

10th Edition



Organization Development & Change

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10e

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WCN: 02-200-203

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Library of Congress Control Number: 2013935704

ISBN-13: 978-1-133-19045-5

ISBN-10: 1-133-19045-6

Cengage Learning200 First Stamford Place, 4th Floor
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Dedication

*To Chailin and Debbie, still the loves of our lives
And to our wonderful children, Catherine Cummings
and Sarah, Hannah, and Samuel Worley*

In Memory of the Fallen

*Larry Greiner
Richard Hackman
Tony Raia
Edie Seashore
Charlie Seashore*

In Loving Memory

Jessica Joan Worley

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Preface

What a difference an edition makes. We need look no farther than this text to get a sense of the pace and consequences of change. Compared to the promise of hope and change that accompanied Barack Obama's first election while we were finishing the ninth edition, finishing this tenth edition in 2013 brings daily reminders that things are moving far more quickly and unpredictably than we could ever have imagined. As a global society, we are still living with the enormous personal, social, and economic consequences of the financial turmoil brought on by the mortgage-lending crisis and the subsequent recession that enveloped the world's economies; still coping with the distressing aftermath of man-made and natural calamities such as the BP/Macondo/Deepwater Horizon disaster in the Gulf of Mexico and the earthquake and tsunami that devastated Japan; and still apprehensive about the spreading strife and seemingly intractable unrest in the Middle East, the angry rhetoric from the Korean peninsula, and the ever present threat of terrorist attacks almost anywhere, any time. We are reminded almost daily that global climate change, nuclear weapons proliferation, and disease pandemics can actually happen in our lifetime, businesses are not too big to fail, and almost no industry or sector of society is free of ethical breeches, illegal practices, or mismanagement. From a more optimistic perspective, more and more of the world's population is taking advantage of the rapid advances in information technology that are transforming how we do business, communicate and relate with each other, deliver and access information, and educate and entertain ourselves. Add to this the enormous advances in medicine and health care that are offering promising new treatments for many of the maladies that plague us.

For organizations existing in these times, life can be extremely challenging. Businesses increasingly face global markets in which competition is intense, and economic, political, and cultural conditions are diverse and can change unexpectedly. Sources of competitive advantage, such as technical, product, or resource superiority, can quickly erode as can a firm's storehouse of human capital and knowledge. Government agencies encounter more and more demands to operate more efficiently, offering faster, cheaper, and better service at lower cost. Yet funding is scarcer and tied unpredictably to shifting economic conditions, political whims, and public mandates. Educational institutions increasingly are being asked to keep pace with the changing needs of a global society by delivering more knowledge to larger numbers of more diverse students at lower costs in ways that transcend the physical classroom. At the same time, budgets for public education have been falling, advances in information technology have far exceeded the willingness and capability of educators to apply them to student learning, and the bureaucracy surrounding curriculum change remains well in place.

In times like these, organization development (OD) and change has never been more relevant and necessary. For our part, this is the tenth edition of the market-leading text in the field. OD is an applied field of change that uses behavioral science knowledge to improve organizations' functioning and performance and to increase their capability to change. OD is more than change management, however, and goes well beyond the mechanistic, programmatic assumptions that organization change can simply be scripted by various methods of "involving" people and "enrolling" them in the change. OD is not

concerned about change for change's sake, a way to implement the latest fad, or a pawn for doing management's bidding. It is about learning and improving in ways that make individuals, groups, organizations, and ultimately societies better off and more capable of managing change in the future. Moreover, OD is more than a set of tools and techniques. It is not a bunch of "interventions" looking to be applied in whatever organization that comes along. It is an integrated theory and practice aimed at increasing an organization's effectiveness. Finally, OD is more than a set of values. It is not a front for the promulgation of humanistic and spiritual beliefs or a set of interventions that boil down to "holding hands and singing Kumbaya." It is a set of evidence-based ideas and practices about how organizations can produce sustainable high performance and human fulfillment.

The original edition of this text, authored by OD pioneer Edgar Huse in 1975, became a market leader because it faced the relevance issue. It took an objective, research perspective and placed OD practice on a strong theoretical footing. Ed showed that, in some cases, OD did produce meaningful results but that additional work was still needed. Sadly, Ed passed away following the publication of the second edition. His wife, Mary Huse, asked Tom Cummings to revise the book for subsequent editions. With the fifth edition, Tom asked Chris Worley to join him in writing the text.

The most recent editions have had an important influence on the perception of OD. While maintaining the book's strengths of even treatment and unbiased reporting, the newer editions made even larger strides in placing OD on a strong empirical foundation. They broadened the scope and increased the relevance of OD by including interventions that had a content component, including work design, employee involvement, organization design, and transorganization change. They took another step toward relevance and suggested that OD had begun to incorporate a strategic perspective. This strategic orientation proposed that OD could be as concerned with performance issues as it was with human potential. Effective OD, from this newer perspective, relied as much on knowledge about organization theory and economics as it did on the more "micro" behavioral sciences. The most recent additions describe how OD has become more global. This global orientation includes the growing application of OD in cross-cultural settings. It also shows how OD can help organizations design their global structures and operations. It is our greatest hope that the current edition continues this tradition of rigor and relevance.

