, units, or departments) that are most important for coping with and solving the most critical problems of the organisation.

These critical problems are generally "uncertainties" posed by the environment. This theory also supports the notion that those who have something highly valued by others have power.

Once power is gained it is used by subunits, indeed, used by all who have it, to enhance their own survival through control of scarce critical resources, through the placement of allies in key positions, and through the definition of organisational problems and policies.

Mintzberg's "Genesis of Power"

Mintzberg's (1983) theory of organisational power 'is built on the premise that organisational behaviour is a power game in which various players, called influencer, seek to control organization's decisions and actions.' The three basic conditions for the exercise of power are:

1. Some source or basis of power coupled with
2. The expenditure of energy in a
3. Politically skillful way when necessary.

There are five possible bases of power according to Mintzberg: first, control of a resource', second, control of a technical skill; and third, control of a body of knowledge. All these are critical to the organisation. The fourth basis of power could be legal prerogatives - being given exclusive rights or privileges to impose choices. And a fifth basis of power is access to those who have power based on the first four bases. In addition to the base of power the influencer must have the 'will' to use it and the 'skill' to use it. There are many potential influencers in and around an organisation such as board of directors, the managers, the top executives, the employees, the unions, suppliers, customers, regulators, and so forth.

In summary, these four views of the sources of power are remarkably similar. Power stems from possession of or mediation of desired resources. The resources may vary from ability to

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reward and punish, being in control of critical skills, knowledge or information, being able to solve critical problems or exigencies, or anything that creates dependence of one actor or set of actors on another.

Self Assessment

State whether the following statements are true or false:

1. Power is the intentional influence over the beliefs, emotions, and behaviours of people.
2. The positive face of power is much more prevalent than the negative face of power in organisations.
3. ***Legitimate Power*** based on the power-receiver having an identification with (attraction to, or feeling of oneness with) the power holder.
4. Mintzberg (1983) theory of organisational power "is built on the premise that organisational behaviour is a power game in which various players, called influencer, seek to control organization's decisions and actions."

4.2 The Concept of Organisational Politics

Politics, the study of dynamics of power in a group and its management, has been defined in different ways. Organisational politics 'involve intentional acts of influence to enhance or protect the self-interests of individuals or groups (Allen et al. 1979) as quoted in French & Bell 1995. Mayes & Allen (1977) (quoted in French & Bell, 1995) define organisational politics as 'the management of influence to obtain ends not sanctioned by the organisation or to obtain ends through non-sanctioned influence means.' French and Bell treat politics as illegitimate power. "Politics is a subset of power... informal power, illegitimate in nature. Likewise authority is also a subset of power, but formal power, the power vested in office, the capacity to get thing done by virtue of the position held."

Analysis of these definitions suggests that the concept of power and politics are very similar. Both relate to getting ones way - effectance. Both relate to pursuit of self-interest and overcoming the resistance of others. Organisational politics is power-in-action in organisations; it is engaging in activities to get ones way in an organisational setting.

Politics is neither good nor bad per se but like power, has two faces.

Example: Negative face of politics are Pursuit of unsanctioned organisational goals or the use of unsanctioned organisational.

Illegitimate uses of authority, information, and resources might also be examples of negative face of politics. But a positive face of politics is shown whenever "hard decisions" must be made, are made, and most organisational members feel good about what was decided and how it was decided. In this regard, Jeffrey Pfeffer argues that politics are necessary if organization are to function effectively and efficiently. Some organisation reflects a mostly positive face of politics and other organisations reflect a mostly negative face of politics.

Organisational politics tend to be associated with the decision-making, resource allocation, and conflict resolution processes in organisation. Those are the key decision points; those are the areas where actors win and lose; those are where the 'goods' are distributed and the goals are decided. In fact, one gains a quick understanding of the overall "political climate" of an organisation by studying its methods of resource allocation, conflict resolution and choosing among alternative means and goals.

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4.2.1 The Political Subsystem

For convenience, the notion of social subsystem can be used to denote the subsystem about which the OD consultant is expert and in which he or she operates. Thus subsystem coexists with many others, one of which can be labeled as political subsystem.

The political subsystem is composed of the sources, locations, and flow of power through the organisation. The basic criterion effectiveness within the subsystem is the extent to which sufficient power can be accumulated and transferred to these locations (i.e. the individuals) in the organisations to maintain productive operations, solve problems, and implement solutions. A political subsystem is efficient to the extent that power can be accumulated and transferred quickly and with precision.

A tenet of general systems theory is that subsystems interact with one another. Therefore, changes in either the social or political subsystem will produce changes in other. The interactive relationship poses at least two basic problems for the OD consultants concerned with organisational politics. The first is determining how support can be generated within the political sub-system to aid work within the social subsystem. The second is knowing what changes are necessary in the social subsystem to development of an effective and efficient political subsystem.

OD consultant needs to be politically more sophisticated and active in order to increase the intervention success. But in the past OD consultants have shown minimal interest in politics so the issue that gets raised is how they have been able to survive, much less be successful. One reason may be just good fortune. Another may be that clients themselves come to see that political cooperation is necessary to protect their own self-interest. There may be a third reason: OD has developed a largely unrecognized political orientation in addition to its clinical one and this political orientation complements the clerical one in producing successful interventions.

The knowledge base of OD incorporates clinical concepts relevant to models of power and even sources of power available to consultants for work in interventions (Huse, 1980). Properly viewed such concepts of power can come from a foundation on which to build political theory and intervention strategy. Yet, even today the knowledge base of OD remains essentially lacking in political theory and models to help guide the consultants in terms of political intervention strategies. Therefore, if political assistance is given to consultant, it must come from the value and the technological base of the field.

The more one explains OD, the more one can see its political side. It is true, however, that OD's clinical orientation remains permanent and the political side plays a mostly unrecognized, supportive role. Evaluation made by Bennis (1969), Beer (1976) and Burke (1976) hold true today. Organisation Development has not come to fully appreciate the impact that organisational politics has on change programs. Nor has OD developed the models, knowledge, and facts that refused a sophisticated political orientation.

Nevertheless, OD's brand of "political pacifism should not be ignored. It needs to be further explored for at least three reasons. The first is to see if the direction it provides is appropriate for the various situations OD consultants encounter. Second, if OD is determined to become politically more active, a foundation for such growth may be found not only in the values and technology of OD but its knowledge base as well. Third, OD's present political orientation can serve as a reference point. As such, it is useful for exploring those issues involved in assuming a greater political role.

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4.2.2 Implication of Power and Politics for the Practice of OD

OD practitioner needs to relate to the political realities found in most organisations. Some of the ways he can do it:

1. The nature of OD programs dictates a basic orientation to its practitioners. OD programs promote problem solving more than power and politics. It is a process that rests heavily on behavioural science interventions, systematic joint problem solving and collaborative management of organisation culture and processes. OD programs implement normative – re-educative and empirical-rational strategies of planned charge, not a power-coercive strategy (Chin & Benne, 1976). The normative-reeducative strategy focuses on norms, culture, processes, and preventing attitudes and belief systems. Change occurs by changing the matrix or norms and beliefs, usually through education and reeducation. The empirical strategy of change focuses on facts, figures, and information in an attempt to find "better" ways of doing things. Change occurs by discovering these better ways and then adopting then.

   The power-coercive strategy of charge focuses on gaining and using power and developing enforcement methods. Change occurs when people with more power force their preferences on people with less power and exact compliance. An examination of the methods and values of OD demonstrates that problem solving and collaborations are emphasized while power and politics are de-emphasized. Virtually all OD interventions promote problem solving, not politics. The OD value of trust, openness and collaboration promote problem solving, not politics.

2. The OD practitioner is a facilitator, catalyst, problem solver, and educator. He is not a political activist or powerbroker. According to Chris Argyris (1970), the "Interventionist" has three primary task: (1) to generate valid useful information, (2) to promote free, informed choices, and (3) to help promote the client's internal commitment to the choices made. These tasks comprise a facilitative role, not a political role. The practitioner works to strengthen skills and knowledge in the organisation. But organisation members are free to accept or reject the practitioner, his or her program, and his or her values, methods and expertise.

3. The OD practitioner has a potentially strong power-base that may be used to the advantage. The power base is compressed of legitimate power, expert power, informational power, and possibly referent power. In organisations where politics-in-moderation is the norm, successful performance requires knowing and abiding by the organisational norms concerning power, playing the game according to the rule, influencing others and being influenced by others, and providing something of value to the organisation. Michael Beer (1980) has identified several means by which OD groups can gain and hold power in organisation:

   - Competence
   - Political access and sensitivity
   - Sponsorship
   - Stature and credibility
   - Resource Management
   - Group Support

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In organisations that show predominantly positive faces of power and politics, OD practitioners can put these ideas to good use. Knowledge about power and skill in the use of this power enable the practitioners to be more successful and the OD programs to be more successful.

4. OD practitioner needs to help organisations members reduce the negative face of power. Creation of slack resources, replacing tight coupling of interdependent relationship with more loose couplings, gaining agreement on goals and means for goal accomplishment, centralizing some decision making, and addressing mixed-motive situations in two phases as indicated by integrative and distributive bargaining - all these processes have been demonstrated to reduce the negative consequences of intense power and politics. The OD practitioner can help implement these conditions in the organisation thereby modifying the political climate.

5. The concept of the positive and negative faces of power and politics suggests where the practitioner is likely to be effective and less effective. OD program are likely to be unsuccessful in organisations with high negative faces of power and politics: the OD program will likely be used as a power in the power struggles of the organisations, and the OD practitioners can become a logical scapegoat when conditions require a "sacrifice". On the other hand, OD programs are likely to be highly effective in organisations with positive faces of power and politics: the practitioners help organisation to build multiple power bases in the organisations; he or she promotes collaborative problem solving, which leads to better decisions being made; and the practitioner teaches organisation members how to manage mixed-motive situations to ensure the best outcomes.

6. The OD practitioner is encouraged to learn as much as possible about bargaining, negotiations, the nature of power and politics, the strategies and tactics of influence, and the characteristics and behaviors of power holders. This knowledge will make the OD practitioners a more competent actor in the organisation and a more effective consultant in helping organisation members to solve their problems and take advantage of opportunities.

   The OD practitioner realizes that power stems from possessing a commodity valued by others. If the OD program indeed improves individual and organisational functioning; if the OD practitioners has indeed learned his or her craft well, then a valuable commodity has been produced that will be welcomed by the organisational power holders.

4.3 Ethics in OD

Increasingly, organisational change efforts are being utilised to solve many human, structural, and technological problems in contemporary organisation. This increased attention to the uses of OD has been accompanied by growth in the number of OD consultants as well as those who have long term needs for OD efforts. Practitioners in the field have increased in number and many organisations have sought OD programs & practitioners, but the professionalization of OD has not kept pace structurally and scientifically. Review of OD literature (Alderfer, 1977, French & Bell 1978; White & Mitehell, 1976) provides ample evidence of the tremendous growth in sophisticated techniques to conduct effective OD. At the same time, rapid increases in the use of OD to solve a myriad of organisational problems have caused some to ponder whether it is a religious movement (Harvey, 1974) or a new social technology (Havelock, 1972)

Within the last two decades many efforts are made to codify the evidence that OD efforts are effective, an indication that OD is developing as a science. Simultaneously, a growing concern about professional ethics in the field has begun to emerge. The problem of ethical dilemmas in OD practice has been written about, but never really examined in terms of where in the OD

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process they occur. This may be due in part to lack of systematic approach to the study and analysis of the ethical dilemmas faced by the interventionist and client systems.

Ethical problems and dilemmas faced by OD practitioners may leave OD's scientific and professional progression in a disadvantageous position unless agreement can be reached as to the types of ethical dilemmas and the points at which they are likely to be encountered. " Ethical dilemmas" are the results of behaviors and inappropriate actions or roles on the part of both change agents and client systems. Ethical problems and dilemmas are therefore a mutual responsibility of change agents and client systems, dependent largely on the nature of their specific relationship.

Ethical dilemmas, as approached from the perspective that such problems are caused largely by the nature of the relationships between the change agent and the client system, is a term that requires fuller elaboration. Previous approaches to the problems of ethical dilemma (Benne, 1959; Walton and Warwick, 1973) have centred around the various values held by change agents, and how these values have influenced their actions. Operationally then, an ethical dilemmas can be defined as any choice situation encountered by a change agent or client system that has the potential to result in a breach of acceptable behaviour. A dilemma therefore is different from a breach of ethics. A breach of ethics is a verifiable act or conduct on the part of a professional that breaches a law, role, standard or established norm.

4.3.1 Major Categories of Ethical Dilemma

Although a number of authors have addressed the area of professional ethics in organisational development, the literature is sparse concerning the types and specification of types of ethical dilemmas that occur. However, a review of the available literature from works in organisation development, management consultancy, and training and development does yield some consistency in thought and form. Although ranging considerably in terminology, the dilemmas categories described coincide remarkably. These are the major types of ethical dilemmas in OD practice which tend to be observed and described by practitioners and scholars alike.

1. ***Choice of Intervention:*** Critical to the success of any OD program is the selection of an appropriate intervention, which depends, in turn, on a careful diagnosis of the organisation or department. Selection of an intervention is closely related to a practitioners own values, beliefs, and norms. In solving organisational problems, many OD practitioners tend to emphasise a favourite intervention or technique, such as team building, survey feedback, or job enrichment. They let their own values and beliefs dictate the change method, (Slocum, 1978). This may have disastrous consequences both for the organisation and practitioner. The intervention chosen must be appropriate not only to the problem, but also to the context in which it exists. This context is influenced in parts by the political climate within the organisation, and by the organization's perceived readiness for change. The intervention selected also depends upon the practitioners beliefs about OD. Unless all these factors are considered in the diagnosis of the problem and subsequent choice of an intervention, the change effort is likely to be unsuccessful.

2. ***Use of Information:*** A key issue concerns the large amount of information practitioners invariably obtains. Although most practitioners value openness, trust, and leveling, it is important that they be aware of how such data are used. A human tendency can exist to use the data to enhance a power position. Openness is one thing but leaking information can be harmful to individuals and to the organisations as well.

   This dilemmas or choice situation requires the change agent or client system to decide what information is used and how it is used. Misuse of data in OD occurs when the voluntary consent or confidentiality of the client system is violated or abridged. Misuse of

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data as a breach of ethics in OD also may occur in two other ways. It may occur when data are distorted, deleted or not reported by either the client system or the change agent, or when data are used to assess persons or groups, punitively, resulting in personal, professional, or organisational harm. Data concerning personality traits, career interest and market information are frequent examples.

3. ***Withholding of Services:*** An important practical issue for OD consultants is whether or not a practitioner is justified in unilaterally withholding services from an organisation or department in need. Lippitt suggests that the real question is the following: Assuming that some kind of change is going to occur anyway, doesn't the consultant have a responsibility to try to guide the change in the most constructive fashion possible (Lippitt, 1969)? The question may be of greater importance and relevance to an internal consultant or to a consultant who already has an ongoing relationship with the client.

   Argyris takes an even stronger stand, maintaining that responsibilities of professional OD consultants to clients are comparable to those of lawyers or physicians, who, in principle are not permitted to refuse their services. He suggests that the very least the consultant can do is to provide "first aid" to the organisation as long as the assistance does not compromise the consultants values, (Argyris, 1961).

4. ***Client Dependency:*** One of the dilemmas facing the practitioner is caused by the helping relationship, which creates a condition of dependency. Those who need help are dependent on the helpers. Thus, the client can either be counterdependent or overdependent, especially in the early stages of the relationship. There are a number of possible actions a practitioner can take. One is to openly and explicitly discuss with the client how to handle the dependency problem, especially what is expected of one another. Another approach is to focus on problem finding. Usually, the client is looking for a solution to a perceived problem. The consultant can redirect the energy to improved joint diagnosis and ensure that both work jointly on problem identification and solving. This action moves the energy of the client away from dependency.

   The practitioner can also openly discuss the tension that will arise between the need for access by the consultant to a large number of people and groups and the power that such information and data will engender. Finally, the dependency can be reduced by changing the client's expectations from being helped or controlled by the practitioner to a greater focus on the need to manage the problem.

Notes Client Dependency can help to reinforce that the consultant is working for the client, and offering assistance that is at the clients' discretion.

5. ***Choosing to Participate:*** People should have the freedom to choose to participate in OD interventions if they are to gain self-reliance to solve their own problems. In team building, for example, team members should help decide whether they want to become involved in the intervention. Management should not unilaterally decide team building is good for members. However, freedom to make a choice implies knowledge about OD. Many organisation members have little information about OD interventions, what they involve, and the nature and consequences of becoming involved with them.

Example: Some people have been coerced to join T – groups and then become victims of manipulation and other subtle tactics that forced them to speak against their will.

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6. ***Client Manipulation:*** In discussing the ethical dilemmas of the change agent, Kelman discusses the problem of manipulation, pointing out that behavior changes, " inevitably involves some degree of manipulation and control, and at least an implicit imposition of the change agent's values on the client or the person he (or she) is influencing" (Kelmen, 1969). This places the practitioners with two horns of dilemmas: (1) any attempt to change is in itself a change and thereby a manipulation, no matter how slight, and (2) there exists no formula or method to structure a change situation so that such manipulation can be totally absent. To attack the first aspect of the dilemma, Kelman stresses freedom of choice, seeing any action that limits freedom of choice as being ethically ambiguous or worse. To attack the second aspect, Kelmen argues that the OD practitioner must remain keenly aware of her or his own value system and alert to the possibility that these values are being imposed upon a client. In other words, one way out of the dilemma is to make the change effort as open as possible, with the free consent and knowledge of the individuals involved.

With the demand for the acceptance of OD programs and practitioners increasing rapidly, the ethical issues surrounding OD's practices should now receive increased attention. Its popularity in educational curriculum for practitioners serves as evidence for increased exposure by investigation and research. Because of the interdisciplinary values and background comprised in the OD field, ethical consonance among practitioners and consumers alike will require diligent effort. If OD is ever to be accepted as a legitimate science as well as a profession, then principles guiding the actions of those providing OD services must no longer be ignored.

Self Assessment

Fill in the blanks:

5. …… tend to be associated with the decision-making, resource allocation, and conflict resolution processes in organisation.

6. The …… is composed of the sources, locations, and flow of power through the organisation.

7. …….. needs to be politically more sophisticated and active in order to increase the intervention success.

8. …… are the results of behaviors and inappropriate actions or roles on the part of both change agents and client systems.

9. This dilemmas or choice situation requires the ……..... or client system to decide what information is used and how it is used. Misuse of data in OD occurs when the voluntary consent or confidentiality of the client system is violated or abridged.

Task Discuss the ethical dilemma of Sahara Organization.

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Case Study

Revati Sharma and the Ethics of OD

Revati Sharma had just finished her master's degree in Organisation Development and had landed at her first position with a small consulting company in Ahmedabad. The President, Raman Bhatia, convinced Revati that his growing organisation offered her a great opportunity to learn the business. He had a large number of contacts, an impressive executive career, and several years of consulting business behind him.

In fact the firm was growing, adding new clients and projects as fast as Raman could hire consultants. A week after Revati was hired, Raman assigned her to a new client, a small manufacturing company. "I have met the client for several hours," he told her. "They are an important and potentially large opportunity for our firm. They are looking to us to help them address some long-range planning issues. From the way they talk, they could also use some continuous quality improvement work as well".

As Revati prepared for her initial meeting with the client, she reviewed financial data from the firm's annual report, examined trends in the client's industry, and thought about the issues that young firms face. Raman indicated that Revati would first meet with the President of the firm to discuss initial issues and next steps.

When Revati walked into the President's office, she was greeted by the firm's senior management team. Team members expressed eagerness to get to work on the important issues of how to improve the organisation's key business processes. They believed that an expert in Continuous Quality Improvement (CQI), such as Revati, was exactly the kind of help they needed to increase efficiency and cut costs in the core business. Members began to ask direct questions of Revati about technical details of CQI, the likely time frame within which they might expect results, how to map key processes, and how to form quality improvement teams to identify and implement process improvements.

Revati was stunned and overwhelmed. Nothing that Raman had said about the issues facing the company was being discussed and, worse, it was clear that he had sold Revati as an 'expert' in CQI. Her immediate response was to suggest that all of their questions were good ones, but they needed to be answered in the context of the long-range goals and strategies of the firm. Revati proposed that the best way to begin was for team members to provide her with some history about the organisation. In doing so, she was able to avert disaster and embarrassment for herself and her company, and to appear to be doing all the things necessary to begin a CQI project. The meeting ended with Revati and the management team agreeing to meet again the following week.

Immediately the next day Revati sought out Raman. She reported on the results of the meeting and her surprise as being sold to the client as an expert on CQI. Revati suggested that her own competencies did not fit the needs of the client and requested that another consultant – one with expertise in CQI – be assigned to the project.

Raman responded to her concerns: "I have known these people for over ten years. They don't know exactly what they need. CQI is an important buzzword. It's the flavour of the month and if that's what they want, that's what we will give them." He also told Revati that there was no other consultant available for this project. "Besides," he said, "the President of the client firm had just called to say how much he had enjoyed meeting with you and was looking forward to getting started on the project right away."

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Revati felt that Raman's responses to her concerns included a strong, inferred ultimatum: if you want to stay with this company, you had better take this job. "I knew I had to sink or swim with this job and this client," Revati later reported.

As she reflected on her options, she pondered the following questions:

- How can I be honest with the client and thus not jeopardies my values of openness and honesty?
- How can I be helpful to this client?
- How much do I know about quality improvement processes?
- How do I satisfy the requirements of my employer?
- What obligations do I have?
- Who's going to know if I do or don't have the credentials to perform this work?
- What if I fail?

After thinking about these issues, Revati summarised her position in terms of three dilemmas: a dilemma of self (who is Revati?), a dilemma of competence (What can I do?) and a dilemma of confidence (Do I like who I work for?). Based on the issues, Revati made the following tactical decisions. She spent two days at the library reading about and studying total quality management and continuous improvement. She also contacted several of her friends and former classmates who had experience with quality improvement efforts. Eventually, she contracted one of them to be her "shadow" consultant – to work with her behind the scenes on formulating and implementing an intervention for the client.

Based on her preparation in the library and the discussion with her shadow consultant, Revati was able to facilitate an appropriate and effective intervention for the client. Shortly after her assignment was completed, she resigned from the consulting organisation.

Question

Analyze the above case

4.4 Summary

- The present unit discusses the power and control issues in the organisations.
- Two faces of power, the positive and the negative have been identified along with the requisite conditions for the use of power and politics in business organisation.
- Different approaches to understand the sources of power have been highlighted.
- The concept of organisational politics which is associated with decision making, resource allocation and conflict resolution processes has been discussed. Implication of power and politics for the practices of OD have been diagnosed and discussed.
- Ethical dilemmas faced by OD practitioners may affect the effectiveness of the OD program if not clarified in the initial stages.
- Some major categories of ethical dilemmas at the point of choice of intervention, use of information, withholding of services, client dependency, choice of participation and client manipulation have been highlighted.

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4.5 Keywords

Coercive Power: Power based on the ability of the power holder to punish other, i.e., to give something negatively valued by the other.

Expert Power: Power based on the power holder possessing expert knowledge or expertise that is needed by the other. Informational power is a form of expert power where the power holder possesses important facts or information needed by the other.

Legitimate Power: Power based on the fact that everyone believes that the power holder has a legitimate right to exert influence and that the power-receiver has a legitimate obligation to accept the influences.

Referent Power: Power based on the power-receiver having an identification with (attraction to, or feeling of oneness with) the power holder.

Reward Power: Power based on the ability of the power holder to reward another, i.e., to give something valued by the other.

4.6 Review Questions

1. What are ethical dilemmas? Discuss the relevance of ethics in OD.
2. Identify and discuss the types of ethical dilemmas in OD practices as experienced by practitioners and scholars.
3. Define Power and Politics and establish a relationship between the two.
4. Identify the conditions for the use of power in organisations. Discuss with the help of an example.
5. What are the different sources of power in organisations? Discuss a few models of sources of power.
6. How does the political subsystem affect the organisation development programs in organisations?
7. What are the implications of power and politics for the practice of OD in organisation?

Answer: Self Assessment

1. True
2. True
3. False
4. True
5. Organisational politics
6. political subsystem
7. OD consultant
8. Ethical dilemmas
9. change agent

4.7 Further Readings

Notes

Books

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Unit 5: Diagnostic, Action and Process

CONTENTS

Objectives

After studying this unit, you will be able to:

- Describe organisational development process
- Explain Identification of the problems and their solution
- Explain Process and problem-solving approach of action research
- Describe various varieties of action research

Introduction

OD can be taken as a process of changing people and other related aspects of an organisation. Thus it consists of many sub processes or steps. However, theorists and practitioners both differ about the various steps and their sequence in OD. This is because most of the ideas in OD have generated from practices and these practices have differed from organisation to organisation. It is not necessary that each organisation may involve all the steps with same results from OD strategy.

Action research attempts to meet the dual goals of making action more effective and building a body of scientific knowledge around that action. Action in this context refers to programs and interventions designed to solve problems and improve conditions. Kurt Lewin, as a consummate applied social scientist and motivated methodology for behavioral science. Lewin believed that research on action programs, especially social change programs, was imperative if progress were to be made in solving social problems.

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5.1 Managing the Process

As such, uniformity in the steps involved cannot be expected. Blake and Mouton provide six steps in OD programmes: studying the managerial grid as a theoretical framework to understand behavioural dynamics of organisation's culture, studying the dynamics of the actual work team, launching similar activities in different units. Engaging the top team, implementation tactics for transforming the organisation into the above model and measurement of changes.

Notes Beckhard provides five steps: diagnosis, strategy planning, education, consulting and training, and evaluation. French and Bell have identified three components: diagnosis, action, and process maintenance.

The difference in the various steps as described by various scholars and practitioners is due to the defining scope of a particular step. Moreover since OD is an ongoing interactive process-a process is an identifiable flow of interrelated events moving over time towards some goal-many of the events overlap, and in real practice, a clear-cut demarcation between various events becomes difficult. In OD programmes, various steps may be problem identification and diagnosis, planning change strategy intervening in the system and evaluation.

Notes These steps are not exclusive to each other and do not follow the same sequence but interact with each other.

5.1.1 Problem Identification and Diagnosis

OD programme leads to meet certain objective in the organisation because OD is a means and not an end in itself. Thus, it attempts to solve some organisational problems. The problems may be a gap between desired path of action and actual path of action, that is, the organisation fails to meet its objective on a long-term basis. OD programme starts with the identification of the problems in the organisation. Analysis of various symptoms both overt and covert may help in identifying the problems. Diagnosis gives correct identification of a problem and its causes and determines the scope of future course of action. Diagnosis in OD involves a number of techniques concerned with identifying concerns and issues, establishing priorities, and translating them into aims and objectives. At this stage itself, the collection and analysis of data is undertaken. Major consideration is given to the techniques and methods used to desirable organisation system the relationships between the elements or sub-systems, and ways of identifying major problems and issues.

Problem identification flows almost immediately into analysis. Once a problem is identified the analysis will show why the problem exists.

Did u know? The analysis will identify the variables that can be altered or changed by the organisation and its management, such as leadership style, organisation structure, organisational objective, etc. In other words, analysis brings the identification of environment that has caused problems.

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5.1.2 Planning Strategy for Change

When the problems are diagnosed the OD practitioner-either consultant or management but preferably consultant-plans the various courses of action in OD. Attempts are made to transform diagnosis of the problem into a proper action plan involving the overall goals for change, determination of the basic approach for attaining these goals, and the sequence of detailed scheme for implementing the approach. Although it is a relatively simple matter to identify changes after they have occurred. It is considerably more difficult to influence the direction thrust of changes while they are under way. Thus planning and implementation of change are interdependent; the way in which change is planned has an impact on the way in which it is carried out and conversely the problems of implementing change have an impact on the way in which it is planned.

5.1.3 Intervening in the System

Intervening in the system refers to implementation of the planned activities during the course of an OD programme. These planned activities bring certain changes in the system which is the basic objective of OD. There may be various methods through which external consultant intervenes in the system such as education and laboratory training, process consultation, team development, etc. which will be discussed later.

5.1.4 Evaluation and Making Modifications

This step relates to evaluate the results of OD programme so that suitable actions may be followed up. Since OD is a long process. There is an urgent need for careful monitoring to get precise feedback regarding what is going on as soon as an OD programme starts. In this respect the use of critique sessions. Systematic appraisal of change efforts and pre- and post-training behavioral pattern are quite effective. This step again involves data gathering because such data will provide the basis for OD efforts evaluation and suggest suitable modification or continuation of OD efforts in similar direction. All parties concerned in OD programme need to realise that if major organisational improvements are to be made and sustained, managerial practices with respect to many subsystems will need to be modified if these practices are not congruent with the OD efforts because there exists the possibility of slip back and regression to old behavioral pattern if adequate changes in other parts integrating behavioral change are not made. In the event of achievement complete success, it has to be ensured that client team is competent enough to maintain the changed system without the support of the consultant, as there is tendency among organisation to revert to their original states. Consultant can withdraw in this stage.

OD, practitioners, both internal and external consultants may counsel decision makers on an individual basis, work to improve working relationships among the members of working relationships among the members of the working group or team, work to improve relationship among interacting an interdependent organisational groups; and gather attitudinal data throughout the organisation and feed this data back to selected individuals and groups who use this information as a basis for planning and making desired improvements.

Self Assessment

Fill in the blanks:

1. Blake and Mouton provide ……..... steps in OD programmes.
2. In ……. various steps may be problem identification and diagnosis, planning change strategy intervening in the system and evaluation.

Notes

3. OD programme leads to meet certain ..... in the organisation because OD is a means and not an end in itself.
4. Intervening in the system refers to ……....… of the planned activities during the course of an OD programme.
5. There is an …….. need for careful monitoring to get precise feedback regarding what is going on as soon as an OD programme starts.

5.2 Action Research: A Process and an Approach

Action research may be described as a process, that is, as an ongoing series of events and actions. It may be defined as follows:

Action research is the process of systematically collecting research data about an on going system relative to some objective, goal, or need of that system; feeding these data back into the system; taking actions by altering selected variable within the system based both on the data and on hypotheses; and evaluating the results of action by collecting more data.

This definition characterizes action research in terms of the activities the process. First, the researcher takes a static picture of an organisation. On the basis of "what exists", hunches and hypotheses suggest action; these actions typically entail manipulating variable in the systems that are under the action researcher's control, which often means doing something differently from the way it has always been done. Later, the researcher takes a second static picture of the system to examine the effects of the action. These steps are similar to the steps OD practitioners use when they execute OD programs.

Several authors have noted the importance of viewing action research as a process. In a study of the Tremont Hotel in Chicago, William F. Whyte and Edith L. Hamilton described their work as follows:

What was the project? It was an action-research program for management. We developed a process for applying human relations research findings to the changing of organisation behavior. The world process is important, for this was not a one-shot affair. The project involved a continuous gathering and analysis of human relations research data and the feeding of the findings into the organisation in such a way as to change behavior.

They study by Whyte and Hamilton is a cogent example of the relation of action research to OD.

Action research is a process in two different ways. It is a sequence of events and activities within each iteration (data collection, feedback, and taking action based in the data); and is a cycle of iterations of these activities, sometimes treating the same problem several times and then moving to different problems.

Action research may also be described as an approach to problem solving, thus suggesting its usefulness as model, guide, or paradigm. Used in this way, action research may be defined as follows:

Action research is the application of the scientific method of fact-finding and experimentation to practical problems requiring action solutions and involving the collaboration and cooperation of scientists, practitioners, and laypersons.

The desired outcomes of the action research approach are solutions to immediate problems and a contribution to scientific knowledge and theory. Viewing action research from this perspective reveals additional important features.

In viewing action research as an approach to problem solving we note the following features: the centrality of objectives, and the different role requirements of the consultant/change agent

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vis-à-vis the clients. Three additional features deserve discussion: *first*, the elements of the action research model that link it to the scientific method of inquiry; *second*, the collaborative relation among scientists, practitioners, and laypersons that often is a component of action research; *third*, the increased richness of knowledge derived from action research programs.

These steps for the scientific method are identical to the steps outlined by Corey for action research.

The significant elements of a design for action research are:

- The identification of a problem area about which an individual or a group is sufficiently concerned to want to take some action.
- The selection of a specific problem and the formulation of a hypothesis or prediction that implies a goal and a procedure for reaching it. This specific goal must be viewed in relation to the total situation.
- The careful recording of actions taken and the accumulation of evidence to determine the degree to which the goal has been achieved.
- The inference from this evidence of generalizations regarding the relation between the actions and the desired goal. The actions and the desired goal.
- The continuous retesting of these generalizations in action situations.

If the problem under attack is one of concern to many people, or if it is likely that the experiment will affect many people, the action research should involve these people. It then becomes cooperative action research.

An example applying action research to a typical organisational problem might be helpful. Suppose that the problem is unproductive staff meetings – they are poorly attended, members express low commitment and involvement in them, and they are generally agreed to be unproductive. Suppose also that you are the manager in charge of both the meetings and the staff and that you desire to make the meetings more vital I and productive. Following the action research model, the first step is to gather data about the status quo. Assume the data have been gathered and that the data suggest the meetings are generally disliked and regarded as unproductive. The next step is to search for causes of the problem and to generate one or more hypotheses from which *you* deduce the consequences that will allow you to test the hypotheses. Say you come up with the following four hypotheses. Note that an action research hypothesis consists of two aspects: a goal and an action or procedure for achieving that goal.

- Staff meetings will be more productive if I solicit and use agenda topics from the staff rather than have the agenda made up just by me.
- Staff meetings will be more productive if I rotate the chair of the meeting among the staff rather than my always being chairperson.
- Staff meetings will be more productive if we hold them once a week instead of twice a week.
- I have always run the staff meetings in a brisk "all-business no-nonsense" fashion; perhaps if I encourage more discussion and am more open about how I am reacting to what is being said, then staff meetings will be more productive.

Each of these action research hypotheses has a goal, (better staff meeting productivity), and each has an action, or procedure, for achieving the goal. Additional work would be done to clarify and specify the goal and the actions.

Another distinguishing feature of action research is collaboration between individual inside the system clients-and individuals outside the systems-change agents or researchers.

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5.3 History of an Action Research

John Dewey translated the scientific method of problem solving into terms understandable to practitioners and laypersons that incorporated the ideas into action research several years later.

