

# **Organization Development and Change**

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## **Chapter One: Introduction to Organization Development**

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Thomas G. Cummings  
Christopher G. Worley

# Learning Objectives for Chapter One

- To provide a definition of Organization Development (OD)
- To distinguish OD and planned change from other forms of organization change
- To describe the historical development of OD
- To provide an outline of the book

# Burke's Definition of OD

OD is a planned process of change in an organization's culture through the utilization of behavioral science technology, research, and theory.

# French's Definition of OD

OD 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.

# Beckhard's Definition of OD

OD 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.

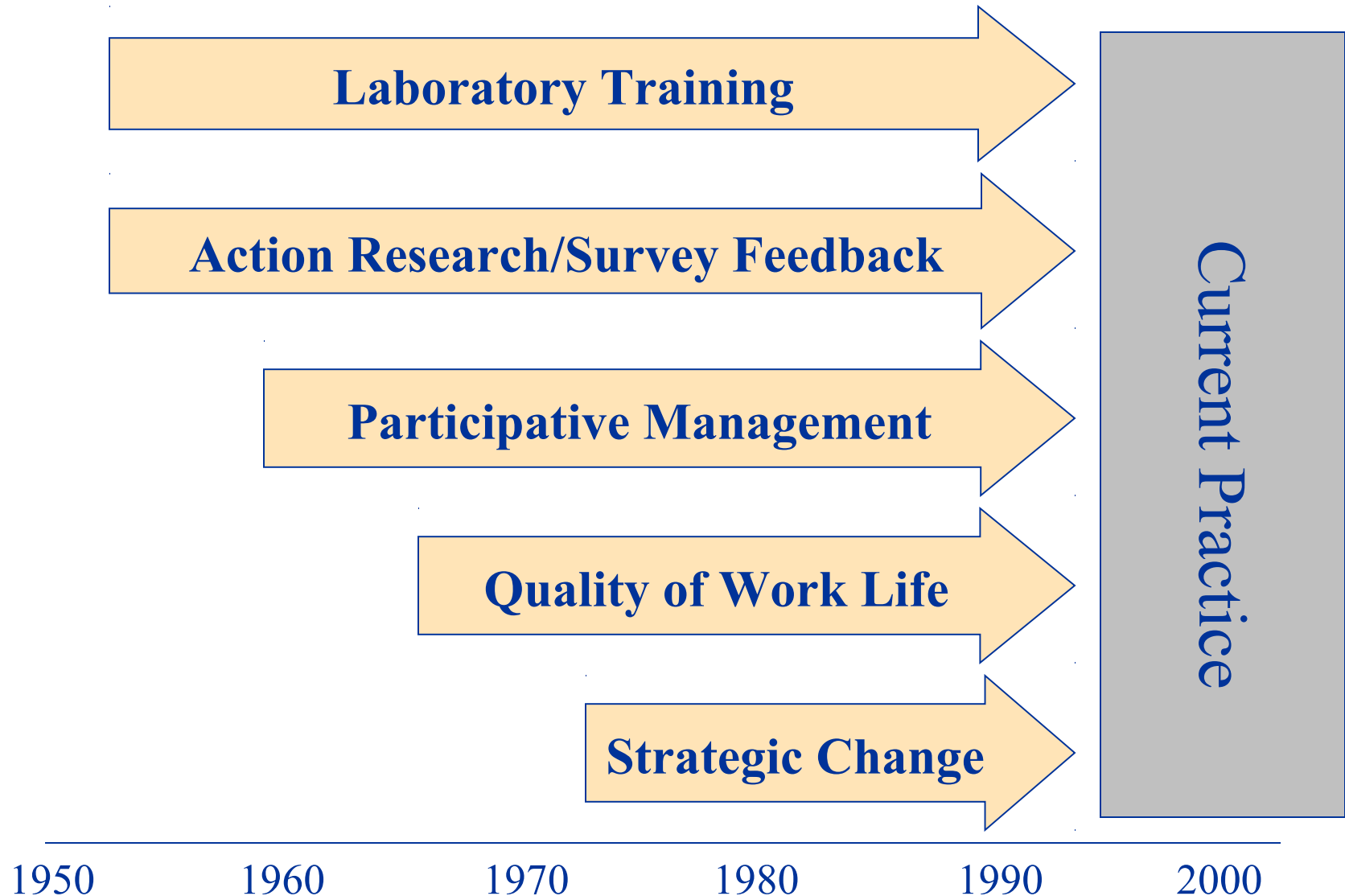
# Beer's Definition of OD

OD is a system-wide process of data collection, diagnosis, action planning, intervention, and evaluation aimed at: (1) enhancing congruence between 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 collaboration of organizational members working with a change agent using behavioral science theory, research, and technology.

# Organization Development is...

*a systemwide application of behavioral science knowledge to the planned development, improvement, and reinforcement of the strategies, structures, and processes that lead to organization effectiveness.*

# Five Stems of OD Practice



## **Part I: Overview of the Book**

The Nature of Planned Change  
(Chapter 2)

The OD Practitioner  
(Chapter 3)

## **Part II: The Process of Organization Development**

Entering &  
Contracting  
(Chapter 4)

Diagnosing  
Organizations  
(Chapter 5)

Diagnosing  
Groups & Jobs  
(Chapter 6)

Collecting  
Diagnostic  
Information  
(Chapter 7)

Feeding Back  
Diagnostic Data  
(Chapter 8)

Designing OD  
Interventions  
(Chapter 9)

Managing  
Change  
(Chapter 10)

Evaluating &  
Institutionalizing  
Change  
(Chapter 11)

### **Part III: Human Process Interventions**

Interpersonal  
and Group  
Process  
Approaches  
(Chapter 12)

Organization  
Process  
Approaches  
(Chapter 13)

### **Part IV: Techno- structural Interventions**

Restructuring  
Organizations  
(Chapter 14)

Employee  
Involvement  
(Chapter 15)

Work Design  
(Chapter 16)

### **Part V: Human Resources Management Interventions**

Performance  
Management  
(Chapter 17)

Developing and  
Assisting  
Members  
(Chapter 18)

### **Part VI: Strategic Interventions**

Organization and  
Environment  
Relationships  
(Chapter 19)

Organization  
Transformation  
(Chapter 20)

### **Part VII: Special Topics in Organization Development**

Organization Development  
in Global Settings  
(Chapter 21)

OD in Different Types  
of Organizations  
(Chapter 22)

Future Directions  
in OD  
(Chapter 23)

# **Organization Development and Change**

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## **Chapter Two: The Nature of Planned Change**

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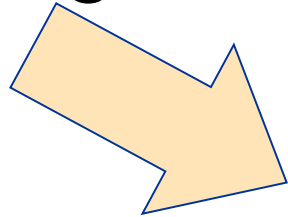
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Christopher G. Worley

# Learning Objectives for Chapter Two

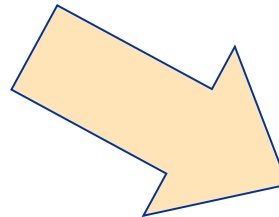
- To describe and compare three major perspectives on changing organizations.
- To introduce a General Model of Planned Change that will be used to organize the material presented in the book.
- To describe how planned change can be adopted to fit different kinds of conditions.