Revisions to the Tenth Edition

Our goal in the tenth edition is to update the field again. We take our role as the authors of the leading textbook in OD seriously and, we hope, responsibly. Although we have retained several features of the prior editions, we have made some important changes.

Integration and Flow

The chapter sequence from previous editions has been maintained, but we have reduced the number of chapters from 25 to 23 and worked hard to better integrate the content. For example, we achieved a more integrated presentation of the diagnostic process by combining two chapters into one. Similarly, we combined chapters on data collection, analysis, and feedback into one, more tightly integrated description. Finally, we have tried to use a consistent organization design framework in the diagnosis, structural design, and strategic change sections.

Global Integration

We have also improved the integration and flow of material by making a concerted attempt to address global issues and global perspectives throughout the text. We began the

internationalization of the text in the sixth edition with the addition of a chapter on “global issues in OD.” However, in the past, the text could be criticized, and rightfully so, for being “North America centric.” The examples, applications, and cases came almost exclusively from U.S.-based companies. In the tenth edition, we have tried—ultimately the reader will be the judge of our effectiveness—to dramatically reduce the North American bias and to cite European, Asian, Australian, South American, and where possible, African examples.

Strategic Emphasis Continued

Reflecting on where we think OD is headed, we completely rewrote Part 6 on strategic change interventions. While we kept the chapter titles, we added dynamic strategy making, completely revised the section on organization design, leveraged the design section to more deeply explore integrated strategic change, and completely revised the sections on organization learning, built to change, and culture change.

Sustainability

We have added a new chapter (Chapter 21) focusing on OD practices intended to improve and balance organizations’ economic, social, and ecological outcomes. This topic is a growing area of OD practice and one that we believe will continue to expand.

Key Chapter Revisions

Other chapters have received important updates and improvements. Chapter 7’s description of designing interventions, in keeping with the global integration described above, has been rewritten to account for cross-cultural values in interventions. In Chapter 22, the sections on OD in Healthcare, Education, Government, and Family Businesses have been completely rewritten by new and familiar guest authors. Finally, Chapter 23—Future Directions in Organization Development—has received a thorough revision based on the authors’ recent research.

Distinguishing Pedagogical Features

The text is designed to facilitate the learning of OD theory and practice. Based on feedback from reviewers, this format more closely matches the OD process. Instructors can teach the process and then link OD practice to the interventions.

Organization

The tenth edition is organized into seven parts. Following an introductory chapter that describes the definition and history of OD, Part 1 provides an overview of organization development. It discusses the fundamental theories that underlie planned change (Chapter 2) and describes the people who practice it (Chapter 3). Part 2 is a six-chapter description of the OD process. It describes how OD practitioners enter and contract with organizations (Chapter 4); diagnose organizations, groups, and jobs (Chapter 5); collect, analyze, and feed back diagnostic data (Chapter 6); design interventions (Chapter 7); lead and manage change (Chapter 8); and evaluate and institutionalize change (Chapter 9). In this manner, instructors can focus on the OD process without distraction. Parts 3, 4, 5, and 6 then cover the major OD interventions used today according the same classification scheme used in previous editions of the text. Part 3 covers human process interventions; Part 4 describes technostructural approaches; Part 5 presents interventions in human resource management; and Part 6 addresses strategic change interventions. In the final section, Part 7, we cover special applications of OD, including

OD for economic, social, and environmental outcomes (Chapter 21); OD in health care, family businesses, schools, and the public sector (Chapter 22); and the future of OD (Chapter 23). We believe this ordering provides instructors with more flexibility in teaching OD.

Applications

Within each chapter, we describe actual situations in which different OD techniques or interventions were used. These applications provide students with a chance to see how OD is actually practiced in organizations. In the tenth edition, about 30 percent of the applications are new and many others have been updated to maintain the text's currency and relevance. In response to feedback from reviewers, all of the applications describe a real situation in a real organization (although sometimes we felt it necessary to use disguised names). In many cases, the organizations are large public companies that should be readily recognizable. We have endeavored to write applications based on our own OD practice or that have appeared in the popular literature. In addition, we have asked several of our colleagues to submit descriptions of their own practice and these applications appear throughout the text. The time and effort to produce these vignettes of OD practice for others is gratefully acknowledged.

Cases

At the end of each major part in the book, we have included cases to permit a more in-depth discussion of the OD process. Seven of the 16 cases are new to the tenth edition. We have kept some cases that have been favorites over the years but have also replaced some of the favorites with newer ones. Also in response to feedback from users of the text, we have endeavored to provide cases that vary in levels of detail, complexity, and sophistication to allow the instructor some flexibility in teaching the material to either undergraduate or graduate students.