Collier called this form of research *action research.* Taking effective actions requires research that is directed to important problems. Also, the solutions must be relevant and feasible. To be able to implement a good action plan requires cooperation of the client. Action research afforded a means to mesh these diverse elements.

The other major source of action research, social psychologist Kurt Lewin, was profoundly interested in applying social science knowledge to help solve social problems. In the mid-1940s and early 1950s, Lewin and his students conducted action research projects in many different behavioral domains: Lewin applied action research principles to improving inter group relations and to changing eating habits; For the Lewin group, action research linked experimentation and application, and at the same time, people of science and people of action.

5.4 Varieties of An Action Research

Action research projects may be directed toward diverse a goal, which gives rise to several variations of the model. Lewin, for example, suggested two broad categories of action research: the investigation of general laws and the diagnosis of a specific situation. The study of general laws leads to contributions to theory and practice, and to generalizations about natural phenomena; the diagnosis of a specific situation leads to solving immediate, practical problems.

Raymond Katzell identified three "varieties" of action research in the refinery action research project he conducted. He found three types of situations in which the research consultant staff were providing data feedback to managers. The first situation was described as "adventitious," that is, the research group happened to have already collected data that turned out to be quite useful to someone at a later time. The second situation represented preplanned, systematic data collection on a refinery wide basis, that is, a periodic pulse taking of the organisation. The third situation was to work intensively with a small "demonstration" group, continuously collecting data on all sorts of topics and feeding them back to the group as needed.

Chein, Cook, and Harding describe four varieties of action research-diagnostic, participant, empirical, and experimental.

In *diagnostic action research,* the scientist enters a problem situation; diagnoses it, and makes recommendations for remedial treatment to the client.

Participant action research, in which the people who are to take action are involved in the entire research and action process from the beginning. This involvement increases the likelihood of carrying out the actions once decided upon, and keeps the recommended actions feasible.

An *Empirical action research* is that in which the actor keeps a systematic, extensive record of what he or she did and what effects it had.

A fourth variety of action research, the *experimental,* is controlled research on the relative effectiveness of various action techniques. There is almost always more than one possible way of trying to accomplish some thing. The problem is to find which the best is. This is research *on* action in the strictest sense of both words.

Argyris promotes action research under the label of "action science," and he believes action science (action research) is more appropriate and effective for studying social change and social action than is "normal science." He criticizes traditional scientific methods for focusing on trivial problems, distorting human subjects and researcher's alike, generating unreliable data,

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and being generally unable to answer questions about everyday life. According to Argyris, Lewin's action research was characterized by six features: ". . . (1) it was problem-driven, (2) it was client-centered, (3) it challenged the status quo and was simultaneously concerned with (4) producing empirically disconfirm able propositions that (5) could be systematically interrelated into a theory designed to be (6) usable in everyday life." All six characteristics should be present in action research programs but often are not.

Another variation of action research is "appreciative inquiry." David Cooperrider and Suresh criticize current action research as too problem centered, too action-oriented, and not sufficiently concerned with creating theory. They propose Appreciative Inquiry (AI) to augment contemporary action research and introduce their article with these words:

For action-research to reach its potential as a vehicle for social innovation it needs to being advancing theoretical knowledge of consequence; that good theory may be one of the best means human beings have for affecting change in a post-industrial world; that the discipline's steadfast commitment to a problem-solving view of the world acts as a primary constraint on its imagination and contribution to knowledge; that appreciative inquiry represents a viable complement to conventional forms of action-research; and finally, that through our assumptions and choice of method we largely create the world we later discover.

Appreciative inquiry advocates four principles for research on organisations: research should begin with appreciation, should be applicable, should be provocative, and should be collaborative.

Several other varieties of action research exist. The concept of grounded theory in sociological research appears to be similar to action research, as does Edgar Schein's clinical inquiry. Shani and Pasmore, and Shani and Bushe present good reviews of action research.

The final variant of action research comes from the quality movement. The action research model is similar to the Shewhart cycle of "plan, do, check, act" – a virtual mantra in Total Quality Management (TQM) programs. Walter A. Shewhart was the "father" of statistical process control and TQM.

Shewhart advised that to improve quality you should: *plan* a test or change intended to improve something; *do* a small-scale test; *check* the effects of the test: and *act* on the new learning. Then plan new tests based on the knowledge gained and repeat the cycle again and again. This ongoing process was the road to continuous quality improvement, he asserted. It looks a lot like action research.

Self Assessment

State whether the following statements are true or false:

6. Action research example is the application of the scientific method of fact-finding and experimentation to practical problems requiring action solutions and involving the collaboration and cooperation of scientists, practitioners, and laypersons.
7. An empirical action research is that in which the actor keeps a systematic, extensive record of what he or she did and what effects it had.
8. Whyte and Edith L. Hamilton is a cogent example of the relation of action research to OD.
9. Centrality of objectives, and the different role requirements of the consultant/change agent vis-à-vis the client exhibits viewing action research as an approach to problem solving.

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Case Study

The Old Family Bank

The Old Family Bank is a large bank in southeastern city. As a part of a comprehensive internal management study, H. Day, the data processing vice president, examined the turnover, absenteeism, and productivity figures of all work groups in the organisation. The results Day obtained contained no real surprises except in the case of the check-sorting and data processing departments.

The Study

The study revealed that in general the department displaying high turnover and absenteeism rates had low production figures, and those with low turnover and absenteeism were highly productive. When analysis began on he check sorting and data processing figures, Day discovered that both departments were tied for the lead for the lowest turnover and absenteeism figures. What was surprising was that the check-sorting department ranked first as the most productive unit, whereas the electronic data-processing department ranked last.

The inconsistency was further complicated by the fact that the working conditions for check-sorting employees are extremely undesirable. They work in a large open room that is hot in the summer and cold in the winter. They work alone and operate high-speed check-sorting machines requiring a high degree of accuracy and concentration. There is little chance for interaction because they all take rotating coffee breaks. The computer room is air-conditioned, with a stable temperature the year round; it has perfect lighting and is extremely quiet and convertible. It was known that both groups are highly cohesive and that the workers function well with others in their department. This observation was reinforced by the study's finding of the low levels of turnover and absenteeism.

The Interview Data

In an effort to understand this phenomenon, vice president Day decided to interview the members of both departments. Day hoped to gain some insight into the dynamics of each group's behavior. It was discovered that the check-sorting department displayed a great deal of loyalty to the company. Most of the groups are unskilled or semiskilled workers, although they have no organized union, and each person felt that the company had made special efforts to keep their wages and benefits in line with organized operations. They knew that their work required team effort and were committed to high performance.

A quite different situation existed in the data-processing department. Although the workers liked their fellow employees, there was a uniform feeling among this highly skilled group that management placed more emphasis on production than on staff units. It was their contention that pay increases had been better for operating department and that the gap between the wage earners and salaried employees did not reflect the skill differences. Because of that, a large percentage of the group displayed little loyalty toward the company, even though they were very close among themselves.

Questions

1. Discuss the role of OD consultant. Identify the possible modes through which consultant and client relate to each other.
2. What are the possible assumptions in the initial relationship between the consultant and client?

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3. What are the implications of these assumptions on the consultants behaviour?
4. Identify the issues that need to be considered while developing the effective client – consultant relationship.

5.5 Summary

- In nutshell, OD process involves number of steps which are usually taken in the process of bringing about change. It starts from recognition of need to the final evaluation and improving the organisation to renew and restructure.
- This would be only possible with the culture of formal work teams and with the assistance of change agent and technology of applied behavior science including action research.
- The philosophical and pragmatic values underlie action research.
- The first is that programs designed to solve real problems should be based on valid public data generated collaboratively by clients and consultants. This belief calls for actions to be based on diagnostic research-an *action-should-follow-research* mode of thinking.
- Or, to state it, another way, diagnose the problem situation and base actions on that diagnosis.
- The second value is that action in the real world should be accompanied by research on that action in order to build a cumulative body of knowledge and theory of the effects of various actions directed to solving real-world problems-a *research-should-follow-action* mode of thinking. Only if we systematically evaluate (do research on) actions can we know the real effects of these actions. And only if we systematically build a body of knowledge can we build better social science theories.
- Thus actions to solve real-world problems offer a unique opportunity for both the scientist-researcher and the administrator-layperson if they approach the problems from the standpoint of the action research model: the administrator's problems will be solved, and the scientist's quest for theory and empirical validation of theory will be solved.
- Thus we conclude that the applied behavioral science discipline of organisation development is fertile ground for action research projects.

5.6 Keywords

Appreciative Inquiry: A contemporary approach to planned change.

Change Agent: A person who attempts to alter some aspect of an organisation or an environment.

Evaluation Feedback: Information about the overall effects of a change programme.

Intervention: Any action on the part of a change agent.

5.7 Review Questions

1. Discuss the various activities involved in the diagnostic and action plan in managing the OD process.
2. How do organisations undergo modifications with the help of the feedback about the changes introduced?
3. What is action research? What are its processes? How does it help in making organisations more effective?

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4. Discuss the varieties of action research as proposed by Chein, Cook, and Harding.
5. Action research may be described as a process, that is, as an ongoing series of events and actions. Explain.

Answers: Self Assessment

1.	six	2.	OD programmes
3.	objective	4.	implementation
5.	urgent	6.	True
7.	True	8.	True
9.	True		

5.8 Further Readings

Books

Cummings, Thomas G., & Worley, Christopher G. (2000), *Organisation Development and Change* (7th Edition), South-Western Educational Publishing.

French, Wendell L., and Cecil H. (1996), *Development: Behavioral Science Interventions for Organisation Improvement* (5th Edition), New Delhi, India: Prentice Hall of India.

Hatch, Mary J. (1997), *Organisation Theory*, New York: OUP.

Senge, Peter M. (1990), *The Fifth Discipline: The Art and Practice of Learning Organisation,* New York: Doubleday.

Sinha, Dharni P. (1986), *T-Group, Team Building and Organisation Development,* New Delhi, India: ISABS.

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Unit 6: Components of OD – Operational and Maintenance

CONTENTS

Objectives

After studying this unit, you will be able to:

- Describe implementation and management of organisation development programmes
- Explain various change inducing action programmes

Introduction

All the OD programmes have three basic components: diagnosis, action and programme management. All these three components are interventions into the organisations in that all impact organisations members. The diagnosis involves identifying strengths opportunities and problem areas.

Action plans are developed in the next step to correct problem, to seize opportunities and maintain areas of strength.

The next step involves the fact finding about the results of the actions. If the actions have desired effects the organisation member's move on to new and different problem then the members initiate new action plans and interventions to resolve the issue.

However, the OD process requires attention directed toward ensuring that the programme is supported by organisation members and is relevant to the organisation's priorities and contributes in the organisations progress. Thus, managing the OD programme is a continuous activity.

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6.1 The OD Process

The OD process involves the following steps:

6.1.1 Diagnosing the System, its Sub-units and Processes

Organisation development is at heart an action programme based on valid information about the status quo, current problems, and opportunities, and effects of actions as they relate to achieving goals. An OD programme thus starts with the diagnosis and employs data collecting and data analyzing throughout.

According to Beckhard diagnosis involves two areas:

- First area is the diagnosis of the various sub-systems that make up the total organisations.
- The second area of diagnosis is the organisation processes that are occurring which includes decision making processes, communication patterns and styles, relationship between interacting groups, etc.

In practice the OD consultant collects the detailed information of the target group and the processes. They pay special attention to the organisational processes like strategic management, long range planning, vision, mission formulation, organisational learning, etc. Continual diagnosis is thus necessary in any planned change effort as it helps to compare the gap between actual and desired conditions.

The success of the OD programme depends on the result of the diagnostic activities which are important as to how the information is collected and what is to done with the information, etc.

Notes The information can be collected from the various sources like interviews, questionnaires, organisations records and so on.

The action component includes planning actions, executing actions and evaluating the consequences of the actions are integral part to the organisation development. This emphasis on action planning and action taking is a powerful feature of OD and in some respect very distinguishing. There exist always a difference between learning and practicing.

OD problem solving interventions tend to focus on real problems central to the organisation's needs rather than on hypothetical problems that may or may not fit the member's needs.

Action programmes in OD are closely linked with explicit goals and objectives. Attention is given to translating goals into observable, explicit and measurable actions and equal care is given to ensuring that actions are relevant to and instrumental for attaining goals.

Diagnosis, action taking and goal setting are all linked in OD programmes. Diagnostic activities precede action programmes; that is fact-finding provides a foundation for action. Actions are continuously evaluated for their contribution to goal accomplishment.

Notes Organisation development is a continuous process of setting goals, collecting data and about the status quo, planning and taking actions based on hypothesis and on the data, and evaluating the effects of action through additional data collection.

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6.1.2 Programme Management Component

OD practitioners apply behavioral science principles and practices to improve organisational functioning and individual development; they apply these same principles and practices as they manage OD programmes.

Did u know? Managing OD programmes effectively means the difference between success and failure.

We specifically examine the phases in OD programmes, several changes management models and a procedure for creating parallel line structures.

Self Assessment

Fill in the blanks:

1. Organisation development is at heart an ……. based on valid information about the status quo, current problems, and opportunities, and effects of actions as they relate to achieving goals.
2. …… thus starts with the diagnosis and employs data collecting and data analyzing throughout.
3. OD problem solving …….. tend to focus on real problems central to the organisation's needs rather than on hypothetical problems that may or may not fit the members needs.
4. Managing …….. effectively means the difference between success and failure.

6.2 Phases of OD Programmes

OD programmes follow a logical progression of events. Warner Burke describes the following phases of OD programmes:

- Entry-represents the initial contact with the consultant and client.
- Contracting-involves establishing mutual expectations.
- Diagnosis is the fact finding phase which produces a picture of the situation through information.
- Feedback-represents returning the analysed information to the client system.
- Planning Change-involves the client deciding what action steps to be taken based.
- Intervention-implements sets of actions designed to correct the problems or seize the opportunities.
- Evaluation-represents assessing the effects of the programme i.e., was it successful or not?

Notes The most important point here is that each phase build as the foundation for subsequent phases therefore each phase must be executed with care and precision.

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Analyzing Discrepancies

A useful model for thinking about diagnosis and intervention could be termed discrepancy analysis-examining the discrepancies or gaps between what is happening and what should be happening and the discrepancies between where one is and where one wants to be.

Discrepancies, therefore, define both problems and goals and OD is more than just problem solving and goal seeking, but a large part of any OD programme is devoted to these two critical activities.

6.3 Model for Managing Change

Cumming and Worley identify five sets of activities required for effective management of change:

- Motivating change
- Creating a vision
- Developing political support
- Managing the transition
- Sustaining the momentum

Self Assessment

State whether the following statements are true or false:

5. Diagnostic activities are designed to provide an accurate account of the things as they really are.
6. The programme management component encompasses all the activities interventions to improve organisations functioning.

Case Study

Gold Smith Consulting: A Change in the Making

IT Consulting – The Sector…

The IT consulting firms primarily engage Fortune 500-type clients, so the consulting firms' work mirrors the challenges of major businesses around the world-profitability improvement and cost containment, strategic alliances and sourcing, strategy, emerging markets, technology and automation, using technology as a tool.

Technical & IT consulting companies address client's basic management consulting problems but their solutions involve technology and technical or scientific knowledge. IT consultants often offer computer systems or network management services and create custom software to meet a client's specific information needs; many also offer website design services or advice about how a bricks-and-mortar business might enter e-commerce. For example, an IT consultant might come up with a way to integrate a firm's accounting and customer databases, thereby speeding up the firm's billing process. A technical consultant might offer a client the benefit of his or her specialized knowledge in chemistry, biology, or other scientific field.

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IT Consulting with respect to India…

Combining onshore and offshore development is rapidly becoming the next great wave for the delivery of IT-services. It promises top-quality development, onsite delivery and faster projects cycles - at a refreshingly affordable rate. But cost savings and speedy development do not emerge automatically from this hybrid model. Indeed, the process of global delivery has triggered a fresh challenge for consultants themselves: Integration. Companies that discover how best to integrate and manage dynamic global teams, connect time zones and present a single face to customers will surge to the forefront as the IT-services industry undergoes a critical and much needed evolution.

The Organisation that is Gold Smith…

Gold Smith Consulting is an international IT consulting company that delivers affordable business and technology solutions through global software development. Co-headquartered in Somerset, NJ and Hyderabad, India, the company approaches technology initiatives in a business context, with the industry knowledge of a seasoned management team and employees exceptionally skilled in technology, business analysis and project management. Gold Smith Consulting develops applications to help companies enhance their enterprise operations. The company also delivers product realization services and designs re-usable building blocks for hi-tech companies. Gold Smith is the world's youngest company to be assessed at P-CMM Level 5 globally. In August 2003, Gold Smith was ranked 11th in the Best Employers in India for 2003 survey by Hero Associates. Furthermore it is the Worlds Youngest Company to be assessed at PCMM Level 5 globally.

What they offer…

1. ***IT consulting business:*** Utilizing a proven methodology that focuses on return on investment (ROI) and reducing time to market, Gold Smith has built, renewed, and fortified **eBusiness** solutions for numerous mid-tier and Fortune 1000 companies.

   Value proposition and methodologies of Gold Smith

   - Leader in Internet Technologies
   - Designers of robust enterprise architecture
   - Utilization of proven methodology
   - High focus on usability
   - ROI driven solutions
   - Enable reduced time-to-market

   Some of the "pure play" technology areas where Gold Smith provides best in class solutions are:

   - Web Application Development
   - Enterprise Portals
   - Enterprise Content Management
   - Web Architecture Consolidation
   - Enterprise Integration
   - e-Marketing

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2. ***Product Realization Services:*** Gold Smith Consulting offers product realization services to Internet infrastructure and device vendors. Gold Smith addresses hardware and software product development initiatives from both a business and a technology perspective. The point of engagement starts anywhere from product conceptualization all the way through to volume production and continuous engineering. Gold Smith Onshore delivery model coupled with our SEI Level 3 quality processes enable offer a lower total cost of ownership over the complete product development lifecycle - thus delivering higher value to clients.

The History of the making of Gold Smith…

Gold Smith was founded in 1999, by doyens of Indian IT industry who recognized the need of an IT consulting organisation which could provide best in class IT solutions for Fortune 500 companies helping them leverage their competitive business advantage. Before we analyze organisation wide change at Gold Smith it is important to take a look at key people in the top management who brought about these changes.

Key People: Founders of Gold Smith

Anil Jha

Chairman and managing director of Gold Smith Consulting, Anil Jha co-founded the company in August 1999 along with nine other industry professionals. Prior to co-founding Gold Smith, Jha was president of a leading software company from 1984 to 1999. Under his leadership, the company grew from a US$ 2 million business in 1984 to a US$ 500 million business in 1999.

Vipin Bagchi

Vipin Bagchi is chief operating officer and president of US operations for Gold Smith Consulting. Bagchi's responsibilities involve the oversight of Gold Smith's business in North America. After working with and leading U.S. and Indian companies in the software services area for over a decade, Bagchi co-founded Gold Smith in August 1999.

Prior to Gold Smith, Bagchi served as vice president of product realization at a well-known company from 1998-1999. Other assignments included setting up a software company's six Sigma initiatives as corporate vice president, mission quality. He also headed another software company's global R&D division as chief executive, overseeing its growth from an 80-person cost center to a 600 person-strong international "lab-on-hire" that designed technology solutions for Fortune 500 technology companies.

Rama Nagarajan

Rama Nagarajan serves as president and CEO for Gold Smith's IT consulting business. One of Gold Smith's founders, Rama is responsible for establishing the company's global IT services capabilities. As a result of his leadership, Gold Smith has added several Fortune 1000 companies to its client base and grew to become a multi-million dollar business since its inception in 1999.

Prior to joining Gold Smith, Rama was chief executive officer of the Electronic Commerce Division at a software company, and held several other key positions in the same organisation from 1982 until 1999. During the rebuilding of the company's software talent pool, Rama conceptualized and implemented the e-commerce division of company, developing a team of 250 people and generating $30 million in revenues annually.

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Before we elucidate on the happenings of 9/11, and its aftermath on the business environment of Gold Smith it is quite essential to note following points:

- IT industry in '99 was full of IT meat shops (Vendors like Infosys, Wipro, Satyam, etc.,) and their top lines were rocketing.
- No vendor of international repute was present at that point of time in the domain of IT consulting.
- Application services development was being heralded as next big thing and body shopping was on its way out.
- Large pure play technologies firms (Lucent, Nortel) were moving their ODCs to India in a big way.

Despite such indicators, which discouraged IT companies to diversify into IT consulting, Gold Smith's founder's visioned enterprise management as organisation core competency.

Things are rosy and growth looks inevitable…

Around January 2001, Gold Smith was running full steam ahead with e-Business Implementation work in the U.S. and India. Work was flowing in nicely and the leadership team was busy in building infrastructure and channeling organisational value clarification. The company had exceeded its fiscal target handsomely and the thinking was clear that the next year the numbers would be doubled.

But there was also a realization that it was also a time to rethink the offerings on the enterprise side of the house. Being a pure play e-business company was not going to scale. On one hand, e-business was promising to become ubiquitous. On the other hand, as dot coms were fizzling out, large enterprise customers were asking for a basket of competencies and not just niche capabilities. The leadership team at Gold Smith was seeing the need not only to expand our portfolio but also to prepare for the next round of growth and geographic expansion. In order to make all of this happen, the time had come to think of a second round of funding, and they set up an internal team to work on the same.

So, it was decided that the best person to spearhead the transformation from being an e-business company in to a full-fledged enterprise solutions provider was Mr. Bagchi. So, he returned from the US and started the process along with the charter to set up Europe and Asia Pac.

A lot many globally recognized merchant bankers were calling on the company to offer money as the market dynamics perceived the business and the company as belonging to the next great investment opportunity.

Since there were a lot many merchant bankers interested in putting money in the organisation, how to raise the capital for the next round of round of growth was not the issue. Who to choose and how much to raise were the issues. After a long span of negotiations and search, Gold Smith finally froze on one. It was January 200, by the time they settled on the lead investor: The Capital Group and the co investors that included Franklin Templeton and the first round investors.

Lawyers worked through the summer and finally the money hit the bank account in August 2001.

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The looming debacle….

As the second round of funding was received, and Gold Smith was looking at growing the organisation as an enterprise solutions provider, the **stock market started declining** and people began to talk about an impending **global economic slowdown.** The IT industry had also started to feel the impact of the slowdown and there were job cuts across the sectors as companies started cutting jobs in the US.

The Final Blow…

On the fateful day of September 10, 2001, the newly constituted board of Gold Smith Consulting met in Hyderabad and looked at the new business plan. Everyone acknowledged that the world was beset with the possibilities of a slowdown but they never thought that it would hurt our prospects beyond a point. This belief was based on the positioning of Gold Smith as 'real', their customer successes were beginning to convert themselves into references and plans for geographic expansion promised to open new frontiers beyond the United States, which was on the cusp of a slowdown. In the second round, they had raised close to $15 million. This was coupled with strong cash flows from operations and it was anticipated that the money would be good for at least 2 years. The board gave a green signal to the growth plan.

On September 11, 2001, exactly 24 hours later, a plane just crashed in to the World Trade Center. Some time later, the second plane hit the WTC building.

According to Vipin Bagchi, one of the co-founders of Gold Smith: "My horror was quickly overtaken by panic as I remembered we had two Gold Smith Minds in the World Trade Center who were working on a project from Franklin Templeton. I rushed back to the office, called for an emergency meeting and had a video link activated with the New Jersey Office.

James Hawkins and Chetan Jain were in the second tower when the first plane hit. We knew that the events of September 11th had changed the world forever. But to begin with, we had to locate James Hawkins and Chetan Jain."

After a long search, they knew that the two had escaped as the Towers collapsed. But the customer whom they were working with, Rod Wotton of Franklin Templeton Fiduciary Trust, died in the terrorist attack.

All new business came to a halt. The world had not prepared for anything like this since World War II. Worse still, most people in the current generation were not trained to handle anything of this magnitude.

Keeping the boat afloat in Turbulent Times …..

In good times, overhead happens quickly and innocently and it crops up all over the place. At the same time, people become soft on performance issues. For example, if a new sales person takes more than six months to bring in the first order, one could justify it with a dozen reasons. If there is another person completely out of synch with the job requirements of her function, you tend to over process the matter at the cost of the organisation. Everyone loses sight of the fact that we are spending investors' money and worse, we lose sight of the fact that ultimately, we pass on our inefficiencies to the customer through higher cost. September 11th was followed by rapid lay offs all around.

Although, Gold Smith did not do a layoff it was clear that they had to let go of people on whom they had been soft on performance issues. Gold Smith had to shut down satellite locations in three places where results had not come even after nine to twelve months of operation.

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In the U.S., salaries were cut across the board by 10%. In India, senior managers volunteered for an additional 2% cut to keep certain people whom they would rather have retrained than let go.

A full-blown recession (The US Bombing of Afghanistan and worsening of India Pakistan Relationship)…

Following September 11, the US bombed Afghanistan. The economic slow down became a full-blown recession and the world scaled back on all fronts. India and Pakistan ended up having a serious border dispute and the world was concerned that the two nuclear rivals would end up going to a full-scale war. The western countries began pulling out citizens from the two countries and there was a travel advisory prohibiting U.S. citizens to go to India.

All across the United States as well as the IT sector, there was anxiety. There was a pall of gloom, uncertainty and insecurity.

The Anxieties and how the management tackled them…

Project Mindful Mirror – The Methodology and Implications

The management all along realized that they needed to talk and that they needed to get people to talk. They needed to do some serious introspection at a **personal level** and at a **collective level** so that we could move forward.

At this point of time, Vipin Bagchi requested Professors Raghu Garud and Roger Dunbar of the Stern School at New York to help the leadership team do some "sense making" of both internal and external events outside and inside. Both Raghu and Roger had a long association with Gold Smith because of an on-going project they had with the Stern School.

The project was called "**Mindful Mirror**". In this unique collaboration, these researchers used Professors Raghu Garud and Roger Dunbar periodic dipsticks in Gold Smith and try to see how an organisation is raised from the ground up, as a study of "potential success in the making". Their approach to the study was not interventional, meaning they are not "consultants". They used to take the inputs, put them in a relational database, did periodic sense making of the data and let us have the benefit of their reflections. When Raghu and Roger came to facilitate the exercise with the leaders in Gold Smith's US operation, they uncovered an emotional low of a magnitude.

As a leader, Vipin Bagchi had asked each person/employee to raise issues that bothered him or her. We collated the entire set before we went into huddle. The issues and questions that came forth were straight from people's hearts and were indicative of how deeply uncertain people feel in times of upheaval. And these were the people who led employees in the trenches. It became critical to detoxify the workplace and the only way to deal with it is to face each question squarely, honestly and interactively.

Some of the questions that emerged in this research the management team undertook were:

"How long can the company survive as it is presently organized?"

"Obviously, the uncertainty surrounding continued employment is extremely stressful as it represents the single source of income for my family"

"I feel tremendous uncertainty about meeting our revenue and profitability targets. The numbers were ambitious 1 year ago, but with the nosedive our industry has taken since

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and the recent terrorist attacks, the stated goals appear impossible to achieve. While this is disheartening initially, I personally feel a sense of urgency to work as hard and as creatively as possible to bring in new business. I recognize that the process will be long and arduous but we don't have a choice."

"How will the actions in Afghanistan affect our business? Will India be perceived by ignorant US buyers as being "Middle Eastern" and hold a bias against doing business with that part of the world? Will US companies feel safe putting their data and systems in that part of the world?"

"How far will pricing go down and what final affect will this have on salaries?"

"Is the financial market being artificially propped up because of the federal interest cuts?

"On a personal front, the apprehensions are: is US going to be the same place it was? [In terms of neutrality and equal opportunity?] Are we going to see racism becoming predominant here...much like to the UK and other parts?"

"Is being *brown* going to have similar connotations as being *black*"

"Uncertainty of staying power: With so many companies going out of business and new business hard to come by, do we have the staying power to ride out the storm and ride the waves again."

"Will companies continue to spend on 'new software 'development?"

"Many people are facing downturn for the first time. These same people — now in their late 20s have been possibly the most pampered professionals in history. Everyone expected to be able to have the 'option' to buy a Lexus by their mid 20s. Now not only is all that history, they need to understand that if an economic Asst Professor at UCLA earns in the 70s, their is no reason that a Java programmer with 3 years experience should expect a 80K salary. The market was allowing this behavior in the past, but no longer. And people will have to become aware to the new reality. Where will Gold Smith be and what do we need to do to ensure that our future is secure?"

"'Keeping the Faith. Many people will question their careers, question the industry and question the company. How does one deal with it?"

"Suddenly making money from the software business is not all that easy. What does one do to change the dynamics so that one can again make profits?"

"How is all this affecting me? There is to some extent a sense of paralysis internally. I wake up in the morning and do not know what is the best way to use my time. So I feel that my productivity is much less that what it should be. In these times, one needs to be even more productive not less."

The management team assembled the leadership team in the New Jersey Office and talked about each of these questions and issues. They spoke with passion, debated and let people completely open up their hearts and minds. That was the first step.

In the days and months after 9/11, Gold Smith had to carefully manage a **multiplicity of emotions.** No one was trained for something like this before. The key was **honest, clear and continuous communication** with our people. This came naturally to the management team.

Peter Drucker once said, "many problems cannot be solved – they have to be survived." He also said, "you do not solve problems, the only way to cope is to be ahead of them."

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According to Vipin Bagchi

"Months after, as I look back at the events and the emotional low we faced in the aftermath of September 11, the recession, the war and whatever else, I am grateful that we survived them as a team and emerged intact. I am sure, though, that we all grew up by a few years. It was Anil Jha who helped most of us stay sane as we sorted through issues and helped us continuously to remain in the middle of the road. All around us, companies of all sizes just evaporated Anil was never ruffled with the events around but was always confident of a positive, fair outcome. One day in the middle of all this, a leading financial analyst came to see me. He saw pervasive gloom and doom all around his industry and wanted to ask me about my perspective on Gold Smith future. I told him something that has since become part of me in a deep, personal sense. Think of the farmer. He tills the land, sows the seed, replants the saplings, removes the weeds, irrigates, fertilizes, guards the crop now standing tall with the harvest ready to go home. Then one night, a hurricane comes and uproots everything. What does the farmer do? He moves on. He waits for the monsoon to come again and goes back to till the land. Enterprise builders need to learn from the humble farmer. We need to look at enterprise as a piece of land God has given us and not as a slot machine that has just broken down. When we take the former view, a lot of things fall in place and we develop the inner strength to move on to the task we see as our destiny.

The Turnaround & The Repositioning of Gold Smith …..

Gold Smith had to reposition itself for the future. On one hand, they had many great customer wins and large complex projects were getting delivered but on the other hand, they needed to start building depth in both our lines of offering. The leadership team along with the middle management sat down and decided that the time had come to think of the organisation as a **set of horizontals and verticals** as opposed to the two monoliths of **enterprise** and **technology** business.

It was a major move that meant taking risks and **pushing down leadership and accountability**. The enterprise business was **restructured to focus on Healthcare, High-Tech, Manufacturing and Supply Chain** as verticals. **Data warehousing, Business Intelligence, e-business and EAI** became horizontals. On the technology side of the house, it was decided to structure the organisation with verticals that focused on **Industrial Automation, Storage, Semi-Conductor, Consumer Appliances and Networking. Hardware design and software engineering** became horizontals.

Each began to work on their go-to-market strategy and fanned out to look at the making of the **new** Gold Smith**.** It began by taking an "outside-in" view.

While all this was happening, the biggest achievement was the progressive shift of the company's initial positioning as an e-business integrator on the enterprise side. Gold Smith began morphing into a full service software player.

- Volvo, looking for a strategic outsourcing partner, signed up for a multi-year, multimillion-dollar contract.
- They also survived a massive changing of the guard at Avis and continued to work on Avis.com after its release in December 2001.
- Franklin Templeton went ahead and asked Gold Smith to do multiple new assignments after the successful completion of their first large project that effectively collapsed 36 different sites and connected them to their customer service representatives, who in turn, served their end customers. At its peak, this massive

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project involved a hundred developers working 24/7 out of two continents in a true example of simultaneous, Onshore© development.

- Their work with Levers expanded to Asia Pac and beyond.

The Aberdeen Group reports on the best practices in global outsourcing, and they selected our work with iSpheres, a software product company from the west coast, and showcased it in their research report and webinar.

On the technology business side, we delivered the world's smallest Blue Tooth protocol stack that went into hand-held devices and other appliances for manufacturers like Epson and Sony. A leading Japanese company that built airport-landing systems was using the PLCs that we designed.

Gold Smith's leading position in creating storage area network technologies began getting strong customer traction.

A Fortune 50 company looked at more than 50 software companies across the globe for their long-term outsourcing programme. They selected only a handful of companies to partner and Gold Smith was the youngest company they chose.

They also received the Helen Keller award that recognized our concern and commitment to the cause of "differently able" individuals – primarily driven by our continued interactions and involvement with children at the Spastic Society of Karnataka.

Anil Jha became the first representative from the information technology sector to be elected president of the Confederation of Indian Industries (CII)—India's most important industry association that influences policy and represents the interests of a cross-section of industries in both national and international forums.

In the U.S., Computerworld Magazine chose Gold Smith as one of the 100 best places to work in the IT sector. It ranked 66th in a list that included Intel and EDS.

Delivering on Corporate Social Responsibility…

Three hours away from Hyderabad, tucked away in rural Tamil Nadu, Gold Smith employees rebuilt a village school in a place called Somennahalli in Dharmapuri district of Tamil Nadu and forged a friendship that will one day be an example for private-public cooperation. It led the way for impacting leadership beyond the workplace.

Amidst all these accomplishments and accolades we saw the next level of leaders in Gold Smith coming of age, taking charge and guiding the course of our journey.

Vision 2007 – Pacing the growth plan…

The time had come to take a good look at the future and start pacing Gold Smith for the next phase of their tryst with destiny. A key element of that was their **Vision 2005** that had aimed at achieving $231 Million. Recognizing that the world around had changed in many fundamental ways, they restated that Vision and set it up as a goal for 2007. To be a $231 Million company in 2007, the leadership recognized that inorganic growth was inevitable. Yet they decided that we would not do it in a hurry or do anything that could inherently destroy the value they had created.

By 2003, the **CLASS values** were fully integrated with their performance management system. Every Gold Smith Mind was part of an annual appraisal system in which a major part of the evaluation was how the individual demonstrated adherence to Caring, Learning, Sharing and Social Sensitivity.