# Lewin's Change Model

Unfreezing

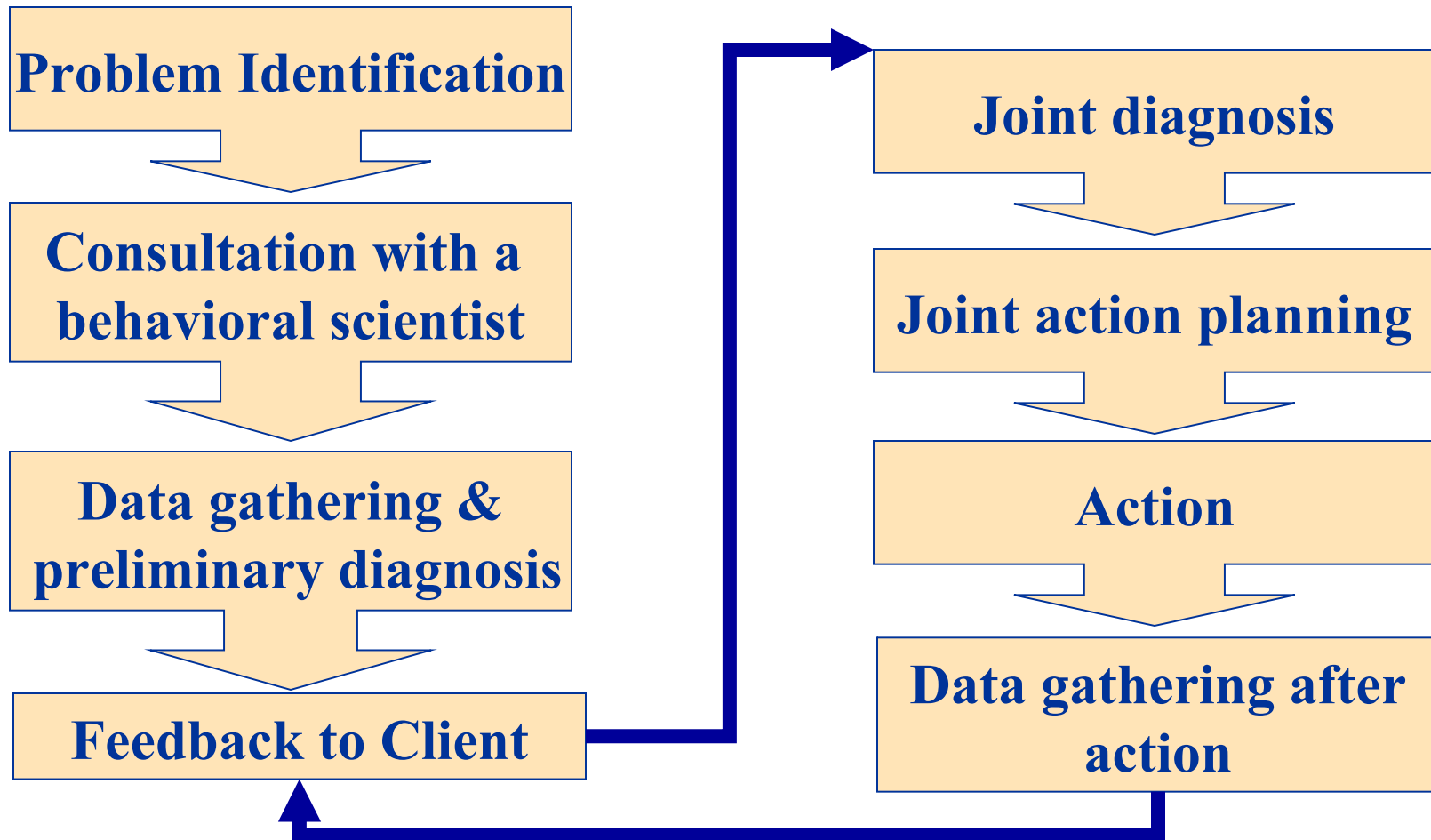


Movement

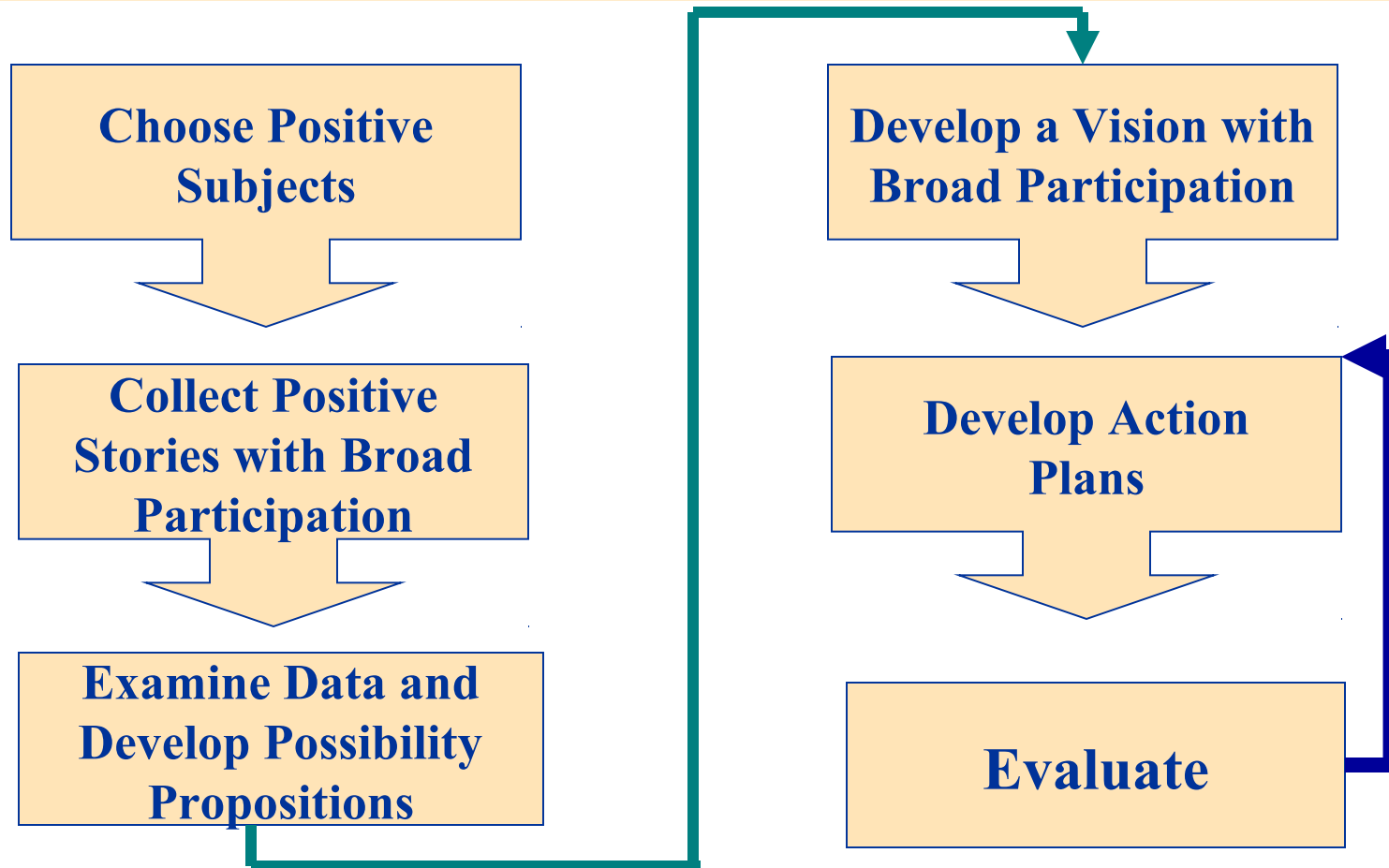


Refreezing

# Action Research Model



# Contemporary Approaches to Planned Change



# Comparison of Planned Change Models

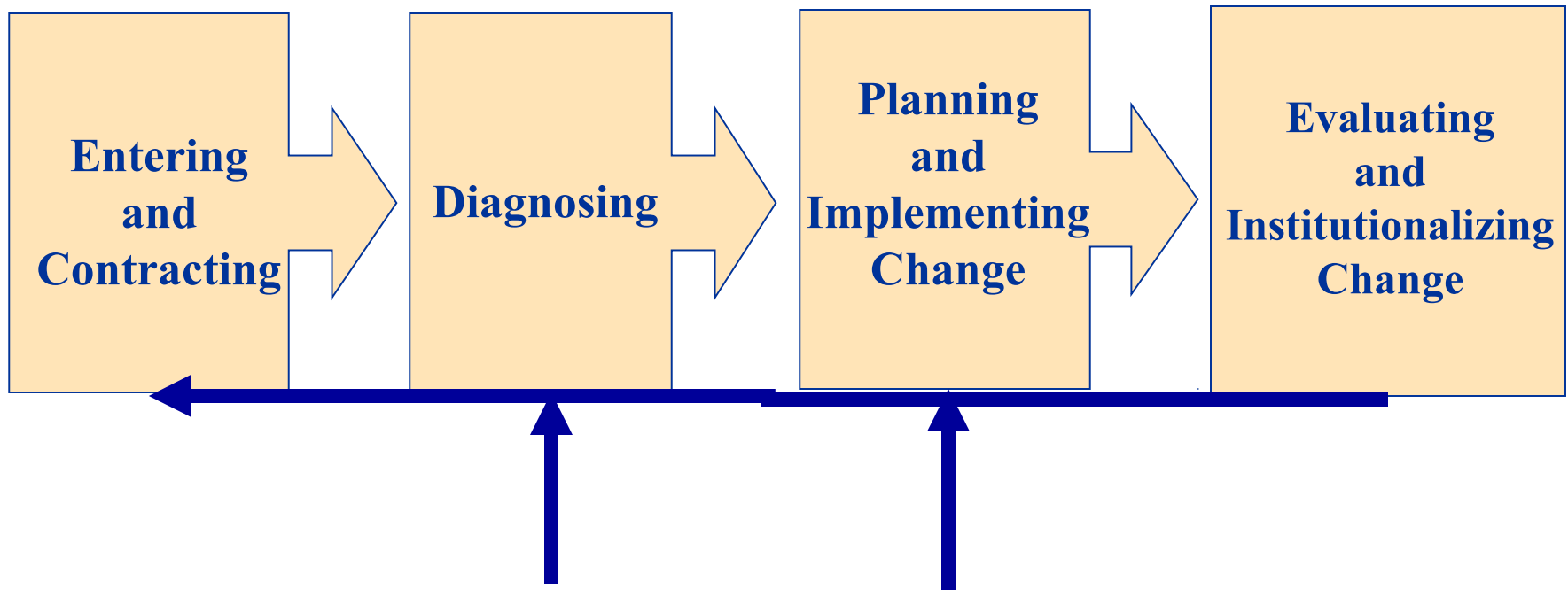
- Similarities

- Change preceded by diagnosis or preparation
- Apply behavioral science knowledge
- Stress involvement of organization members
- Recognize the role of a consultant

- Differences

- General vs. specific activities
- Centrality of consultant role
- Problem-solving vs. social constructionism

# General Model of Planned Change



# Different Types of Planned Change

- Magnitude of Change
  - Incremental
  - Quantum
- Degree of Organization
  - Overorganized
  - Underorganized
- Domestic vs. International Settings

# Critique of Planned Change

- Conceptualization of Planned Change
  - Change is not linear
  - Change is not rational
  - The relationship between change and performance is unclear
- Practice of Planned Change
  - Limited consulting skills and focus
  - Quick fixes vs. development approaches

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## **Chapter Three: The Organization Development Practitioner**

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# Learning Objectives for Chapter Three

- To understand the essential character of OD practitioners
- To understand the necessary competencies required of an effective OD practitioner
- To understand the roles and ethical conflicts that face OD practitioners

# The Organization Development Practitioner

- Internal and External Consultants
- Professionals from other disciplines who apply OD practices (e.g., TQM managers, IT/IS managers, compensation and benefits managers)
- Managers and Administrators who apply OD from their line or staff positions

# Competencies of an OD Practitioner

- Intrapersonal skills
  - Self-awareness
- Interpersonal skills
  - Ability to work with others and groups
- General consultation skills
  - Ability to get skills and knowledge used
- Organization development theory
  - Knowledge of change processes

# Role Demands on OD Practitioners

- Position
  - Internal vs. External
- Marginality
  - Ability to straddle boundaries
- Emotional Demands
  - Emotional Intelligence
- Use of Knowledge and Experience