Audience

This book can be used in a number of different ways and by a variety of people. First, it serves as a primary textbook in organization development for students at both the undergraduate and graduate levels. Second, the book can also serve as an independent study guide for individuals wishing to learn more about how organization development can improve productivity and human satisfaction. Third, the book is intended to be of value to OD professionals, executives and administrators, specialists in such fields as training, occupational stress, and human resource management, and anyone interested in the complex process known as organization development.

Educational Aids and Supplements

Instructor's Manual

To assist instructors in the delivery of a course on organization development, an Instructor's Manual is available, which contains material that can improve the student's appreciation of OD and improve the instructor's effectiveness in the classroom.

Chapter Outline and Lecture Notes The material in the chapter is outlined and comments are made concerning important pedagogical points, such as crucial assumptions that should be noted for students, important aspects of practical application, and alternative points of view that might be used to enliven class discussion.

Case Teaching Notes For each case in the text, teaching notes have been developed to assist instructors in preparing for case discussions. The notes provide an outline of the case, suggestions about where to place the case during the course, discussion questions to focus student attention, and an analysis of the case situation. In combination with the instructor's own insights, the notes can help to enliven the case discussion or role-plays.

Audiovisual Listing Finally, a list is included of films, videos, and other materials that can be used to supplement different parts of the text, along with the addresses and phone numbers of vendors that supply the materials.

Test Bank

The Test Bank includes a variety of multiple choice, true/false, and essay questions for each chapter. The Test Bank questions vary in levels of difficulty and meet a full range of tagging requirements so that instructors can tailor their testing to meet their specific needs. Instructors can use these questions directly or to suggest additional questions reflecting the professor's own style.

Cognero

Cengage Learning Testing Powered by Cognero is a flexible, online system that allows you to:

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PowerPoint® Presentation Slides

The PowerPoint® presentation slides consists of lecture outlines and select tables and figures used in the book. These colorful slides can greatly aid the integration of text material during lectures and discussions.

Companion Site

A rich companion site accompanies the text, providing many extras for the student and instructor. Visit www.cengagebrain.com to learn more.

Acknowledgments

The Grateful Dead's lyric, "What a long strange trip it's been" seems particularly apropos in writing this edition. Reflecting the global world we live in, we revised this text virtually. Tom and Chris never once saw each other face-to-face once the work began. Tom wrote from his office in Los Angeles and his view in Palos Verdes while trying to run the Department of Management and Organization at the Marshall School of Business; Chris wrote from his sabbatical home in Lyon, France while trying to adopt the French lifestyle. However, we think it is safe to say that after collaborating on five editions of the text, we finally have figured out how to do this effectively. This revision has gone very smoothly. That is not to say that we haven't lived in the VUCA world. Volatility, uncertainty, complexity, and ambiguity certainly affected our lives in strange and tragic ways, but after five editions, we've learned to roll with the punches, adapt and adjust schedules, and cover each other's back. Sometimes our writing is so bad, we want to throw up; sometimes it's so good it brings tears to our eyes. We hope this edition will, at times, at least make you feel good.

We'd like to thank those who supported us in this effort. We are grateful to and for our families: Chailin and Catherine Cummings and the Worley clan, Debbie, Sarah, Hannah, and Sam. We would like to thank our students for their comments on the previous editions, for contributing many of the applications, and for helping us to try out new ideas and perspectives. A particular word of thanks go to our colleagues at USC's Center for Effective Organizations—Ed Lawler, Sue Mohrman, John Boudreau, Alec Levenson, Gerry Ledford, Theresa Welbourne, Jim O'Toole, Jay Conger, and Jay Galbraith. They have been consistent sources of support and intellectual inquiry. We also extend thanks to Tom Williams at Booz&Co. for his patience, support, and partnership. To our friends at Pepperdine University's MSOD program (Ann Feyerherm, Miriam Lacey, Terri Egan, Julie Chesley, Gary Mangioficio, and Kent Rhodes) we send our appreciation for their dedication to maintaining the "long grey line." As well, the following individuals reviewed the text and influenced our thinking with their honest and constructive feedback:

Jack Cox, Amberton University
Stacy Ball-Elias, Southwest Minnesota State University
Bruce Gillies, California Lutheran University
Jim Maddox, Friends University
Shannon Reilly, George Brown College

We also would like to express our appreciation to members of the staff at Cengage Learning for their aid and encouragement. Special thanks go to Scott Person, Sarah Blasco, and Jennifer King for their help and guidance throughout the development of this revision. And Jerusha Govindakrishnan patiently made sure that the editing and producing of our book went smoothly.

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August, 2013

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General Introduction to Organization Development

learning objectives

Define and describe the practice and study of organization development (OD).

Describe the history and relevance of OD.