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All this time, the focus remained on getting new business and continuously developing internal talent.

As Gold Smith emerged from 2002, they added several impressive names to their list of customers. These included Aventis, Cendant, Sonoco, Hindustan Times, TVS, Kraft Foods, EPSON, Toshiba and Mitsubishi.

2003 also saw them solidly entrenched in places like Tokyo where Soumendu Mukhopadhyay made presentations to clients in Japanese. In Singapore, led by Vishaal Gupta, they opened up prestigious new accounts like the Singapore Port Trust.

They also formed alliances with City Practitioners, founded by Tom Kozlowski, is a leading consulting company that focuses on the financial sector. Clients include the who's who in banking from ABN Amro to Lloyds TSB.

In Chicago, they inked our partnership with Whittmanhart, a company founded by Bob Bernard. Whittmanhart's focus is on optimized business processes, effective organisational alignment and practical application of existing or new technologies. Clients included Harley-Davidson, Miller Brewing Company and many other respected names in the mid-west and the eastern US.

Reinforcing the Leadership …

At Gold Smith, the leadership team also built up a solid leadership cadre that was destined to take them to the next round of growth. Mr. Anil personally taught at the **internal leadership development programmes**.

By 2003, Gold Smith had 90 internal faculty members who regularly taught newer Gold Smith Minds as they joined the organisation. They had set up a vibrant group called Culture & Competence (C2) that became the keystone of our learning organisation. It was supported by a knowledge management initiative led by Cornell educated Raj Datta. Under his leadership employees saw voluntary communities emerge, engage, create and contribute.

Rejuvenating the Talent…

Unfazed by the turbulence outside, Gold Smith Minds took time off and celebrated Synfonia, an annual cultural show coinciding with the founding day in August every year. Another such event happened every January when the parking lot of their Hyderabad office was cleared up, and families and friends descended to shoot hoops, play tambola, sing, dance and be merry. These became **"institutions within the institution"** that added to new branches and leaves, as Gold Smith rooted deeper.

According to Vipin Bagchi...

"We also become the youngest company to get assessed at SEICMM Level 3 by KPMG and firmly put in place our journey towards CMM Level 5 assessment that was planned for December 2003. In parallel, we paced the organisation on the people capability maturity model framework from SEI, known as PCMM, and planned for assessment at Level 4 or above by August 2003. August 12, 2003. KPMG assessed Gold Smith to be at Level 5 of PCMM after a detailed survey covering 40% of all employees globally. This recorded several firsts Gold Smith became the world's youngest company ever to scale Level 5, within 4 years of inception. It also became the first company ever to have all its global centers assessed at Level 5 – earlier companies had presented only some of their locations and did not qualify at a global level. In this historic achievement, we joined an elite club of 7 companies across industries to be at PCMM level 5.

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Through the ups and downs, Gold Smith Consulting emerged intact and more close-knit than ever. Statistically speaking, most start-up organisations fail within the first year of inception. The reason they fail is that, often the people, who bring a company together, are the first to fall apart. That is part of a natural process through which the corporate world goes through Darwinian evolution. Four years into Gold Smith, the entire senior team remained intact, not just the first ten people who came to build the organisation. When Fordham University of New York did our third annual employee perception survey in 2003, 90% Gold Smith Minds across the world said that it was a great place to work.

As the company grew together, the employees at all levels saw each other very differently from their initial perceptions, formed during the go-go days of the nineties. They saw in each other new strength; they saw aspects of personality they never knew existed. Nothing helps like tough times to bring out the true nature of individuals. Once you know who you are sans the trappings, you feel secure in that knowledge and life becomes so much simpler. It gives people massive emotional security. Leaders approach issues **without ego** and that becomes **critical to the nurturing process that every young company must have.**

The Onset of Good Times yet again..

By the summer of 2003, Gold Smith was reorganized, fully aligned, self-confident and with high energy levels. They were getting closer to employing 1000 people. As they looked forward to 2004, they were clearly poised for 40% growth in an otherwise difficult market. Most companies that started around the same time as them had evaporated. They were clearly being seen as the emerging face of the mid-size segment. They earned a reputation of being the credible alternative to larger competitors. Many customers and prospective employees did not want to go to these companies because of their sheer size. For those who chose Gold Smith it represented **agility, access and attention that came from youth.**

The new phase: Continuing the Good Times…

The challenge of terrorism and global geo-political disturbances continued to overshadow the business of economies. Amidst hope and caution, at Gold Smith, the next phase had begun. This is the phase that the leadership at Gold Smith knows would have to be led with **fractal leadership**. In the formative years between 1999 and early 2003, they had been able to build an outstanding cadre of people who were now rearing for larger action and greater space. Clients were always intrigued by **this something that made** Gold Smith **different**.

An Analysis by Professor Raghu Garud…

What happens when people come together on the platform of a shared vision? How do they change and how do they cause change as the game unfolds? Professor Raghu Garud of Stern School has expressions for these. He talks of "**creaction**" – a coined term that is formed by the coming together of the words "**creative**" and "**action**".

Momentous tasks like institution building involve deep churn and that is the core of any creation. Churn is about a constant balance between strategy and tactic. It is about**leadership and followership**. It is about submerging leadership's ego to the overall purpose. It is also about building simultaneity as you plan for fractal growth. Every growth is a potentially destructive phenomenon. Only simultaneous organisations can manage the opposing forces that hold what is essential, what is the core and, at the same time, expand in space. In contemplating the process of institution building, Raghu Garud talks about concepts like path creation and path dependence. There are the people who are more comfortable

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in charting new paths. These are people who go where no one has gone before. Then there are those who feel more secure when they walk a path that already exists. The mental make-up for the two tends to be very different. The two eat different kinds of breakfast to become who they are. Above all else, people who build institutions need to have a certain sense of history. They need to be driven by an inner call that is disproportionate to the pot of gold at the end of the rainbow. Because, in reality, the rainbow has no end.

Question:

Analyze the above case and discuss it in detail.

6.4 Summary

The unit discusses the three components – diagnosis, interventions and programme management critical to all organisations development programme. The more people learned about these three components the more effective they will become in their organisational improvement efforts. OD is a complex blend of art, science and craft gained through the study of these three components.

6.5 Keywords

Diagnosis: The process of collecting information about a client system and working collaboratively with the client to understand the system's current functioning.

Evaluation: Information about the overall effects of a change programme.

Feedback: Information regarding the actual performance or the results of the activities of a system.

6.6 Review Questions

1. Discuss the importance of diagnostic activities as emphasized by Beckhard.
2. Explain the logical progression of events that unfold overtime in managing an OD programme.
3. Write short note on discrepancies analysis.

Answers: Self Assessment

1.	Action programme	2.	OD programme
3.	Interventions	4.	OD programmes
5.	True	6.	False

6.7 Further Readings

Books

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Unit 7: OD Intervention

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Objectives

After studying this unit, you will be able to:

- Explain nature and classification of the OD interventions
- Define team, intergroup

Introduction

An intervention is a deliberate process by which change is introduced into peoples' thoughts, feelings and behaviors. The overall objective of any intervention is to confront individuals, teams or units of people in a non-threatening way and allow them to see their self-destructive behavior and how it affects themselves and colleagues. It might involve several people who have prepared themselves to talk to the target group that has been engaging in some sort of self-destructive behavior. In a clear and respectful way they inform the persons of factual information regarding their behavior and how it may have affected them. The immediate objective of an intervention is for the target to listen and to accept help. Organisation Development (OD) intervention would be a combination of the ways a manager can influence the productivity of

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his/her team by understanding how managerial style impacts organisational climate and more importantly how to-create an environment of high performance.

Most OD interventions are plans or programs comprised of specific activities designed to' effect change in some facet of an organisation. Numerous interventions have' been developed over the years to address different problems or create various results. However, they all are geared toward the goal of improving the entire organisation through change in general, organisations that wish to achieve a high degree of organisational change will employ a full range of interventions, including those designed to transfer individual and group behavior and attitudes. Entities attempting smaller changes will stop short of those goals, applying interventions targeted primarily toward operating policies, management structures, worker skills, and personnel policies. OD interventions can be categorized in a number of ways, including action, the type of group for which they are intended, or the industry to which they apply. W.L. French identified major families of interventions based on the type of activities that they included, such as activity groups include team-building, survey feedback, structural change, and career-planning.

7.1 Organisation Development Intervention

OD interventions refer to various activities which a consultant and client organisation perform for improving organisational performance through enabling organisational members better manage their behavior, their work group, and organisational culture. OD interventions are also referred as OD techniques or OD strategies as they are designed to accomplish specific objectives. French and Bell have defined OD interventions as:

Sets of structured activities in which selected organisational units (target groups or individuals) engage with a task or a sequence of tasks where the task goals are related directly or indirectly to organisational improvement. Interventions constitute the action thrust of organisation development: they make things happen.

An intervention is a deliberate process by which change is introduced into peoples' thoughts, feelings and behaviors. The overall objective of any intervention is to confront individuals, teams or units of people in a non-threatening way and allow them to see their self-destructive behavior and how it affects themselves and colleagues. It might involve several people who have prepared themselves to talk to the target group that has been engaging in some sort of self-destructive behavior. In a clear and respectful Way they inform the persons of factual information regarding their behavior and how it may have affected them. The immediate objective of an intervention is for the target to listen and to accept help. Organisation Development (OD) intervention would be a combination of the ways a manager can influence the productivity of his/her team by understanding how managerial style impacts organisational climate and more importantly how to-create an environment of high performance.

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7.2 Characteristics of Organisation Development Interventions

There are eight characteristics of organisation development interventions from more traditional interventions:

- An emphasis, although not exclusively so, on group and organisational processes in contrast to substantive content.
- An emphasis on the work team as the key unit for learning more effective modes of organisational behavior.
- An emphasis on the work team management of work-team culture.
- An emphasis on the management of the culture of the total system.
- Attention to the management of system ramifications.
- The use of the action research model.
- The use of a behavioral scientist-change sometimes referred to as a "catalyst" or "facilitator."
- A view of the change effort as an ongoing process.

Another characteristic, number, a primary emphasis on human and social relationships, does not necessarily differentiate OD from other change efforts, but it is nevertheless an important feature.

7.3 Classification of OD Interventions

There are various OD interventions and they are classified in different ways. Further, various consultants and practitioners have different opinions about the activities which can be included in interventions.

A brief analysis of OD interventions using a classification proposed by M. Kormanik are given below:

Major OD Interventions

OD interventions aim at improving organizational performance and employees' well being. According to Robbins (1994), OD integrates a collection of planned change interventions that relies on humanistic and democratic values, aimed at improving organizational effectiveness, and employees' well being. OD interventions rely on the following values: respect for people, trust and support, power equalization, confrontation and participation. Kormanik (2005) proposes a classification of OD interventions in 6 groups: large scale, strategic, techno structural, management and leadership development, team development and group processes, and individual and interpersonal processes.

Large-scale Interventions

Large scale interventions typically involve a full-size group of stakeholders, working toward the definition of a future state. These interventions start from top levels of the organization, to analyze, plan, and define the intervention's outcomes, then, people are involved in the solution, creating with this a shared commitment, and a "contagious of effect" effort, which will support the implementation of defined actions in the long term. Some examples include the following: appreciative inquiry summit, future search, open space and real time strategic change. Large scale interventions are highly structured; each activity is carefully planned beforehand – this is

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particularly important since the whole system participates simultaneously, in the same room, at the same time. Cummings and Worley (2001) describe the three step process involved in any large scale intervention: (1) the preparation of the large group meeting, (2) Conducting the meeting, and (3) Following on meeting outcomes. Large-scale interventions are quicker, build organizational confidence, give immediate and broad based information, promote a total organization mindset, inspire action, and sustained commitment.

Strategic Interventions

Strategic interventions contribute to align the organization with its environment. Cummings and Worley (2001) state that these interventions "link the internal functioning of the organization to the larger environment; transforming the organization to keep pace with changing conditions" (p. 105). Strategic intervention help organizations to gain a better understanding of their current state, and their environment, that allow them to better target strategies for competing or collaborating with other organizations. Kormanik (2005) includes under the umbrella of strategic interventions, the following: mission/vision/purpose, strategic planning and goal setting, visioning/scenario planning, benchmarking, SWOT, communication audit/strategy, values clarification and commitment, climate survey, and culture change.

Techno Structural Interventions

Techno structural interventions focus on improving the organizational effectiveness and human development by focusing on technology and structure. These interventions are rooted in the fields of engineering, sociology, and psychology, combined with socio-technical systems and job analysis and design. These types of interventions rely on a deficit based approach; the idea is to find problems to solve. According to Cummings and Worley (2001) techno structural approaches focus on improving an organization's technology (for example, task methods and job design) and structure (for example division of labor and hierarchy)" (p. 104). Kormanik (2005) includes as techno structural interventions the following: organizational structure, organization systems, business process redesign, space and physical settings, socio-technical systems, change management, job design/enrichment, competency-based management, knowledge management and organizational learning.

Management and Leadership Development Interventions

These types of OD interventions aim to improve organizational performance by increasing effectiveness of formal and informal leaders. Their use is wide spread, and almost all organizations have programs in place to identify, measure, and improve the quality of their leaders. Kormanik (2005) includes the following examples: executive and professional development, mentoring, coaching, action learning, action science, MBO, succession planning, 360 degree feedback, participative management, technical/skills training. A research study conducted by the Corporate Leadership Council (2001) revealed that organizations are focusing on the following five actions to increase their leadership bench strength: (1) redefining the leadership profiles to better respond to current business needs, (2) targeting future leadership needs, (3) ensuring top management accountability for leadership development, (4) creating a continuous development culture, and (5) customizing the development opportunities to the leaders needs.

Team Development and Group Processes Interventions

Team development and group processes interventions aim at improving different aspects of a group performance, such as goal setting, development of interpersonal relations among team

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members, role clarification and analysis, decision making, problem solving, and communities of practice, among other. One of the most important objective of team building interventions relies on improving interdependency of team members. The underlying premise is that the aggregated value of the team is much greater than any individual. According to Robbins (1994), Team building is applicable where group activities are interdependent. The objective is to improve the coordination efforts of members, which will result in increasing the team's performance."

Example: Many of them visualize data gathering as an intervention whereas it is treated as only preparatory work for OD by others.

Therefore, the classification of OD interventions shows variation. Nevertheless, OD interventions can be classified on two bases: approach adopted in using OD interventions and target of OD interventions.

On the basis of approach adopted in using OD interventions, these are classified into two categories: process interventions and structural interventions. Process interventions are those which emphasize process to accomplish a change. Structural interventions involve an adjustment or change in the organisation's structure to accomplish changed goals. Some Interventions may focus on changes in the task. Whereas others focus on setting objectives. Table presents some common process and structural OD interventions.

On the basis of target of OD interventions, these can be designed to improve the effectiveness or individuals. Dyads, teams and groups, intergroup relations, and total organisation. The table given below presents some of these interventions.

Table 7.1: Process and Structural OD Interventions

Process OD Interventions	Structural OD interventions
Sensitivity training	Job redesign
Team building	Work schedule option
Survey feedback	Process consultation
Behavior modification	Management by objectives
Grid organisation development	Collateral organisation
Career planning	Decision centers
Job expectation technique	
Organisational renewal process	

Table 7.2: OD Interventions for Specific Targets

Target	Interventions
Individuals	Life and career planning
	Role analysis technique
	Coaching and counseling
	Sensitivity training
	Skill development for technical task relationships. Decision Making
	Problem solving planning and goal setting
	Grid OD Phase I
Dyads	Process consultation
	Third Party peace making
	Grid OD phase I and II

Contd...

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Team and groups	Team building
	Family T-group
	Survey feedback
	Process consultation
	Role analysis technique
	Skill development for decision making problem solving planning and goal setting in group activities
Inter group relations	Inter group activities
	Organisational mirroring
	Techno structural interventions
	Process consultation
	Third party peace making at group level
	Survey feedback
	Grid OD phase III
Total organisation	Techno structural interventions
	Confrontation meetings
	Strategic planning activities
	Survey feedback
	Grid OD phases IV, V, and VI

It may be seen in the table given above that there is considerable overlapping interventions because a particular intervention may be used for more than one target. Though there are many OD interventions, our further discussion will focus on only; more commonly used OD interventions. These are sensitivity training, grid OD, survey feedback, process consultation, team building and Management by Objectives (MBO).

OD interventions could be carried out at individual, interpersonal, group, inter-group and organisational levels.

Example: Interventions on the individual are coaching and counseling, management consultation, training and development, role playing, transactional analysis, life and career activities.

On the person-to-person, dyad/triad level the interventions include shuttle diplomacy, mediation and process consultation. At the group level OD interventions involve team-building, leadership training, communication training and other educative efforts, survey feedback, problem-solving consultation. At the inter-group level, organisations use interventions such as shuttle diplomacy and mediation and team-building. At the organisational level the interventions might include combinations – of the above, as well as strategic planning, problem analysis, interviews and questionnaires, confrontation meetings and making recommendations for structural or procedural changes (French & Bell, 1984).

7.3.1 Structural Intervention

Structural interventions are those that are aimed at changes in task, structural and technological subsystems of organisations. Job designs, quality circles, Management by objectives bolstered by knowledge of OD experiments are included under the category of structural interventions. Elements of OD may include finding ways to adapt to the changing context while maintaining and enhancing the organisation's integrity and internal integration. OD involves establishing

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structures, processes and a climate that allow it to effectively manage its important and pressing business (e.g. projects, problems, crises, etc.) while giving adequate attention to strategic issues (e.g., long-term development and renewal, planning and envisioning, engaging new opportunities, crisis prevention, etc.)

Structure, is an integral component of the organisation. Nostrum and Starbuck (1981) have defined structure as the arrangement and interrelationship of component parts and positions in an organisation. Structural OD intervention provides guidelines on:

- Division of work into activities;
- Linkage between different functions;
- Hierarchy;
- Authority structure;
- Authority relationships; and
- Coordination with the environment.

Organisational structure may differ within the same organisation according to the particular requirements structure in an organisation has three components (Robbins, 1989):

- ***Complexity,*** referring to the degree to which activities within the organisation are differentiated. This differentiation has three dimensions:
  - *Horizontal* differentiation refers to the degree of differentiation between units based on the orientation of members, the nature of tasks they performed their education and training,
  - *Vertical* differentiation is characterized by the number of hierarchical levels in the organisation, and
  - *Spatial* differentiation is the degree to which the location of the organisation's offices, facilities and personnel are geographically distributed.
- ***Formalization*** refers to the extent to which jobs within the organisation are specialized. The degree of formalization can vary widely between and within organisations.
- ***Centralisation*** refers to the degree to which decision-making is concentrated at one point in the organisation.

7.3.2 Designing Organizational Structures

Some important considerations in designing an effective organisational structure are:

- ***Clarity:*** The structure of the organisation should be such that there is no confusion about people's goals, tasks, style of functioning, reporting relationship and sources information.
- ***Understanding:*** The structure of an organisation should provide people with a clear picture of how their work fits into the organisation.
- ***Decentralisation:*** The design of an organisation should compel discussions, and decisions at the lowest possible level.
- ***Stability and Adaptability:*** While the organisational structure should be adaptable to environmental changes, it should remain steady during unfavorable 'conditions.

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Case Study

Reorganization as Rebirth

Like many organisations in the 1980's, St. Francis Regional Medical Center of Wichita, Kansas, tried downsizing. A layoff of 400 people was a horrible experience, both for those who left and for those who stayed. The 1990's brought a change in the health care environment, and the hospital's administration needed to change the structure and culture in order to remain competitive.

The management team re-mapped the ideal management structure to run things without regard to the structure that was actually in place. To make such radial change work, they defined specific job titles, but not specific people. They dissolved the old organisational chart and created a new one, unveiling a chart that had all the new titles on it with no names. Those who wanted to be part of the new organisation had to apply for whatever position they felt they were most qualified to fill. Imagine having to apply for whatever position they felt they were qualified to fill. Imagine having to apply to a company you'd been with for fifteen years! The restructuring also meant a rethinking of corporate culture. An examination of culture revealed that making decisions at the hospital become bogged down by management and dictated by policy.

Eliminating old policies allowed the team to look at things as possibilities rather than restrictions. Two task forces were formed to look at service lines and functional realignment. A consulting firm was called in to help the hospital make the transition. The consulting firm helped strategize and create a time line for the changes.

At the reorganisation meeting, each employee was given an 80-page bound booklet complete with vision statement, the organisational chart, timetable, reorganisation fact sheet, copies of all position descriptions, and a question and answer section. The result was terror, confusion, upheaval, and little by little, understanding cooperation and success. Instead of approaching the reorganisation as a shameful secret, the task forces highlighted the changes in the new culture and tied the internal changes to the changes in the health care industry. Each week "The Grapevine: Reorganisation Update" was distributed. In the first official day of the new organisation, employees were given flowers and a message stating "Today starts a new beginning focused on you".

The new corporate culture involves management by contract. The new VPs walk the hallways and touch base constantly with what's going on. The result of the reorganisation is decision making at lower levels, which results in faster actions. No more ideas die because of red tape. The reorganisation is fluid and ongoing with employees and managers still incorporating the new management philosophy and corporate culture into their daily work lives.

Questions

1. Had you been a part of such a situation, how had your initial reaction been and why?
2. After analysing the case, do you think that such massive change was indeed required for St Francis Regional Medical Center or was there a mid way out?

Source: M.S. Egan, "Reorganisation as Rebirth," *HR Magazine* (January 1995) Page 84-88.

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7.4 Principles of Organization Structure

Modem organizational structures have evolved from several organisational theories, which have identified certain principles as basic to any organisation.

Specialisation

Specialisation facilitates division of work into units for efficient performance. According to the classical approach, work can be performed much better if it is divided into components and people are encouraged to specialize by components. Work can be specialized both horizontally and vertically (Anderson, 1988). Vertical Specialisation in a research organisation refers to different kinds of work at different levels, such as project leader, scientist, researcher, field staff, etc. Horizontally, work is divided into departments like genetics, plant pathology, administration, accounts, etc.

Specialisation enables application of specialized knowledge which betters quality of work and improves organisational efficiency. At the same time, it can also influence fundamental work attitudes, relationships and communication. This may make coordination difficult and obstruct the functioning of the organisation. There are four main causal factors which could unfavorably affect attitudes and work styles. These are differences in:

- Goal orientation
- Time orientation
- Inter-personal orientation, and
- The formality of structure (Lawrence and Lorsch, 1967).

Coordination

Coordination refers to integrating the objectives and activities of specialized departments to realize broad strategic objectives of the organisation. It includes two basic decisions pertaining to:

- Which units or groups should be placed together; and
- The patterns of relationships, information networks and communication (Anderson, 1988).

In agricultural research institutions, where most of the research is multi-disciplinary but involves Specialisation, coordination. Of different activities important to achieve strategic objectives. Efficient coordination can also help in resolving conflict sand disputes between scientists in a research organisation.

Hierarchy facilitates vertical coordination of various departments and their activities. Organisational theorists have over the years developed several principles relating to the hierarchy of authority for coordinating various activities. Some of the important principles are discussed below.

Unity of Command

Every person in an organisation should be responsible to one superior and receive orders from that person only. Fail (1949) considered this to be the most important principle for efficient working and increased productivity in an organisation.

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Scalar

Decision making authority and the chain of command in an organisation should flow in a straight line from the highest level to the lowest. The principle evolves from the principle of unit of command. However, this may not always be possible, particularly in large organisations or in research institutions. Therefore, Fayol (1949) felt that members; in such organisations could also communicate directly at the same level of hierarchy, with prior intimation to their superiors.

Responsibility and Authority

For successfully performing certain tasks, responsibility must be accompanied by proper authority. Those responsible for performance of tasks should also have the appropriate level of influence on decision-making.

Span of Control

This refers to the number of specialized activities or individuals supervised by one person. Deciding the span of control is important for coordinating different types of activities effectively. According to Barkdull Organisational Development and Change (1963), some of the important situational factors which affect the span of control of a manager are:

- Similarity of functions;
- Proximity of the functions to each other and to the supervisor;
- Complexity of functions;
- Direction and control needed by subordinates;
- Coordination required within a unit and between units;
- Extent of planning required; and
- Organisational help available for making decisions.

Self Assessment

Fill in the blanks:

1. ……..... are also referred as OD techniques or OD strategies as they are designed to accomplish specific objectives.
2. On the basis of ……..... of OD interventions, these can be designed to improve the effectiveness or individuals. Dyads, teams and groups, intergroup relations, and total organisation.
3. At the……... organisations use interventions such as shuttle diplomacy and mediation and team-building.
4. ……..... are those that are aimed at changes in task, structural and technological subsystems of organisations.

7.5 Departmentalization

Departmentalization is a process of horizontal cleaning of different types of functions and activities on anyone level of the hierarchy. It is closely related to the classical bureaucratic principle of Specialisation (Luthans, 1986). Departmentalisation is conventionally based on purpose, product, process, function, personal things and place (Gullick and Urwick, 1937).

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Functional Departmentalisation

This is the basic form of Departmentalisation. It refers to the grouping of activities or jobs involving common functions. In a research organisation the groupings could be research, production, agricultural engineering extension, rural marketing and administration.

Product Departmentalisation

It refers to the grouping of jobs and activities that are associated with a specific product. As organisations increase in size and diversify, functional departmentalisation may not be very effective. The organisational as to be further divided into separate units to limit the span of control of a manager to a manageable level (Luthans, 1986). In an agricultural research institution functional departments can be further differentiated by products and purpose or type of research.

In contrast, to functional Departmentalisation, product-based Departmentalisation has the advantage of:

- less conflict between major sub-units;
- easier communication between sub-units;
- less complex coordination mechanisms;
- providing a training ground for top management;
- more customer orientation; and
- greater concern for long-term issues.

In contrast, functional Departmentalisation has the strength of:

- easier communication with sub-units;
- application of higher technical knowledge for solving problems;
- greater group and professional identification;
- less duplication of staff activities;
- higher product quality; and
- Increased organisational efficiency (Filley, 1978).

Departmentalisation by Users

It is grouping of both activities and positions to make them compatible with the special needs of some specific groups of users.

Departmentalisation by Territory or Geography

It involves grouping of activities and positions at a given location to take advantage of local participation in decision-making. The territorial units are under the control of a manager who is responsible for operations of the organisation at that location. In agricultural research institutions, regional research stations are set up to take advantage of specific agro-ecological environments. Such Departmentalisation usually offers economic advantage.

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Departmentalisation by Process or Equipment

It in refers to jobs and activities' which require a specific type of technology, machine or production process. Other common bases for Departmentalisation can be time of duty, number of employees market, distribution channel or services.

7.6 Decentralisation and Centralisation

Decentralisation refers to decision making at lower levels in the hierarchy of authority. In contrast, decision making in a centralised of organisational structure at higher levels. The degree of centralisation and de-centralisation depend on the number of levels of hierarchy, degree of coordination, Specialisation and span of control. According to Luthans (1986), centralisation and de-centralisation could be according to:

- Geographical or territorial concentration or dispersion of operations;
- Functions; or
- Extent of concentration or delegation of decision-making powers.

7.7 Strategic Interventions

Strategic Planning

A dynamic process which defines the organisation's mission and vision sets goals and develops action steps to help an organisation focus its present and future resources toward fulfilling its vision. Many organisations today were facing external threats to their survival, whether it be from takeovers "technological obsolescence or global competition. In its infancy, OD would have responded to such challenges by preaching participative management, a not so subtle way of challenging top management to redistribute power to lower levels. During the later years, OD reversed fields to serve the power structure through confining its techniques to lower levels and the bottom line, such as Quality of Work Life (QWL) programs. This subservient role for OD had continued up to recent times where the power structure tolerates and even encourages OD so long as it fine-tunes the existing situation without threatening the essence of the power system. Now, however, that essence is threatened by outside forces. A "new" OD is emerging to deal more directly with helping the power structure to change not only itself but also the strategic alignment of the firm with its environment. OD can, if properly devised, provide a more effective process than political bargaining for assisting the dominant coalition to address pressing strategic issues that have so far eluded formal approaches to strategic planning. OD must engage the most cherished agenda of the power elite- the strategy of the company, its top management structure for delivering on strategy and the manner in which they will lead.

Technology and OD Solutions

Element of OD may include finding ways to adapt to the changing context while maintaining and enhancing the organisation's integrity and internal integration. OD involves establishing structures, processes and a climate that allow it to effectively manage its important and pressing business (e.g. projects, problems, crises, etc.) while giving adequate attention to strategic issues (e.g., long-term development and renewal, planning and envisioning, engaging new opportunities, crisis prevention, etc.). Technologies are also used to enable OD intervention sand improve human connectivity better team work.

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7.8 Sensitivity Training

Sensitivity training is a method of laboratory training where an unstructured group of individuals exchange thoughts and feelings on a face-to-face basis. Sensitivity training helps give insight into how and why others feel the way they do on issues of mutual concern. Training in small groups in which people develop a sensitive awareness and understanding of themselves and of their relationships with others. Sensitivity training is based on research on human behavior that came out of efforts during World War II to ascertain whether or not an enemy's core beliefs and behavior could be modified by the application of certain psychological techniques. These techniques have been gradually perfected over the years by efforts of business and industry leaders to persuade people to buy products, including the radio and television industry to ascertain how an audience might be habituated to certain types of programming.

Kurt Lewin is credited with being the 'father' of sensitivity training in the United States. Laboratory Training began in 1946 when Kurt Lewin and his staff at the Research Center for Group Dynamics at Massachusetts Institute of Technology were training community leaders. A workshop was developed for the leaders to learn about leadership and to discuss problems. At the end of each date the researchers discussed privately what behaviors and group dynamics they had observed. The leaders asked permission to sit in on these feedback sessions. Reluctant at first, the researchers' family agreed. Thus the first T-group was formed in which people reacted to information about their own behavior.

Tavistock Clinic, an outgrowth of the Tavistock Institute of Medical Psychology, founded in 1920 in London, initiated sensitivity training in the United Kingdom in 1932, under the headship of a psychiatrist John Rawlings Rees. Dr. Rees conducted tests on American and British soldiers to ascertain whether, under conditions of induced and controlled stress, groups could be made to behave erratically. In particular they wanted to know whether people would let go even firmly held beliefs under 'peer pressure' to conform to a predetermined set of 'popular' beliefs. This Tavistock method was similar to those procedures used in the mental hospitals' to correct the attitudes of prisoners; where, it was called re-education. Sensitivity training evolved in the United States of America; at Stanford's Research Institute's Center for the Behavioral Sciences, at the Sloan School at the Massachusetts Institute of Technology, mid at the various National Training Laboratories (NTLs), where concepts popularly known as 'T-Groups' (therapy/groups) and 'sensitivity training' were developed.

A controlled stress situation is created by a group leader ('facilitator') with the ostensible goal of achieving a consensus or agreement which has, in reality, been predetermined. By using peer pressure in gradually increasing increments, up to and including yelling at, cursing at, and isolating the holdouts, weaker individuals were intimidated into caving in, they emerge with a new value structure in place, and the goal is achieved. The method was refined and later popularized by other schools of behavioral science, such as Ensalen Institute, the NTL Institute for Applied Behavioral Sciences, and the Western Training Laboratories in Group Development.

Sensitivity training is a type of experience-based learning in which participants work together in a small group over an extended period of time learning through analysis of their own experiences. The primary setting is the T Group (T for training) in which a staff member sets up an ambiguous situation which allows participants to choose the roles they will play while observing and reacting to the behavior of other members and in turn having an impact on them. The perceptions and reactions are the data for learning. T-Group theory emphasizes each participant's responsibility for his own learning, the staff person's role of facilitating examination and understanding, provision for detailed examination required to draw valid generalizations, creation of authentic interpersonal relationships which facilitate honest and direct communication, and the development of new skills in working with people. Goals of sensitivity training are to allow participants to gain a picture of the impact that they make on others and to facilitate the

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study of group dynamics and of larger organisational concepts such as status, influence, division of labor, and styles of managing conflict. Some believe that sensitivity is talent, while others believed that sensitivity is something which is not so much developed, as allowed to exist. It is a trait called "empathy". Sensitivity is found wanting in people as they are often preoccupied with their own problems that they don't ''have time" for others. Their tension disallows them to pay attention to someone or to relate what the person is saying. Most believe that sensitivity to others could be developed. Some people have this ability, but most just fake it. Sensitivity training involves small group of individuals focusing on the here and now behavior and attitudes in the group. In short, the individuals discuss whatever comes naturally in the group.

Example: One participant might criticize an opinion expressed by another, and both the opinion and the criticism could become the focus of the entire group.

The intent of this process, which might take several days at 12 hours or more per day, is for participants to learn how they affect others and how others affect them. In turn, "sensitivity" learning can help participants become more skilled in diagnosing interpersonal behavior and attitudes on the job.

Sensitivity could be enhanced by adopting the following viewpoints:

- Everybody is entitled to their feelings no matter how illogical they are;
- There is no such thing as 'blame'... Everybody involved is equally at fault;
- A person should not attack, but express their feelings about others' actions;
- Leaving a problem unresolved will make it worse with time;
- Nobody is perfect which includes one self.

Encounter Groups were nontraditional attempts at psychotherapy that offered short-term treatment for members without serious psychiatric problems. These groups were also known as sensitivity (or sensory) awareness groups and training groups (or T-groups). Encounter groups were an outgrowth of studies conducted at the National Training Laboratories in by Kurt Lewin. The use of continual feedback, participation, and observation by the group encouraged the analysis and interpretation of their problems. Other methods for the group dynamics included Gestalt therapy (working with one person at a time with a primary goal of increasing awareness of oneself in the moment, also known as holistic therapy) and meditation. Encounter groups were popularized by people such as Dr. Fritz Perls and Dr. Will Schutz (of the Esalen institute) and, had their greatest impact on the general population in the 1960s and 1970s. These groups fell out of favor with the psychiatric community because of criticism that many of the group leaders at the time were not trained in traditional group therapy and that the groups could sometimes cause great harm to people with serious emotional problems.

Survey Feedback

Survey feedback technology is probably the most powerful way that OD professionals involve very large numbers of people in diagnosing situations that need attention within the organisation and to plan and implement improvements. The general method requires developing reliable, valid questionnaires, collecting data from all personnel, analyzing it for trends and feeding the results back to everyone for action planning. "Walk-the-talk" assessment: Most organisations have at least some leaders who say one thing and, do another. This intervention, which can be highly threatening, concentrates on measuring the extent to which the people within the organisation are behaving with integrity.