# Client vs. Consultant Knowledge

**Use of Consultant's  
Knowledge and  
Experience**

**Plans Implementation**

**Recommends/prescribes**

**Proposes criteria**

**Feeds back data**

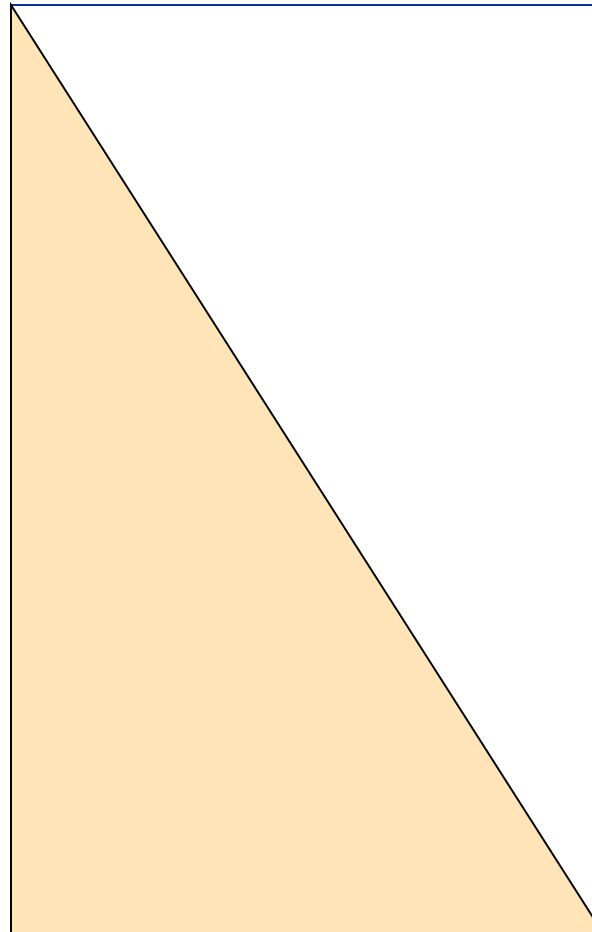
**Probes and gathers data**

**Clarifies and interprets**

**Listens and reflects**

**Refuses to become involved**

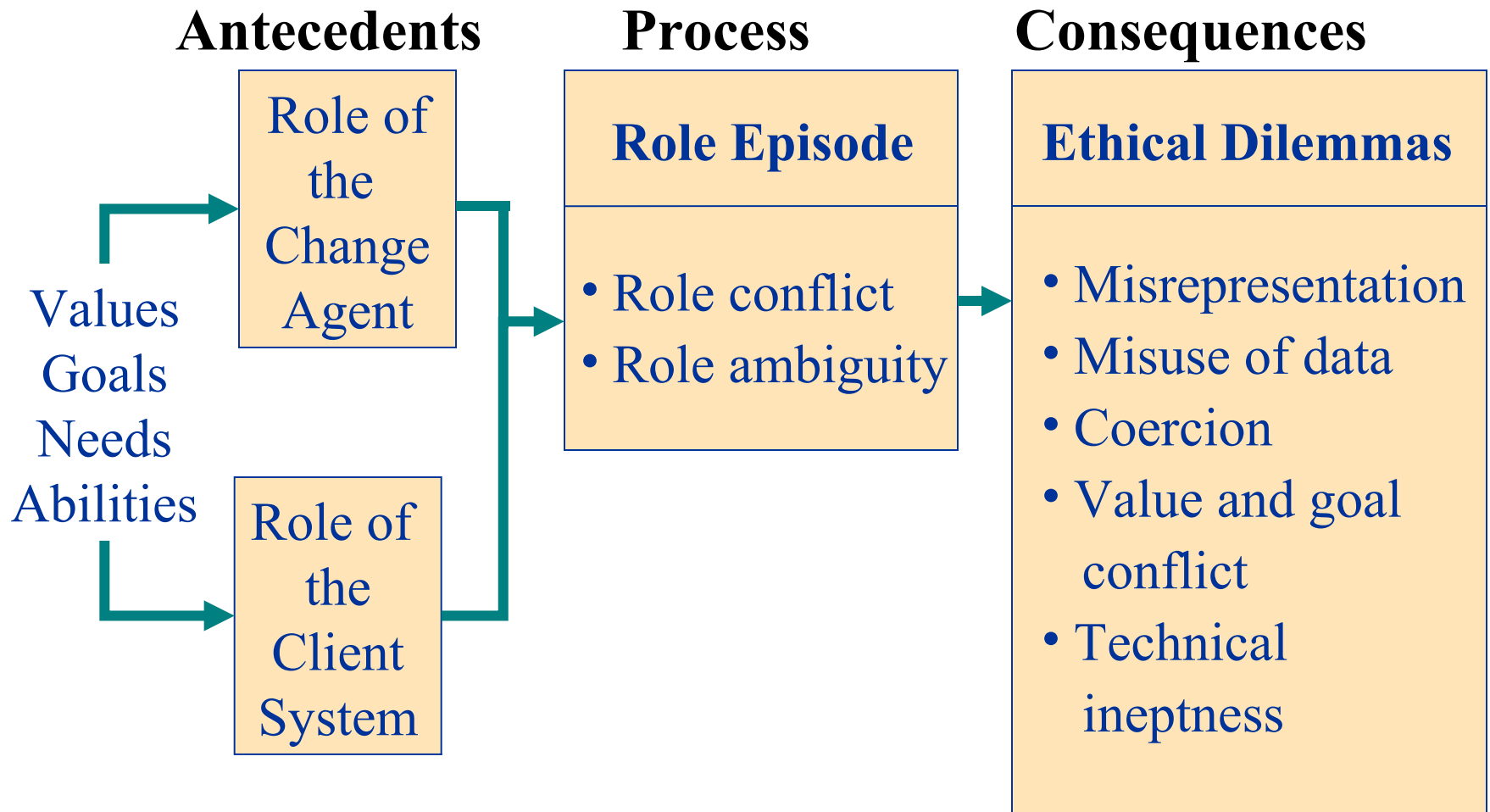
**Use of Client's  
Knowledge and  
Experience**



# Professional Ethics

- Ethical Guidelines
- Ethical Dilemmas
  - Misrepresentation
  - Misuse of Data
  - Coercion
  - Value and Goal Conflicts
  - Technical Ineptness

# A Model of Ethical Dilemmas



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## Chapter Four: Entering and Contracting

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# Learning Objectives for Chapter Four

- To describe the steps associated with starting a planned change process
- To reinforce the definition of an OD practitioner as anyone who is helping a system to make planned change

# The Entering Process

- Clarifying the Organizational Issue
  - Presenting Problem
  - Symptoms
- Determining the Relevant Client
  - Working power and authority
  - Multiple clients -- multiple contracts
- Selecting a Consultant

# Elements of an Effective Contract

- Mutual expectations are clear
  - Outcomes and deliverables
  - Publishing cases and results
  - Involvement of stakeholders
- Time and Resources
  - Access to client, managers, members
  - Access to information
- Ground Rules
  - Confidentiality

# Emotional Demands of Entry

- Client Issues
  - Exposed and Vulnerable
  - Inadequate
  - Fear of losing control
- OD Practitioner Issues
  - Empathy
  - Worthiness and Competency
  - Dependency
  - Overidentification

# Organization Development and Change

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## Chapter Five: Diagnosing Organizations

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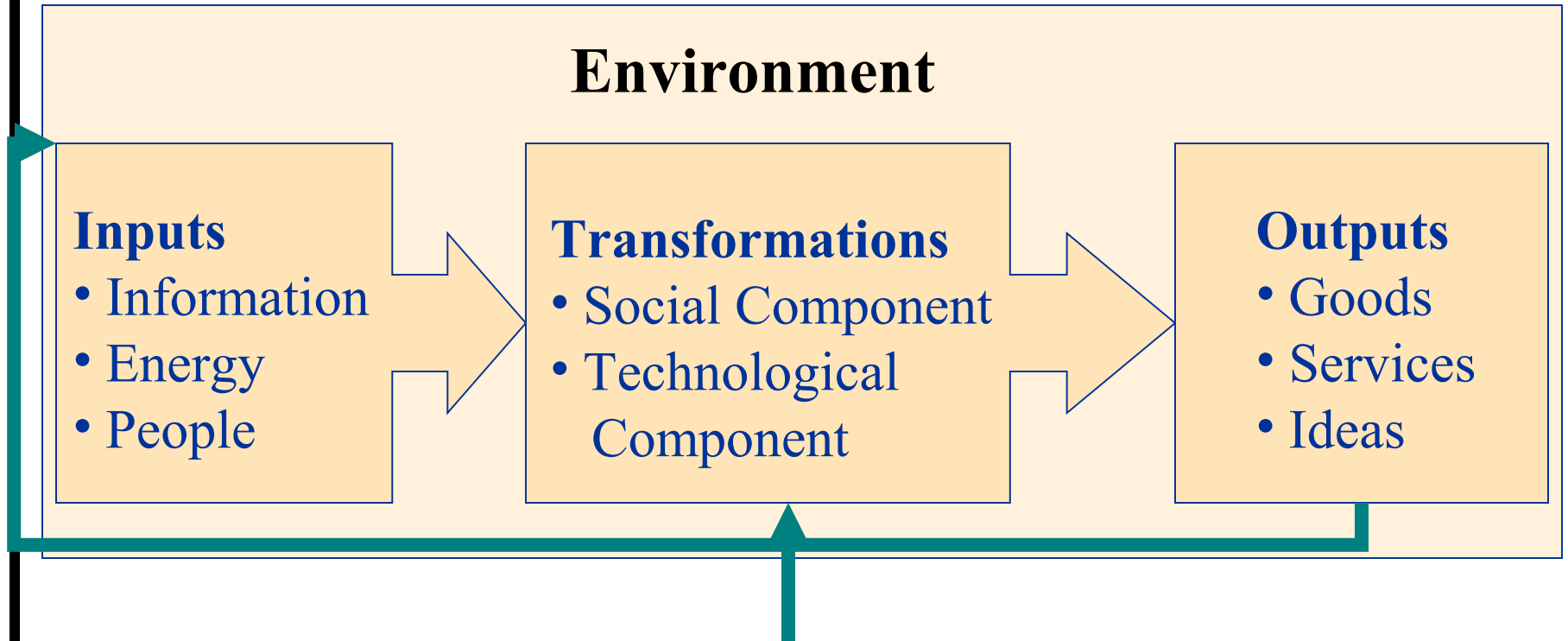
# Learning Objectives for Chapter Five

- To equip students with a general framework of OD diagnostic tools from a systematic perspective
- To define diagnosis and to explain how the diagnostic process provides a practical understanding of problems at the organizational level of analysis

# Diagnosis Defined

Diagnosis is a collaborative process between organizational members and the OD consultant to collect pertinent information, analyze it, and draw conclusions for action planning and intervention.

# Open Systems Model

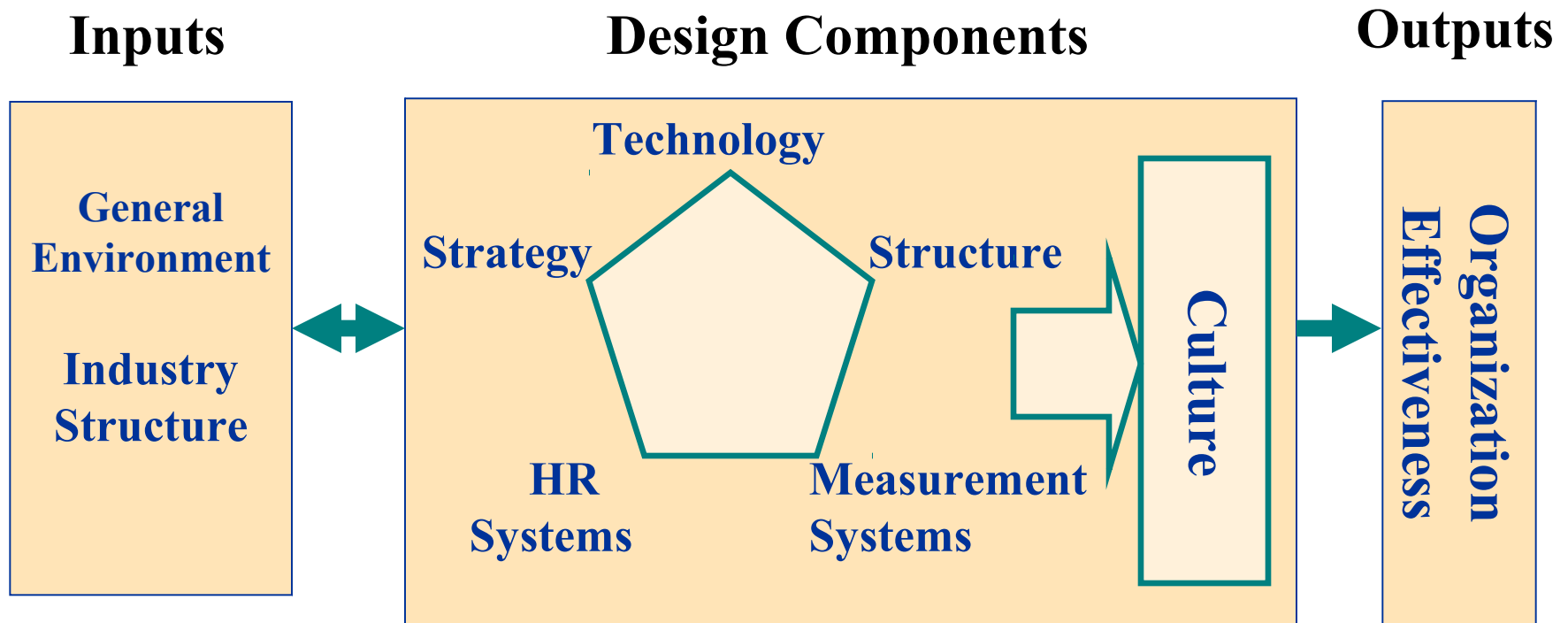


**Feedback**

# Properties of Systems

- Inputs, Transformations, and Outputs
- Boundaries
- Feedback
- Equifinality
- Alignment

# Organization-Level Diagnostic Model



# Key Alignment Questions

- Do the Design Components fit with the Inputs?
- Are the Design Components internal consistent? Do they fit and mutually support each other?