Distinguish OD and planned change from other forms of organization change.

This is a book about organization development (OD)—a process that applies a broad range of behavioral science knowledge and practices to help organizations build their capability to change and to achieve greater effectiveness, including increased financial performance, employee satisfaction, and environmental sustainability. Organization development differs from other planned change efforts, such as project management or product innovation, because the focus is on building the organization's ability to assess its current functioning and to make necessary changes to achieve its goals. Moreover, OD is oriented to improving the total system—the organization and its parts

in the context of the larger environment that affects them.

This book reviews the broad background of OD and examines assumptions, strategies and models, intervention techniques, and other aspects of OD. This chapter provides an introduction to OD, describing first the concept of OD itself. Second, it explains why OD has expanded rapidly in the past 60 years, both in terms of people's need to work with and through others in organizations and in terms of organizations' need to adapt in a complex and changing world. Third, it reviews briefly the history of OD, and fourth, it describes the evolution of OD into its current state. This introduction to OD is followed by an overview of the rest of the book.

1-1 Organization Development Defined

Organization development is both a professional field of social action and an area of scientific inquiry. The practice of OD covers a wide spectrum of activities, with seemingly endless variations upon them. Team building with top corporate management, structural change in a municipality, and job enrichment in a manufacturing firm are all examples of OD. Similarly, the study of OD addresses a broad range of topics, including the effects of change, the methods of organizational change, and the factors influencing OD success.

A number of definitions of OD exist and are presented in Table 1.1. Each definition has a slightly different emphasis. For example, Burke's description focuses attention on culture as the target of change; French's definition is concerned with OD's long-term focus and the use of consultants; and Beckhard's and Beer's definitions address the process of OD. More recently, Burke and Bradford's definition broadens the range and interests of OD. Worley and Feyerherm suggested that for a process to be called organization development, (1) it must focus on or result in the change of some aspect of the organizational system; (2) there must be learning or the transfer of knowledge or skill to the organization; and (3) there must be evidence of improvement in or an intention to improve the effectiveness of the organization.¹ The following definition incorporates most of these views and is used in this book:

Organization development is a system-wide application and transfer of behavioral science knowledge to the planned development, improvement, and reinforcement of the strategies, structures, and processes that lead to organization effectiveness.

This definition emphasizes several features that differentiate OD from other approaches to organizational change and improvement, such as management consulting, project management, and operations management. The definition also helps to distinguish

TABLE 1.1**Definitions of Organization Development**

Organization development is a planned process of change in an organization's culture through the utilization of behavioral science technology, research, and theory. (Warner Burke)²

Organization development refers to a long-range effort to improve an organization's problem-solving capabilities and its ability to cope with changes in its external environment with the help of external or internal behavioral-scientist consultants, or change agents, as they are sometimes called. (Wendell French)³

Organization development is an effort (1) planned, (2) organization-wide, and (3) managed from the top, to (4) increase organization effectiveness and health through (5) planned interventions in the organization's "processes," using behavioral science knowledge. (Richard Beckhard)⁴

Organization development is a system-wide process of data collection, diagnosis, action planning, intervention, and evaluation aimed at (1) enhancing congruence among organizational structure, process, strategy, people, and culture; (2) developing new and creative organizational solutions; and (3) developing the organization's self-renewing capacity. It occurs through the collaboration of organizational members working with a change agent using behavioral science theory, research, and technology. (Michael Beer)⁵

Based on (1) a set of values, largely humanistic; (2) application of the behavioral sciences; and (3) open-systems theory, organization development is a system-wide process of planned change aimed toward improving overall organization effectiveness by way of enhanced congruence of such key organization dimensions as external environment, mission, strategy, leadership, culture, structure, information and reward systems, and work policies and procedures. (Warner Burke and David Bradford)⁶

OD from two related subjects, *change management* and *organization change*, that also are addressed in this book.

First, OD applies to changes in the strategy, structure, and/or processes of an entire system, such as an organization, a single plant of a multiplant firm, a department or work group, or individual role or job. A change program aimed at modifying an organization's strategy, for example, might focus on how the organization relates to a wider environment and on how those relationships can be improved. It might include changes both in the grouping of people to perform tasks (structure) and in methods of communicating and solving problems (process) to support the changes in strategy. Similarly, an OD program directed at helping a top-management team become more effective might focus on social processes and task coordination within the group. This focus might result in the improved ability of top management to solve company problems in strategy and structure. This contrasts with approaches focusing on one or only a few aspects of a system, such as technological innovation or quality control. In these approaches, attention is narrowed to improvement of particular products or processes, or to development of production or service delivery functions.

Second, OD is based on the application and transfer of behavioral science knowledge and practice, including microconcepts, such as leadership, group dynamics, and work design, and macroapproaches, such as strategy, organization design, and culture change. These subjects distinguish OD from such applications as management consulting, technological innovation, or operations management that emphasize the economic, financial, and technical aspects of organizations. These approaches tend to neglect the personal and social characteristics of a system. Moreover, OD is distinguished by its intent to transfer behavioral science knowledge and skill so that the organizational system is more capable of carrying out planned change in the future.