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Survey Feedback is OD

The most important step in the diagnostic process is feeding back diagnostic information to the client organisation. Although the data may have been collected with the client's help, the OD practitioner usually is responsible for organizing and presenting them to the client. A flexible and potentially, powerful technique for data feedback that has arisen out of the wide use of questionnaires in OD work is known as survey feedback. Survey feedback is a process of collecting feeding back data from an organisation or department through the use of a questionnaire or survey. The data are analyzed, feedback to organisation members, and used by them to diagnose the organisation and to develop intervention to improve it.

Survey feedback is a major technique in the history and development of OD. It is a powerful intervention tool and it can reach large numbers of participants. There are five general steps included in a normal survey feedback. The first involves gathering members of the firm in order to plan the survey. This is when the objectives of the survey is determined. The second step involves a survey to all of the organisation's members, rather than restricting it to managers and coordinators. Next step would be to analyze the data reported through the surveys. In the fourth step the data is feedback to the organisation. Finally, the rums should hold meetings to discuss the feedback and try to determine what, if any, action is needed and how to implement it. OD practitioners could be more involved in some of these steps by training to go to the firm and help them interpret the feedback and devise intervention plans.

Limitations

There are limitations to survey feedback that OD practitioners should be aware of. These include:

- ***Ambiguity of Purpose:*** There can be disagreement over how the data should be analyzed and returned.
- ***Distrust:*** OD practitioners need to ensure participants that their contributions are confidential.
- ***Unacceptable Topics:*** Some firms have topics they do not want to explore, which constricts the scope of the survey.
- ***Organisational Disturbance:*** This process may disturb the employees, and possibly the whole firm.

7.9 Process Consultation

The concept of process consultation as a mode of inquiry grew out of insight that to be helpful one had to learn enough about the system to understand where it needed help and that this required a period of very low-key inquiry oriented diagnostic interventions designed to have a minimal impact on the processes being inquired about (Schein, 1988). Process consultation as a philosophy acknowledges that the consultant is not an expert on anything but how to be helpful and starts with total ignorance of what is actually going on in the client system. One of the skills, then, of process consulting is to "access one's ignorance," to let go of the expert or doctor role and get attuned to the client system as much as possible. Only when one has genuinely understood the problem and what kind of help is needed, can one begin to recommend and prescribe. Even then it is likely that they will not fit the client system's culture and will therefore, not be refrozen even if initially adopted. Instead a better model of help is start out with the intention of creating in insider/outsider team that is responsible for diagnostic interventions and all subsequent interventions. When the consultant and the client have joint ownership of the change process, both the validity of the diagnostic interventions and the subsequent change interventions

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will be greatly enhanced. The flow of a change or managed learning process then is one of continuous diagnosis as one continuously intervening. The consultants must be highly attuned to their own insights into what is going on and his or her own impact on the client system. Stage models which emphasize up front contracting do not deal adequately with the reality that the psychological contract is a constantly evolving one and that the degree to which it needs to be formalized depends very much on the culture of the organisation.

Lewin's concept of action research is absolutely fundamental to any model of working with human systems and such action research must be viewed from a clinical perspective as a set of interventions that must be guided primarily by their presumed impact on the client system. The immediate implication of this is that in training consultants and change agents one should put much more emphasis on the clinical criteria of how different interventions will affect client systems than on the canons of how to gather scientifically valid information, calculate members should be sent into field internships as participant observers and helpers before they are taught all the canons of how to gather and analyze data. Both are necessary, but the order of priority is backward in most training programs.

7.9.1 Edgar Schein's Process Consultation

One cannot understand a System until one tries to change it. Literature is filled with the notion that one first diagnoses a system and then intervenes to change it. This basic model perpetuates a fundamental error in thinking, an error that Lewin learned to avoid in his own change project sand that led him to the seminal concept of "action research." The conceptual error is to separate the notion of diagnosis from the notion of intervention. That distinction comes from scientific endeavors where a greater separation exists between the researcher and the researched, particularly where the physical processes are assumed to be somewhat independent of the psychological processes. The consulting industry has perpetuated this model by proposing as a major part of most projects a diagnostic, phase in which large numbers of interviews, questionnaires and observations are made the basis of a set of recommendations given to the client. Consultants differ on whether they feel they should also be accountable for the implementation of the recommendations, but they tend to agree that the consultant's basic job is done with a set of recommendations for future intervention. If interviews or surveys are done, the attempt is made to be as scientifically objective as possible in gathering the data and to interfere minimally during this phase with the operation of the organisation. If one cannot understand an organisation without trying to change it, it would not be possible to make an adequate diagnosis without intervening. Either consultants using the classical model are getting an incorrect picture of the organisation, or they are intervening but are denying it by labeling it "Just Diagnosis". This risk forces the diagnostician to think about the nature of the "diagnostic intervention" and to apply clinical criteria what is safe, rather than purely scientific criteria of what would seemingly give the most definitive answer.

OD specialist must approach consulting work from a clinical perspective that starts with the assumption that everything to do with a client system is an intervention and that, unless intervened, will not learn what some of the essential dynamics of the system really are starting from that assumption, there is a need to develop criteria that balance the amount of information gained from an intervention with the amount of risk to the client from making that intervention. If the consultant is going to interview all the members of top management, he must ask whether the amount of information gained win be worth the risk of perturbing the system by interviewing everybody and if the answer is "yes," must make a further determination of what is to be learned from the reactions of the management to being interviewed. That is, the interview process itself will change the system and the nature of that change will provide some of the most important data about how the system works. The best information about the dynamics of the

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organisation will be how the organisation deals with the consultant, because his or her very presence is *de facto* an intervention. Yet the focus in many traditional consultation models is on the "objective data obtained in the interview" with a reference to how the interviewer about the process and what could be inferred from the way he or she was received.

'Human systems cannot be treated with high level of objectivity' is, therefore, an important insight that is all too often ignored in our change and consultation literature. In practice change agents have learned from their own experience that "diagnostic" activities such as observations, interviews and questionnaires are powerful interventions and that the process of learning about a system and changing that system are, in fact, one and the same. This insight has many ramifications, particularly for the ethics of research and consulting.

Many researchers and consultants assume that they can "objectively" gather data and arrive at a diagnosis without having already changed the system. In fact, the method of gathering data influences the system and therefore, must be considered carefully.

Example: Asking someone in a questionnaire how they feel about their boss gets the respondent thinking about an issue that he or she might not have focused on previously and it might get them talking to others about the question in a way that would create a common attitude that was not there before.

7.10 Team Building

Richard Beckhard, one of the founders of the discipline referred to as organisation development gave a systematic framework for the most effective interventions to achieve positive organisation change.

Notes Beckhard's team development model serves as a guide for executives and project managers. There are a variety of situations where new teams are formed.

The project based, cross-functional work team has become the basis of industry in the 1990's. Virtual team organisation is rapidly becoming the model for flexibility and agility in organizing quickly and effectively to get jobs done. New teams usually have a clear task focus in the early going and there is usually a clear understanding of the short-term goals. The new team members are also generally technically competent and there usually is a challenge in the project that will draw on their technical capabilities. While the early activities of a team are clearly focused on task and work issues, relationship problems tend do develop as they do in any human system. By the time these interpersonal issues surface the team may be well along in its activities. The issues may become very difficult and very costly to work out later in the game. There is a significant benefit if a new team takes short time at the beginning of its life to examine collaboratively how it is going to work together. Beckhard provides a tool to set the stage for most effective team-work and high performance.

Team Buildings an OD intervention cab take many forms. The most common pattern is beginning with interviews and other preliminary work, followed by a one-to three-day session.

Notes During the meeting the group diagnoses its function as a unit and plans improvements in its operating procedures.

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Various OD interventions discussed so far have their specific implications for OD and, therefore, are closely associated with a very few advocates and practitioners. As against these, team-building is the most important, widely accepted, and applied OD intervention for organizational improvement. For example, French and Bell have opined that "probably the most important single group of interventions in the OD are the team-building activities the goals of which are the improvement and increased effectiveness of various teams within the organization." A possible reason for this phenomenon is that people in the organization work in groups (teams) and the effectiveness of these groups ultimately determine organizational effectiveness. Before going through how team-building exercise can be undertaken to develop effective teams, let us consider the life cycle of a team, how synergy is generated through team-work, problems in team-work, and features of effective team so that team-building exercises focus more sharply on developing effective team.

Life Cycle of a Team

When a number of individuals begin to work at interdependent jobs, they often pass through several stages as they learn to work together as a team. These stages are: forming, storming, norming, performing, and adjourning as shown below:

Figure 7.1: Life Cycle of a Team

Though these are not followed rigidly, they do represent a broad pattern that may be observed and predicted in many settings across team's time together. These stages are the result of a variety of questions and issues that team members face such as "who will be members of the team?" "Who will perform what functions?" "Who will contribute what?" "What rules will be followed?" "How can conflicts among members be resolved?" and so on. These typical stages of life cycle of a team are described below:

1. ***Forming:*** At the first stage of the life cycle, team members get introduced to each other if they have not interacted earlier. They share personal information, start to accept others, and begin to turn their attention to the group tasks. At this stage, interaction among team members is often cautious especially when they are new to one another.

2. ***Storming:*** After the forming stage which is mostly related to perceiving and assessing each other, members start interaction among themselves in the form of competing for status, jockeying for relative control, and arguing for appropriate strategies to be adopted for achieving team's goals, because of individual differences, different members may experience varying degree of tension and anxiety out of this interaction pattern.

3. ***Norming:*** After storming stage, team members start settling. The team begins to move in a co-operative fashion and a tentative balance among competing forces too is struck. At this stage, group norms emerge to guide individual behaviour which form the basis for co-operative feelings and behaviour among members.

4. ***Performing:*** When team members interact among themselves on the basis of norms that have emerged in the team, they learn to handle complex problems that come before the team. Functional roles are performed and exchanged as needed, and tasks are accompanied efficiently.

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5. ***Adjourning:*** Adjourning is the end phase of cycle of a team. Sooner or later, each team has to be adjourned, even the most successful teams as they have completed their mission. The adjournment phase takes place in the case of those teams which are created for some special purposes like task force, committee, etc. Other types of team like a department in an organization run on the basis of some permanency though there may be changes in team members. After the adjournment of the team, intense social relationship among members comes to an end.

It is not necessary that all teams follow the rigid pattern prescribed here and the similar problems they face at each stage because each team is different in some respect based on the type of members and problems and functions assigned. However, concept of stages is significant in the context of the nature of problem which team members are likely to face in teamwork.

Self Assessment

State whether the following statements are true or false:

5. OD interventions refer to various activities which a consultant and client organisation perform for improving organisational performance through enabling organisational members better manage their behavior, their work group, and organisational culture.
6. Formalization refers to the extent to which jobs within the organisation are specialized.
7. Span of Control refers to the number of specialized activities or individuals supervised by one person.
8. Coordination enables application of specialized knowledge which betters quality of work and improves organisational efficiency.
9. Strategic planning is a dynamic process which defines the organisation's mission and vision sets goals and develops action steps to help an organisation focus its present and future resources toward fulfilling its vision.
10. Centralisation refers to decision-making at lower levels in the hierarchy of authority.

Case Study

Organization Development Interventions

Here is a brief on interventions that OD practitioners choose from, in partnering with organizational leaders to create "planned change."

This is, of course, not exhaustive. It only covers the most common OD interventions. Every practitioner augments this list with both specially designed interventions that meet the precise needs of clients and with other, more complex interventions such as large-group sessions, and other popular programs. It is important, however, that all OD professionals be completely grounded in these basic interventions.

Applying Criteria to Goals

Here the leadership establishes objective criteria for the outputs of the organization's goal-setting processes. Then they hold people accountable not only for stating goals against those criteria but also for producing the desired results.

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Establishing inter-unit Task Forces

These groups can cross both functional parts of the organization as well as employee levels. They are ideally accountable to one person and are appropriately rewarded for completing their assigned task effectively. Then they disband.

Experimentation with Alternative Arrangements

Today organizations are subject to "management by best-seller." The OD practitioner attempts to get leaders to look for changes that may take 3-5 years to work through. The meta-goal in these interventions is to create what is being called a "learning organization," one that performs experiments on organizational structure and processes, analyzes the results, and builds on them.

Identifying "Key Communicators"

The OD professional here carefully determines who seems to be "in the know" within the organization. These people often do not know that they are, in fact, key communicators. These collections of individuals are then fed honest information during critical times, one-on-one and confidentially.

Identifying "Fireable Offenses"

This intervention deepens the understanding of and commitment to the stated values of the organization. The OD professional facilitates the work of the organization's leaders to answer the critical question, "If we're serious about these values, then what might an employee do that would be so affrontive to them that he/she would be fired?"

In-visioning

This is actually a set of interventions that leaders plan with OD's help in order to "acculturate" everyone in the organization into an agreed-upon vision, mission, purpose, and values. The interventions might include training, goal setting, organizational survey-feedback, communications planning, etc.

Management/Leadership Training

Many OD professionals come from a training background. They understand that organizations cannot succeed long term without well- trained leaders. The OD contribution there can be to ensure that the development curriculum emphasizes practical, current situations that need attention within the organization and to monitor the degree to which training delivery is sufficiently participative as to promise adequate transfer of learnings to the job.

Setting up Measurement Systems

The total-quality movement emphasizes that all work is a part of a process and that measurement is essential for process improvement. The OD professional is equipped with tools and techniques to assist leaders and others to create measurement methods and systems to monitor key success indicators.

Studies of Structural Causes

"Root-cause analysis" is a time-honored quality-improvement tool, and OD practitioners often use it to assist organizational clients to learn how to get down to the basis causes of problems.

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Survey-feedback

This technology is probably the most powerful way that OD professionals involve very large numbers of people in diagnosing situations that need attention within the organization and to plan and implement improvements. The general method requires developing reliable, valid questionnaires, collecting data from all personnel, analyzing it for trends, and feeding the results back to everyone for action planning.

"Walk-the-talk" Assessment

Most organizations have at least some leaders who "say one thing and do another." This intervention, which can be highly threatening, concentrates on measuring the extent to which the people within the organization are behaving with integrity.

Question:

Discuss the above case Organization Development Interventions.

Source: http://www.chrmglobal.com/Articles/137/1/Organization-Development-Interventions.html

7.11 Summary

- This unit examines the various components of an OD process i.e., the diagnostic component, action or intervention component and the process-maintenance component.
- The diagnostic component tries to find out about the original state of the system and how the remedial action plans could affect them.
- The action or intervention component refers to the various OD interventions which try to improve the effectiveness of the organisational functioning.
- The various OD interventions are discussed
- The different classifications of the OD interventions are also discussed in details and how these interventions are targeted towards individuals, groups and organisation itself with an objective to improve organisational effectiveness.

7.12 Keywords

Process Consultation: A set of activities on the part of the consultant.

Structure: Arrangement of a system's parts.

Survey Feedback: A type of data based intervention that flows from surveys of the members of a system on some subject.

Team Building: The processes of helping a workgroup become more effective in accomplishing its tasks.

7.13 Review Questions

1. What do you mean by OD interventions? How can they be classified?
2. "Sensitivity training is the most controversial technique for behavioral change. On the one hand, it helps in improving psychological make-up. On the other hand, it 'creates psychological problems.'" Discuss this statement in the light of contributions of sensitivity training.

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3. What are the objectives of sensitivity training? Discuss the process involved in sensitivity training.

Answers: Self Assessment

1.	OD interventions	2.	target
3.	inter-group level	4.	Structural interventions
5.	True	6.	True
7.	True	8.	False
9.	True	10.	False

7.14 Further Readings

Books

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Unit 8: Team and Group Intervention

CONTENTS

Objectives

After studying this unit, you will be able to:

- Explain broad teams, intergroup interventions
- Describe major approaches to team building

Introduction

A team as we all knows can be defined as "grouped persons with complementary skills and who are committed to common goals and approach for which they hold themselves mutually accountable".

Collaborative management of work team culture is a fundamental emphasis of organisational development programs. Generally, the techniques and the theory of understanding and improving performance come from the laboratory training movement coupled with research in the area of group dynamics.

8.1 Team Building

Synergy in Team-work

Another important feature of a team is the concept of synergy which generates in team-work and the understanding of which helps in developing effective team. The concept of synergy is quite popular in strategic management and it is defined as follows:

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"Synergy is the process of putting two or more elements together to achieve a sum total greater than the sum total of individual elements separately. This effect can be described as 2+2=5 effect."

Thus, synergistic effect is not automatic but depends on the complementarity of different elements that are put together and the way they interact among themselves, that is, how a particular element affects another and is affected by it. Putting the concept of synergy in team-work means members of the team are complementary to each other and they contribute positively to one another. In fact, a team is created to undertake a task which requires a variety of skills and single individual cannot perform that task alone. To the extent, the complementarity among members is achieved; the team would be effective, other factors remaining the same.

Social Loafing

Social loafing is antithesis of synergy in team-work which suggests that people working together on a common task may actually decrease their individual efforts; team-work does not necessarily spurt group efforts. A simple phenomenon of social loafing may be observed in a group assignment to students during their study. In such an assignment, students find that one or two students do not put their weight for the completion of the project. These students may be called loafers (not attaching the same connotation which is attached with the term loafer in our social phenomenon) who frequently miss the project group's meetings, fail to perform their assigned tasks, and so on. They rely on the fact the more reliable members will complete the project without their help, and still expect to share the credit and obtain the same marks from the professor since he will be concerned with determining who worked and who did not. This phenomenon may happen in teams in work organizations too. For example, in one experiment, it was found that individuals' total efforts were much higher than the group efforts. Individuals were asked to pull alone as hard as possible on a rope attached to a strain gauge. They averaged 138.6 pound of pressure while tugging on the rope. When the same individuals pulled on the rope of groups of three, group of eight, the individual average dropped down still lower-68.2 pounds. Dropping of average output in group efforts indicates that some members of the group were not contributing as much as they did individually. The possibility of occurring of social loafing in a team-work increases because of the following reasons:

1. When the division of work cannot be accomplished properly and individual efforts are hard to determine, group efforts tend to slacken.
2. When the group is not cohesive with high output norms, individual members do not contribute to the fullest extent. A group is not merely an assemblage of individuals but there should be a feeling that they are members of the group and share common interests, goals, and attitudes.

The phenomenon of social loafing can be minimized by constituting effective team for group performance.

Effective Team

An effective team is one which contributes to the achievement of organizational objectives by performing the task assigned to it and providing satisfaction to its members. In the above paragraph, we have mentioned that team effectiveness depends on the complementarity of team members, other factors remaining the same. From this statement, it appears that there are many factors in an effective team. These factors are skills and role clarity, supportive environment, super-ordinate goals and team rewards. Let us see how these factors make a team effective.

1. ***Skills and Role Clarity:*** For an effective team, two things are required from its members; skills which are complementary to the team requirement and understanding of one's own role as well as roles of other members. While skills are relevant for job performance,

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understanding of roles helps members to meet the requirement of one another thereby solving the problems which the team faces. Thus, team members may tend to contribute positively to the teamwork. Even if one member lacks behind, he may tend to affect others because of chain reaction just like a rotten apple injures its companions.

2. ***Supportive Environment:*** A team loaded with skilled members cannot perform well if the organizational climate is not supportive for that. If the organizational climate is not in tune with high achievement, team members may not show high degree of enthusiasm and they will use only a part of their skills in performing the jobs. Therefore, managers at higher levels particularly at the top level should set organizational climate and culture which enthuse team members to put their best.

3. ***Super-ordinate Goals:*** Super-ordinate goals are those which are above the goals of a single team or a single individual. An individual works better if he is able to link how his goal attainment leads to the attainment of a higher-level goal. These super-ordinate goals, then, serve to focus attention, unify efforts, and stimulate more cohesive team efforts.

4. ***Team Rewards:*** Team performance depends on how reward is linked to team performance and how members perceive this linkage. If team members perceive that reward to contingent on team performance, they will put their maximum. Rewards of both types-financial and non-financial-should be taken into consideration. Further, organizations need to achieve a careful balance between encouraging and rewarding individual initiative and growth and stimulating full contributions to team success. Innovative non-financial team rewards for responsible behaviour may include the authority to select new members of the group, make recommendations regarding a new supervisor, or propose discipline for team members.

The positive aspect of all these factors leads to team effectiveness and team members share common values regarding product quality, customer satisfaction, and share the responsibility for completing a project on schedule. Katzenbatch and Smith, management consultants, have suggested the concept of real team and they feel that this concept is relatively unexploited despite its capacity to outperform other groups and individuals. They define four characteristics of real teams: small size; complementary skills; common purpose, goals, and working approach: and willingness to be held mutually accountable. Real teams can be created and sustained by:

1. Selecting members for their complementary skills and potentials;
2. Developing clear rules of conduct and challenging performance goals;
3. Establishing a sense of urgency right from the first meeting;
4. Providing substantial time together in which new information is constantly shared; and
5. Providing positive feedback, recognition, and rewards.

Team-building Process

Team-building attempts to improve effectiveness of the team by having team members to concentrate on:

1. Setting goals and priorities for the team.
2. Analyzing how team's goals and priorities are linked to those of the organization.
3. Analyzing how the work is performed.
4. Analyzing how the team is working, and
5. Analyzing the relationships among the members who are performing the job.

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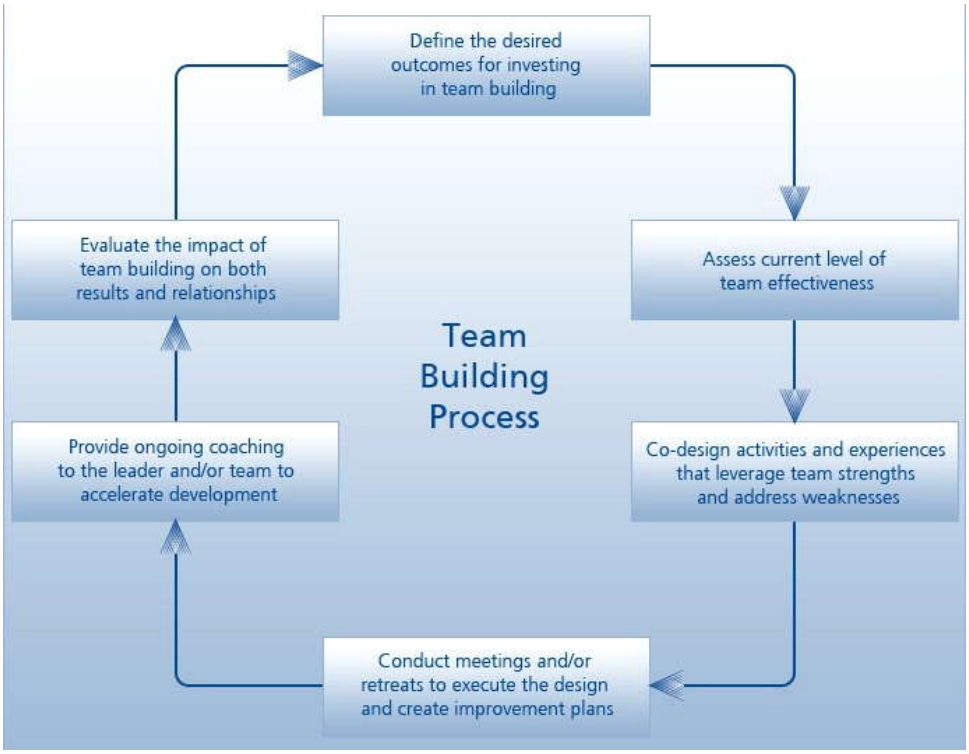
For achieving these, the team-building exercise proceeds in a particular way as shown in figure.

Figure 8.1: Process of Team-building



Various steps of team-building process are not one-shot action, rather, they are repetitive and cyclical as indicated by arrows in the figure.

1. ***Problem-sensing:*** There are a number of ways in which problems of a team can be obtained. Often the team itself defines which aspects of team-building it wishes to work on. This problem can better be identified in terms of what is hindering group effectiveness. At this stage, generally most of the members come forward with their arguments as to what the real problems are. The view may be quite different ranging from the organizational problem, group problems to even personal problem. In problem identification, the emphasis should be on consensus. The consensus-seeking part of the process necessitates that each person becomes thoroughly aware and understand clearly the basic concepts of team-development. Much of the problems may be solved through effective communication and training sessions.

2. ***Examining Differences:*** The perception of people on an issue differs because of their differing backgrounds, such as, their value systems, personality and attitudes. The perception may be brought to conformity through the process of exercise on perception which involves a number of psychological exercises particularly on perceptual differences. The role of communication is important in this context because it will help in clarifying the actual problems to the members.

3. ***Giving and Receiving Feedback:*** The step of perceiving things and listening to each other may be relayed back to the members as there is a possibility that such processes may create tense situation in the group. Often, members report about the painful feelings that they have at the time of evaluation of their feelings. The discussion should continue until all members of the team have commented. The feedback should be given to the members

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about their feelings, about the issue, the way people talk about the issue, the stying with the topic or going off on tangents, who was talking more or who was talking less, who was trying to resolve the differences, etc. Such feedback generally provides members to evaluate the values but at the same time, also provides opportunity to understand themselves. The concept of Johari Window may also be applied. This suggests that even people are not fully aware of themselves.

4. ***Developing Interactive Skills:*** The basic objective of this process is to increase the ability among the people as to how they should interact with others and engage in constructive behaviour. Following are the examples of constructive and negative behaviours:

   Constructive Behaviour

   (a) *Building:* developing and expanding the ideas of others.

   (b) *Bringing in:* harmonizing, encouraging others to participate.

   (c) *Clarifying:* resting, ensuring, understanding, seeking relevant information.

   (d) *Innovative:* bringing in new relevant ideas, information, feelings, etc.

   Negative Behaviour

   (a) *Over talk:* interrupting, talking together with speaker.

   (b) *Attacking:* deriding, belittling, criticizing person.

   (c) *Negative:* cooling, cynicism, undermining morale.

   At the time of discussion of feedback, people themselves take assignments to increase specific constructive behaviours and decrease specific negative behaviours. If this process is adopted several times, there is a strong possibility that members may learn constructive behaviours and leave negative behaviours. This is quite helpful in developing teamwork.

5. ***Follow-up Action:*** This is the final stage in team-building. At this stage, the total team is convened to review what has been learned and to identify what the next step should be. Follow-up action also helps in overcoming the drawback involved at the initial stages of team-building. It involves deciding who will take care of each area of the team's responsibilities, and who will be responsible for team projects in a group that has not developed a satisfactory division of responsibility; clarifying and setting differences in perception concerning responsibility and authority in the team, with complex division of responsibility and authority among members.

These attempts bring co-operative and supportive feelings among people involved in the team functioning. When this exercise is undertaken at the initial stage, it contributes positively towards the feelings of the people. However, to encourage and sustain such feelings, management should take such actions at regular intervals so that members feel reinforced and sustain their positive behaviour. Such actions will go a long way in shaping the organizational climate quite conducive to members for their efficient working.

Evaluation of Team-building

As mentioned earlier, team-building as an OD intervention has attracted maximum attention. Many research studies have also confirmed the positive contributions of team-building on the organization's outcomes, though, in different degrees. In general, team-building contributes to the organizational performance in the following manner:

1. It improves the organization's problem-solving and decision-making ability.

2. It helps in developing effective interpersonal relationships by stimulating the group members for that.

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3. It helps developing communication within the group and inter-group and overcoming many psychological barriers that block communication flow.

However, team-building has been termed as one-sided effort and it suffers from the following limitations:

1. It focuses only on work groups and other major organizational variables such as technology, structure, etc., are not given adequate attention.
2. Team-building becomes a complicated exercise when there is frequent change in team members. New member may find it difficult to adjust with the team because of his confusion over his roles in terms of task performance and building good relationships.

In spite of these problems, team-building has a positive outlook. However, it is not that effective in isolation. Therefore, there have been calls for combining team-building with organization behaviour modification approaches. One such suggestion is to use a task hierarchy to reinforce the team as it progresses up a behaviour skill hierarchy (for example, listening, communicating, monitoring, and feedback skills).

8.2 Team Interventions

The OD team interventions involve working with the cross-functional self-managed and high performance team. We will briefly define them as follows:

Cross-Functional Teams

Cross-functional teams are typically comprised of individuals who have a functional home base, for example, manufacturing, designing, marketing. HR and who meet regularly to solve ongoing challenges requiring input from a number of functional areas such teams might be temporary or permanent. Cross-functional teams are widely used in the organisations, and OD approaches have great utility in the formation and functioning of these teams.

Large companies such as Motorola, Ford, 3M, and General Electric as well as many small and medium organisations have them.

High Performance Teams

High performance teams reflect strong extension of the basic characteristics of the teams: with deeper sense of purpose, more ambitious performance goals, more complete approaches and interchangeable as well as complementary skills.

Team interventions in OD tend to be in congruence with the characteristics of the high performance teams.

8.3 Broad Team Building Interventions

The most important single group of interventions in OD are teambuilding activities, the goals of which are the improvement and increased effectiveness of various teams within the organisations.

Team interventions are typically directed towards four main areas:

1. Diagnosis
2. Task accomplishments

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3. Team relationship
4. Team and organisation processes

8.3.1 Varieties of Team Building Interventions in a Formal Group

- ***Formal Group Diagnostic Meeting:*** The purpose of the formal group diagnostic meetings is to conduct a general critique of the performance of the group, that is to take stock of "where we are going" and how we are doing, its strengths and the problems to be identified and then planning for a future course of action the secret of its success lies on the fact that the meetings are for the purpose of identifying problems and not solving the problem.
- ***Formal Group Team Building:*** The group thus works on agenda items and the items that emerge from the interaction of the participants.

  The formal group teambuilding meetings have the goal of improving the team's effectiveness through the better management of task demands, relationship demands and group processes. These meetings are usually initiated by the mangers in consultation with the third party. The idea is then tested for reactions within the group, time taken may range from one to three days and the session should be held away from the work place.
- ***Process Consultation Interventions:*** The process consultation model is similar to the team building interventions except that the process consultation places greater emphasis on diagnosing and understanding process events. The consultant's role is non-directive and questioning as he or she gets the groups to solve their problems.

Schien describes the kinds of interventions taken by the process consultant as:

- Agenda setting
- Feedback of observations or other data
- Coaching or counseling of individuals
- Structural suggestions pertaining to group membership, communication or interaction patterns, allocation of responsibility.

8.4 A Gestalt Approach to Team Building

A team building that focuses more on the individuals than the groups is the gestalt approach to OD. The major advocate of this orientation is Stanley M. Herman, a management and OD Consultant. He applies a Gestalt orientation to organisation development, especially in working with leader subordinate relations and team building to make the individual stronger, more authentic and more in touch with the individual's own feelings.

Techniques and Exercises used in Team Building:

- ***Role Analysis Technique (RAT):*** It is designed to clarify role expectation and obligations of team members to improve team effectiveness.
- ***Interdependency Exercise:*** It is a useful intervention if the team members have a desire to improve cooperation among themselves and among their units.
- ***A Role Negotiation Technique:*** Role negotiation intervenes directly in the relationship of power, authority and influence within the group. The change effort is directed at the work relationships among members for one another and their personal feelings about one another.

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- ***Responsibility Charting:*** This technique called responsibility charting helps to clarify who is responsible for what on various decisions and action.
- ***Visioning:*** It the term used for an intervention in which group members in one or more organisational groups develop and describe their vision of what they want they want the organisation to be like in the future. This concept was given by Ronald Lippit.
- ***Force Field Analysis:*** This is probably the oldest interventions in the OD practitioner's kit bag. It is a device for understanding a problematic situation and planning corrective actions. This technique is excellent for diagnosing change situations.

Notes It is a team intervention because it can be very exciting when used by the groups.

8.5 Inter Group Interventions

The focus of this teambuilding group of OD interventions is on improving intergroup relations. The goals of these activities are to increase communications and interactions between works related groups to reduce the amount of dysfunctional competition. Organisation development methods provide ways of increasing intergroup cooperation and communication.

The interventions are to deal with the verities of groups:

- where relations between groups are strained or overtly hostile.
- that have decided to work on improving their intergroup relations come together, time and again these kinds of structured intergroup activities have been found empirically to bring about better intergroup relations in the diverse situations.

8.6 Third Party Peacemaking Interventions

Conflict management can be a major component in the professional life of the OD practitioner. OD interventions can be used when two persons are in conflicts. The major theory underlying this concept is given below:

Walton's Approach to Third Party Peace making

R.E. Walton has presented a statement of theory and practice for third party peacemaking interventions. This intervention technique is related to inter group relations described as possessing the basic feature i.e., confrontation where the two principals must be willing to confront the fact that conflict exists and that it has consequences for the effectiveness of the two parties involved.

He proposed a diagnostic model of interpersonal conflict based on four basic elements:

1. The conflict issue.
2. The precipitating circumstances.
3. The conflict relevant acts of the principals.
4. The consequences of the conflicts.

Intervention tactics of the third party consist of structuring confrontation and dialogue between the principals. The third party will intervene directly and indirectly in facilitating dialogue between the principals. He would be setting time boundaries on the interaction and meet on the neutral turf.

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8.7 Personal Interventions

In a personal intervention the facilitator identifies a significant flaw or a blockage in or opportunity to expedite the planning process and consciously and personally sets out to change the course of that process. Personal interventions require the facilitator to meet in person with individuals or teams to crystallize and resolve the intervention issue. Personal intervention by the facilitator in the strategic planning process is critical to its success and can significantly compress the change process.

The ability to make effective personal interventions is the most sophisticated and valuable personal skills facilitator can posses. Intervention requires extensive experience with the planning process, sensitivity to people, good personal relationships, credibility, an extensive bag of solutions to various process problems, and an exquisite sense of timing as to when to intervene. Therefore, there is no simple cookbook that mechanically teaches how and when to make an intervention. It's a matter of experience, formal and on-the-job training in organisation intervention techniques, and inherent skill. While more a personal skill than a technical facilitation skill, intervention ability is included in the cue cards because it is so important and serves as a quick reminder of the most common intervention situations as you implement a planning process.

Self Assessment

State whether the following statements are true or false:

1. Interdependency Exercise is a useful intervention if the team members have a desire to improve cooperation among themselves and among their.
2. Force Field Analysis technique called responsibility charting helps to clarify who is responsible for what on various decisions and action.
3. Responsibility Charting is probably the oldest interventions in the OD practitioner's kit bag. It is a device for understanding a problematic situation and planning corrective actions.
4. The focus of this teambuilding group of OD interventions is on improving intergroup relations.
5. Conflict management can be a major component in the professional life of the OD practitioner.