# Organization-Level Inputs

- **General Environment**
  - **External forces that can directly or indirectly affect the attainment of organizational objectives**
  - **Social, technological, ecological, economic, and political factors**
- **Industry Structure**
  - **External forces (task environment) that can directly affect the organization**
  - **Customers, suppliers, substitute products, new entrants, and rivalry among competitors**

# Organization Design Components

- Strategy
  - the way an organization uses its resources (human, economic, or technical) to gain and sustain a competitive advantage
- Structure
  - how attention and resources are focused on task accomplishment
- Technology
  - the way an organization converts inputs into products and services

# Organization Design Components

- Human Resource Systems
  - the mechanisms for selecting, developing, appraising, and rewarding organization members
- Measurement Systems
  - methods of gathering, assessing, and disseminating information on the activities of groups and individuals in organizations

# Organization Design Components

- Organization Culture
  - The basic assumptions, values, and norms shared by organization members
  - Represents both an “outcome” of organization design and a “foundation” or “constraint” to change

# Outputs

- Organization Performance
  - e.g., profits, profitability, stock price
- Productivity
  - e.g., cost/employee, cost/unit, error rates, quality
- Stakeholder Satisfaction
  - e.g., market share, employee satisfaction, regulation compliance

# Organization Development and Change

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## Chapter Six: Diagnosing Groups and Jobs

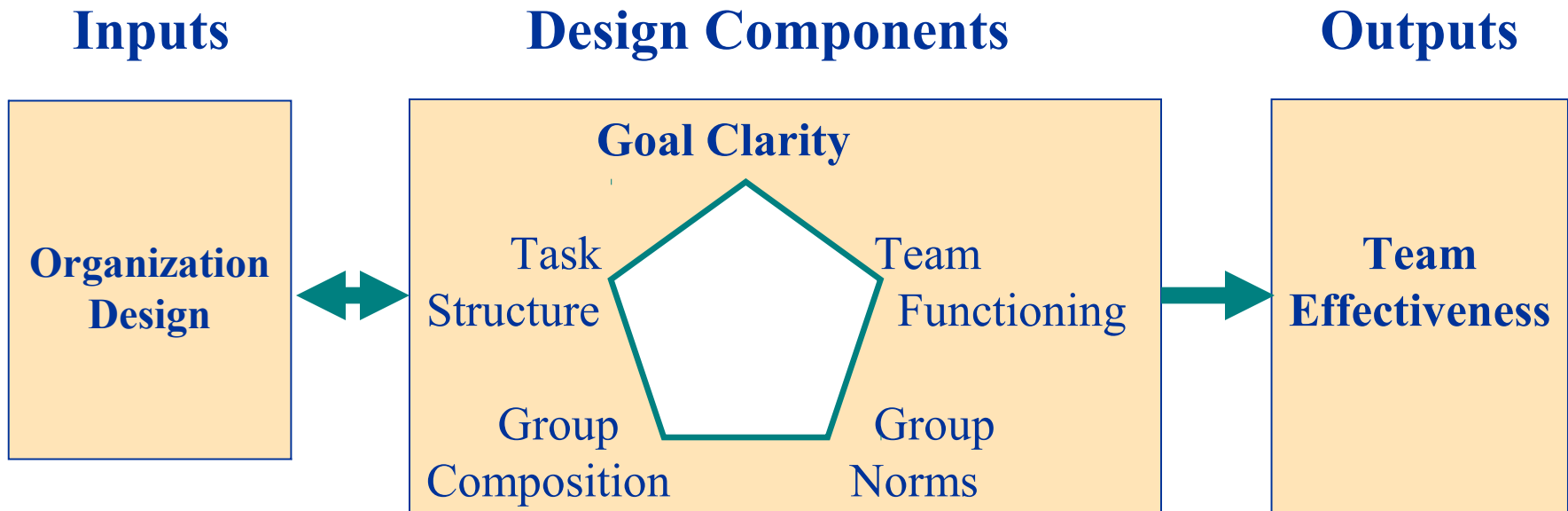
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# Learning Objectives for Chapter Six

- To clarify the concepts of group and job level diagnosis
- To define diagnosis and to explain how the diagnostic process discovers the underlying causes of problems at the group and job level of analysis
- To present an open systems diagnostic model for group and job levels

# Group-Level Diagnostic Model



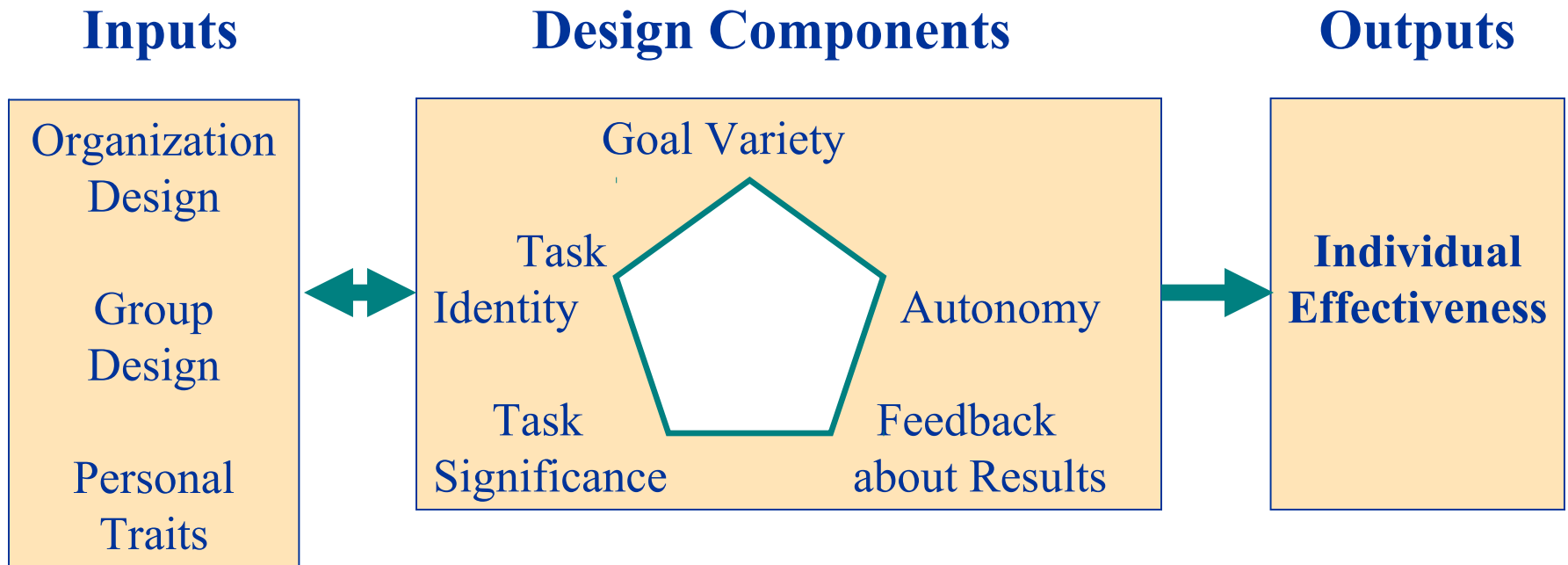
# Group-Level Design Components

- Goal Clarity
  - extent to which group understands its objectives
- Task Structure
  - the way the group's work is designed
- Team Functioning
  - the quality of group dynamics among members
- Group Composition
  - the characteristics of group members
- Group Norms
  - the unwritten rules that govern behavior

# Group-level Outputs

- Product or Service Quality
- Productivity
  - e.g., cost/member, number of decisions
- Team Cohesiveness
  - e.g., commitment to group and organization
- Member Satisfaction

# Individual-Level Diagnostic Model



# Individual-Level Design Components

- Skill Variety
  - The range of activities and abilities required for task completion
- Task Identity
  - The ability to see a “whole” piece of work
- Task Significance
  - The impact of work on others
- Autonomy
  - The amount of freedom and discretion
- Feedback about Results
  - Knowledge of task performance outcomes

# Individual-level Outputs

- Performance
  - e.g., cost/unit, service/product quality
- Absenteeism
- Job Satisfaction
  - e.g., internal motivation
- Personal Development
  - e.g., growth in skills, knowledge, and self

# **Organization Development and Change**

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## **Chapter Seven: Collecting and Analyzing Diagnostic Information**

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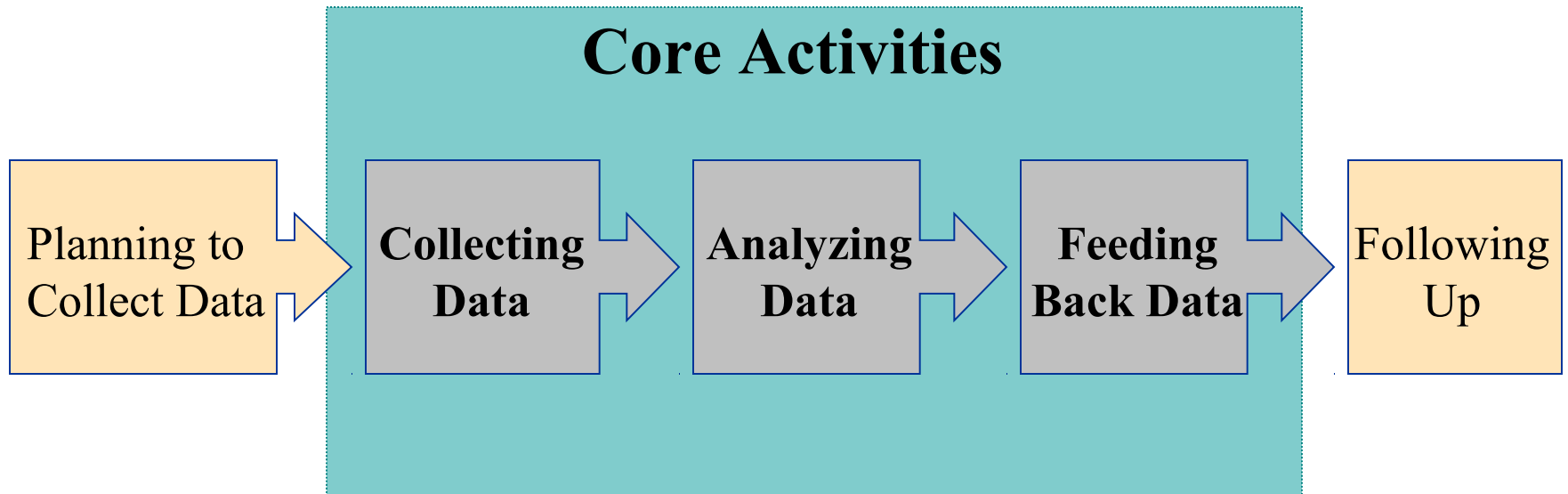
# Learning Objectives for Chapter Seven

- To understand the importance of diagnostic relationships in the OD process
- To describe the methods for diagnosing and collecting data
- To understand and utilize techniques for analyzing data

# The Diagnostic Relationship

- Who is the OD Practitioner?
- Why is the practitioner here?
- Who does the practitioner work for?
- What does the practitioner want and why?
- How will my confidentiality be protected?
- Who will have access to the data?
- What's in it for me?
- Can the practitioner be trusted?