Third, OD is concerned with managing planned change, but not in the formal sense typically associated with management consulting or project management, which tends to comprise programmatic and expert-driven approaches to change. Rather, OD is more an adaptive process for planning and implementing change than a blueprint for how things should be done. It involves planning to diagnose and solve organizational problems, but such plans are flexible and often revised as new information is gathered as the change process progresses. If, for example, there was concern about the performance of a set of international subsidiaries, a reorganization process might begin with plans to assess the current relationships between the international divisions and the corporate headquarters and to redesign them if necessary. These plans would be modified if the assessment discovered that most of the senior management teams in the subsidiaries were not given adequate cross-cultural training prior to their international assignments.

Fourth, OD involves the design, implementation, and subsequent reinforcement of change. It moves beyond the initial efforts to implement a change program to a longer-term concern for making sure the new activities sustain within the organization. For example, implementing self-managed work teams might focus on ways in which supervisors could give workers more control over work methods. After workers had more control, attention would shift to ensuring that supervisors continued to provide that freedom. That assurance might include rewarding supervisors for managing in a participative style. This attention to reinforcement is similar to training and development approaches that address maintenance of new skills or behaviors, but it differs from other change perspectives that do not address how a change can be sustained over time.

Finally, OD is oriented to improving organizational effectiveness. Effectiveness is best measured along three dimensions. First, OD affirms that an effective organization is able to solve its own problems and to continually improve itself. OD helps organization

members gain the skills and knowledge necessary to conduct these activities by involving them in the change process. Second, an effective organization has high financial and technical performance, including sales growth, acceptable profits, quality products and services, and high productivity. OD helps organizations achieve these ends by leveraging social science practices to lower costs, improve products and services, and increase productivity. Finally, an effective organization has an engaged, satisfied, and learning workforce as well as satisfied and loyal customers or other external stakeholders. The organization's performance responds to the needs of external groups, such as stockholders, customers, suppliers, and government agencies, which provide the organization with resources and legitimacy. Moreover, it is able to attract and motivate effective employees, who then perform at higher levels. Other forms of organizational change clearly differ from OD in their focus. Management consulting, for example, primarily addresses financial performance, whereas operations management or industrial engineering focuses on productivity.

Organization development can be distinguished from change management and organizational change. OD and change management both address the effective implementation of planned change. They are both concerned with the sequence of activities, the processes, and the leadership that produce organization improvements. They differ, however, in their underlying value orientation. OD's behavioral science foundation supports values of human potential, participation, and development in addition to performance and competitive advantage. Change management focuses more narrowly on values of cost, quality, and schedule.⁷ As a result, OD's distinguishing feature is its concern with the transfer of knowledge and skill so that the organization is more able to manage change in the future. Change management does not necessarily require the transfer of these skills. In short, all OD involves change management, but change management may not involve OD.

Similarly, organizational change is a broader concept than OD. As discussed above, organization development can be applied to managing organizational change. However, it is primarily concerned with managing change in such a way that knowledge and skills are transferred to build the organization's capability to achieve goals and solve problems. It is intended to change the organization in a particular direction, toward improved problem solving, responsiveness, and effectiveness. Organizational change, in contrast, is more broadly focused and can apply to any kind of change, including technical and managerial innovations, organization decline, or the evolution of a system over time. These changes may or may not be directed at making the organization more developed in the sense implied by OD.

The behavioral sciences have developed useful concepts and methods for helping organizations to deal with changing environments, competitor initiatives, technological innovation, globalization, or restructuring. They help managers and administrators to manage the change process. Many of these concepts and techniques are described in this book, particularly in relation to managing change.

1-2 The Growth and Relevance of Organization Development

In each of the previous editions of this book, we argued that organizations must adapt to increasingly complex and uncertain technological, economic, political, and cultural changes. We also argued that OD could help an organization to create effective responses to these changes and, in many cases, to proactively influence the strategic direction of the firm. The rapidly changing conditions of the past few years confirm our arguments and

accentuate their relevance. According to several observers, organizations are in the midst of unprecedented uncertainty and chaos, and nothing short of a management revolution will save them.⁸ Three major trends are shaping change in organizations: globalization, information technology, and managerial innovation.