8.8 Interpersonal and Group Process Interventions

The process consultant must be keenly aware of the different roles individual members take on in a group. Both upon entering and while remaining in a group, the individual must determine a self-identity influence, and power that will satisfy personal needs while working to accomplish group goals. Preoccupation with individual needs or power struggles can reduce the effectiveness of a group severely, and unless the individual can expose and share those personal needs to some degree, the group is unlikely to be productive.

Therefore, the process consultant must help the group confront and work through these needs. Emotions are facts, but frequently they are regarded as side issues to be avoided. Whenever an individual, usually the leader, says to the group, "Let's stick with the facts," it can be a sign that the emotional needs of group members are not being satisfied and, indeed, are being disregarded as irrelevant. Two other functions need to be performed if a group is to be effective: (1) task-related activities, such as giving and seeking information and elaborating, coordinating, and

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evaluating activities; and (2) group maintenance actions, directed toward holding the group together as a cohesive team, including encouraging, harmonizing, compromising, setting standards, and observing. Most ineffective groups perform little group maintenance, and this is a primary reason for bringing in a process consultant. The process consultant can help by suggesting that some part of each meeting be reserved for examining these functions and periodically assessing the feelings of the group's members. As Schein points out, however, the basic purpose of the process consultant is not to take on the role of expert but to help the group share in its own diagnosis and do a better job in learning to diagnose its own processes: "It is important that the process consultant encourage the group not only to allocate time for diagnosis but to take the lead itself in trying to articulate and understand its own processes." Otherwise, the group may default and become dependent on the supposed expert. In short, the consultant's role is to make comments and to assist with diagnosis, but the emphasis should be on facilitating the group's understanding and articulation of its own processes.

Group Problem Solving and Decision Making

To be effective, a group must be able to identity problems, examine alternatives, and make decisions. The first part of this process is the most important. Groups often fail to distinguish between problems (either task-related or interpersonal) and symptoms. Once the group identifies the problem, a process consultant can help the group analyze its approach, restrain the group from reacting too quickly and making a premature diagnosis, or suggest additional options.

Example: A consultant was asked to process a group's actions during a three-hour meeting that had been taped. The tapes revealed that premature rejection of a suggestion had severely retarded the group's process. After one member's suggestion at the beginning of the meeting was quickly rejected by the manager, he repeated his suggestion several times in the next hour.

Each time his suggestion was rejected quickly. During the second hour, this member became quite negative, opposing most of the other ideas offered. Finally, toward the end of the second hour, he brought up his proposal again. At that time, it was thoroughly discussed and then rejected for reasons that the member accepted. During the third hour, this person was one of the most productive members of the group, offering constructive and worthwhile ideas, suggestions, and recommendations. In addition, he was able to integrate the comments of others, to modify them, and to come up with useful, integrated new suggestions. However, it was not until his first suggestion had been thoroughly discussed (even though it was finally rejected) that he was able to become a truly constructive member of the group. Once the problem has been identified, a decision must be made. One way of making decisions is to ignore a suggestion.

Example: When one-person makes a suggestion, someone else offers another before the first has been discussed. A second method is to give decision-making power to the person in authority.

Some-times decisions are made by minority rule, the leader arriving at a decision and turning for agreement to several people who will comply. Frequently, silence is regarded as consent. Decisions also can be made by majority rule, consensus, or unanimous consent. The process consultant can help the group understand how it makes its decisions and the consequences of each decision process, as well as help diagnose which type of decision process may be the most effective in a given situation. Decision by unanimous consent or consensus, for example, may be ideal in some circumstances but too time-consuming or costly in other situations.

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Group Norms and Growth

Especially if a group of people works together over a period of time, it develops group norms or standards of behavior about what is good or bad, allowed or forbidden, right or wrong. There may be an explicit norm that group members are free to express their ideas and feelings, whereas the implicit norm is that one does not contradict the ideas or suggestions of certain group members (usually the more powerful ones). The process consultant can be very helpful in assisting the group to understand and articulate its own norms and to determine whether those norms are helpful or dysfunctional. By understanding its norms and recognizing which ones are helpful, the group can grow and deal realistically with its environment, make optimum use of its own resources, and learn from its own experiences.

Leadership and Authority

A process consultant needs to understand processes of leadership and how different leadership styles can help or hinder a group's functioning. In addition, the consultant can help the leader adjust her or his style to fit the situation. An important step in that process is for the leader to gain a better understanding of his or her own behavior and the group's reaction to that behavior. It also is important that the leader become aware of alternative behaviors.

Example: After gaining a better understanding of his or her assumptions about human behavior, the leader may do a better job of testing and perhaps changing those assumptions

Individual Interventions

These interventions are designed to help people be more effective or to increase the information they have about their "blind spot" in the Johari Window. Before process consultants can give individual feedback, they first must observe relevant events, ask questions to understand the issues fully, and make certain that the feedback is given to the client in a usable manner.

The following are guidelines for effective feedback:

- The giver and receiver must have consensus on the receiver's goals.
- The giver should emphasize description and appreciation.
- The giver should be concrete and specific.
- Both giver and receiver must have constructive motives.
- The giver should not withhold negative feedback if it is relevant.
- The giver should own his or her observations, feelings, and judgments.
- Feedback should be timed to when the giver and receiver are ready.

Group Interventions

These interventions are aimed at the process, content, or structure of the group. Process interventions sensitize the group to its own internal processes and generate interest in analyzing those processes.

Interventions include comments, questions, or observations about:

- Relationships between and among group members.
- Problem solving and decision making.

Notes

- The identity and purpose of the group. Content interventions help the group determine what it works on.
- Group membership.
- Agenda setting, review, and testing procedures.
- Interpersonal issues.

Conceptual inputs on task-related topics. Structural interventions help the group examine the stable and recurring methods it uses to accomplish tasks.

Self Assessment

Fill in the blanks:

6. ..... have strong personal commitment to each other and are committed to others growth and success.
7. ..... can be a major component in the professional life of the OD practitioner.
8. ..... is designed to clarify role expectation obligation of team's members to improve team effectiveness.

Case Study

OD Interventions - PSU in India

French & Bell have defined OD to be the applied behavioural science discipline dedicated to improving organizations and the people in them through the use of theory and practice of planned change.

They have said that "Basically OD is a process for teaching people how to solve problems, take advantage of opportunities, and learn how to do that better and better over time. OD focuses on issues related to human side of the organizations by finding ways to increase the effectiveness of individuals, teams and the organization' human and social processes."

Driven by these basics of OD, a leading Public Sector Undertaking of India, (having an employees strength of approx 33,000) embarked upon the Organization Development program in the year 1985 with the help of an eminent consultant.

It started off with the Action Research Model (French & Bell, page 100), involving:

- Data Collection
- Analysis of the data (with the help of a consultant)
- Action Planning on the basis of analysis of the data

Subsequent steps taken were as below:

- A company-wide climate survey was conducted to obtain the data which could throw up the areas/actions for OD interventions.
- Data, thus obtained, was used to make an action plan.
- The action plan, termed as HRD framework, was presented to the Board of Directors.

Contd...

Notes

- After approval of the action plan by Board of Directors, Change Agents were earmarked , one for each location/division. Selection of the change agents was done, keeping the recommendation of the consultant in mind, that, since OD was a people's program, the change agents should necessarily be line managers who have demonstrated to possess good 'people skills'.
- The change agents were given extensive training on behavioral skills (most of which are termed as 'soft skills' in present day parlance).
- The change agents were made responsible for implementation of HRD framework. They were placed administratively under Chief of HR at each location, the underlying concept being that once the HRD framework had been implemented and institutionalized, the Chief of HR would be its custodian for its assimilation with the regular HR practices and policies.

The OD Action Plan (HRD Framework) & its Implementation

Role Analysis has been a rather more acceptable strategy in India. RA has been described as one of the team building techniques and has been adequately explained by French & Bell (page 166-168) .The two authors have also acknowledged the work of Prof Ishwar Dayal of India, with regard to RA.

In simple words, Role Analysis (RA) implies analyzing the role of a person/position in the organization. Job description is some thing akin to RA, the subtle difference being that RA deals with total role of a person (including competencies) whereas JD is a mere description of the job (may not clearly focus on competencies).

The enclosed HRD Framework shows the different derivatives (sub systems) of Role Analysis along with their linkages, pursued by the organization under discussion.

It will be prudent here to mention that many of these RA derivatives(sub-systems) were already in vogue in the organization, but not so effectively linked as they became after the OD interventions.

As on today, RA and all its sub-systems have been institutionalized and the organization is now preparing for next phase of OD Interventions.

Question:

Discuss the Case Study of a PSU OD Interventions.

Source: http://www.chrmglobal.com/Articles/11/1/OD-Interventions—Case-Study-of-a-PSU-in-India.html

8.9 Summary

- This unit contains the description of the OD interventions, its classification.
- In addition to this light has been thrown on the understanding of teams, team-building interventions because team building produces powerful positive results and it is an intervention in harmony with the nature of organisation as a social system.
- In teams members are interrelated to each other and must coordinate and integrate individual efforts in order to achieve successful task accomplishments.
- It is discussed and analysed that team building interventions are at the centre of OD activities some emphasis has been laid on the intergroup and third party peace making interventions and to learn how these interventions actually reduce intergroup and interpersonal conflict and improve relationships.

Notes

8.10 Keywords

High Performance Teams: Strong extension of the basic characteristics of the teams.

Team Interventions: Working with the cross-functional, self-managed and high performance teams.

8.11 Review Questions

1. Discuss briefly the techniques used in team building interventions.
2. Write short notes on:
   (a) Cross-functional teams
   (b) Third party peace making interventions
   (c) Process consultations interventions.

Answer: Self Assessment

1.	True	2.	False
3.	False	4.	True
5.	True	6.	High performance teams
7.	Conflict management	8.	Role Analysis Technique

8.12 Further Readings

Books

Cummings, Thomas G., & Worley, Christopher G. (2000), *Organisation Development and Change* (7th Edition), South-Western Educational Publishing.

French, Wendell L., and Cecil H. (1996), *Development: Behavioral Science Interventions for Organisation Improvement* (5th Edition), New Delhi, India: Prentice Hall of India.

Hatch, Mary J. (1997), *Organisation Theory*, New York: OUP.

Senge, Peter M. (1990), *The Fifth Discipline: The Art and Practice of Learning Organisation,* New York: Doubleday.

Sinha, Dharni P. (1986), *T-Group, Team Building and Organisation Development,* New Delhi, India: ISABS.

S. Ramanarayan, T.V. Rao, Kuldeep Singh, *Organisational Development Interventions and Strategies.*

Notes

Unit 9: Comprehensive Intervention

CONTENTS

Objectives

After studying this unit, you will be able to:

- Describe the extent of OD interventions
- Explain strategic management activities
- Describe Grid OD, trans-organisational development

Introduction

Comprehensive OD interventions are very much alive and visible in contemporary OD practice. Some comprehensive interventions involve the whole system. These comprehensive interventions involve a collaborative effort between the client organisation(s) and the consultants(s) in both diagnosis and interventions. However it must fit the realities being experienced by the client system and must engage the cooperation and goodwill of client system members.

9.1 Comprehensive OD Interventions

The comprehensive OD intervention is in terms of the extent to which the total organisation is involved. They are as follows:

"**Getting the whole system in the room**"

This concept has a long venerable history, including the art and science of conference planning and running large meetings.

Notes

The whole system refers to:

- Managers of all of the functional areas in a business.
- Representatives of top management, a cross section of employees from all levels and suppliers and customer representatives.
- Directors of all the social service agencies in a community.

Search Conferences and Future Search Conferences

Search conferences largely emerged with consulting practices in Great Britain, Europe and Australia while future search conferencing have been largely an American phenomenon. The basic design of the search conference has three following phases:

Phase 1: Environment Appreciation.

Phase 2: System analysis.

Phase 3: Integration of system and environment.

The search conference is normally a two and a half day event, twenty to thirty people are selected to participate based on such criteria as their knowledge of the system and their potential for taking responsibility for implementation.

Future search conferences are the one that integrates ideas from Ronald Lippit. Lippit and Lindman finding says that when people plan presents action by working backwards from what is really desired, they develop energy, enthusiasm, optimism and high commitment.

According to the Weisboard's future search conference model consists of following steps:

- The consultants.
- 50-60 people are invited.
- The conference has four or five segments each lasting up to half a day.
- The first major activity focuses on the past.
- The second major activity focuses on the present factors.
- The third major activity focuses on the future.

9.2 Beckhard's Confrontation Meetings

The confrontation meeting developed by Richard Beckhard, is one day meeting of the entire management of an organisation in which they make reading of their own organisational health.

This intervention is an important one in organisation development; it is a quick, simple and reliable way in which to generate data about an organisation and to set action plan for organisational improvement.

The steps involved in the confrontation meetings are:

- Climate setting (duration is 45 to 60 min).
- Information collecting (duration is 1 hr)–Small group of 7-8 members are formed on the basis of heterogeneity of composition.
- Information sharing (duration is 1 hr)

Notes

- Priority setting and group action planning (duration is 1 hr and 15 minutes)
- Immediate follow-up by Top Team (1 to 3 hrs)
- Progress Review (2 hours)
- The fourth major activity focuses on next generation step.

Before the conference ends, volunteers agree to document the meeting, communicate with others, and to carry forward the next action step.

These above mentioned steps represent the flow of the activities for the confrontation meeting and it is believed to be the excellent way to get fast results leading towards organisation improvement.

9.3 Strategic Management Activities

Many OD programs and interventions are directed towards the internal workings of the organisation. OD thus also need to develop outward looking interventions directed towards environmental analysis and strategic planning to ensure that the organisation is in synchrony with its environment.

A strategic planning technique developed by Thomas uses a series of two day meeting with the top policy maker.

Notes Open system policy is another technique developed by Charles Krone where the top team develops a description of the expectations and environmental demands of environmental domains and internal groups.

Stream Analysis

Stream analysis is a method useful in planning behavioral, structural, and technical changes:

- Begins by identifying behavioral, technological, and structural interventions that organization can implement as part of the OD program.
- Helps the organization to diagnose and plan interventions over a period of time.
- Provides a graphical portrayal of the changes and allows for progress in implementing specific changes to plotted.

As developed by Jerry Porras, stream analysis, although complicated and somewhat difficult to use is a valuable intervention.

Model for thinking about change and for managing change. Stream analysis is a system for graphically displaying the problem of the organisation, examining the interconnections between the problems, identifying the core problems and graphically tracking the corrective actions taken to solve the problem.

As the problems are categorized, they are placed on the stream charts in their appropriate columns. An analysis of the entire set usually reveals much overlap among the problems and then helps to segregate the unique issues for the considerations.

The Stream Analysis approach to organizational change was developed by Professor Jerry Porras, Professor Emeritus at Stanford Graduate school of Business. It is an exciting alternative to the usual "top down" approach driven by outside experts. It is a technique for discovering core

Notes

problems that stand in the way of getting optimal results for projects, initiatives, and organizational effectiveness.

Stream Analysis couples a formalized approach with enabling software to rapidly uncover core issues and their interdependencies in an organization, in order to help its stakeholders to collaboratively arrive at corrective actions that directly address the impediments to positive change. With both horizontal and vertical application, across all organizational functions and at all levels of management, it is a tool for project leaders, business managers, organizational advisors, as well as governance and oversight teams.

Stream Analysis applications are both horizontal and vertical, and the toll can be used by managers across all organization functions and at all levels of management. The scope of involvement in using Stream Analysis depends on the intentions and assumptions of those leading the change initiative. However, the technique is sufficiently flexible to be used effectively by different types of organizational groups. It can be used by a small change management team (CMT), to guide intervention efforts, or by a much larger group, to carry out extensive business initiatives. It can be applied at various levels, from project, department, business unit, to executive level initiatives. It can even be used by a manager alone, or by a consultant, wanting to get a clearer idea of change or intervention needed.

Stream Analysis applications span a wide range of organization functions, management decisions and initiatives, from tactical or strategic planning to problem diagnosis and intervention. In all such applications, the use of Stream Analysis can be very flexible and independent of any particular phase of an initiative.

"Stream Diagnostic" is the main engine of Stream Analysis. It is a systematic and systemic approach for identifying and separating core drivers from symptoms, and guiding stakeholders to: (a) Understand the organizational interrelationships; (b) Identify core performance and behavior problems; and (c) Get alignment and buy-in in planning solutions

Stream Survey

"Stream Survey" software is the front end, assessment phase, of Stream Analysis suite. It is designed to generate superior online questionnaires based on the principles of Stream Analysis from a bank of over 1000 questions. It empowers the managers to design and conduct organization wide surveys on a range of problems and issues, in a manner that they produce most informative results for the executives. Stream Survey generates a comprehensive set of results complete with statistical analysis of the survey questionnaire to be used in assessing organizational problems. The results of such survey can be imported into the Stream Diagnostic as starting issues for core problem identification. "Stream Survey" is currently available as a service.

Appreciative Inquiry

An intervention broader than the appreciation and concerns exercise is Appreciative Inquiry (AI) developed by Frank Barret and David Cooperrider. This major intervention is based on the assertion that the organisation is a miracle to be embraced rather than a problem to be solved.

Self Assessment

Fill in the blanks:

1. …….. are very much alive and visible in contemporary OD practice.
2. The ……is normally a two and a half day event, twenty to thirty people are selected to participate based on such criteria as their knowledge of the system and their potential for taking responsibility for implementation.

Notes

3. The …… developed by Richard Beckhard, is one day meeting of the entire management of an organisation in which they make reading of their own organisational health.

4. A …… technique developed by Thomas uses a series of two day meeting with the top policy maker.

9.4 Grid Organisation Development

Grid organisation development was developed by Blake and Mouton. It is a comprehensive and systematic OD programme which aims at individuals, groups and the organisation as a whole. It utilizes a considerable number of instruments enabling individuals and groups to assess their own strengths and weaknesses; focuses on skills. Knowledge and processes necessary for effectiveness at the individual group Inter-group and total organisation levels. Its specific objectives are as follows:

- To study the organisation as an interactive system and apply techniques of analysis in diagnosing its problems.
- To understand the importance and rationale of systematic change.
- To evaluate the styles of leadership and techniques of participation to produce desirable results.

9.4.1 Process of Grid Organisation Development

The basic content of grid organisation development is managerial gird as discussed earlier. The whole orientation is to develop managerial style through the application of behavioral science knowledge. The grid organisation development consists of six phases:

1. ***Managerial Grid:*** It covers various aspects of assessing managerial styles, problem solving communication skills and teamwork. The individuals try to learn to become 9.9 managers by practice.

2. ***Teamwork Development:*** The focus in this stage is to develop teamwork by analyzing team culture, traditions and the alike. The skills relating to planning objective setting and problem solving are also developed.

3. ***Inter-group Development:*** At this phase the focus is on inter group behavior and relations. The thrust is on moving groups from conflict to co-operation.

> *Notes* Each group separately analyses the ideal inter group relationship.

   Action steps to move towards the ideal are developed and assigned to individuals who may be engaged in building cooperative inter group relationships.

4. ***Developing Ideal Strategic Corporate Model:*** At this stage the focus shifts to the total organisation and to develop skills necessary for organisational excellence. The action is designed to identify the characteristics of the ideal organisation. The members of the organisation are trained for achieving this excellence.

5. ***Implementing the Ideal Strategic Model:*** The implementation stage includes the building of the organisation on the model of ideal organisation on the basis of concepts developed under stage 4. Each group may be given assignment to evolve strategy for making ideal organisation with the help of the consultant. The strategy is then implemented.

Notes

6. ***Systematic Critique:*** In this stage the various efforts from phase 1 to phase 5 are evaluated and critical analysis is made. The analysis will bring out the shortcomings that may be there. In this light the various programmes may be redesigned.

Task Take one or two organization and correlate and discuss the comprehension OD intervention.

9.4.2 Evaluation of Grid Organisation Development

Most of the support to grid OD has come from its originators-Blake and Mouton. They have maintained that "managerial and team effectiveness can be taught to managers with outside assistance." Furthermore, it appears that this type of educational strategy can help to make significant contributions to organisational effectiveness. In a later work they maintained the same stand.

Though research studies on the application of grid OD are not many some of them have not supported the claims made by Blake and Mouton. Grid OD programme is criticized on the basis that it lacks contingency approach and, therefore, it discounts reality.

Notes Further, grid OD is a non-rigorous method. In spite of these criticisms, grid OD has some positive contributions for organisational effectiveness.

9.5 Trans-organizational Development

This concept is an extension of OD, which constitutes a distinct level of practice commensurate with the dynamics emerging at this higher level of social system. It is an important form of organisational change process for transorganisational systems. It includes three phases:

Phase 1. Potential member organisations are identified.

Phase 2. Member organisations are convened.

Phase 3. The TS is organized.

However it requires an active role from the practitioner as they actually do with OD.

Self Assessment

State whether the following statements are true or false:

5. In stream analysis technique, the focus is directed towards solving the core problem.
6. Grid Organisation Development was developed by Blake and Mouton.

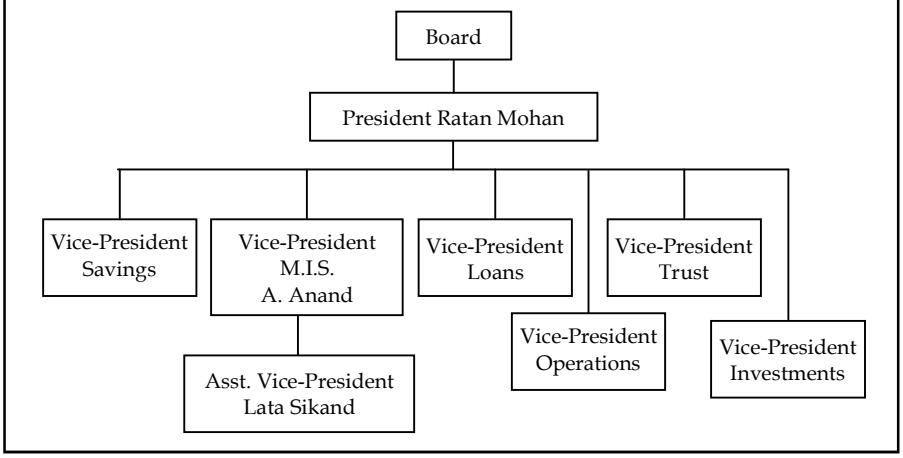
Notes

Case Study

The Farm Bank

The Farm Bank is one of the state's oldest and solidest banking institutions. Located in a regional marketing centre, the bank has been active in all phases of banking, specialising in farm loans. The bank's President, Ratan Mohan, 72, has been with the bank for many years and is prominent in local circles.

Exhibit 9.1: Partial Organisation Chart



The bank is organised into five departments as shown in Exhibit 9.1. A senior vice president heads each department. They have been with the bank for years and in general reflect a stable and conservative outlook.

The Management Information System

Two years ago, Mr. Mohan felt that the bank needed to modernise its operations and with the approval of the board of directors, he decided to design and install a comprehensive Management Information System (MIS).

The primary goal was to improve internal operations by supplying necessary information on a more expedited basis, thereby decreasing the time necessary to service customers. The system was also to be designed to provide economic operating data for top management planning and decision-making. To head up this department, he selected A. Anand, 58, a solid operations manager, who had some knowledge and experience in the computer department.

After the system was designed and installed, Anand hired a young woman, Lata Sikand, a young M.B.A. with a strong systems analysis background, as his assistant. She was the only woman and considerably younger than any of the other managers at this level. She was also the only M.B.A.

During the time since the system was installed, the MIS has printed thousands of pages of operating information, including reports to all vice-presidents, all branch managers, and the President. The reports include weekly, monthly, and quarterly summaries and include costs of operations, projected labour costs, overhead costs, and projected earnings figures for each segment of the bank's operations.

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Notes

The MIS Survey

President Mohan has been pleased with the system; however, he noticed little improvement in management operations. In fact, most of the older vice-presidents tended to make decisions and function pretty much as they had before the MIS was installed. Mohan then decided to have Lata conduct a survey of the users to try to evaluate the impact and benefits of the new system. Lata was glad to undertake the survey, since she had long felt the system was over elaborate for the bank's needs. She sent out a questionnaire to all department heads, branch managers, and so on, inquiring into the uses of the system.

As she began to assemble the survey data, a pattern began to emerge. In general, the majority of managers were strongly in favour of the system, but felt that there were a few minor modifications, which could be made. As Lata analysed the responses several trends and important points came out: (1) 93 per cent reported they did not regularly use the reports because the printouts were hard to interpret: (2) 46 per cent stated they received more data than they wanted; (3) 57 per cent reported finding some errors and inaccuracies; and (4) 87 per cent stated they still kept manual records because they did not fully trust the MIS.

The Meeting

Lata Sikand finished her report excitedly and rushed into A. Anand's office and handed him the report. Anand slowly scanned the report, then said, "You've done a good job here, Lata. But now that we have the system operating, I don't think we should upset the apple cart, do you? Let's just keep this to ourselves for the time being and perhaps we can correct most of these problems. I'm sure Mr. Mohan wouldn't want to hear this kind of stuff. This system is his baby, so maybe we shouldn't rock the boat with this report".

Lata returned to her office feeling uncomfortable. She wondered what to do.

Question:

Discuss the above case in detail and explain it.

9.6 Summary

- Comprehensive OD interventions are very much visible in the contemporary OD practice.
- Some like Beckhard's confrontation meeting and strategic management activities involve all of top management or in case of smaller organisations, the entire management group.
- Future search conferences tend to involve a wide spectrum of organisational members.
- Appreciative inquiry focuses on the strengths of the organisation and what is most valued by its members.
- Transorganisational development is aimed at assisting organisations in forming and developing alliances.
- Like all OD interventions these comprehensive interventions must involve a collaborative effort between client organisations and the consultants in both diagnosis and interventions.

9.7 Keywords

Confrontation Meeting: A structured intervention that help two groups resolve interdepartmental misunderstandings or conflict.

Notes

Transorganisational Developmental: An intervention concerned with helping organisations join into partnership with other organisations to perform tasks or solve complex problems.

9.8 Review Questions

1. What is grid organisation development? What are the processes involved in grid organisation development? How does it help in improving individual performance in an organisation?
2. Discuss briefly the concept of comprehensive OD interventions?

Answer: Self Assessment

1.	Comprehensive OD interventions	2.	search conference
3.	confrontation meeting	4.	strategic planning
5.	True	6.	True

9.9 Further Readings

Books

Cummings, Thomas G., & Worley, Christopher G. (2000), *Organisation Development and Change* (7th Edition), South-Western Educational Publishing.

French, Wendell L., and Cecil H. (1996), *Development: Behavioral Science Interventions for Organisation Improvement* (5th Edition), New Delhi, India: Prentice Hall of India.

Hatch, Mary J. (1997), *Organisation Theory*, New York: OUP.

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Sinha, Dharni P. (1986), *T-Group, Team Building and Organisation Development,* New Delhi, India: ISABS.

S. Ramanarayan, T.V. Rao, Kuldeep Singh, *Organisational Development Interventions and Strategies.*

Notes

Unit 10: Structural Intervention

CONTENTS

Objectives

After studying this unit, you will be able to:

- Explain structural intervention
- Describe Changes in how the overall work of the organisation is divided into units

Introduction

The term socio-technical system or STS is largely associated with experiments that emerged under the auspice of the Tavistock Institute in Great Britain. STS theory has two basic premises One is that "effective work systems must jointly optimize the relationship between their social and technical parts". The second premise is that "such system must effectively manage the boundary separating and relating them to the environment."

10.1 Selected Structural Intervention

Socio-technical Systems (STS) Theory

It is based on joint optimization of the social and technological systems of organisations. Further more:

- The boundary between the organisation and its environment should be managed in such a way as to allow effective exchanges, but protection from external disruptions,
- The implementation of STS should be highly participative, and
- The creation and development of self-managed teams is an important factor in STS implementation (Cummings and Worley; Trist, Higgin, Murray, and Pollock; and others).

Creation of Self-managed Teams

- Providing teams with a grouping of tasks that comprises a major unit of the total work to be performed;
- Training group members in multiple skills, including team-effectiveness skills;
- Delegating to the team many aspects of how the work gets done;

Notes

- Providing a great deal of information and feedback for self-regulation of quality and productivity;
- Solving the problem of dislocation of first-line supervisors; and
- Reconceptualising the role of managers with emphasis on coaching, expediting, and coordinating (Walton, Lawler, and others).

Work redesign theory suggests that:

- Motivation and performance can be enhanced through redesigning jobs to heighten skill variety, task identity, task significance, autonomy, and feedback from the job;
- The concept can be extended to the creation of self-managed teams; and
- Third-party assistance in the development and monitoring of group norms can be useful (Hackman and Oldham).

Traditional MBO Theory

It assumes the need for systematic goal setting linking the goals of superiors to subordinates and that:

- Objectives or targets should be stated in quantitative terms whenever possible,
- Goal setting and appraisal should be one-on-one dialogues between superior and subordinate,
- MBO can vary on an autocratic-participative continuum and that,
- MBO can feature a participative team approach (French and Hollmann, Likert and Fisher).

Quality Circles

At least the participative, problem-solving versions are based on the assumptions' that many, if not most, employees are willing to work collaboratively in group settings-both natural work teams and cross-functional teams-on problems of product quality and system effectiveness, and that they can learn to effectively utilize both technical and process consultants, providing they are:

- Trained in quality control concepts and the relevant measuring techniques, and are
- Trained in-group dynamics, team leadership, and interpersonal communication skills.

Quality of Work Life (QWL) Programs

This programs vary in content but frequently include restructuring of several dimensions of the organisation, including:

- Increased problem solving between management and the union;
- Increased participation by teams of employees in shop floor decisions pertaining to production flow, quality control, and safety; and
- Skill development through technical skill training, job rotation, and training in team problem solving (Fuller, Carrigan, Bluestone, Goodman, Lawler, Ledford, Walton, and others).

Notes

Parallel Learning Structures (or Collateral Organisations)

Parallel learning structures are organisations established within ongoing organisations and have the following features:

- A mandate to deal with complex, non-routine, future-oriented problems and/or to co-ordinate large-scale systems change;
- The creation of different norms and culture to enhance creative problem solving and to create a model organisation from which the organisation can learn (Z and, Bushe, and Sham).

Physical Settings or Arrangements

It can be the focus of interventions that can utilize and be highly congruent with OD techniques and assumptions (Steele).

Total Quality Management (TQM) Programs

It is a long-term effort that orients all of an organizations activity around the concept of quality. It is very popular in USA in 1990s. TQM pushes decision making power downwards in the organization, provides relevant information to all employees, ties reward to performance and increase workers knowledge and skills through extensive training. It is also called continuous quality improvement. A combination of a number of organization improvement techniques and approaches, including the use of quality circles, statistical quality control, statistical process control, self-managed teams and task forces, and extensive use of employee participation

Total Quality Management (TQM) is an approach that seeks to improve quality and performance which will meet or exceed customer expectations. This can be achieved by integrating all quality-related functions and processes throughout the company. TQM looks at the overall quality measures used by a company including managing quality design and development, quality control and maintenance, quality improvement, and quality assurance. TQM takes into account all quality measures taken at all levels and involving all company employees.

Total Quality Management (TQM) programs are combinations of a number of approaches, including:

- A high emphasis on customers, including internal customers;
- The use of statistical quality control and statistical process control techniques;
- Competitive benchmarking;
- Participative management;
- An emphasis on teams and teamwork; and
- An emphasis on continuous training (Peters and Peters, Ciampa, Sashkin, and others).

W. Edwards Deming first coined the term Total Quality Management (or TQM). It is a management concept which works towards reducing the errors produced during the manufacturing or service process, increasing customer satisfaction, streamlining the supply chain management, and aiming for modernization of equipment. TQM targets to limit errors to 1 per 1 million units produced. Total Quality Management is often associated with the development, deployment, and maintenance of organizational systems that are required for various business processes.

A description of the culture, attitude and organization of a company that aims to provide, and continue to provide, its customers with products and services that satisfy their needs is basically what is TQM.

Notes

Quite a lot of difficulties is faces by organizations in implementing TQM. Surveys by consulting firms have found that only 20-36% of companies that have undertaken TQM have achieved either significant or even tangible improvements in quality, productivity, competitiveness or financial return.

Key Features of TQM

The core focus of TQM is continuous improvement of all operations and activities. Once it is understood that high quality product is the only thing to gain customer satisfaction, continuous improvement of the quality of the product is seen as the only way to maintain a high level of customer satisfaction. It is also essential that the link between product quality and customer satisfaction is also realized. TQM also recognizes that product quality is the result of process quality. As a result, there is a focus on continuous improvement of the company's processes. This will lead to an improvement in process quality. In turn this will lead to an improvement in product quality, and to an increase in customer satisfaction.

A major component of the continuous improvement approach has to be elimination of wastes. A stronger emphasis on prevention rather than detection is given and an emphasis on quality at the design stage is also showered. The customer-driven approach helps to prevent errors and achieve defect-free production. When problems do occur within the product development process, they are generally discovered and resolved before they can get to the next internal customer.

Employee Participation

Requisites of a successful TQM environment are a committed and well-trained workforce that participates fully in quality improvement activities. Reward and recognition systems can reinforce such participation. And this in turn will emphasize the achievement of quality objectives. Ongoing education and training of all employees supports the drive for quality. Employees are encouraged to take more responsibility, communicate more effectively, act creatively, and innovate. TQM links remuneration to customer satisfaction metrics knowing the fact that people behave the way they are measured and remunerated.

A TQM Culture

Introducing TQM is not so easy. An open, cooperative culture has to be created by management for doing so. Employees have to be made to feel that they are responsible for customer satisfaction. They are not going to feel this if they are excluded from the development of visions, strategies, and plans, because employee participation in these activities is essential. They are unlikely to behave in a responsible way if they see management behaving irresponsibly – saying one thing and doing the opposite.

Product Development in a TQM Environment

Product development in a TQM environment varies in a number of ways from product development in a non-TQM environment. A product development is usually carried on in a conflicting atmosphere where each department acts independently if developed in TQM environment. Short-term results drive behavior so scrap, changes, work-around, waste, and rework are normal practice. Major focus of the management lies in supervising individuals, and fire-fighting is necessary and rewarded.