# Data Collection - Feedback Cycle



# Sampling

- Population vs. Sample
- Importance of Sample Size
- Process of Sampling
- Types of Samples
  - Random
  - Convenience

# Questionnaires

- Major Advantages
  - Responses can be quantified and summarized
  - Large samples and large quantities of data
  - Relatively inexpensive
- Major Potential Problems
  - Little opportunity for empathy with subjects
  - Predetermined questions -- no change to change
  - Overinterpretation of data possible
  - Response biases possible

# Interviews

- Major Advantages
  - Adaptive -- allows customization
  - Source of “rich” data
  - Empathic
  - Process builds rapport with subjects
- Major Potential Problems
  - Relatively expensive
  - Bias in interviewer responses
  - Coding and interpretation can be difficult
  - Self-report bias possible

# Observations

- Major Advantages
  - Collects data on actual behavior, rather than reports of behavior
  - Real time, not retrospective
  - Adaptive
- Major Potential Problems
  - Coding and interpretation difficulties
  - Sampling inconsistencies
  - Observer bias and questionable reliability
  - Can be expensive

# Unobtrusive Measures

- Major Advantages
  - Non-reactive, no response bias
  - High face validity
  - Easily quantified
- Major Potential Problems
  - Access and retrieval difficulties
  - Validity concerns
  - Coding and interpretation difficulties

# Analysis Techniques

- Qualitative Tools
  - Content Analysis
  - Force-field Analysis
- Quantitative Tools
  - Descriptive Statistics
  - Measures of Association (e.g., correlation)
  - Difference Tests

# Force-Field Analysis of Work Group Performance

## Forces for Change

New technology

Better raw materials

Competition from other groups

Supervisor pressures

## Forces for Status Quo

Group performance norms

Fear of change

Member complacency

Well-learned skills

Current Performance

Desired Performance

# Organization Development and Change

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## **Chapter Eight: Feeding Back Diagnostic Information**

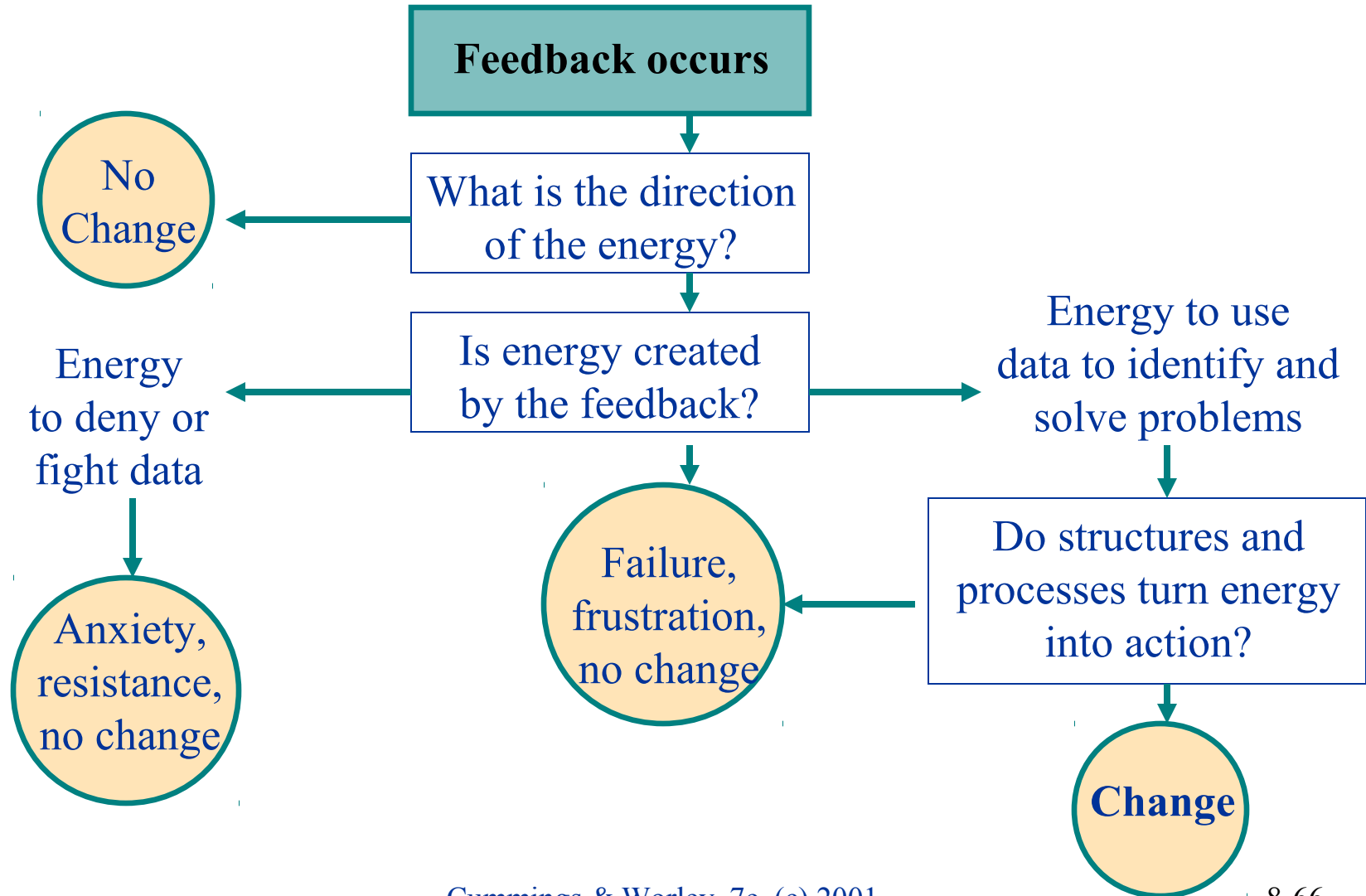
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# Learning Objectives for Chapter Eight

- To understand the importance of data feedback in the OD process
- To describe the desired characteristics of feedback content
- To describe the desired characteristics of the feedback process

# Possible Effects of Feedback



# Determining the Content of Feedback

- Relevant
- Understandable
- Descriptive
- Verifiable
- Timely
- Limited
- Significant
- Comparative
- Unfinalized

# Effective Feedback Meetings

- People are motivated to work with the data
- The meeting is appropriately structured
- The right people are in attendance
  - knowledge
  - power and influence
  - interest
- The meeting is facilitated

# Survey Feedback Process

- Members involved in designing the survey
- The survey is administered to the organization
- The data is analyzed and summarized
- The data is presented to the stakeholders
- The stakeholders work with the data to solve problems or achieve vision

# Limitations of Survey Feedback

- Ambiguity of Purpose
- Distrust
- Unacceptable Topics
- Organizational Disturbances

# Organization Development and Change

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## **Chapter Nine: Designing Interventions**

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# Learning Objectives for Chapter Nine

- To discuss criteria for effective interventions
- To discuss issues, considerations, constraints, ingredients, and processes associated with intervention design
- To give an overview of the various interventions used in the book

# Definition of Interventions

An intervention is a set of sequenced and planned actions or events intended to help the organization increase its effectiveness.

Interventions purposely disrupt the status quo.

# Characteristics of Effective Interventions

- Is it relevant to the needs of the organization?
  - Valid information
  - Free and Informed Choice
  - Internal Commitment
- Is it based on causal knowledge of intended outcomes?
- Does it transfer competence to manage change to organization members?

# The Design of Effective Interventions

- Contingencies Related to the Change Situation
  - Readiness for Change
  - Capability to Change
  - Cultural Context
  - Capabilities of the Change Agent
- Contingencies Related to the Target of Change

# Intervention Overview

- Human Process Interventions
- Technostructural Interventions
- Human Resources Management Interventions
- Strategic Interventions

# Human Process Interventions

- T-Groups
- Process Consultation and Team Building
- Third-party Interventions (Conflict Resolution)
- Organization Confrontation Meeting
- Intergroup Relationships
- Large-group Interventions
- Grid Organization Development

# Technostructural Interventions

- Structural Design
- Downsizing
- Reengineering
- Employee Involvement
- Work Design

# Human Resources Management Interventions

- Goal Setting
- Performance Appraisal
- Reward Systems
- Career Planning and Development
- Managing Work Force Diversity
- Employee Wellness

# Strategic Interventions

- Integrated Strategic Change
- Transorganization Development
- Mergers and Acquisitions
- Culture Change
- Self-designing Organizations
- Organization Learning and Knowledge Management

# **Organization Development and Change**

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## **Chapter Ten: Leading and Managing Change**

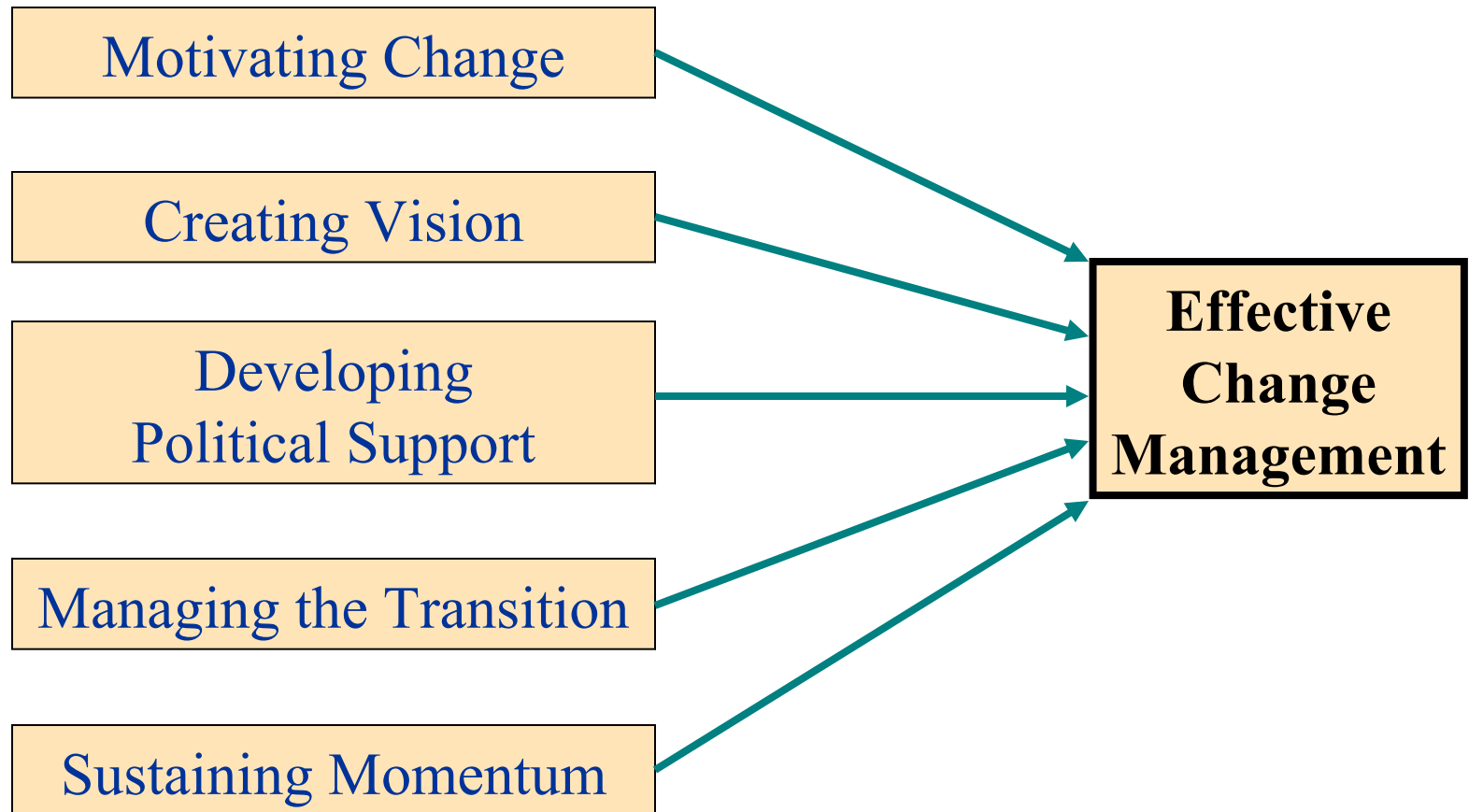
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# Learning Objective for Chapter Ten