First, *globalization* is changing the markets and environments in which organizations operate as well as the way they function.⁹ The world is rapidly becoming smaller and more tightly interconnected economically, socially, and ecologically. Significant movements of goods and services, technology, human resources, and capital across international borders have intensified the economic interdependence among nations and organizations. This globalization opens new markets and sources of innovation and capital for organizations, but at the risk of economic problems in one sector of the world spreading rapidly to other sectors. The United States' 2007–2008 fiscal crisis quickly evolved into a “global recession” that sent the European Economic Union into a financial tailspin while negatively impacting the economies of nations in almost every region of the globe. Similarly, social differences along cultural, political, and religious lines have rendered global markets increasingly uncertain, complex, and conflictive. Persistent tensions in the Middle East have had repercussions for firms throughout the globe making them more vulnerable to terrorist attacks, escalating diplomatic and military conflicts, and disrupting energy supplies. Globalization also affects organizations ecologically, expanding their access to natural resources yet making the planet more susceptible to abuse by organizations with questionable environmental practices and governments with loose environmental regulations. Growing international debates about climate change and calls for more responsible and sustainable organizational practices underscore the ecological consequences of globalization.

Second, *information technology* is redefining the traditional business model by changing how work is performed, how knowledge is used, and how the cost of doing business is calculated.¹⁰ The way an organization collects, stores, manipulates, uses, and transmits information can lower costs and increase the value and quality of products and services. Information technology is at the heart of emerging e-commerce strategies and organizations. Amazon.com and eBay are among the survivors of a busted dot-com bubble; Facebook, LinkedIn, and Twitter are revolutionizing the way that we converse and interact with each other both personally and professionally. Google has emerged as a major competitor to Microsoft, and the amount of business being conducted on the Internet is projected to grow at double-digit rates. Moreover, the underlying rate of innovation is not expected to decline. Cloud computing—a state-of-the-art technology application a few years ago—is now considered routine business practice. Digital publishing and online courses are transforming how we deliver knowledge and education. The ability to move information easily and inexpensively throughout and among organizations has fueled the downsizing, delayering, and restructuring of firms. The Internet has enabled new forms of work such as virtual teams and telecommuting; it has enabled many companies to outsource customer-service functions to global regions where labor is relatively inexpensive. Finally, information technology is changing how organizations create and use knowledge. Enormous data sets, so-called “big data,” are being analyzed to discover underlying trends and patterns that can inform strategic decision making. Information is also being widely shared throughout the organization. This reduces the concentration of power at the top of the organization as employees now share the same key information that senior managers once used to control decision making.

Third, *managerial innovation* has responded to the globalization and information technology trends and has accelerated their impact on organizations. New organizational forms, such as networks, strategic alliances, and virtual corporations, provide organizations with

new ways of thinking about how to manufacture goods and deliver services. The strategic alliance, for example, has emerged as one of the indispensable tools in strategy implementation. No single organization, not even IBM, Toyota, or General Electric, can control the environmental and market uncertainty it faces. In addition, change innovations, such as downsizing or reengineering, have radically reduced the size of organizations and increased their flexibility; new large group interventions, such as the search conference and open space, have increased the speed with which organizational change can take place; and organization learning interventions have leveraged knowledge as a critical organizational resource.¹¹ Managers, OD practitioners, and researchers argue that these globalization and information technology forces not only are powerful in their own right but are interrelated. Their interaction makes for a highly uncertain and complex environment for all kinds of organizations, including manufacturing and service firms and those in the public and private sectors. Fortunately, a growing number of organizations are undertaking the kinds of organizational changes needed to survive and prosper in today's environment. They are making themselves more streamlined and agile, more responsive to external demands, and more ecologically and socially sustainable. They are involving employees in key decisions and paying for performance rather than for time. They are taking the initiative in innovating and managing change, rather than simply responding to what has already happened.

Organization development plays a key role in helping organizations change themselves. It helps organizations assess themselves and their environments and revitalize and rebuild their strategies, structures, and processes. OD helps organization members gain the skills and knowledge needed to continuously improve and change the organization. It helps members go beyond surface changes to transform the underlying assumptions and values governing their behaviors. The different concepts and methods discussed in this book increasingly are finding their way into government agencies, manufacturing firms, multinational corporations, service industries, educational and health care institutions, and not-for-profit organizations. Perhaps at no other time has OD been more responsive and practically relevant to organizations' needs to operate effectively in a highly complex and changing world.

OD is obviously important to those who plan a professional career in the field, either as an internal consultant employed by an organization or as an external consultant practicing in many organizations. A career in OD can be highly rewarding, providing challenging and interesting assignments working with managers and employees to improve their organizations and their work lives. In today's environment, the demand for OD professionals is rising rapidly. For example, large professional services firms must have effective "change management" practices to be competitive. Career opportunities in OD should continue to expand in the United States and abroad.