A TQM environment to product development is customer-driven and much focus is given to quality. Teams are process-oriented, and interact with their internal customers to deliver the required results. Management's focus is on controlling the overall process, and rewarding teamwork.

Notes

Caselet

Managing Change in the NHS

In a review of TQM research, Hackman and Wageman (1995) found that over 80% of published assessments of TQM were descriptions of what happened when the programme was installed in one particular organisation. Less than 15% of the studies of TQM programmes documented actual behavioural changes following TQM adoption. Those that did address work behaviours relied on anecdotal descriptions of particular quality teams and their problem solving processes.

Numerous case reports provide some evidence of a positive impact from TQM but they are almost all based on experiences in a single case, mostly written by a member of the focal organisation. In contrast, broad-based, large-scale surveys generally reveal dissatisfaction with the results of TQM (Little, 1992; Shortell et al., 1995).

A particular difficulty with TQM is that a wide range of disparate interventions, some related to TQM and some not, are included under the TQM banner. The dilution and Transmogrification of TQM pose particular difficulties for those who seek to evaluate it. The loose adoption of TQM rhetoric, in the absence of the implementation of TQM principles, combined with a dearth of studies on behaviour change, has meant that there is a gap in knowledge about the effects of TQM interventions and the means by which those effects are generated.

In health, the literature contains reports about individual organisational experiences and provides suggestions for improved implementation (for example, Motwani, Sower and Brashier, 1996; Nwabueze and Kanji, 1997; Zabada, Rivers and Munchus, 1998). There are, however, few empirical studies that provide comparative information about the impact of TQM on health care organisations. Barsness et al. (1993) presented self-reported data from hospital Chief Executives and Directors of Quality Improvement from 3303 community hospitals in the USA. Researchers used a relatively stringent definition of TQM to differentiate between participating and non-participating hospitals. They found that TQM hospitals were more satisfied with their quality improvement efforts, had board members more involved, greater perceived impact on human resource development, greater perceived impact on productivity and profitability, and greater cost savings than non-participating hospitals. They found no significant differences between the two groups in terms of patient outcomes.

Similarly, Shortell et al. (1995) studied 40 hospitals and found no relationship between TQM implementation and length of stay, or perceived clinical impact. Joss and Kogan's (1995) evaluation of TQM in the NHS found little evidence of staff empowerment, or changes in health status. They concluded that implementation was piecemeal, and rarely focused on core organisational processes of the NHS - that is, clinical practice - concentrating instead on peripheral and administrative activities. These findings may reflect the reluctance of medical staff to engage in TQM efforts where TQM has been tried in hospitals so far doctors are often not effective on quality improvement teams. They arrive late or not at all to the meetings, they dominate when they are present; and they sometimes leap to solutions before the team has done its proper diagnostic work on the process.

Source: http://www.sdo.nihr.ac.uk/files/adhoc/change-management-review.pdf

Notes

Reengineering

It is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed. Reengineering focuses on visualizing and streamlining any or all business processes in the organization. It seeks to make such processes more efficient by combining, eliminating, or restructuring activities without regard to present hierarchical or control procedures. Reengineering is a top-down process; assumes neither an upward flow of involvement nor that consensus decision making

Business Process Reengineering (BPR) can be defined as:

... a radical scrutiny, questioning, redefinition and redesign of business processes with the aim of eliminating all activities not central to the process goals … and automating all activities not requiring human judgmental input, or facilitating that judgment at reduced cost (Thomas 1994, p.28).

BPR was championed by Michael Hammer and James Champy (1994) in the book

'Reengineering the Corporation' in which they advocated that old systems be discarded and replaced with new, more innovative and effective processes. BPR demands lateral thinking that extends beyond the current boundaries in order to achieve a more effective organisation.

BPR has been heavily criticised in the literature. One criticism is that BPR is focused on the implementation of new technology, rather than the improvement of business processes. Information technology companies are selling 'solutions' to business problems and are promoting the existence of problems merely to enhance sales of their own products and services (Thomas, 1994). BPR has also been criticised as being associated with downsizing and cost-cutting, with little regard for quality or long-term business objectives (Mumford & Hendricks 1996). However, Hammer has defended BPR, stating that it was not intended as a way to simply slash labour costs, but to streamline work processes, remove bureaucratic procedures and increase efficiency (cited in Mumford & Hendricks 1996).

BPR starts with a vision or idea. However, ideas only come from three sources - they can be copied from other companies (benchmarking), bought (from an IT company or consultant), or they can be original ideas (Thomas 1994). Benchmarking does not allow competitive advantage and buying the idea is expensive and often results in the purchase of a 'solution' which is not relevant to the business to which it is sold. While original ideas seem to be the only way to develop unique and relevant solutions, they are often developed within existing and constricting frameworks to maximise the chances of them being accepted. Indeed, original ideas are criticised by Thomas who believes that the acceptance of an idea is 'inversely related to its radicalness, especially when associated, as it is so often, with significant downsizing' (1994, p. 30).

Perhaps it is the lack of constricting frameworks that has prompted many BPR initiatives to be conducted in greenfield sites. Indeed, large organisations have been known to set up new companies with new staff, new policies, and new methods to the parent company. This 'starting again' avoids the issue of organisational change and transformation which is complicated in BPR due to the frame-braking nature of the changes (Thomas 1994). However, Patching (1995) argues that is possible to gain commitment and motivation during reengineering through the use of the vision.

Although the radicalness of BPR can create many challenges, it also appears to be able to offer many advantages when it is implemented successfully. Furthermore, research shows that around eighty percent of organisations that implement BPR are satisfied with the results (O'Neill & Sohal 1997). An organisation that has embraced BPR and developed an original idea is likely to be the leader in their industry rather than the follower. This can lead to a competitive advantage and can positively and drastically affect organisational performance.

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For the employees, the work is often more challenging and difficult yet, at the same time, more rewarding. Staff are required to perform many different tasks and to have an understanding of the entire business. They may enjoy more autonomy and more empowerment, but are also more accountable for their actions. Further, they are required to collaborate, often with people who have very different skills to themselves. Increased levels of interdependence facilitate team-based work and create a need for effective interpersonal skills (Finlay 1997).

	OD	TQM	BPR
Description:	A long-term, system wide application of behavioural science techniques.	Concerned with improving work processes and methods in order to maximise the quality of goods and services.	Particular approach concerned with rethinking current systems and processes.
Type of Change:	Planned, incremental	Planned, continuous	Planned, frame-braking
Aim:	Increase organisational efficiency and problem solving ability.	Keep existing customers by meeting or exceeding their expectations concerning products and services.	To redefine existing work methods and processes to improve efficiency.
Key Driver:	Often triggered by a problem such as a communication or culture breakdown.	Increasingly competitive market and the need to compete for specific customer demands. May also be driven by specific problems such as high costs or poor quality.	Competitive pressures and intense need to cut costs.
Change Agent:	External or internal	External or internal	External consultant
Learning process:	Single or double loop	Single or double loop	Double loop
Nature of culture change:	Fundamental focus on core values and people issues	Customer focused values	Values objectivity, control, consistency and hierarchy
Change to team based work:	Assumption that organisations are complex social systems based on groups.	Often requires a shift to team based work	Yes. Requires a shift to team based work because the work is process based rather than task based.

In summary, re-engineering is about rethinking and redesigning organisational processes in order to achieve dramatic improvements in performance, including cost, quality, service and speed (Hammer & Champy 1994). However, this can be impeded if those implementing BPR feel that they are constricted by the existing framework within which the organisation is operating.

Reengineering as currently conceptualized (Hammer and Champy):

- Focuses almost exclusively on streamlining business processes, and
- Appears to pay little attention to the human-social system.

However, it appears theoretically possible for reengineering programs to utilize OD approaches in which:

- Collateral organisations are used extensively, and
- Organisational members are extensively involved and adequately protected.

How Reengineering happens

Step 1: Starting from the top

Step 2: Getting the strategy straight

Step 3: Identifying core business processes

Notes

Step 4: Developing deep process knowledge

Step 5: Identifying opportunities for improvement

Step 6: Identifying world class best of breed and customer requirements

Step 7: Creating new process design

Step 8: Implementing new process

The above steps are explained in details:

Step 1: Start from the Top

Reengineering is a cross-functional strategy. Customer service is horizontal. Only top management can ensure the cooperation and resources necessary to properly. Reengineer business processes.

Step 2: Get the Strategy Straight

Reengineering should get to the strategy straight without going the other way around like identifying the vision, mission, strategy or the critical success factors.

Step 3: Identify Core Business Processes

Determining what core business processes are and using the value chain to look at the suppliers, customers, and customer's customer. The customer benefits are also to be thought about.

Step 4: Develop deep Process Knowledge

This can be done by establishing current performance and using process mapping to understand all low level processes, relationships, information requirements, interfaces to customers and suppliers.

Step 5: Identify Opportunities for Improvement

This can be done by identifying reasons for poor performance using entitlement and creative techniques for thinking outside the box. Hammer s Seven Principles, forced analogy technique, and intrinsic value technique are to be used.

Hammer's seven principles:

1. Automate around outcomes not tasks let one person do all the steps.
2. Have those who use the output of a process perform the process.
3. Subsume information processing work into the real work that produces the information.
4. Treat geographically dispersed resources as if they were centralized.
5. Link parallel activities instead of integrating their results.
6. Put the decision point where the work is performed, and build control into the process.
7. Capture information once, at the source.

Step 6: Identify World Class and Customer Requirements

This has to be done by using Benchmarking and Quality Function Deployment Methodology, surveys, etc.

Step 7: Create New Process Design

This can be done by emphasizing end to end solutions and ensuring control at the source, restructuring reward and incentive system, etc.

Let customers drive performance standards. Only value added processes are to be incorporated.

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Step 8: Implement the New Process (Manage the Change Process)

This can be done by understanding the people who will be affected by the change. Change should not and can not be forced on people. Effective communication is a must. People must be informed in advance. People affected by the change must be involved in the decision making process. It takes a long time for changes to be accepted. Reengineering should be done before it is necessary. A culture conducive to generative change is to be created.

Caselet

Ford Motor Company

In the early 1980s, Ford looked at its 500-person accounts payable department closely.

It was soon realized that the majority of each employee's time was spent tracking down discrepancies between purchase orders, shipping receipts and invoices. Ford decided to reengineer the entire parts procurement process. Therefore, the steps Ford took were:

An online database was created of purchase orders. Whenever a buyer issued a purchase order, it was entered into the database. As goods are received at the receiving dock, someone checks the database. If the shipment matches a purchase order, it is received. If the shipment does not, it is not accepted.

Therefore, there are no possible discrepancies between what was ordered and what was physically received. As soon as the shipment is received, the database is updated and a check is automatically generated and issued to the vendor at the appropriate time.

The results of Ford's reengineering program were: Head count in Ford's purchasing department fell from 500-people to 125-people at the same time efficiency improved dramatically.

"The reengineering of procurement at Ford illustrates another characteristic of a true reengineering effort: Ford's changes would have been impossible without modern information technology -- which is likewise true for the reengineering effort at IBM Credit. The new processes at both companies are not just the old programs with new wrinkles. They are entirely new processes that could not exist without today's information technology. We say that in reengineering, information technology acts as an essential enabler. Without information technology, the process cannot be reengineered."

– Michael Hammer & James Champy

"We learned that you can't plan an entire reengineering project in advance, because what you discover during the project changes your plan. Every change you design is a living rough draft, not a perfected process. Reengineering is an iterative process. The problems you encounter themselves lead to better solutions, which is why it's essential to attack change in manageable chunks. We also learned that in reengineering you have to reengineer both human and technical systems, not just one or the other, and it can't all happen at once."

-- Pamela Goodwin, senior vice president,
Direct Response Group, Capital Holding Corporation

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"We actually set up two different kinds of reengineering teams, one to come up with the ideas and the other to test and refine them in the real world. The first team we called the core team.

As soon as we had a process design, we put the second team, which we called the lab team, to work. Their job was to test the core team's blueprinted design by using it to process real orders.

They would try the new process, change it however they liked and then feed their results back to the core team. Thus, our reengineering program was iterative. The lab team became, in effect, a prototype for the case team concept that our core team developed. As a result of reengineering this way, our labor costs have dropped from about $88 million to $6 million."

Large-scale Systems Change

Large-scale system change (including organisational transformation) with unextensive OD thrust typically requires a multiplicity of interventions over an extended time frame. Including:

- A reconceptualisation of the nature of the business;
- The use of a parallel learning structure;
- A reduction in hierarchical levels;
- Team building and Development, including the use of cross-functional teams;
- Survey feedback;
- Extensive use of task forces; and
- Intensive leadership training (Nadler, Ackerman, Porras and Silvers Cummings and Worley, Weisbord, and others).

Self Assessment

State whether the following statements are true or false:

1. Parallel learning structures have a mandate to deal with complex, non-routine, future-oriented problems and/or to co-ordinate large-scale systems change.
2. MBO cannot vary on an autocratic-participative continuum.
3. Reengineering as currently conceptualized focuses almost exclusively on streamlining business processes.
4. Socio-technical Systems (STS) theory is based on joint optimization of the technological and political systems of organisations.

Case Study

The Sundale Club

Background

The Sundale Club is the largest athletic-social club in the city. It has been established for many years and has a prestigious reputation. Currently, the membership is slightly under

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1,000. In the past, Sundale has had a waiting list for those wishing to join. However, in the past few months the list has been exhausted and the director, Gaurav Sharma, is considering a membership drive to fill unexpected membership vacancies.

Aditi Goyal had been thinking about her modelling job on her way home that evening. Today had been a dandy. Vaibhav Tyagi, the athletic director, had fired Shraddha Gupta, who had worked for Sundale for nearly 9 years.

The Problem

The whole mess started 5 months ago when Vaibhav hired Anshul Chopra to become the men's activity manager. Shortly after Anshul arrived, rumours started that he was a homosexual. Although Anshul did not fit the stereotype of a homosexual, two of the members complained to Rishabh Mehra, the assistant athletic director, that Anshul had made verbal passes at them.

Vaibhav Tyagi and Anshul were close friends, so Rishabh was reluctant to approach his boss with this problem. During the next few weeks more incidents concerning Anshul's behaviour were reported by various staff members to Rishabh, in addition to complaints from club members.

Staff Directory

Director..... Gaurav Sharma

Social Director... Mani Singh

Athletic Director ... Vaibhav Tyagi

Asst. Athletic Director... Rishabh Mehra

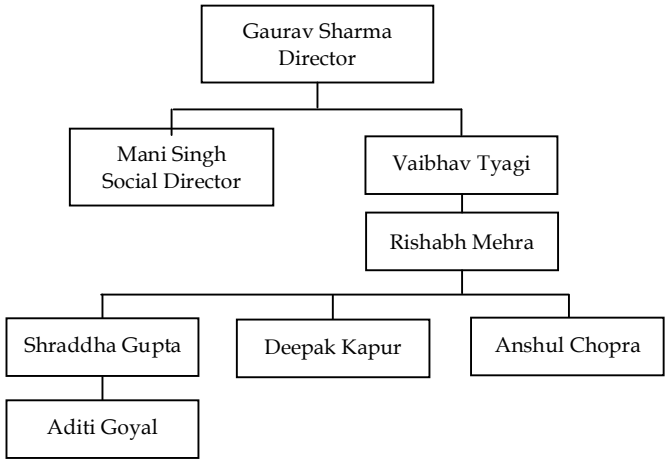
Women's Activities Manager... Shraddha Gupta

Mixed Activities Manager…Deepak Kapur

Men's Activities Manager... Anshul Chopra

Women's Fitness Coordinator... Aditi Goyal

Exhibit 10.1: Organisation Chart of Sundale Club



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Rishabh could sense that his staff was wondering why he had not done something about the situation, and he was aware that seven of the male members had withdrawn from the club. Finally, he requested a meeting with Vaibhav Tyagi.

The Meeting

The meeting with Vaibhav did not go well. Vaibhav Tyagi was extremely defensive about Anshul and shouted, "Anshul Chopra has more savvy about this business in his little finger than the whole bunch of you put together."

That night, Rishabh decided to go over Vaibhav's head and talk to Gaurav Sharma. Sharma was due to retire the next year, so he did not want to rock the boat in the final days of his tenure with Sundale. He tried to convince Rishabh that it was just a silly rumour.

Rishabh's working relationship with Vaibhav was very strained and he continued to receive pressure from below. That week Rishabh quit the organisation and went to work in the same capacity for the competition. The next day, Anshul, who had been working for Sundale 5 months now, was promoted as the new assistant athletic director.

The Incident

Shraddha Gupta was bent! The entire athletic department, with the exception of Vaibhav, was shocked. Shraddha had been very dedicated to her job and the organisation. Additionally, there was never a doubt that she would get Rishabh's job when he moved up.

Shraddha Gupta burst into Vaibhav's office and demanded to know why she had not got the promotion. The next few minutes were rather ugly. Shraddha left Vaibhav's office, went to her own office, and began to cry. A knock at the door stopped the flow of tears, but after entering, Aditi Goyal could tell immediately something was wrong. Shraddha explained that she had just been fired, which started the tears again. Aditi soon joined her.

On her way home, although very concerned about Shraddha, Aditi was also concerned about her own future, and her part-time job as a model. Shraddha had allowed her to miss up to 8 hours from the Sundale Club each week to continue the modelling duties. Although she did not really need the modelling money, the job itself was very important to her from a personal satisfaction standpoint; she had to keep trim and well groomed, which kept her thinking young. Also, the glamour aspect of the modelling profession satisfied her ego.

Mani Singh, the social director, was also starting to feel the effects of the internal turmoil created in the athletic department. Most of the Sundale Club's income was derived from the club's social activities. Further, Deepak Kapur, the mixed activity manager, had noticed the impact of the turmoil within his own department.

Mani, acting on her own behalf, spoke privately to all the athletic department managers with the exception of Vaibhav Tyagi and Anshul Chopra. She had hoped to arrange a meeting with Gaurav Sharma but found little support from that department because of their fear of Vaibhav Tyagi.

10.2 Summary

- The unit covers the various selected structural intervention and shows the differences and similarities as well as the overlap between Socio Technical Systems (STS), self managed teams and others as discussed in the unit.

Notes

- Applications are properly called OD to the extent that the latter is true: it is used by the OD practitioners but it is expected that OD label would not be applied whenever structural interventions are carried out without the attention to the social system or to humanistic values.

10.3 Keywords

Quality of Work Life: A way of thinking about people, work, and organisation.

Reengineering: An intervention that focuses on dramatically redesigning core business processes.

Socio-technical System: Considering both the social system (human) and the technical system simultaneously, in order to match the technology and the people optimally.

10.4 Review Questions

1. Explain TQM appears to be highly congruent with OD approaches and values.
2. What are self-managed teams and how they are relevant to socio-technical system design?
3. Consider a symptom of a problem that exists (or has existed in the past) in an organisation in which you work. Which approach would you use to diagnose and solve the problem?
4. Consider a business that has considerable and numerous problems related to operational Processes and methods which is suffering financial loss as a result. Which approach would be the most appropriate? Why?

Answer: Self Assessment

1.	True	2.	False
3.	True	4.	False

10.5 Further Readings

Books

Cummings, Thomas G., & Worley, Christopher G. (2000), *Organisation Development and Change* (7th Edition), South-Western Educational Publishing.

French, Wendell L., and Cecil H. (1996), *Development: Behavioral Science Interventions for Organisation Improvement* (5th Edition), New Delhi, India: Prentice Hall of India.

Hatch, Mary J. (1997), *Organisation Theory*, New York: OUP.

Senge, Peter M. (1990), *The Fifth Discipline: The Art and Practice of Learning Organisation,* New York: Doubleday.

Sinha, Dharni P. (1986), *T-Group, Team Building and Organisation Development,* New Delhi, India: ISABS.

S. Ramanarayan, T.V. Rao, Kuldeep Singh, *Organisational Development Interventions and Strategies.*

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Unit 11: Implementation and Assessment of OD

CONTENTS

Objectives

After studying this unit, you will be able to:

- Describe assessing organisation development
- Explain assessment of OD and change in organisational assessment of OD and change in organisational performance

Introduction

Most of the studies reviewed did not utilize designs rigorous enough to adequately determine the outcomes of the OD process. The present underdeveloped state of the art of OD evaluation demonstrates that practitioners must: (1) determine appropriate measures for assessing; (2) develop more adequate instruments for measuring change related to OD; and (3) consistently utilize more rigorous designs for their studies.

11.1 Organization Assessment

Assessment is concerned with providing feedback to the practitioner and organisation members about the progress and the impact of interventions. Evaluation process considers both the implementation success of the intended intervention and the long-term results it produce.

Notes

Factors influencing choice of an OD intervention to fit the best in the situation for implementation?

Selection of an OD intervention is influenced by the following three factors:

(a) Applicability

(b) Feasibility

(c) Acceptability

Applicability

Applicability means the potential of a given intervention to yield desired results. This is possible when an intervention is capable enough to address the real problem and holds good promise of solving it. One way to ascertain applicability of an intervention is to examine the likely positive and negative consequences associated with it. What follows from above is the need for evaluating one's client system with great care and concern before actually introducing any intervention.

Feasibility

Feasibility means the suitability of an intervention to suit to the client system.

Notes In other words, one needs to evaluate whether an intervention can actually be effectively introduced in a given type of client system.

Acceptability

Whatever applicability and feasibility an intervention carries has no use unless it is acceptable to the client system. It means an intervention needs to be accepted by its client system to yield desired results: Experience shows that an intervention is likely be less acceptable unless sufficient preparatory work has been done before introducing it.

11.2 Basic Components of Assessment of OD

In order to undertake an assessment program it is necessary to identify the basic components of assessment. They are as follows:

- ***Objectives:*** It is synonymous to mission, goals or aims. The objective of an assessment at the initial stages of the main change program is to gain knowledge and insight the efficacy and design of the main change program. Objectives of intermediate evaluations at regular intervals are to establish benchmarks.
- ***Worth or Value:*** for the focal variables which can be an individual, object, situation or a program.
- ***Measurement:*** The technique of measurement of social variables is done through psychometric tests. It is the quantitative dimension of the variable. Estimation of worth can also be made by other methods which are qualitative like interviewing, observational methods, simulation and projective techniques.
- ***Comparison:*** The data obtained from the measurement can be compared from the data measured from other reference.
- ***Conclusion:*** It is arriving at a judgment after comparison is made.

Notes

11.3 Criteria for Assessment

- ***Efficiency Measurement of Evaluation:*** The prime objective in efficiency evaluation to determine wastage and explore ways.
- ***Intervention Evaluation:*** It is concerned with examination of the transformational process.
- ***Effectiveness Evaluation:*** It is the assessment of outcomes from a given set of inputs through process. The outcome represents the object from which organisational effectiveness is assessed. Some effectiveness criteria are:
  - Achieving objectives and goals,
  - Adapting to the external environment,
  - Monitoring internal environment,
  - Revitalisation, integration, profitability, and
  - Growth-in net sales, in earnings, variation in growth rate, risking, bargaining position, employee satisfaction and collaboration.
- ***Cost Benefit Analysis:*** It is to assess the benefits from a given level of inputs such as achievement of change programme, social relevance, contribution to society, etc.

Evaluation should basically both during implementation assessment and after implementation evaluation of whether they are producing expected results. Two key aspects of the evaluation are measurement and the research design.

11.4 Measurement

Providing useful implementation and evaluation feedback involves two activities:

1. ***Selecting the Appropriate Variables:*** The variables measured in OD evaluation should derive from the theory or conceptual model underlying the intervention. Measuring both the interventions and outcome variables is necessary for implementation and evaluation. The choice of the intervention variable to measure should derive from the conceptual framework underlying the OD intervention. Additional sources of knowledge about intervention variables can be found in the numerous references.
2. ***Designing Good Measures a Good Measure should possess the following Characteristics:***
   (a) A good measure is operationally defined as how the empirical data needed is collected and most important how they can be converted from data to information.
   (b) *Reliability:* Reliability concerns the extent to which a measure represents the true value of a variable. OD practitioners can improve the reliability of their measures in four ways:
      (i) Operationally define the chosen variables.
      (ii) Use multiple methods to measure a particular variable. The use of questionnaires, interviews, observations.
      (iii) Use multiple items to measure the same variable on a questionnaire.
      (iv) Use standardized instruments.

A growing number of standardized questionnaires are available for measuring OD intervention and outcome variables.

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Validity: Validity concerns the extent to which a measure actually reflects the variable it is intended to reflect.

11.5 Prerequisites to Success of OD

There are many things that can grow in an OD programme. The conditions which are accepted as necessary for optimal success of an OD programme by Wendell French and Cecil Bell:

- ***Top management awareness of problem:*** Top management and other key people must be aware that the organisation has a problem. The top management actually decides the time, effort and money to be invested in an OD programme.
- A behavioural science consultant must be brought into the picture. It is the consultant job to diagnose the problem.
- The OD effort should involve the human resource people and should be in line with the current personnel policies and practices.
- The organisational personnel must build on what they learn from the OD change agent.
- ***The OD effort must be carefully monitored:*** The change agent and the organisational personnels must communicate with each other so that all understands where the organisation is heading.
- The process must start slowly and gain momentum through its own success. The management in consultation with the change agent should plan the activities for success of the intervention.
- ***Action research must be used:*** The change agent needs to make a preliminary diagnosis, gather data, feed it back to the personnels and develop a plan of action and follow-up.
- The OD effort in order to be truly successful, must be monitored in terms of checking on the personnel attitudes regarding what is going on and determining to the extent to which the problems are identified and being resolved.

Self Assessment

State whether the following statements are true or false:

1. OD interventions should take a holistic view of the organisation and secure top management support.
2. The secondary situation that whether the intervention would work similarly in other situations is referred to as internal validity.

11.6 Failures in OD Efforts

Limitations of organisation development are given including some by French and Bell:

- Imprecision of definition and conceptualization concerning OD.
- Inadequacy of client-consultant relationship.
- Non-availability of behaviour science consultant who has expertise in OD.
- Lack of knowledge of skillful interventions and effectiveness of various strategies.
- Failure in linking of OD changes with other sub-systems.

Notes

- Lack of innovativeness in bringing about congruence with other programmes.
- Top management support and involvement for long duration as persons may change.
- There are problems in measuring attitude change.
- According to Nadler there are four factors i.e., resistance, power, control and task redefinition represents the major hurdles to effective organisational change.

Caselet

Mangalore Metals Ltd.

Mangalore Metals Ltd is a manufacturer of light and medium weight metal products such as metal frames, metal sheets, metal containers and boxes and prefabricated cabinets. Its primary customers were civil contractors and hardware wholesalers. From the modest beginning, the company had steadily expanded and enjoyed a large volume of sales in Mangalore and Kerala. The company is located in the Bikampady industrial estate and employed three hundred persons.

Over the years, the ownership and senior managerial control of the company had remained in the hands of the D'souza family. Mr. Charles D'souza, the founder of the company had become one of the wealthy citizens of Mangalore as a result of the company's profits. Largely through the civil projects and members of the Konkani Catholic Community who supported Mangalore Metals (M. M. L).

Nearly two-thirds of the company's personnel worked in the production department. A large majority of jobs in M. M. L were held by the Catholic Community, many of whom had considerable seniority in the company. The catholics in the production department seemed to cherish working in M. M L as they enjoyed freedom under the supervisors who were fellow members of the community.

M. M. L had begin to face keener price competition since 2000, although sales had continued at their high level, profits began to drop off noticeably because of reduced margins. The D'Souza family headed by Mr. Charles D'Souza had become more anxious to improve the profitability of the company but they were unsure as to how this might be done. Mr Arun Frenandes, a M. B. A from Mangalore University who joined the company some 10 years back and the only person in the top management who was not a member of the D'souza family concluded as a result of the study that cost and procedural controls throughout the organisation were lacking. According to him, if the company was to improve its profits and maintain its market position, some of the organisational "vacuums" would have to be filled. He further stated that organisational vacuums can be created by having additional specialised staff in personnel, in accounting, marketing and other areas.

The management felt that Mr Arun's analysis of organisational vacuum did make sense. They wanted to start with the accounting first. They appointed a chartered account Mr. Ralph Mascharnhas. According to organisational plans, the administrative service department was to include, as a start, all the existing accounts functions. The primary function of the Accounts Section was to lighten up controls throughout the company but more particularly in "those areas where the potential for new economies was greatest".

After the successful implementation of the accounts section, it was decided to open two more new departments within the administrative service department, one was the budgeting section to install and administer a more sophisticated company wise budgeting program and the second section was a systems section to conduct procedures program

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involving the study and write-up of interdepartmental administrative practice. Both the sections would be headed by retired government servants. Mr. Fredrick would head the Budget session and Mr Boniface would head the systems service section.

Within a month after appointment both Mr Fredrick and Mr Boniface complained that their sections could not make any headway in their procedure work because of the uncompromising attitude of the production department. They (Production Department Personnel) do not have any time for us. We are fed up the lack of support on the matter and the lack of support from the people we are supposed to be working with. The Production Department personnel had a different story to tell. They said "We are busy people in production and do not have a lot of time to play around. We will work with anyone but it will have to be in our spare time". The problem was referred to Mr. Charles D'Souza the CEO of M. M. L.

11.7 Assessment of OD and Change in Organisational Performance

Performance management is an integrated process of defining, assessing and reinforcing employee work behaviour and outcomes. Organisations with a well-developed performance management process often outperform those without this element of work design. Performance management is an in the organisational performance is affected by practices and methods of goal setting, performance appraisals and reward system. They are discussed below:

11.7.1 Goal Setting

Goal setting involves manager and subordinates in jointly establishing and clarifying employee goals. The process of establishing challenging goals involves managing the level of participation and goal difficulty.

Characteristics of Goal Setting

- ***Establishing Challenging Goals:*** Establishing goals that are perceived as challenging but realistic and to which there is a high level of commitment.
- ***Clarifying Goal Measurements:*** The second element of goal setting process involves specifying and clarifying the goals. To clarify goal measurement should be operationally defined and it has to be ensured that the measure can be influenced by employee or group behaviour.
- ***Application Stages:*** OD practitioners have developed specific approaches which involve- *diagnosis, preparation of goal setting, setting of goals and review.*
- ***Management by Objectives:*** A common form of goal setting used in organisation is MBO. This method is chiefly an attempt to align personal goals with the business strategy by increasing communication and shared perception between the management and subordinates.

11.7.2 Performance Appraisal

Performance appraisal is a feedback system that involves the direct evaluation of individual or work performance groups by a supervisor, manger or peers. The process of performance appraisal involves the following steps:

- Select the right people.
- Diagnose the current situation

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- Establish the system's purpose and objectives.
- Design the performance appraisal system.

Effects of Performance Appraisal

In the meta analysis of performance appraisal interventions feedback was found to be having positive effect on the individuals and would lead to better organisational performance.

11.7.3 Reward Systems

Organisational rewards are powerful incentives for improving employee and work group performance. OD traditionally has relied on the intrinsic rewards to motivate the employee performance. More recently OD practitioners have focused to include the extrinsic rewards like pay, stock options, bonus, promotions, profit sharing and gain sharing etc. They have discovered that both the intrinsic and extrinsic rewards can enhance individual performance.

The three contextual factors which determine how these practice affect work performance are:

- ***Business Strategy:*** defines the goals and objectives that are needed for an organisation to compete successfully.
- ***Work Place Technology:*** affects whether performance management practices should be based on the individual or the group.
- ***Employee Involvement:*** The level of employee involvement in an organisation should determine the nature of the performance management practices.

11.8 Impact of OD

The significance of Organisational Development is often underestimated when planning a turnaround or significant improvements, yet it represents the single most important parameter when considering the sustainability of any changes that may have been put in place during the process. OD is the main tool to develop and manifest an organisation's culture and it is the culture of the organisation that sustains how the organisation executes, embraces change, manages customer focus, creates new value and integrates new team members.

Organisations are led towards focusing on the customer, the external customer, and significant resources, time, and emotional engagement is invested to achieve "best in class" customer focus. The author considers the sustainable external customer focus resulting into customer satisfaction and more importantly customer loyalty to be a result only of how an organisation manages customer focus and customer satisfaction throughout the internal value chain of the company. An organisation will reflect external customer focus in a sustainable fashion to the same degree as it manages to generate respect and excellence in execution of its internal customer/ supplier relationships.

11.9 Key Points for Implementation of OD

There are five keys to manage OD. They relate directly to the problems identified earlier and to elements of the organisation. Each can influence the elements of the social system and may help the organisation avoid some of the major problems in managing the change:

- Take a holistic view of the organisation.
- Secure top management support.

Notes

- Encourage participation by those affected by the change.
- Foster open communication.
- Reward those who contribute to change.

Self Assessment

Fill in the blanks:

3. The secondary situation that whether the intervention would work similarly in other situations is referred to as …….. .
4. The technique of measurement of social variables is done through ……..

Case Study

Steele Enterprises

The Public Relations Dinner

Gene Robertson, Public Relations Director, Steele Enterprises, knew there was trouble as soon as he saw the room. Instead of the bars being set up, with the shiny glasses, fine liquors, and impeccably dressed bartenders, there was chaos. Tables of hors d' oeuvres were there but with no semblance of order. Flowers had been delivered but were not placed. Cocktail tables and other furniture were still stacked. Thank God I'm early, he thought.

Richard Leeman (Chemical, Public Relations Chief) and Donna Olson (Mechanical, Public Relations Chief) were arguing – really going at it, in fact, while Judy Fields and Joe Maxwell stood by rather uncertainly, looks of distress on their faces. Gene hurried over to intervene. This was not the time for those two to get into it again. Not with over 50 marketing representatives and buyers, ambassadors for over 20 of the primary marketing outlets to which Steele Enterprises sold most of its goods, arriving in about an hour and a half. Still time to put this thing together, he thought wearily.

"OK, what's this all about?" Gene asked as he carefully but easily slid between the two.

"God, am I glad to see you!" gasped Donna, as she tried to catch her breath. "Dick is just being unreasonable about this whole. . . ."

"Unreasonable!" yelled Dick. "If Judy and I hadn't happened by, the cost of the hors d' oeuvres alone would be more than we'd planned on for the whole works! As it is, we'll exceed the budget by nearly $400!"

"OK, calm down. "Gene soothed, as he gently but firmly eased Dick a couple or more feet away from Donna. "Now, one at a time; you first, Donna. What is going on?"