- To understand the different elements of a successful change program

# Change Management Activities



# Motivating Change

- **Creating Readiness for Change**
  - **Sensitize the organization to pressures for change**
  - **Identify gaps between actual and desired states**
  - **Convey credible positive expectations for change**
- **Overcoming Resistance to Change**
  - **Provide empathy and support**
  - **Communicate**
  - **Involve members in planning and decision making**

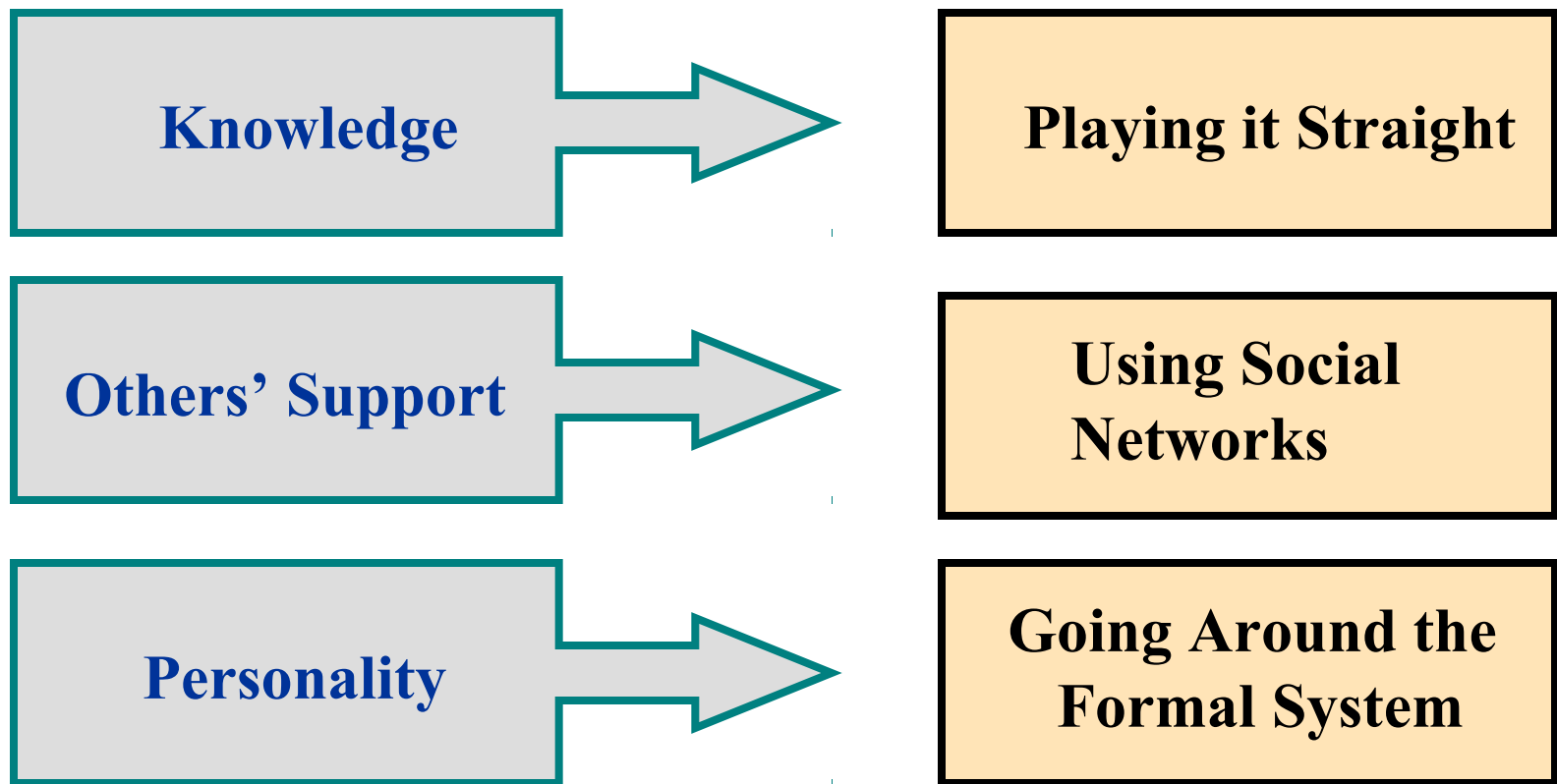
# Creating a Vision

- Discover and Describe the Organization's Core Ideology
  - What are the core values that inform members what is important in the organization?
  - What is the organization's core purpose or reason for being?
- Construct the Envisioned Future
  - What are the bold and valued outcomes?
  - What is the desired future state?

# Managing Political Support

- Assess Change Agent Power
- Identify Key Stakeholders
- Influence Stakeholders

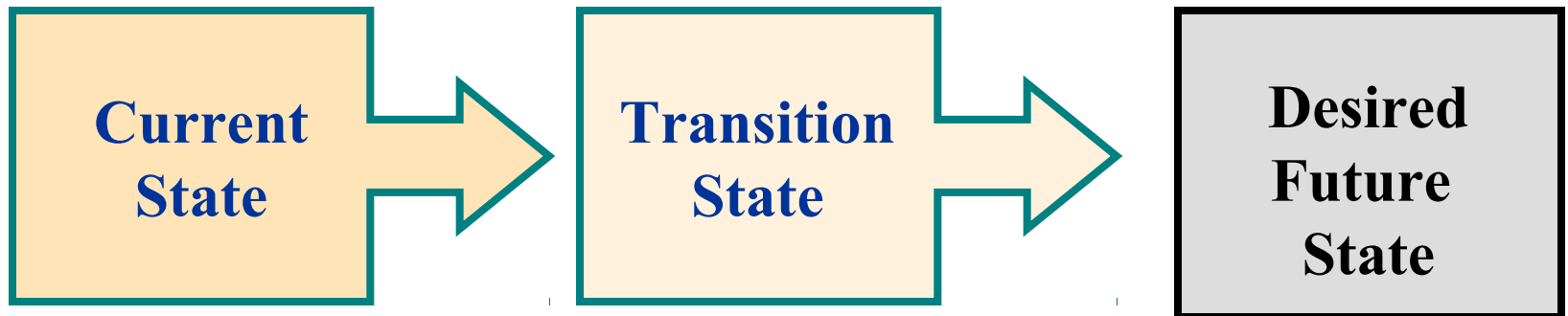
# Sources of Power and Power Strategies for Change Agents



# Managing the Transition

- Activity Planning
  - What's the “roadmap” for change?
- Commitment Planning
  - Who's support is needed, where do they stand, and how to influence their behavior?
- Management Structures
  - What's the appropriate arrangement of people and power to drive the change?

# Change as a Transition State



# Sustaining Momentum

- Provide Resources for Change
- Build a Support System for Change Agents
- Develop New Competencies and Skills
- Reinforce New Behaviors
- Stay the Course

# **Organization Development and Change**

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## **Chapter Eleven: Evaluating and Institutionalizing OD Interventions**

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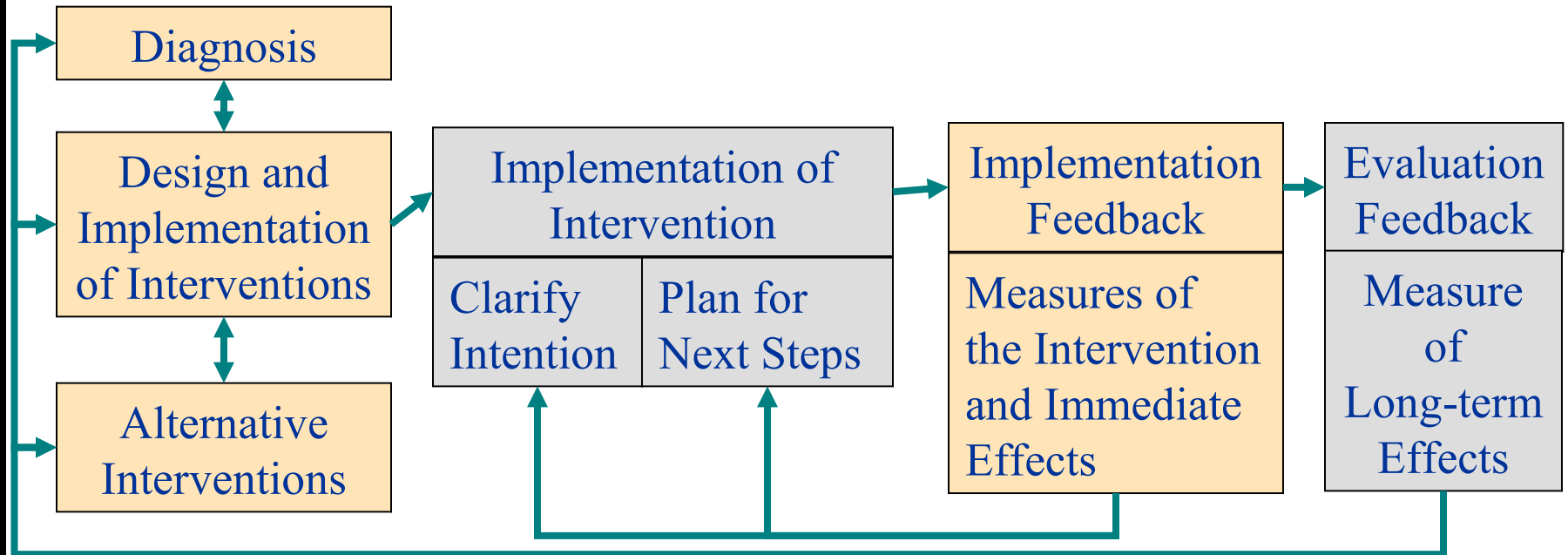
# Learning Objectives for Chapter Eleven

- To understand the issues associated with evaluating OD interventions
- To understand the process of institutionalizing OD interventions and the factors that contribute to it

# Issues in Evaluating OD Interventions

- Implementation and Evaluation Feedback
- Measurement
  - Select the right variables to measure
  - Design good measurements
    - Operational
    - Reliable
    - Valid
- Research Design

# Implementation and Evaluation Feedback



## **Implementation Feedback**

- Feedback aimed at guiding implementation efforts
- Milestones, intermediate targets
- Measures of the intervention's progress

## **Evaluation Feedback**

- Feedback aimed at determining impact of intervention
- Goals, outcomes, performance
- Measures of the intervention's effect

# Sources of Reliability

- Rigorous Operational Definition
  - How high does a team have to score on a five-point scale to say that it is effective?
- Multiple Measures
  - Multiple items on a survey
  - Multiple measures of the same variable (survey, observation, unobtrusive measure)
- Standardized Instruments

# Types of Validity

- **Face Validity:** Does the measure “appear” to reflect the variable of interest?
- **Content Validity:** Do “experts” agree that the measure appears valid?
- **Criterion or Convergent Validity:** Do measures of “similar” variables correlate?
- **Discriminant Validity:** Do measures of “non-similar” variables show no association?