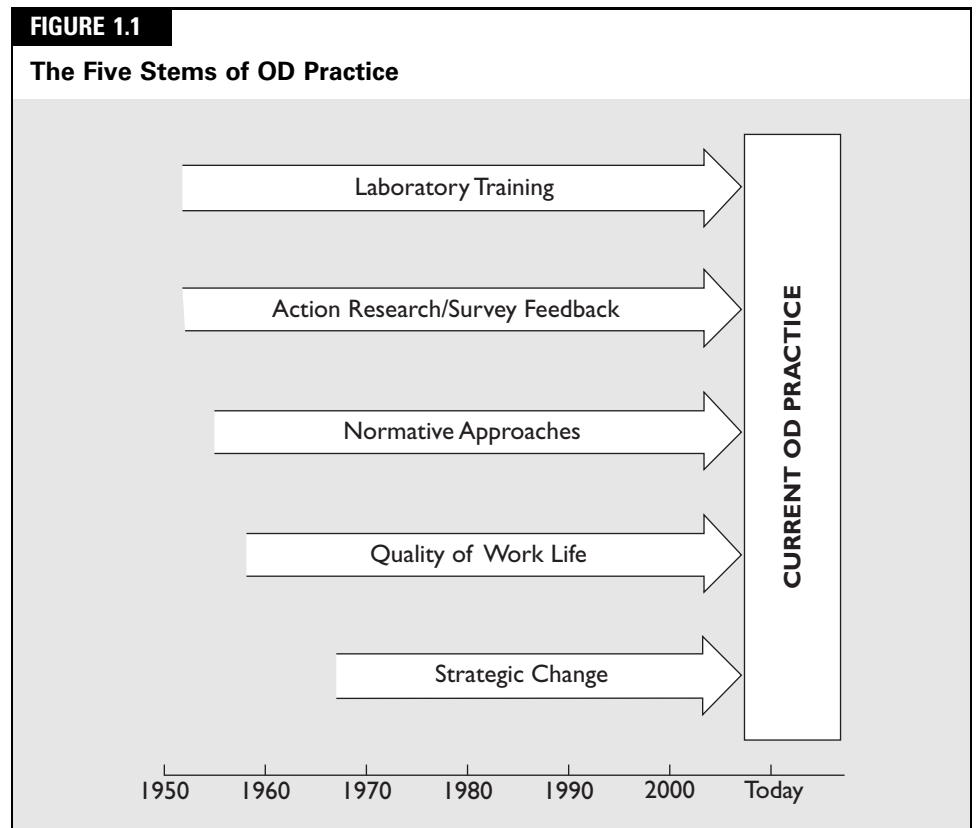
Organization development also is important to those who have no aspirations to become professional practitioners. All managers and administrators are responsible for supervising and developing subordinates and for improving their departments' performance. Similarly, all staff specialists, such as financial analysts, engineers, accountants, information technologists, or market researchers, are responsible for offering advice and counsel to managers and for introducing new methods and practices. Finally, OD is important to general managers and other senior executives because OD can help the whole organization be more innovative, adaptable, and effective.

Organization development can also help managers and staff personnel perform their tasks more effectively. It can provide the skills and knowledge necessary for establishing effective interpersonal relationships and building productive teams. It can show personnel how to work effectively with others in diagnosing complex problems and in devising appropriate solutions. It can help others become committed to the solutions, thereby

increasing chances for their successful implementation. In short, OD is highly relevant to anyone having to work with and through others in organizations.

1-3 A Short History of Organization Development

A brief history of OD will help to clarify the evolution of the term as well as some of the problems and confusion that have surrounded it. As currently practiced, OD emerged from five major backgrounds or stems, as shown in Figure 1.1. The first was the growth of the National Training Laboratories (NTL) and the development of training groups, otherwise known as sensitivity training or T-groups. The second stem of OD was the classic work on action research conducted by social scientists interested in applying research to managing change. An important feature of action research was a technique known as survey feedback. Kurt Lewin, a prolific theorist, researcher, and practitioner in group dynamics and social change, was instrumental in the development of T-groups, survey feedback, and action research. His work led to the creation of OD and still serves as a major source of its concepts and methods. The third stem reflects a normative view of OD. Rensis Likert's participative management framework and Blake and Mouton's Grid[®] OD suggest a "one best way" to design and operate organizations. The fourth background is the approach focusing on productivity and the quality of work life. The fifth stem of OD, and the most recent influence on current practice, involves strategic change and organization transformation.



1-3a Laboratory Training Background

This stem of OD pioneered laboratory training, or the T-group—a small, unstructured group in which participants learn from their own interactions and evolving group processes about such issues as interpersonal relations, personal growth, leadership, and group dynamics. Essentially, laboratory training began in the summer of 1946, when Kurt Lewin and his staff at the Research Center for Group Dynamics at the Massachusetts Institute of Technology (MIT) were asked by the Connecticut Interracial Commission and the Committee on Community Interrelations of the American Jewish Congress for help in research on training community leaders. A workshop was developed, and the community leaders were brought together to learn about leadership and to discuss problems. At the end of each day, the researchers discussed privately what behaviors and group dynamics they had observed. The community leaders asked permission to sit in on these feedback sessions. Reluctant at first, the researchers finally agreed. Thus, the first T-group was formed in which people reacted to data about their own behavior. The researchers drew two conclusions about this first T-group experiment: (1) feedback about group interaction was a rich learning experience and (2) the process of “group building” had potential for learning that could be transferred to “back-home” situations.¹²

As a result of this experience, the Office of Naval Research and the National Education Association provided financial backing to form the National Training Laboratories, and Gould Academy in Bethel, Maine, was selected as a site for further work (since then, Bethel has played an important part in NTL). The first Basic Skill Groups were offered in the summer of 1947. The program was so successful that the Carnegie Foundation provided support for programs in 1948 and 1949. This led to a permanent program for NTL within the National Education Association.