Donna, still angry, was at least breathing more normally by this time. "You told us to get the best for this party," she said accusingly. "We told the catering manager to bring out his best stock and get us a classy spread of heavy hors d' oeuvres, but to stay within the $1,500 figures, with labour extra. Things were going great until Dick showed up. Then he started nosing around, asking questions, giving orders, and has things all fouled up! Just look!" She waved her arms around the room, indicating the mess.

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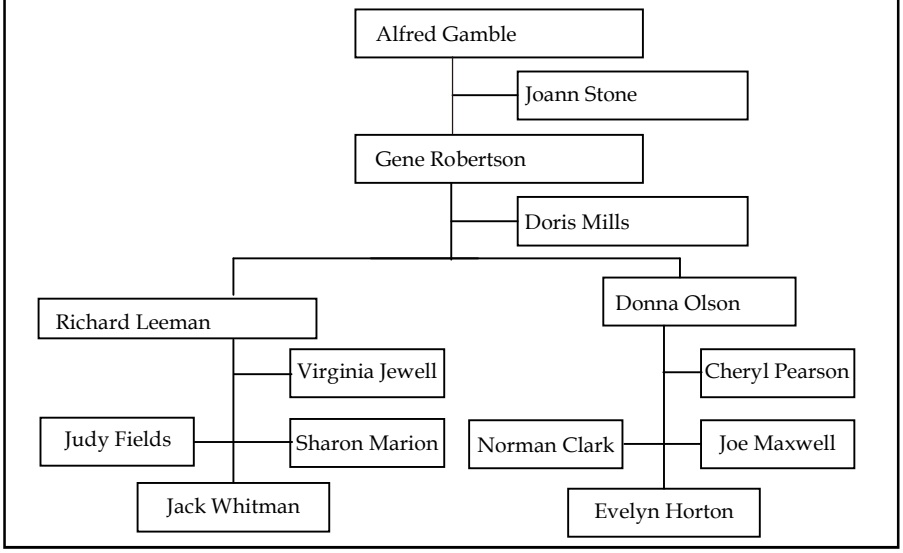
Alfred Gamble:	Western Area Regional Manager, Steele Enterprises, Inc
Joann Stone:	Secretary to Mr. Gamble
Gene Robertson:	Public Relations Director, Western Area Regional Office
Doris Mills:	Secretary of Mr. Robertson
Richard Leeman:	Chief of Chemical Branch Public Relations
Virgina Jewell:	Secretary for Chemical Branch P.R., responsible to Mr. Leeman
Jack Whitman	
Judy Fields	Chemical Branch P.R. specialists
Sharon Marion	
Donna Olson:	Chief of Mechanical Branch Public Relations
Cheryl Pearson:	Secretary for Mechanical Branch P.R., responsible to Ms. Olson
Evelyn Horton	
Joe Maxwell	Mechanical Branch P.R. specialists
Norman Clark	

Exhibit 11.1: Steele Enterprises, Inc., Western Region, Public Relations Division



"Not true!" gritted Dick through clenched teeth. "When Judy and I got here, neither one of these two were in sight, the catering manager was trying to find out what was going on, and his cost sheet showed $2,500 instead of $1,500. I've cancelled escargot, lobster tails, and the burgundy soaked tenderloin strips, and told them to hold the liquor prices to a maximum of $15 a bottle, except for the liqueurs. Even with the cuts, food costs are going to be nearly $300 above our maximum estimate, because they've already got some oysters shelled, crab legs cracked, and shrimp peeled!"

"Hold it! Time out! Stop!" said Gene appraising the situation. "We'll sort out who did what to whom later. Right now, we still have time to pull this thing back together and keep all our necks out of the nooses! Now, here's how we're going to handle this. . . ."

By the time the PR staff had been given their assignments (in clear, concise language, with no room for arguments), and by the time he had finished haggling with the catering

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Notes

manager (which cost him $50 under the table to the catering manager), getting the party cost down to within $100 of the estimated tab, and by the time the party was over (2:30 in the morning), Gene was really beat. It will be good to get home, he thought.

The Aftermath

Gene came in about 11 o'clock the next day, and after finishing up the paperwork from the morning's mail, went to lunch. Something has to give around here, he thought. His secretary, Doris Mills, could see the consternation on his face as they sat down at the table.

"Are those two going at it again?" she asked when he finally came back to earth.

"If you mean Dick and Donna, yes," he replied, "I've just got to do something with them. I've never had two more capable people running those branches, and I don't think they've ever had a more capable staff but this constant fighting between them just has to stop or I'm going to have to get rid of somebody, and I really wouldn't like to do that. Especially with that kind of talent. Even Mr. Gamble has kind of joked around the fact that the competition must be fierce in the PR business!" Gene looked thoughtfully at Doris. "Have you heard anything from Joann Stone?"

"Not about the bickering between Dick and Donna," replied Doris. "And if anything was wrong at the party, it never got passed down through the grapevine."

"Well, that's something," sighed Gene. "The fifty bucks I slipped to that jerk at the hotel to fix up the bill can at least be taken care of on the expense account. I'll call it incidental expenses or something." How lucky I am to have an efficient, competent secretary, who keeps her eyes and ears open and her mouth shut. I think she's about due for a raise, thought Gene as they ordered.

The Problem

Later that afternoon, in the privacy of his office, Gene reviewed the problems with his staff: Dick, Ginny, Judy and Sharon in Chemical PR, and Donna, Cheryl, Norm, Ev, and Joe in Mechanical. 'We have the business and the budget to need that many people; the boss seems pleased with what we do; good, sharp people, every one of them, and yet a hell lot of a fighting between the two branches. So far the staff under Dick and Donna haven't taken up the battle flags, but if I don't do something pretty soon, even that could happen,' thought Gene. 'And the chemical-mechanical split suggested by Mr. Gamble, even though it's not working, as it should, is out of my hands. Isn't it?' worried Gene, as he reviewed the backgrounds of the respective branch leaders. 'Something's wrong here, but what?' he wondered. 'Maybe it's the technical breakdown, maybe we're not definite enough about which branch should work with which companies. And that fiasco last night – why did Dick come roaring in and try to take over when I thought I had made it pretty clear that Donna and her staff were to run that show? My orders were pretty clear,' thought Gene, as he tried to assure his nagging conscience that he was doing a good job directing the PR efforts in the western region.

'Good grief, I need a referee!' thought Gene as he reviewed seven cases in the last 6 months in which he had to intervene between Dick and Donna. 'Maybe I should try to trade one of them for Bob Lyons at the central region office at St. Louis', he mused, still feeling that he was, somehow, responsible for the situation.

11.10 Summary

The unit has discussed in details the implementation and assessment of the OD interventions. OD interventions are institutionalized when the change program persist and become part of the

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organisation's normal functioning. Explanation of OD measurement and Research design has been described. The latter part of the unit covers the detailed discussion on the prerequisites of OD success and briefly covers the various OD interventions limitations and detailed information of the assessment of OD and change in organisational performance-the factors and the methods are covered.

11.11 Keywords

Action Research: Cyclical process of diagnosis-change-research –change-research.

Evaluation Feedback: Information about the overall effects of a change program.

Quasi Experimental Research Design: The design involves choices about what to measure and when to measure it.

11.12 Review Questions

1. Discuss the basic components of assessment of OD and the criteria for the assessment of OD interventions.
2. Briefly explain the prerequisites of the success of OD and also explain the reasons of its failures.
3. Discuss how the OD practitioners assess the OD and change in the organisational performance.
4. Consider some of the failure OD intervention with providing examples and explain why failure occurs

Answer: Self Assessment

1.	True	2.	False
3.	External validity	4.	Psychometric tests

11.13 Further Readings

Books

Cummings, Thomas G., & Worley, Christopher G. (2000), *Organisation Development and Change* (7th Edition), South-Western Educational Publishing.

French, Wendell L., and Cecil H. (1996), *Development: Behavioral Science Interventions for Organisation Improvement* (5th Edition), New Delhi, India: Prentice Hall of India.

Hatch, Mary J. (1997), *Organisation Theory*, New York: OUP.

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S. Ramanarayan, T.V. Rao, Kuldeep Singh, *Organisational Development Interventions and Strategies.*

Unit 12: Issues in Consultant – Client Relationship

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Objectives

After studying this unit, you will be able to:

- Describe issues in consultant-client relationship in OD activities
- Explain need to manage these issues appropriately if advance effects are to be avoided

Introduction

Numerous issues regarding the client-consultant relationship need to be addressed and managed in a successful OD effort. These issues are discussed ahead.

12.1 Defining the Client System

The question of who the client is quickly becomes an important issue in consultant relationships. (We usually refer to the consultant in the singular, but the points we want to make also tend to apply to consultant team. Similarly, the initial client may be an individual or a management team.) We think a viable model is one in which in the initial contact, a single manager is the client, but as trust and confidence develop between the key client and the consultant, both begin to view the manager and his or her subordinate team as the client, and then the manager's total organisation as the client. Ideally, this progression begins to occur in the first interview.

Another viable model is one in which a small, top management team comprises the initial client group.

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Example: The CEO, vice president of human resources, and another vice president.

Still another model of who the client might be is a steering committee comprised of representatives from different levels and functional areas. In this case, if the CEO is not a member, the consultant will need to be sensitive to whore presents the CEO, or, in short, who represents the power structure. The whole process will be impotent if a steering committee is not free to act in the absence of the CEO.

12.2 Issues

These issues tend to center on the following important areas:

12.2.1 Entry and Contracting

An initial discussion that can lead to an OD consulting contract can occur in various ways:

During the face-to-face meeting, the consultant explores with the potential client some of the deeper aspects of the presenting problem.

Furthermore, in the first meeting, the consultant and the client probably being to sort out what group would be the logical starting point for an OD intervention.

If the problems appear to lend themselves to OD interventions, the consultant describes how he or she usually proceeds in such circumstances.

The more formal compensation aspects of the initial contract are also important and need to be clarified for the peace of mind of both client and consultant. One course of action is to have an oral agreement for an hourly or daily fee, with no charge for a brief telephone discussion and usually no charge for a longer first exploration.

Constricting, in both a psychological and financial sense, occurs over and over in OD consulting.

12.3 Trust Issues

A good deal of the interaction in early contacts between client and consultant is implicitly related to developing a relationship of mutual trust.

Similarly, the consultant's trust of the client may be starting at neutral. The consultant will be trying to understand the client's motives and will want to surface any that are partly hidden.

On a positive note, the client may see OD as means of increasing both the client's and the subordinates effectiveness, plus having hopes that successful OD effort may bring considerable recognition from superiors. Surfacing such motives and examining their implications for effective behaviour will enhance trust between the consultant and the client and will help to assure the eventual success of OD activities.

Confidentiality must be maintained if trust is to be maintained, implied in Weisbord's ground rules for contracting. Even unintentional errors can be disastrous to the consultant-client relationship. Gavin gives an illustration in which notes made by consultants on the leadership and communication styles of managers were inadvertently duplicated and circulated to participants along with notes on workshop themes and action steps. The consultants had been asked to do the latter; the notes on the managers' styles had been intended to be used by the facilitators in private counseling sessions with individual managers. As Gavin reports it, by the time these notes had been circulated, any semblance of trust in the consultants had been destroyed.

Notes

Self Assessment

Fill in the blanks:

1. The more …… aspects of the initial contract are also important and need to be clarified for the peace of mind of both client and consultant.
2. During the……., the consultant explores with the potential client some of the deeper aspects of the presenting problem.
3. A ……. of the interaction in early contacts between client and consultant is implicitly related to developing a relationship of mutual trust.

12.4 Nature of the Consultant's Expertise

Partly because of the unfamiliarity with organisation development methods, clients frequently try to put the consultant in the role of the expert on substantive content, such as on personnel policy or business strategy. We believe it is possible, and desirable, for the OD consultant to be an expert in the sense of being competent to present a range of options open to the client, but any extensive reliance on the traditional mode of consulting, that is, giving substantive advice, will tend to negate the OD consultant's effectiveness. The OD consultant needs to resist the temptation of playing the content expert and will need to clarify his or her role with the client when it becomes an issue. However, we think the OD consultant should be prepared to describe in broad outline what the organisation might look like if it were to go very far with an OD effort.

In other words, the OD consultant should act in the expert role on the process used but not the task. The OD consultant can be helpful by presenting some optional forms and discussing the possible implications of each.

We believe that the more extensive the OD consultant's knowledge of management and organisation, the more effective the OD consultant can be but beware of the difference between being essentially a facilitator-educator and being essentially an advice-giver.

12.5 Diagnosis and Appropriate Interventions

Another pitfall for the consultant is the temptation to apply an intervention technique lie or she particularly likes and that has produced good results in the past, but may not square with a careful diagnosis of the immediate situation.

We think a consultant should do what he or she can do but the intervention should be appropriate to the diagnosis, which requires an intensive look at the data, for example, the themes from interviews.

The wider the range of interventions with which the consultant is familiar, of course, the more options the consultant can consider. The more the consultant's expertise and experience, the less agonizing is likely to be required in selecting or designing appropriate interventions.

12.5.1 Depth of Intervention

A major aspect of selecting appropriate interventions is the matter of depth of intervention.

Harrison means the degree to which the data are more or less public versus being hidden or private and the ease with which the intervention skills can be learned. Individuality means the closeness to the person's perceptions of self and the degree to which the effects of an intervention are in the individual in contrast to the organisation.

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Notes To minimize these risks, Harrison suggests two criteria for determining the appropriate depth of intervention:

First to intervene at a level no deeper than that required to produce enduring solutions to the problems at hand; and, second, to intervene at a level no deeper than that at which the energy and resources of the client can be committed to problem solving and to change.

Another way of viewing depth of intervention might be to think about the performance of units by descending order of systems and subsystems. Data about the behavior and performance of the total organisation are perhaps the most accessible and the least personal and perhaps create the least personal anxiety and defensiveness. Performance and behavior data about me in an organisation are perhaps the least accessible and the most personal.

12.6 Consultant as a Model

Another important issue is whether change agents are willing and able to practice what preach. In the area of feelings.

Example: The consultant maybe advocating a more open system in which feelings are considered legitimate and their expression important to effective problem solving and at the same time suppressing his or her own feelings about what is happening in the client system.

Consultant Team as a Microcosm

The consultant-key client viewed as a team or consultants working as a team can be profitably if viewed as a microcosm of the organisation they are trying to create. In the first place, the consultant team must set an example of an effective unit if the team is to enhance its credibility. Second, practitioners need the effectiveness that comes from continuous growth and renewal processes and third, the quality of the interrelationships with the consulting team carries over directly into the quality of their diagnosis their intervention designs, and their interventions designs, and their interventions.

12.7 Action Research and the OD Process

A related issue is whether the OD process itself will be subject to the ongoing action search being experienced by the client system process, the change agents and the organisation will not learn how to make the future OD interventions more effective.

Dependency Issue and Terminating the Relationship

If the consultant is in the business of enhancing the client system's abilities in problem living and renewal, then the consultant is in the business of assisting the client to internalize skill sand insights rather than to create a prolonged dependency relationship. This issue tends to be minor, however, if the consultant and the client work out the expert versus facilitator issued scribed earlier and if the consultant subscribes to the notion that OD should be a shared technology. The facilitator role, we believe, creates less dependency and more client growth than the traditional consulting modes the notion of a shared technology leads to rapid learning on the part of the client.

Notes

Tannenbaum believes that many OD programs taper off because not enough attention has been given to helping people and units let go of matters that need to be laid to rest, to die. He believes that in a real sense, facilitators should be able to assist in a mourning process, but to be of help, facilitators must able to confront their own tendencies to want to hang on and their own vulnerability.

Notes We also suspect that OD efforts frequently flounder because of internal power struggles. The threat may be the practitioner or the OD effort or the threat may be wholly unrelated to the OD Process.

Sometimes the organisation may simply be temporarily overloaded by externally imposed crises occupying the attention of key people. Under such conditions the best strategy may be one of reducing or suspending the more formalized OD interventions and letting people carry on with their enhanced skills and then returning to the more formalized aspects at a later date.

12.8 Implications of OD for the Client

An OD effort has some fundamental implications for the chief executive officer and top managers of an-organisation, and we believe that these implications need to be shared and understood at the outset. Basically, OD interventions as we have described them, are a conscious effort on the part of top management:

- ***To enlarge the database for making management decisions***. In particular, the expertise, perceptions, and sentiments of team members throughout the organisation are more extensively considered than heretofore.
- ***To expand the influence processes***. The OD process tends to further a process of mutual influence; managers and subordinates alike tend to be influential in ways they have not experienced previously.
- ***To capitalize on the strength of the informal system and to make the formal and the informal system more congruent***. A great deal of information that has previously been suppressed within individuals or within the informal system (e.g., appreciations, frustrations, hurts, opinions about how to do things more effectively, fears begins to surfaced and dealt with. Energies spent suppressing matters cap now be re channeled into cooperative effort.
- ***To become more responsive***. Management must now respond to data that have been submerged and must begin to move in the direction of personal, team, and organisational effectiveness suggested by the data
- ***To legitimatize conflict as an area of collaborative management***. Rather than using win-lose, smoothing, or withdrawal modes of conflicted solution, the mode gradually becomes one of confronting the underlying basis for the conflict and working the problem through to a successful resolution.
- ***To examine its own leadership style and ways of manage***. We do not think an effort can be viable long if the top management team (the CEO plus subordinate team or the top team of an essentially autonomous unit) does not actively participate in the effort. The top team inevitably is a powerful determinant of organisational culture. OD is not a televised game being played for viewing by top management; members of top management are the key players.

Notes

- ***To legitimatize and encourage the collaborative management of team inter team, and organisation cultures.*** This broad intervention goal is largely the essence of OD.

We think that these items largely describe the underlying implications for top management and that the OD consultant needs to be clear about them from the beginning an to help the top management group be clear about them as the process unfolds.

Self Assessment

State whether the following statements are true or false:

4. To think about the performance of units by descending order of systems and subsystems is a way of viewing depth of intervention.
5. The client may see OD as means of increasing both the client's and the subordinates effectiveness.
6. A good deal of the interaction in early contacts between client and consultant is implicitly related to developing a relationship of mutual trust.
7. The top team inevitably is a powerful determinant of organisational culture and largely the essence of OD.

Case Study

Western Utilities Company

Western Utilities Company, a privately owned utility company, has been faced with an expansion of its facilities resulting in financial inefficiencies. Bhuvan Lal, President, has requested a review of all operating standards. He requested that Pankaj Sethi and Suman Diwan set out a broad outline of MBO performance standards that would identify key standards with which to control performance. Three years ago, Western Utilities, under the direction of a management consulting firm, implemented a system of management by objectives (MBO) for the purpose of evaluating department managers, sales engineers, and consumer service employees.

The advantage of such a system of controls is that top management can very rapidly scan a printout and detect any trouble spots in the department. Pankaj and Suman attempted to set the standards as if the personnel were working at a normal pace. After review, they raised the performance level on several items. Their justification was that if a standard can be achieved without a challenge, it is probably too low. The President had specifically asked for goals that were not easily attainable. There was a certain amount of negative reaction, but in the end the departments agreed.

The Situation

During the past year, however, a significant degree of dissatisfaction has emerged. In the first year, participation was encouraged and rewards were obtained. The employees set their goals high and productivity increased.

Now, however, problems are being reported in the evaluation of performance, many managers claiming that the standards set by Suman are too high or unfair. Bhuvan Lal said: "Yes, we have had a few operating problems, but no system is perfect." Suman noted that the consumer department had exceeded their monthly labour cost standards, so she called Ajay Mehra and "red-lined" his performance report. Ajay hit the roof. He called

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Pankaj and said: "The system is grossly unfair and inaccurate as a measure of performance. The real objective is to control total cost. My department has done this, even though we were over in labour costs. There was a heavy snowstorm last month with lots of frozen lines, and we had to get people out there on overtime. The real need is to maximise customer service and to keep costs to a minimum, which we have done."

Two other department managers complained that the system was unfair, and several engineers are threatening to resign. In their complaints to Pankaj, they pointed out that it appeared that Suman was only looking for failure to report, under the cover of the MBO system. Bhuvan Lal thought: 'We may need to take another look at our system; maybe MBO doesn't work in a utility.'

Question:

Discuss the above Case and Explain it in detail.

12.9 Summary

- Numerous issues have to do with establishing the initial contract, identifying who is the client, establishing trust, clarifying the role of the consultant determining the appropriate depth of intervention, examining the consequent, is of being absorbed by, the organisation's culture,
- Issues such as viewing the consultant and consulting teams as models, applying action research to OD, terminating the relationship, and ethical standards.
- These issue important implications for practitioners, top management, and the organisation.

12.10 Keywords

Entry: The process that describes how an OD practitioner first encounters and establishes relationship with a client system.

Microcosm Group: A small, representative group selected from the organisation at a large to address important organisational issues.

Model: A simplification of some phenomena for purposes of study and understanding.

12.11 Review Questions

1. Discuss the role of consultant as a model.
2. 'We believe that the more extensive the OD consultant's knowledge of management and organisation, the more effective the OD consultant can be.' Discuss.

Answer: Self Assessment

1. formal compensation
2. face-to-face meeting
3. good deal
4. True
5. True
6. True
7. True

Notes

12.12 Suggested Readings

Books

Cummings, Thomas G., & Worley, Christopher G. (2000), *Organisation Development and Change* (7th Edition), South-Western Educational Publishing.

French, Wendell L., and Cecil H. (1996), *Development: Behavioral Science Interventions for Organisation Improvement* (5th Edition), New Delhi, India: Prentice Hall of India.

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S. Ramanarayan, T.V. Rao, Kuldeep Singh, *Organisational Development Interventions and Strategies.*

Notes

Unit 13: Mechanistic and Organic Systems

CONTENTS

Objectives

After studying this unit, you will be able to:

- Describe various types of systems and their importance in OD
- Explain how the contingency approach is an important addition to the paradigm of the modern management theory

Introduction

An organisation is a system which works within a broader framework of an environment. The organisation continuously interacts with its environment and is affected by environment and also affects the environment. The researches and study has proved that there are two types of systems of management suitable for two types of environment. These are:

1. Mechanistic systems-suitable for stable environment
2. Organic systems-Suitable for dynamic environment.

The development of two systems in various organisations is the conclusive proof of the effect of environment on the management and organisation structure, with environment acting as a major determinant.

13.1 Mechanistic Systems

According to Burns and Stalker, a mechanistic system has the following characteristics:

1. The specialised differentiation of functional tasks into which the problems and the tasks facing the concern as a whole are broken down.

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2. The reconciliation, for each level in the hierarchy, of these distinct performances by the immediate superiors, who are also in turn, responsible for seeing that each is relevant in his own special part of the main task.
3. The translation of rights and obligations and methods into the responsibilities of a functional position.
4. Hierarchic structure of control, authority and communication.
5. The abstract nature of each individual task, which is pursued with techniques and purposes more or less distinct from those of the concern as a whole.
6. A tendency of interaction between members of the concern to be vertical i.e., between superior and subordinate.
7. The greater importance and prestige attaching to internal than the general knowledge, experience, and skill.
8. A reinforcement of the hierarchic structure by the location of knowledge of actualities exclusively at the top of the hierarchy, where the final reconciliation of distinct tasks and assessment of relevance is made.
9. A tendency of operations and working behavior to be governed by the instruction and decision issued by the superiors.
10. The greater importance and prestige attaching to internal than the general knowledge, experience and skills.

13.2 Organic Systems

The organic system has the following characteristics:

1. The contributive nature of special knowledge and experience to the common task of the concerns.
2. The spread of the commitment to the concern beyond any technical definition.
3. A lateral rather than a vertical direction of communication through the organisation, communication between people of different ranks, also resembling consultation rather than command.
4. A content of communication which consist of information and advice rather than instruction and decisions.
5. The adjustment and continual redefinition of individual tasks through interactions with others.
6. Importance and prestige attached to affiliations and expertise valid in the industrial and commercial milieu central to the firm.
7. The network structure of control, authority and communication.
8. Commitment to the concern's tasks and to the technological ethos of material progress and expansion is more highly valued than loyalty and obedience.

13.3 Contingency or Situational Approach

Contingency or situational approach is an important addition to the paradigm of modern management. The basic idea of the contingency approaches that there cannot be a particular

management action which will be suitable for all situations. Contingency approach tries to fill the gap between organisation and its environment.

Notes Contingency approach takes into account not only given situations but also the influence of given solutions on behavior patterns of an organisation.

According to Tosi and Hammer the basic view is that when a subsystem in an organisation behaves in response to another system or subsystem, we say that response is contingent on environment.

Contingency approach has the following features:

- Management action is contingent on certain action outside the system or subsystem as the case may be.
- Organisational action should be based on the behavior of action outside the system so that organisation should be integrated with the environment.
- Because of the specific organisation-environment relationship, no action can be universal. It varies from situation to situation.

13.3.1 Implications of Contingency Approach

Contingency approach is an important addition to the paradigm of modern theory of management. It is the sophisticated approach to understand the increasing complexity to the organisation. The major implications of the contingency approach are as follows:

- Management is entirely situational and there is nothing like universal principle of management or one best way of doing a particular thing.
- The approach suggests suitable alternatives for those managerial actions which are generally contingent upon external and internal environment such as organisational design, strategy formulation, etc.
- Contingency approach suggests that since the organisation interacts with its environment, neither the organisation or any of its subsystem is free to take absolute action.

13.3.2 Limitations of Contingency Approach

In spite of various contributions, contingency approach has not been acknowledged as a unified theory of management because it suffers from certain limitations:

- ***Inadequate literature:*** This approach has not adequately spelled out various types of actions which can be taken under different situations.
- ***Complex:*** The suggestion of this approach is very simple, that the mangers when actually put into practice, this becomes very complex.
- ***Difficult empirical testing:*** This approach lacks the empirical validity and hence cannot be adopted to managerial actions.
- ***Reactive not proactive:*** Contingency approach is basically reactive in nature. It merely suggests what mangers can do in a given situation.

Notes

Notes No doubt these limitations are valid, but the situation remains that at micro level, managers have to manage according to contingency approach.

Self Assessment

Fill in the blanks:

1. A ……..... of interaction between members of the concern to be vertical i.e., between superior and subordinate.
2. The …….. and prestige attaching to internal than the general knowledge, experience and skills.
3. ……..…. to the concern's tasks and to the technological ethos of material progress and expansion is more highly valued than loyalty and obedience.
4. ……...…. is an important addition to the paradigm of modern management.
5. …..…….. takes into account not only given situations but also the influence of given solutions on behavior patterns of an organisation.

13.4 Failures of Organisation Development

Organisation development however has invited sharp criticism as a strategy to increase, organisational viability and effectiveness because many OD programmes have failed, Much OD the enthusiasm created at the beginning of OD programmes vanished over the period of time in early 60s. OD became quite successful with many professional consultants offering ship services and programmes to various organisations. By 70s, however substantial disenchantment with OD became evident because of many controversial OD techniques like sensitivity training confrontation techniques, etc. Research studies have also failed to conclude significant contributions of OD in all organisations, particularly in bottom-line ones. Therefore, OD cannot be taken as panacea for curing all organisational problems. In general, OD is criticized on the following lines:

- There is discrepancy between ideal and real situations. OD tries to achieve ideal without taking into account real.
- OD makes people unfit for the real organisational world because no organisation can fully adopt open system concept.
- Resistance to change is a natural phenomenon and OD puts undue pressure to change. Hence it fails even as a long-term strategy.
- OD fails to motivate people with low level of achievement needs. If an organisation is laden wit h these people. It is useless to try OD.
- OD programmes are often quite costly and only large organisations can afford this luxury without any guarantee of positive outcome.

It can be seen that many of these criticisms are based on reality and experience. People realised its dysfunctional aspects only when many OD efforts failed. However, it may be emphasised that OD programmes are likely to fail when these are not undertaken properly. In fact, there have been cases of wrong implementation of OD programmes and hence failure.

Notes

Evans has identified three factors which have been responsible for the failure of OD programmes:

- Failure of the management consultant group to correctly tailor the programme to actual needs of the organisation;
- Failure to correctly model appropriate personnel behavior in the programme; and
- Failure to increase employee motivation through participation and development of personal growth and self-esteem.

Thus, it can be visualized that OD itself may not be dysfunctional but application may be. Therefore, in order to make best use of OD efforts some specific efforts are required. Some of these efforts are as follows:

- There should be genuine support of OD programme from top management.
- Organisation must formulate the objectives of OD programme very clearly and specifically.
- Enough time should be allowed so that the effects of OD programme are realized.
- There should be proper use of OD interventions. These should be based on the specific needs of the organisation.
- Only fully competent OD consultant should be pressed for the service and he should develop understanding with internal change agents.

13.5 Some Indian Experience in OD

In India, O.D. and planned change started in the early 1960s. A group of Indian professionals trained at the National Training Laboratories (NTL) at Bethel, Maine, USA, brought out a good deal of O.D. technology in India. Grid programs were initiated and widely used in the Small Industries Extension Training (SIET) Institute, Hyderabad, State Bank of India and in the Indian Institute of Management (UM) programs in the mid 1960s. Unfortunately these remained isolated efforts and did not take O.D. to its logical conclusions.

In the mid-1970s, O.D. was first introduced in India in Larsen and Toubro as a formal and structured part of the HRD department. It was expected that the change process would get institutionalized and more O.D. specialists would be developed. Unfortunately, this did not happen as the corporate sector in the country has a very protected and secure environment and there were very few compulsions to change. Hence O.D. remained mostly in academic institutions – the forte of a few specialists and largely limited to T-group training and other training based interventions. That it has a slow growth is indicated by the fact that even after 25 years of existence, the Indian Society for Applied Behavioral Science (ISABS), an associate of NTL, produced less than 100 process specialists in the vast country.

There have been several efforts to apply O.D. approach and associated techniques in India but it has not created the desired impact. According to Srinivas (1994), one plausible explanation for this is that O.D. as it has emerged to date is culture specific, that it cannot be simply applied to locations outside the US. The issue of non-transferability of OD technology to cultures such as India has arisen because of the fear or distrust of its techniques of confrontation. The general practitioner or the change agent style of informality and an attitude of openness is also not suited to the Indian context. However, a deeper examination of values embedded in Indian religion and psycho-philosophy suggests that the cultural values are indeed largely supportive of organisational renewal and change. The rich cultural heritage also contains a paradigm of change, based on which new approaches and designs of O.D. interventions may be possible. And such designs are likely to be accepted more readily in the country.

Notes

The scenario has changed thanks to an increasing number of applied behavioral scientists and T-group trainers, the HRD movement and establishment of HRD departments, contributions of multinationals in India and the influence of Western education. Professional bodies such as ISABS (Indian Society for Applied Behavioral Sciences), Indian Society for Individual and Social Development (ISISD), Indian Society for Training & Development (ISTD), and the HRD Network, and academic institutions such as the IIMs (Indian Institute of Management) have further facilitated this. In the post liberalization period, every one has been forced to seek change. As a result, the application of O.D. technology has increased.

Broad Context for Organisational Development in India

Understanding Organisation, Leadership and Management

To really understand organisational change and begin guiding successful change efforts, the change agent should have at least a broad understanding of the context of the change effort. This includes understanding the basic systems and structures in organisations, including their typical terms and roles. This requirement applies to the understanding of leadership and management of the organisations, as well. That is why graduate courses in business often initially include a course or some discussion on organisational theory. This topic includes several links to help you gain this broad understanding. The following links (broadly reviewed in the following order) might be helpful to establish some sense about organisations, and their leadership and management.

Understanding Organisational Performance and Management

Organisational change should not be conducted for the sake of change. Organisational change efforts should be geared to improve the performance of organisations and the people in those organisations. Therefore, it's useful to have some understanding of what is meant by "performance" and the various methods to manage performance in organisations

System Thinking

The past few decades have seen an explosion in the number of very useful tools to help change agents to effectively explore, understand and communicate about organisations, as well as to guide successful change in those organisations. Tools from systems theory and systems thinking especially are a major breakthrough. Even if the change agent is not an expert about systems theory and thinking, even a basic understanding can cultivate an entire new way of working. The following link is to many well-organized resources about systems thinking and tools.

Self Assessment

State whether the following statements are true or false:

6. Contingency approach suggests an active relationship between the variables in a situation and the managerial action devised.
7. Management as a system emphasizes on close system perspective.

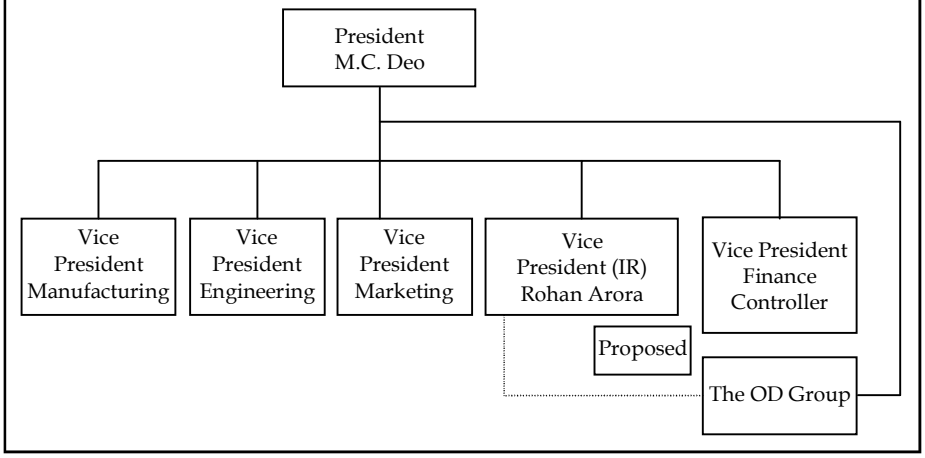
Notes

Case Study

The Keyboard Company

The Keyboard Company is a medium-sized manufacturing firm supplying computer keyboards to many national computer manufacturers. The company has experienced rapid growth since its beginning by President M.C. Deo and is now moving into advanced electronics from the electromechanical assembly of the past. Deo had recently attended a university executive seminar, and was so impressed that he brought in the professor as a consultant. At one of their meetings, it was decided that to achieve the "organisational excellence" that Deo desired for his company, he should start an internal OD consulting group. The President ran an ad in the newspaper and he and the consultant selected four young MBAs. These four, and one young internal prospect from personnel, were formed into what was called the OD group. (See Exhibit)

Exhibit 13.1: Partial Organisation of the Keyboard Company



The OD Group

The OD group was housed in an old conference room and began with a high level of enthusiasm and energy. The members of the group ranged in age from 23 to 34. The members were Saurav, 25, M.B.A., a behavioural specialist, who had done training in industry; Anubha, 27, M.B.A., who had been a sales representative prior to graduate school; Jayesh, 26, MBA, specialising in group dynamics with no industry experience; and Rohit, 34, MBA, with OD experience in the military; and George, 23, three years of experience in the personnel department.