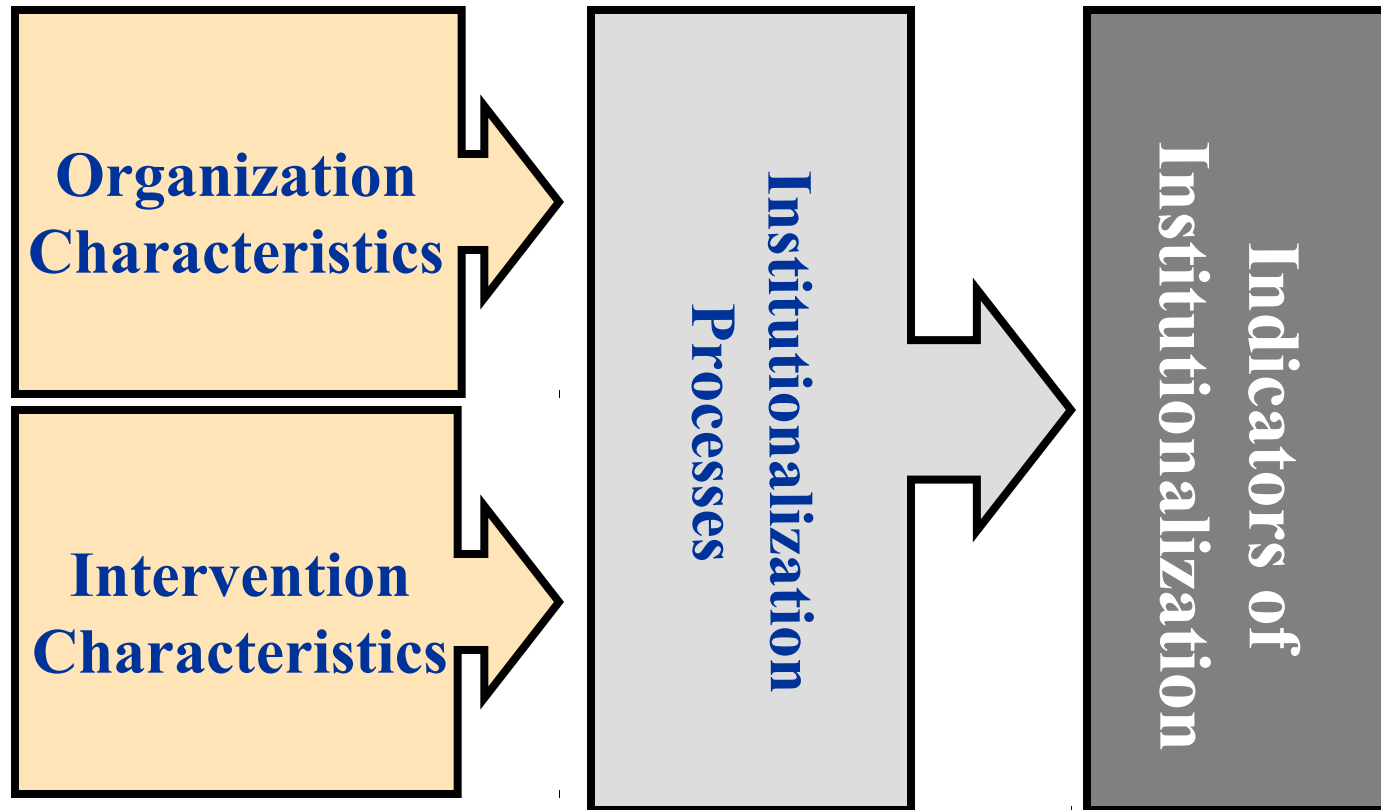
# Elements of Strong Research Designs in OD Evaluation

- Longitudinal Measurement
  - Change is measured over time
- Comparison Units
  - Appropriate use of “control” groups
- Statistical Analysis
  - Alternative sources of variation have been controlled

# Evaluating Different Types of Change

- Alpha Change
  - Movement along a stable dimension
- Beta Change
  - Recalibration of units of measure in a stable dimension
- Gamma Change
  - Fundamental redefinition of dimension

# Institutionalization Framework



# Organization Characteristics

- Congruence
  - Extent to which an intervention supports or aligns with the current environment, strategic orientation, or other changes taking place
- Stability of Environment and Technology
- Unionization

# Intervention Characteristics

- Goal Specificity
- Programmability
- Level of Change Target
- Internal Support
- Sponsor

# Institutionalization Processes

- Socialization
- Commitment
- Reward Allocation
- Diffusion
- Sensing and Calibration

# Indicators of Institutionalization

- Knowledge
- Performance
- Preferences
- Normative Consensus

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## **Chapter Twelve: Interpersonal and Group Process Approaches**

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# Learning Objectives for Chapter Twelve

- To understand the human process interventions of the T-group, process consultation, and team building
- To review and understand the effectiveness of these interventions in producing change

# Objectives of T-Groups

- Increased understanding about one's own behavior
- Increased understanding about the behavior of others
- Better understanding of group process
- Increased interpersonal diagnostic skills
- Increased ability to transform learning into action
- Improvement in the ability to analyze one's own behavior

# Process Consultation

A set of activities on the part of the consultant that helps the client to perceive, understand, and act upon the process events which occur in the client's environment.

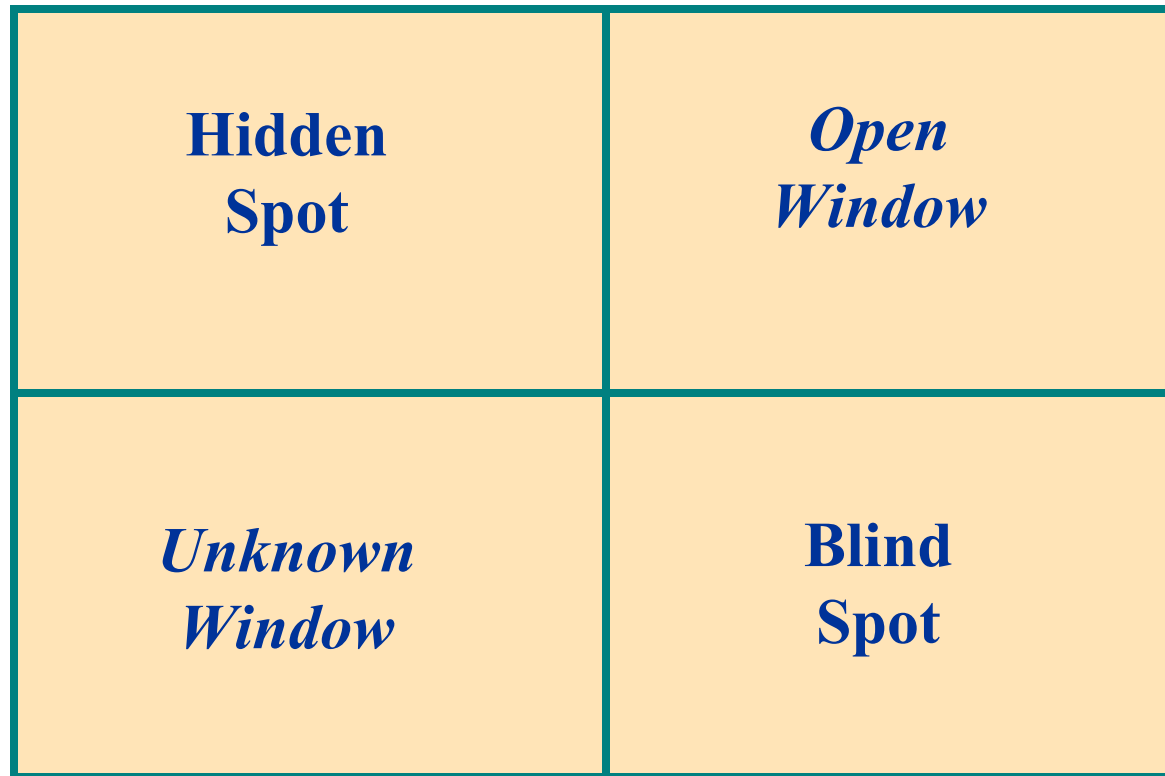
# Group Processes

- Communications among group members
- Functional roles of group members
- Problem solving and decision making
- Group norms and growth
- Leadership and authority