In the 1950s, three trends emerged: (1) the emergence of regional laboratories, (2) the expansion of summer program sessions to year-round sessions, and (3) the expansion of the T-group into business and industry, with NTL members becoming increasingly involved with industry programs. Notable among these industry efforts was the pioneering work of Douglas McGregor at Union Carbide, of Herbert Shepard and Robert Blake at Esso Standard Oil (now ExxonMobil), of McGregor and Richard Beckhard at General Mills, and of Bob Tannenbaum at TRW Space Systems (now part of Northrop Grumman).¹³ Applications of T-group methods at these companies spawned the term “organization development” and, equally important, led corporate personnel and industrial relations specialists to expand their roles to offer internal consulting services to managers.¹⁴

Over time, T-groups have declined as an OD intervention. They are closely associated with that side of OD’s reputation as a “touchy-feely” process. NTL, as well as UCLA and Stanford, continues to offer T-groups to the public, a number of proprietary programs continue to thrive, and Pepperdine University and American University continue to utilize T-groups as part of master’s level OD practitioner education. The practical aspects of T-group techniques for organizations gradually became known as team building—a process for helping work groups become more effective in accomplishing tasks and satisfying member needs. Team building is one of the most common OD interventions today.

1-3b Action Research and Survey-Feedback Background

Kurt Lewin also was involved in the second movement that led to OD’s emergence as a practical field of social science. This second background refers to the processes of action research and survey feedback. The action research contribution began in the 1940s with studies conducted by social scientists John Collier, Kurt Lewin, and William Whyte. They discovered that research needed to be closely linked to action if organization

members were to use it to manage change. A collaborative effort was initiated between organization members and social scientists to collect research data about an organization's functioning, to analyze it for causes of problems, and to devise and implement solutions. After implementation, further data were collected to assess the results, and the cycle of data collection and action often continued. The results of action research were twofold: Members of organizations were able to use research on themselves to guide action and change, and social scientists were able to study that process to derive new knowledge that could be used elsewhere.

Among the pioneering action research studies were the work of Lewin and his students at the Harwood Manufacturing Company¹⁵ and the classic research by Lester Coch and John French on overcoming resistance to change.¹⁶ The latter study led to the development of participative management as a means of getting employees involved in planning and managing change. Other notable action research contributions included Whyte and Edith Hamilton's famous study of Chicago's Tremont Hotel¹⁷ and Collier's efforts to apply action research techniques to improving race relations when he was commissioner of Indian affairs from 1933 to 1945.¹⁸ These studies did much to establish action research as integral to organization change. Today, it is the backbone of many OD applications.

A key component of most action research studies was the systematic collection of survey data that were fed back to the client organization. Following Lewin's death in 1947, his Research Center for Group Dynamics at MIT moved to Michigan and joined with the Survey Research Center as part of the Institute for Social Research. The institute was headed by Rensis Likert, a pioneer in developing scientific approaches to attitude surveys. His doctoral dissertation at Columbia University developed the widely used 5-point "Likert Scale."¹⁹

In an early study by the institute, Likert and Floyd Mann administered a company-wide survey of management and employee attitudes at Detroit Edison.²⁰ The feedback process that evolved was an "interlocking chain of conferences." The major findings of the survey were first reported to the top management and then transmitted throughout the organization. The feedback sessions were conducted in task groups, with supervisors and their immediate subordinates discussing the data together. Although there was little substantial research evidence, the researchers intuitively felt that this was a powerful process for change.

In 1950, eight accounting departments asked for a repeat of the survey, thus generating a new cycle of feedback meetings. In four departments, feedback approaches were used, but the method varied; two departments received feedback only at the departmental level; and because of changes in key personnel, nothing was done in the remaining two departments.

A third follow-up study indicated that more significant and positive changes, such as job satisfaction, had occurred in the departments receiving feedback than in the two departments that did not participate. From those findings, Likert and Mann derived several conclusions about the effects of survey feedback on organization change. This led to extensive applications of survey-feedback methods in a variety of settings. The common pattern of data collection, data feedback, action planning, implementation, and follow-up data collection in both action research and survey feedback can be seen in these examples.

1-3c Normative Background

The intellectual and practical advances from the laboratory training stem and the action research and survey-feedback stem were followed closely by the belief that a human relations approach represented a "one best way" to manage organizations. This normative