The group spent their first month getting to know the various members of the organisation, and held weekly conferences with Deo, who was very interested and active in the planning stages of the OD programme.

At this point, the group (the "hot-shots" as they were known at the plant) started a company-wide training programme focusing on managerial style. The programme involved 3-day training sessions at an off-site location, a resort motel with good meals and so on. This was called the "country club" by disparaging employees.

The group itself was a highly cohesive work team. Because of their open office they spent long hours tossing ideas around and providing support and enthusiasm for each other's

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ideas. They were all involved in the design of the programme (as was Deo) and worked hard to make it a success. Often the group would sit around until nine, ten, or even midnight, critiquing the session and planning new approaches for change.

Within the group there was a diversity of dress and so on, but with individuality and openness being the norm. Saurav and Jayesh usually dressed informally, in Levi's and sports shirts, while Rohit and Anubha dressed in more of an executive style, wearing sports jacket and the like. This difference in dress also reflected a division of thought within the group. Saurav, George, and Jayesh wanted to be more confrontational and aggressive in approach. They wanted innovative changes and wanted to overhaul the production operations. The others felt that they needed to be accepted first and favoured more gradual changes. They felt that the group needed to start "where the system was" if they were to be effective. About this time, Deo left for a visit to Europe to inspect new market opportunities.

The Activities

As the training continued through all levels of the organisation, they were also collecting organisation survey data to be used in planning the next phase of the OD programme. Here the controversies begin to emerge. Some wanted to hold feedback sessions and to confront the members with the data, then begin a job design programme leading to quality control circles. The second group, including Rohit and Anubha, suggested a slower and more gradual approach. They thought that given their low level of acceptance in the organisation, they should start with something less threatening, such as data gathering and feedback.

A second rift occurred when they began to see less and less of Deo as the training progressed. However, Anubha could call the President's office and get an appointment any time, which she often did. Rohit also held a weekly briefing session with Deo when he was in town.

The other members, particularly Saurav made a lot of jokes about this fact, but there was often an edge of seriousness under the humour. For example, Saurav and Jayesh had been trying to see Deo from last two weeks to explain their ideas, but he was unavailable. Yet his secretary called for Anubha to join him for coffee. When the group discussed this, Rohit and Anubha simply stated that they were trying to maintain and develop the group's relationship with the client. Saurav replied, "I thought that the whole organisation was our client."

Unfortunately, the evaluation of the training programme was mixed. Some managers and departments were full of praise for the programme, whereas others were highly negative, calling it "a waste of time and money."

In a meeting with Deo, the controller expressed the idea that, in view of the disappointing results, it would be a good idea to move the OD group to the industrial relations (IR) for budgeting purposes. The group was currently charging over ₹ 200,000 per year into overhead costs, and this was highly unpopular among the line managers since overhead costs were allocated. Deo said he would give the matter some thought and discuss this possibility with the executive committee.

The Meeting

Shortly after this (approximately 1 year after the group had been formed) they were invited into the executive committee meeting, where the performance of the OD programme was discussed and evaluated. Deo and others expressed high praise for the

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work of the group. However, the executive committees suggested a need for more coordination and integration of training activities and for improved budgetary control. Consequently, they were recommending that the group be placed within the IR department for budgeting purpose, reporting to Rohan Arora. They were assured that this would not affect the way the group operated. Second, they suggested that one person be designated central control person. Rohit was the one person that they all felt would be acceptable to a majority of the company managers, and they recommended his name but left the decision up to the group.

As the group walked back to the office, several angry suggestions were made along the line that Deo "could take this job and shove it!" Both Anubha and Saurav said they were considering resigning from the company.

Question:

Discuss the above case and explain it in detail.

13.6 Summary

- The unit has tried to cover the understanding of the system as an assemblage of things connected or interrelated so as to form a complex unit.
- The unit has also tried to cover the characteristics of the mechanistic and organic system and the contingency approach in details.
- The latter part of the unit discusses the major reasons of the failure of OD.
- Thus we conclude that system approach posses the conceptual level of managerial analysis much higher than any other approach.

13.7 Keywords

Differentiation: The extent to which individual organisational units are different from each other along a variety of dimensions.

Functional: Those parts of the system that promotes the attainment of its goals.

Sub-system: A part of a system.

13.8 Review Questions

1. What is system approach in the organisation theory? Differentiate between mechanistic and organic system.
2. Discuss the reasons for the failure of OD.
3. Write short notes on:
   (a) Mechanistic systems
   (b) Organic systems

Answer: Self Assessment

1. Tendency
2. greater importance
3. Commitment
4. Contingency or situational approach

Notes

5. Contingency approach
6. True
7. False

13.9 Further Readings

Books

Cummings, Thomas G., & Worley, Christopher G. (2000), *Organisation Development and Change* (7th Edition), South-Western Educational Publishing.

French, Wendell L., and Cecil H. (1996), *Development: Behavioral Science Interventions for Organisation Improvement* (5th Edition), New Delhi, India: Prentice Hall of India.

Hatch, Mary J. (1997), *Organisation Theory*, New York: OUP.

Senge, Peter M. (1990), *The Fifth Discipline: The Art and Practice of Learning Organisation,* New York: Doubleday.

Sinha, Dharni P. (1986), *T-Group, Team Building and Organisation Development,* New Delhi, India: ISABS.

S. Ramanarayan, T.V. Rao, Kuldeep Singh, *Organisational Development Interventions and Strategies.*

Unit 14: Future Trends in Organization Development

Notes

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Objectives

After studying this unit, you will be able to:

- Identify and discuss the future trends in the area of change which are going to transform our organizations
- Outline the major trends of change in the organization of future

Introduction

The application of OD technology is growing rapidly. New models, techniques, and approaches are constantly being developed and old techniques discarded. OD itself is facing future shock.

An awareness of the complex environment in which organizations exist is evidenced by the popularity of new trend books in management, such as *Good to Great*, *Fish! A remarkable Way to Boost Morale and Improve Results*, *21 Irrefutable Laws of Leadership*, *The Five Dysfunctions of a Team*, *Execution*, and *The Innovator's Solution*: *Creating and Sustaining Successful Growth*. As shapers of change, OD practitioners will play a critical role in helping organizations adjust to the changing forces and trends that affect them.

14.1 Future Trends

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.

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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.

Example: W.L. Gore and Genentech, have corporate cultures that encourage and support innovation. Harvard Business School professor Clayton Christensen, in *The Innovator's Solution: Creating and Sustaining Successful Growth*, says that "no company has been able to build an engine of disruptive growth and kept it running and running" (Christensen & Raynor, 2003). However, he also makes a strong case that a company does not have much choice but to try.

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.

Notes 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.

Case Study

Innovations in Systems at Infosys

– by N.R. Narayanmurthy

The Indian software industry has forced itself into a global mindset because if you look at the top ten software companies by and large about 80% of their sales turnover comes from outside India. And this 80% happens to be primarily the first world. Our desire is to ensure customer satisfaction to the levels our customers in the first world have got our product and use it. We are also a knowledge intensive industry. People are our biggest assets. Our objective is to make sure that people going out in the evening come back early in the morning bright and enthusiastic. There is tremendous dependence on the people resources with the result that, by and large, in our industry, the companies happen to be wedded to meritocracy. They are more open than traditional companies. They have introduced measures and technologies to leverage this towards enhancing productivity and quality.

Our industry is also one where the technology is changed rapidly. Perhaps the only thing that is constant for us is change. We go from customer to customer, we go from country to country, we go form technology to technology, we go from business model to business model. We are also under tremendous pressure to compress our cycle times. Our customers happen to expect the world of us. We are victims of our own marketing game. Thanks to

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the extraordinary good work that the Department of Electronics has been able to do in the last few years, a majority of the Fortune 500 companies and the well-known companies in Europe and Japan have come to recognize India as the country of their choice for the software development and maintenance. What that means is that they want us to do things which are more than ordinary. There are several examples where we have been asked to complete projects in a period of three to five months, when it could have taken perhaps twelve to eighteen months in the normal circumstances.

Thanks to fierce under cuttings in prices, we are all under tremendous pressure to slash costs, and yet at the same time to improve our quality. If we need to do this, there are actually two instruments which we have with us. One is to improve productivity and the second of course is to cut down our overhead charges. We obviously have to invest in world class technology. We have to replicate those technologies in India so that our customers feel comfortable, our employees feel comfortable and at the end of the day we are in a position to complete products to the satisfaction of our customers.

The Supreme Challenge

To sum up the challenge of our industry: it is how do you attract, enable, empower and retain the best professionals. That is our challenge. A corollary of that would be how do you acquire, enhance and retain the organizational learning, wisdom and experience, so that the organization can go from strength to strength. Another corollary of it is that there is tremendous attrition in the industry because every young man or girl wants to go to the promised land of their calling which is the United States of America. For our youngsters we need to look at how we can in the shortest possible time convert a green horn programmer or an analyst to a successful project manager. So if you look at it, there are these three strategic imperatives that we in the software industry have to tackle in the coming years as we have been doing in the past.

These are obviously multiple instruments. By and large we have tried to use electronic media, in conjunction with computers for all of our systems. I would say all major systems are available at the desktop. I don't want to get into the number of appraisal systems that we have. We have got a manpower system, also financial systems, quality systems, etc. But let me just go into two or three things that we have done this year in the recent past.

Intranet

The first one is, of course, intranet, first imperative was how do you acquire organizational learning, wisdom and experience. What we have done is we have installed a 1400 node intranet which spans the entire organization across three continents and about six development centres in India and perhaps about seven or eight support and marketing centres outside. This is Netscape based and this provides desktop facilities of information at the finger tips. The importance of intranet is the fact that it is a repository of our quality system documentation and it is a repository of our electronic body of knowledge. It is a repository of all institutional rules and regulations. It has a platform where all our youngsters can put their photographs, their hobbies, their interests, etc. and communicate with all other people. It has also a repository of organizational data of importance, data like quality defects, metrics, etc. This is extremely important for us in our quest to improve quality and to enhance productivity. Now riding on this we have a concept of electronic body of knowledge. The concept itself is about six years old. What we have done is whenever we come to grips with a new situation, whenever we do something new in a particular country, whether welcoming a new employee, whether starting a new development or getting into a new technology, we write down the do's and don'ts, the tricks to use and the tricks to avoid in respect of particular transactions and we put it in a

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very user friendly way, so that all the other people in the organization have access to this. As I said before the only way that we can succeed is by enhancing our productivity. We do all this to enhance reusability. So this electronic body of knowledge helps us in a big way whenever we want to do the second project in the same year or when we have to replicate an experience. This is extremely critical to an organization like ours.

Internet

The next one of course is about internet. Everybody knows about internet. But the key thing about internet is it reduces the gap between the technology process, the technology advancement that is taking place in other countries and the organizational processes, organizational learning that happens in India. So our aim is to make sure that we get knowledge of all these things as quickly as possible. We have provided a desktop access to at least fifty to seventy-five people in the industry whosoever may need it and we have got a Cybercafe where anybody can go and access information from internet. Of course, obviously this again is Netscape-based. This also provides us access of worldwide, web, FTP, telnet, etc. The biggest advantage of internet is, it provides instant access to latest technology. Today there is absolutely no excuse if any Indian engineer, he or she, would come and tell us that they have no access to latest technology. Thanks to internet.

The third and perhaps the most important thing that we have done is to use the simulation to have our own strategic planning. It is the system dynamic tool. It is called Ithink. It is the result of Ph.D. thesis at MIT by an Egyptian student. And this is a process model which uses closed loop and casual relationships in modeling. We have modeled the entire company in this particular tool. It includes HRD, finance, quality, delivery systems, planning itself, training, etc; it includes all aspects of the company.

In strategic decision-making we are into a new product, a new set of services. We are in a position, of course subject to the veracity of this model, subject to the efficacy of this model, to be in a position to say what are the implications of a particular decision that we take today, or what are the implications of an event that takes place today or in the coming 3 or 5 years.

Three things that have been done at Infosys, which have been critical to us include: first, Intranet, as a vehicle for dissemination of communication or dissemination of information across the organization; second, Electronic body of knowledge, for enhancing reusability; and third, Simulation as a tool for corporate and strategic planning.

There is something else which we had done, which is worth a mention, to enhance the productivity of the people and to find out where the bottlenecks are. At the end of the day tools and technologies will be used in designing and implementing systems. We use two things: one is called InConcert from Xerox Corporation and another called Ultimus. We have implemented systems in projects in a manner that at all points of tome we know who is the bottleneck and how much how long the particular thing is waiting. Basically we simulate the entire process.

Now coming back to the response from the system, we found that force and diktats do not work in an organization. People are to be measured for what they bring to the table rather than what their titles are, what they are. They also need to see benefits. Most people want to see not just a long-term benefit, but also the short-term benefits. If they do not see short-term benefits they turn off. So the key to successfully implement a system is to show some short-term benefits and then explain how that will bring long-term benefits. The third thing that we found was that the electronic systems require a tremendous discipline. And most of our work force is very very young. And it is their first job. So we find that it is

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extremely difficult to bring in a sense of discipline. Our youngsters are very bright, but discipline is a big problem. In electronic system you need to update it, you need to caption it then and there. And the next thing we found was that the younger people accept the challenges better. They are willing to experiment more, and they are willing to accept more. And finally we also found that most of the resistance comes from operational people. These are the people who bring sales revenue to the company; they deliver systems; they do not want to change. Not that they don't want to change, but they see no clear incentives in this. These were the experiences at Infosys in implementing the systems.

Innovations at Infosys

- Intranet
- Electronic Body-Of-Knowledge (BOK)
- Internet
- Simulation and use of Ithink
- Workflow automation

Why do these help performance?

- Global mindset
- Knowledge-intensive, hi-tech organization
- Spatially-distributed development centres
- Quickly changing technology
- Pressure to compress cycle times of decisions
- Imperative to cut costs, improve quality and enhance productivity
- World-class technology infrastructure expectations from customers and employees

Intranet

- A 1400-node intranet system
- Desktop availability of enterprise-wide information in a user-friendly format
- Feed from Internet
- Netscape-based
- A repository of QSD, company manual, electronic BOK, training material, homepages from employees, company newsletter, project-related information, etc.
- Instant availability of up-to-date organizational information
- Availability of technology and business news updates from internet
- Better communication among the staff and movement towards collaborative computing
- Support on multiple platforms across spatially distributed development centres
- Access to corporate databases-defects, metrics, proposal preparation, etc.

Electronic-Body-of-Knowledge

- An electronic repository of all the learning at Infosys

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- Provides instant access to the organizational wisdom and knowledge
- Intention is to log the data on the Do's, the Don'ts, the tricks to use, the tricks to avoid in anything that we do the first time
- Reusability improves productivity

Internet

- Desktop access to about 50 users and Cybercafe (16 seats) access to the rest of the staff
- Netscape-based
- Access to WorldWideWeb, ftp, telnet and a few usenet groups
- Access to customers
- Infosys homepage on the net
- Instant access to latest in technology
- Customer access without any dedicated lines possible
- Movement towards short-cycle, product mindset

Ithink and Simulation

- A process mapping simulation tool
- Uses closed loop, causal relationships in modeling
- Infosys has used this tool to model the planning and operations of the company and to teach project management to staff

Workflow Automation

- Aims at automating the flow of work in an organization e.g. purchasing, Help desk, etc.
- It is next level of automation after electronic office
- Infosys uses InConcert and Ultimus for workflow automation
- Provides up-to-date status of each task request, bottlenecks and delays
- Keeps track of the entire work cycle

Annual Report on CD-ROM

- Infosys became the first Indian company to publish the Annual Report on CD-ROM
- CD-ROMs are easy to carry and provide information on the desktop or laptops
- Worldwide trend is to move towards CD-ROMs in most publishing

Response from the System

- Force and diktats do not work in a white-collar environment
- People need to see benefits
- Electronic systems require discipline. Since the majority of the workforce is young and on their first job, indiscipline is an issue
- Younger people accept changes better
- People in operational areas resist change.

Notes

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 mangers 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 (Byrne, 1992).

Notes Because of the rapid changes, predicting the future trends in OD is difficult, if not impossible. However, a number of "cutting-edge" trends appear to be affecting the future directions of OD

14.2 Macrosystem Trends

Organizations are becoming ever more complex and are affected by competitors and conditions globally. A small machine ship in Topeka, Kansa, 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.
- ***Interorganization 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.

Notes

Caselet

High Performance Systems

The World's Local Bank: The HSBC SAGA

Niall Booker
Group General Manager and CEO- India HSBC Ltd.

The HSBC SAGA

The HSBC's strategy, the official position as outlined by Chairman Sir John Bond is: "Managing internationally is very different from managing domestically. Finally, the critical factor for success in my judgment is the internationalism of your management cadre and the board."

Just to show how we have grown – and indeed, what Sir John has put into practice is what he preaches – you can see the growth of the group since 1994, mainly looking at the risk assets for example, from 197 billion dollars to 785 dollars! The number of countries increased from 68 to 77, and the international management cadre is what we use to integrate our businesses across the globe. We have moved from a very high percentage of the UK bank. From all of 87% of UK nationals in our international management cadre in 1994—at the end of 2004, it had dropped to 68% and percentage of other nationalities had grown quite considerably from 13% to 32% in this period. That process is continuing, and it is being driven by people on top.

From Localization to a Globalization

Essentially, our strategy is that since a bank is a leveraged play on the underlying economies, so we look to select the better performing economies today and those that we think might be better performing in future. We look to the developed mature growth-economies, and also look to the future, to see the strong potential earning streams from the developing higher-growth economies. We look to build up in this way, primarily managing the revenue side, but we have also got a long Scottish tradition of managing the cost side.

Our finance director, who is a true Scot from Glasgow always likes to say that we are a bank with very long arms and very short pockets! So, he says, the key economic areas in the future will be NAFTA – the North America Free Trade Area including, interestingly, Mexico…and China! But 50% of the increase in world demand will come from developing countries. In particular, China and obviously India are very important markets and, going forward, Mexico and Brazil. Connected with that, we see opportunity in the diasporas of today's growth economies—the Chinese, Hispanic, Indian and other expatriate diasporas.

Our strategy is to be customer driven. We grew the bank by following our customers. We originally started as a trade finance organization and we followed our customers around Asia and into other parts of the world. We stressed very much the importance of international teamwork; the ability to pick up the phone from India and talk to a guy in Mexico enables you to get things done a lot more quickly if you happen to know the guy at the other end of the phone. We have always stressed strong capital and financial position and it is visible in the stock marketplace. We are pretty conservative and we have fairly stringent risk management.

Fundamental Operating Strategy

- Customer-driven-stay close to our customers

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- International teamwork
- Strong capital and financial position
- Conservative, sound risk management
- Disciplined expense control
- Ethical behavior, observing the letter and the spirit of rules and regulations.

Disciplined expense control: We put a lot of emphasis on ethical behavior a lot, before Mr. Spitzer started American institutions to be likewise, and we have got rave views about that way of behaving. Sometimes it is quite difficult to determine what the spirit of Regulation is, and it is not just about India, but where we are able to get to the bottom of it, we do try and adhere to that and it is very much a group tenet driven, again, from the top. Binding and brokerage are something new to our bank—it's relatively new in HSBC. Our brand is built on reputation, trust, consistency and increasingly, we like to think, on simple products that deliver value for money.

The growth of the brand has been quite spectacular in terms of how it is being measured by Interbrand, but there is still a long way to go. Coke has a brand value of about 63 billion; HSBC has brand value of about 10 billion, according to Interbrand, and our market caps are about 220 billion, so if we could raise our brand equity to the level of Coke, we would significantly alter the value of shareholders' money. There is a lot of value to be had by driving the brand. It is relatively new. We were a federation of banks that held on to their own names, but we have now become the 33rd most valuable brand in the world and still climbing. It's very evident, though, that the brand is being built on the HSBC hexagon logo, which is displayed in airports around the world.

The next stage is to bring that brand to mean something in terms of consumer experience. That's something we are working on very actively, and one of the places in the world where we are ahead of the field is in India. The Chairman set out to have an objective of a three-legged stream in terms of revenue and it can be seen that he has pretty much achieved that with 1/3rd of the revenue coming from the Americas, 1/3rd from Europe and 1/3rd from Asia. So that's been a significant change from the position in 2000, even when the revenues from North America and South America were considerably less, with very much reliance on Europe and Asia.

Promoting the Brand Globally

This was a strategy that was again top driven, and has been executed to deliver us the position that we are in today. In terms of managing the group, we have a matrix structure. We looked to have a common technology platform, but on the subject of technology, the developments here in India have dramatically changed the technological playing field as far as banks are concerned. We have very strong focus on our cost discipline; increasingly, we are stressing the importance of developing human capital. And also – relatively new for us – we are becoming marketing and sales led organization.

Our Strategy: The matrix – management is led by customer groups with key geographical and regional axes, and it is bound together by collective management, initially composed of the international managers around the globe. And they were put into various acquisitions. But increasingly we have now developed a global talent pool and we are using that, rather than the international management cadre, to bind in our acquisitions and to drive growth in our key markets. Our customer groups essentially encompass personal banking, financial services, consumer finance or private banking on the individual side, and the corporate investment banking and commercial banking on the wholesale side.

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Key Geographies: UK and Eurozone, the Asia Pacific where we had our roots, the Middle East where one of our early acquisitions British bank of Middle East was headquartered and increasingly in South and Central America with acquisitions in Brazil and now Mexico. One of the key things that have come about from the large acquisitions that we have made has been an influx of group talent, and that has helped to diversify the base of senior management both in terms of gender, and ethnicity, and in terms of background.

That's been a true benefit to the group. We continue to focus very much, as we expand, on maintaining centralized controls and in having common systems architecture. The other thing is to take the skills of the things that we have acquired and try and transport them to the other parts of the world. This is true, for example, of the acquisition, in the US, of Household International, which is a consumer finance company. It is from Household that we are conceivably developing the finance model for India, although there are some real differences. The Household model is extremely data intensive, and data is in quite short supply in India. But nevertheless, we found those skills to be very transferable, very useful.

In terms of technology, there has been a drive to a common architecture. We aim to be in the Top Four bracket in terms of performance and, as you would expect from true Scots, to lower half of cost. But that paradigm has shifted dramatically with the development of outsourcing agreements, IT and the developments of IT platforms in places like ICICI and HDFC. It is no longer possible to compete in a place like India on a global technology platform. The local technology platform is of a much, much lower cost, and the challenge for us is the need to grow the volume in low-cost countries and to develop a model that would thrive on outsourcing *but without outsourcing those key areas which really touch the customer.* The points where we touch the customer drive our revenue.

So understanding what to outsource and what not to outsource is something that we face now and we haven't developed a full answer to it, so that's an ongoing project. We have some centralized systems: universal banking, which is the main CIF system, a world within a card system rolled out with the group, and then the Internet platform. In terms of costs, there is a lot being done on global outsourcing. In Hyderabad, we have two centers and we have built another one in Andhra Pradesh, in Vishakhapatnam. Interestingly, this model developed an outsourcing routine working from the high-cost countries in the UK and US. Increasingly, this model has to deal with the very rapid growth in transactions in what we would describe as low-cost countries – India, China, and Indonesia – that the model itself is not designed to cater for that. For example, we can process in our bank in India cheaper than we can process in the global processing center. So now we have to find a way of merging these models.

One of the intricacies in this particular question is the issue of transfer pricing in a global processing center. Downtime is dead time. In an airline seat, once the seat pushes back the gate, that seat is gone. So to what extent will authorities accept marginal pricing for dead time in heavily capital intensive processes is something that the authorities themselves will have to deal with. A lot of process re-engineering: we have gone down the Six Sigma routes which many of our banks have, although it's Six Sigma with some other sense attached to it. Six Sigma can't be attached to every process because it is very cost intensive. So using a bit of common sense in process is key, but with compliance and other requirements almost by the end of the month, processes look like some Irish or Scottish whisky with bits poking out all over the place. Having the discipline to review our processes from time to time, actually we find ourselves a lot of money.

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Strategic property management is another key issue. Banks became over time, because of their branch networks, big players in property markets particularly in developed markets or in developing markets where property prices rise rapidly. What has happened now, in certain countries, is that there are restrictions on branching. Banks are no longer able to play on those property markets and funding alternatives such as property funds, so that we can have the same benefit that we have had through the development of Hong Kong or Thailand or Singapore. In places where they are restricted, like in China and India, this is going to be another issue that we'll have to face.

HR, Marketing and Other Strategic Issues

Developing Human Capital: Core values underpin the corporate culture; putting the team interest ahead of the individual, not being highly bound by bureaucracy, trying to drive speed of decision making, integrity that's absolutely critical to any leadership role than anybody ever takes, and we can stress that very strongly. Our group talent pool now has at least 20 different nationalities. It was actually found around 20 people who had not declared their nationalities. But we have got 20 different nationalities and only 30% of that was the old guard clad in iron armor – without the 68% - and this 30% come from the UK. So you see how diverse we have started to become. It's 'trying mirror' for our businesses.

Developing Human Capital

- Core values underpin corporate culture
- Putting the team's interests ahead of individuals
- Individual accountability, aversion to committees and bureaucracy
- Speed of decision making
- Integrity
- Reputation
- Group Talent Pool – 20 different nationalities (only 30% from UK)

We try and get the best people in the most important jobs, and Sir John is on record as saying that we won't have anybody in the top 40 managers in the group who doesn't have some international experience, that is, experience beyond his/her home country. This is again a sort of promoting (the policy) that people must take roles that give them international exposure.

Just a word on marketing: It can be said that global marketing is a fallacy that marketing is very much a local issue. Although there are some benefits from an overarching marketing campaign, we very much believe that that's an overarching marketing campaign and that local entities are free to use that campaign and interpret it in a local way. This is critical to the success of our marketing initiatives.

Well, that's how Sir John looks at the world. And this is a story of headquarters, emotional intelligence quotient and organization (intelligence) quotient. In our world, headquarters are responsible for overall strategy; it sets out the group values, it allocates capital, allocates human capital and it facilitates the transfer of best practice. It controls risk at the very highest level, allocates capital and decides whether we have got enough risks for the Government of India or one of the large corporate borrowers, Government of China or whatever.

It establishes the global brand position but allows local marketing, and it sets our quite importantly the corporate and social responsibility umbrella, which is about education

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and the environment. Again, under that umbrella, we can pretty much do what we like. Apart from that, everything else is local. Everything else is in the hands of local management. Emotional intelligence quotient – what is the integrity of executives is critical. Jack Welch takes this view that executives need to have energy: they need to have energy and they need to energize those around them, and as you know, highly energized executives that are prepared to make the tough decisions are critical.

They have to be courageous. They have to be hardworking in this day and age. They have to have commercial acumen—and we all measure these things. It is really important in a lot of countries to have a sense of humor. A sense of humor transfers very well between countries, as does integrity and diligence. There is not much point in dressing in a sarong if one is in Indonesia or a dhoti if one is in India, because one is not going to become an Indian or an Indonesian. But what one has to carry with himself or herself is his or her integrity, diligence and knowledge and a good sense of humor.

Organizational Quotient

Organizational quotient in management not only works but is absolutely critical to the way things work in any organization. You have to have a proven track record; you have got to be trusted by the headquarters so that the leash that is given to you is quickly withdrawn. You have got to know how the organization works. You have got to known your way around and who to speak to if you want to be given decisions going in your favor, what path to move in, in order to get that decision. It is really, really critical to shortcut some of the processes. Everybody in any job feels like they have to add to value, and sometimes that means not coming back with 50 questions; but if somebody on the ground is really trusted, you find that those questions are reduced or disappear very quickly.

Capability of co-ordinating across functions is critical. Our organization is functionally driven, but if the top end of a corporate bank doesn't want to do a deal and if you see that it should go to the middle of the corporate bank, then you have to be able to transfer the original discussion down or into the new matrix, to find somebody who is willing to sponsor the deal. So knowing your way around is key and that helps drive headquarters that is prepared to defer to local views. It has also to be believed that the man on the ground has to be prepared to get his or her hands dirty, and you have got to, from time to time, stir the pot a little bit just to get noticed if nothing else, and to convey to your parents that you are actually doing something when actually it is the people under you who are doing 101 different things.

Finally, it is ahead of the geographic that the ferocious BCCI too has a strong vested interest in keeping things local it is important to have local latitude in terms of executing strategy. I think this is really the only surround us. The world is probably high on luxury goods but we are not really in that business, so for us, execution is very much a local initiative and it's very much local responsibility. If the guy on the ground doesn't execute, there is no doubt that he will himself be executed fairly quickly.

Finally, Jack Welch came and went as did the years, and although he is not as much of a guru now as he used to be, he is very much a person to admire for what he did in GE. And, to echo the opening remarks, "Our true core competency today is not manufacturing or services but the global recruiting or nurturing the world's best people and the cultivation in them of an insatiable desire to learn, to stretch and do things better every day." Without the best people, you can have the best strategy, the best systems, the best of rapport between the head office and the local office, but it simply won't work, because you don't have the people to execute.

Notes

Self Assessment

Fill in the blanks:

1. …….. recent advance in change strategies is used in situations of drastic, abrupt change when the organization's survival is at stake.
2. The …… in changing organizations is the development of trust within and between individuals, teams, and organizational units and levels.
3. ……..…… to see the big picture, escape linear thinking, and understand subtle interrelationships.
4. A …….. that forces mangers to think more broadly about their organization in terms of how work, people, and formal and informal structures fit together.
5. ……. are becoming ever more complex and are affected by competitors and conditions globally.

14.3 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 towards 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 (Legoeuf, 1985).

14.4 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 do 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.

Notes

- ***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.

14.5 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 (Gottieb & Sanzgiri, 1992). 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. Most theorists agree that there is a need for more empirical studies on the relationship of intervention processes to other organizational variables. It is widely acknowledged that techniques to deal effectively with external systems and power-coercive problems have yet to emerge. Yet the different views about the myths and rituals of OD are in themselves an indication of a healthy discipline. When OD practitioners become complacent, when the controversies over approaches and techniques subside, and when the discipline becomes stagnant, then perhaps there will be an even deeper need to worry about the future of OD.

Managers need to understand that OD interventions have the potential to make the biggest differences in human development and bottom-line performance.

Notes These interventions are based on the same truths that have led us to see democracy as a superior form of governance for our society.

Self Assessment

State whether the following statements are true or false:

6. There is a trend toward reducing layers of management, increasing participation, and developing temporary systems for problem-solving.
7. 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.
8. The OD practitioner can assist in shared understanding and training do deal with these problems.
9. 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.

Notes

Case Study

Surya Chemical Company

The Company

The Surya Chemical Co. manufactured industrial chemicals for sale to other industrial companies. The company was about 40 years old and had been run by a stable management under only two presidents. Within the past few years, however, declining earnings and sales had brought pressure from the board of directors, investment bankers, and stockholder groups to name a new president. The company had grown increasingly stagnant - although at Surya they refer to it as conservative – and had steadily lost market standing and profitability. Finally, the Board decided to go outside the company to find a new CEO and was able to recruit a dynamic manager from another major corporation, Ashok Verma. Ashok is 47, an M.B.A. and had helped build his prior company into a leadership position. However, when another executive was chosen for the top job, Ashok decided to accept the position with Surya. Ashok was clear about what he needed to do. He knew that he needed to develop a top management team that could provide the leadership to turn the company around. Unfortunately, the situation at Surya was not very favourable.

Decisions were made by the book, or taken to the next higher level. Things were done because "they have always been done this way," and incompetent managers were often promoted to high-level jobs.

The Meeting

In a meeting with three members of the Board, Chetan Gupta (Chairman), Amit Singh, and Sanjay Rastogi each had a different bit of advice to offer.

Chetan said: "Look, Ashok, you can't just get rid to the old organisation if you want to maintain any semblance of morale. Your existing people are all fairly competent technically, but it's up to you to develop performance goals and motivate them to achieve these standards. Make it clear that achievement will be rewarded and that those who can't hack it will have to go."

Amit Singh, puffing on his pipe, noted : "Let's face it, Ashok, you need to bring in a new top management team. Probably only six or so, but people who know what top performance means, people who are using innovative methods of managing and, above all, people you trust. That means people whom you've worked with closely, from ABC or other companies, but people you know. You can't retread the old people and you don't have time to develop young MBAs so you need to bring in your own team even though it might upset some of the old timers."

Sanjay Rastogi smiled and said: "Sure, you're going to have to bring in a new team from the outside, but rather than bring in people you've worked with before, bring in only managers with proven track records. People, who have proven their ability to lead, motivate and perform, from different industries. This way, you will get a synergistic effect from a number of successful organisations. And the old people will see that favouritism is not the way to get ahead. So get a top performance team, and if you lose a few old timers, so much the better."

Question:

Discuss the above case and explain it in detail.

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14.6 Summary

Organizations are focusing more effort on innovating—creating new products, goods, and services—and on new ways of organizing and relating among organization members. 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. Organizations are becoming ever more complex and are affected by competitors and conditions globally. A small machine ship in Topeka, Kansa, is affected by another machine shop in Bombay, India. 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. There are increasing trends towards greater diversity of the workforce, including multinational corporations and a need for the integration of values and skills. 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. Ethical dilemmas, as approached from the perspective that such problems are caused largely by the nature of the relationships between the change agent and the client system, is a term that requires fuller elaboration. The intervention chosen must be appropriate not only to the problem, but also to the context in which it exists. This context is influenced in parts by the political climate within the organization, and by the organization's perceived readiness for change. Those who need help are dependent on the helpers. Thus, the client can either be counter dependent or over dependent, especially in the early stages of the relationship.

14.7 Keywords

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.

Reengineering: This fundamental rethinking and radical redesigning of business systems urges an overhaul of job designs, organizational structures, and management systems.

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.

14.8 Review Questions

1. How should organizations of today prepare themselves for the future in terms of being more effective?
2. What are the major trends in the business environment which are going to be encountered by the organization in the future?

Answer: Self Assessment

1.	Organization Transformation	2.	Critical factor
3.	Management needs	4.	Metaphor
5.	Organizations	6.	True
7.	True	8.	True
9.	True		

14.9 Further Readings

Notes

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