# Johari Window

**Unknown to Others**

**Known to Others**



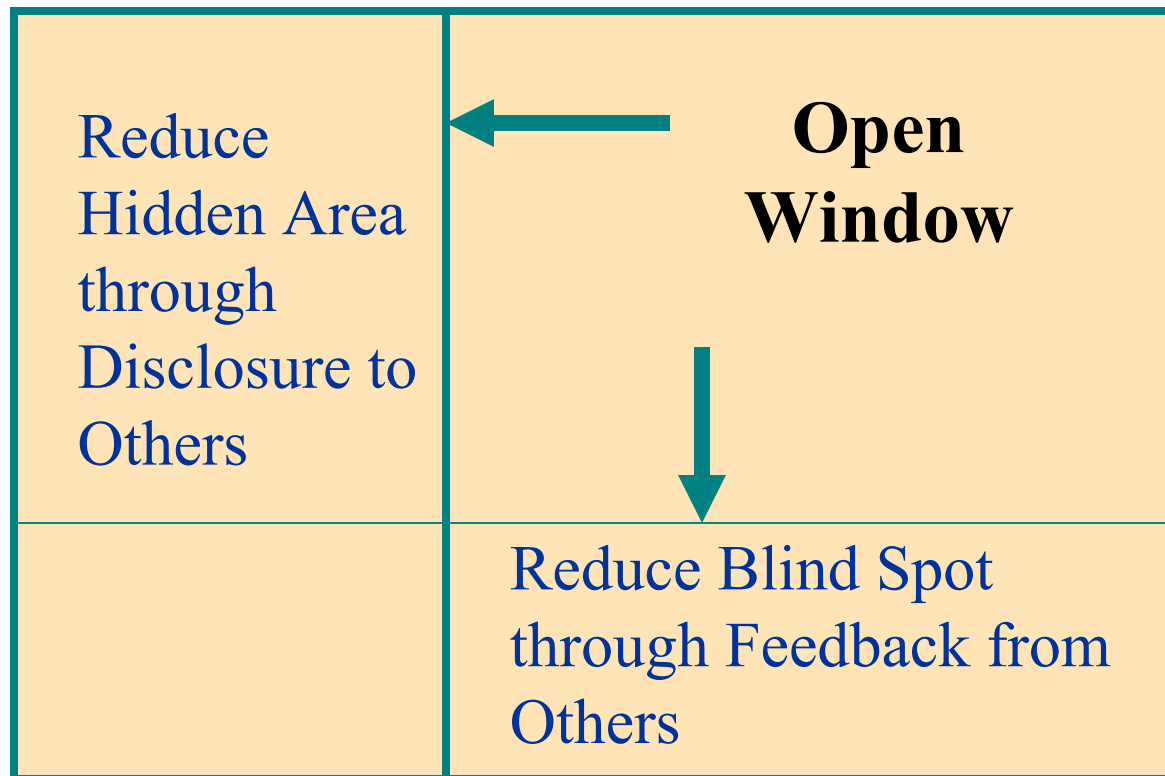
**Known to  
Self**

**Unknown  
to Self**

# Improving Communications Using the Johari Window

**Unknown to Others**

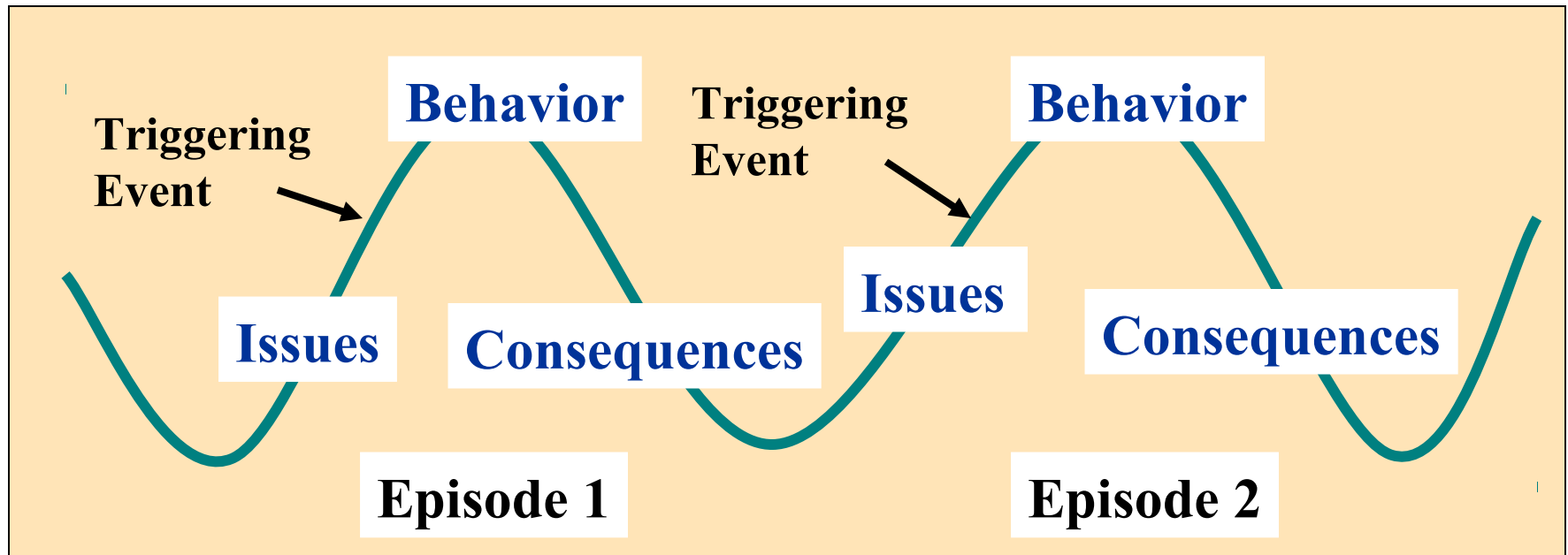
**Known to Others**



**Known to Self**

**Unknown to Self**

# A Cyclical Model of Conflict



# Strategies for Conflict Resolution

- Prevent the conflict through mandate or separation of the parties
- Set limits on the timing and extent of the conflict
- Help the parties to cope differently with the conflict
- Attempt to eliminate or resolve the basic issues in the conflict

# Team Building Activities

- Activities Related to One or More Individuals
- Activities Oriented to the Group's Operations and Behaviors
- Activities Affecting the Group's Relationship with the Rest of the Organization

# Types of Teams

- Groups reporting to the same manager
- Groups involving people with common goals
- Temporary groups formed to accomplish a specific, one-time task
- Groups consisting of people whose work roles are interdependent
- Groups with no formal links but whose collective purpose requires coordination

# Types of Team Building

- Family group diagnostic meeting
  - A set of activities designed to understand the current structure, process, and effectiveness of the team
- Family group team-building meeting
  - A set of activities design to address and improve a specific aspect of team functioning

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## **Chapter Thirteen: Organization Process Approaches**

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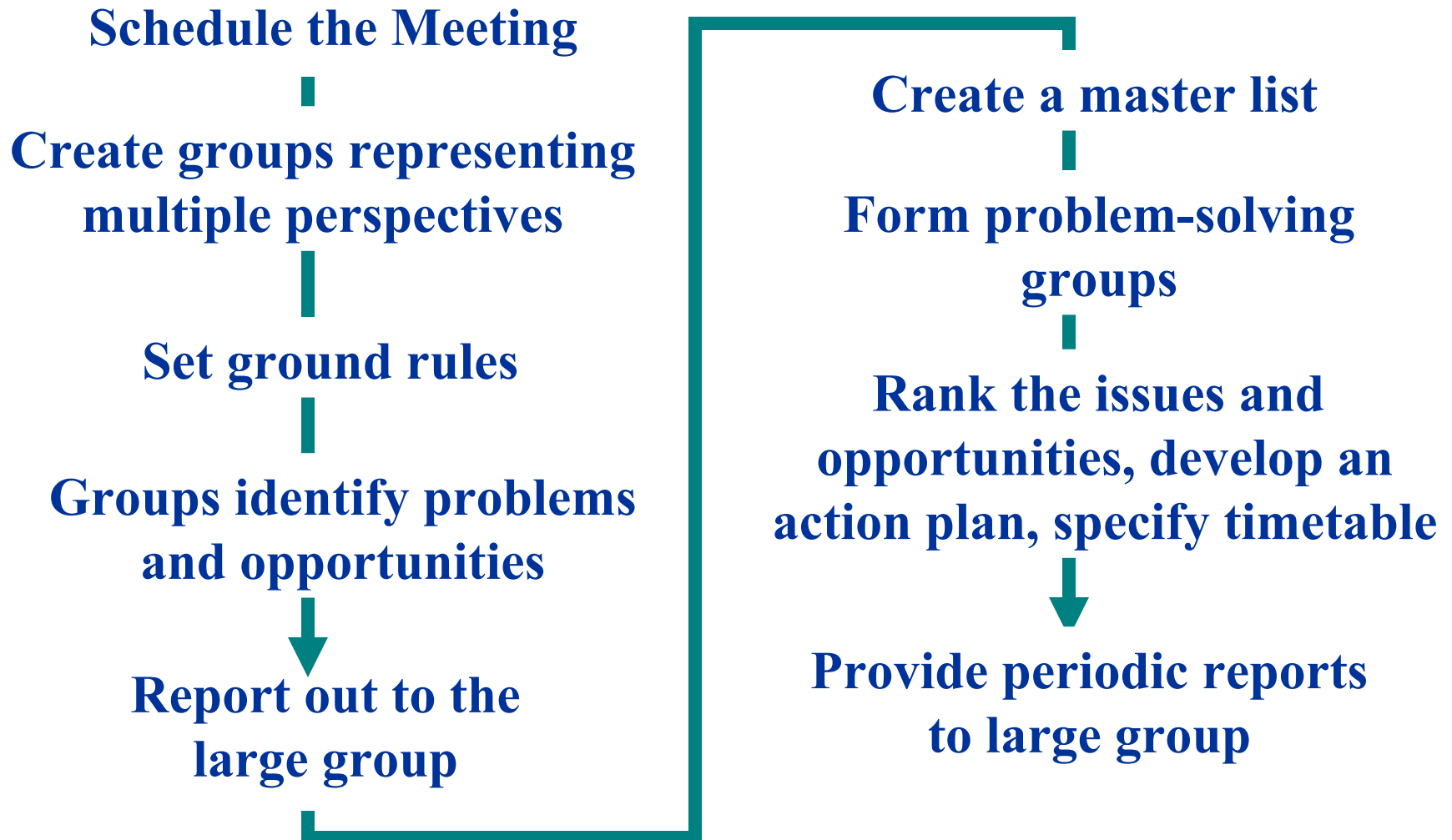
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Thomas G. Cummings  
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# Learning Objectives for Chapter Thirteen

- To understand four types of system-wide, human process interventions: the organization confrontation meeting, intergroup relations interventions, large-group interventions, and Grid OD
- To review and understand the effectiveness of these interventions in producing change

# Confrontation Meeting Process



# Microcosm Groups

- Small groups that solve problems in the larger system
- Small group member characteristics must reflect the issue being addressed (e.g., if addressing diversity, group must be diverse)
- Primary mechanism for change is “parallel processes”

# Microcosm Group Process

- Identify an issue
- Convene the microcosm group
- Provide group training
- Address the issue in the group
- Dissolve the group

# Resolving Intergroup Conflict

- Groups and consultant convene to address issues
- Groups are asked to address three questions
  - What qualities/attributes best describe our group?
  - What qualities/attributes best describe their group?
  - How do we think the other group will describe us?
- Groups exchange and clarify answers
- Groups analyze the discrepancies and work to understand their contribution to the perceptions
- Groups discuss discrepancies and contributions
- Groups work to develop action plans on key areas

# Large Group Interventions

- Future Search Conference (Weisbord)
- Open-Space Meeting (Owen)
- Open System Planning (Beckhard)
- Real-Time Strategic Change (Jacobs)
- The Conference Model (Axelrod)

# Large-Group Meeting Assumptions

- Organization members' perceptions play a major role in environmental relations.
- Organization members must share a common view of the environment to permit coordinated action toward it.
- Organization members' perceptions must accurately reflect the condition of the environment if organizational responses are to be effective.
- Organizations cannot only adapt to their environment but also proactively create it.

# Large-Group Method

## Application Stages

- Preparing for the large-group meeting
  - Identify a compelling meeting theme
  - Select appropriate stakeholders to participate
  - Develop relevant tasks to address meeting theme
- Conducting the meeting
  - Open Systems Methods
  - Open Space Methods
- Following up on the meeting outcomes

# Open System Methods

- Map the current environment facing the organization.
- Assess the organization's responses to the environmental expectations.
- Identify the core mission of the organization.
- Create a realistic future scenario of environmental expectations and organization responses.
- Create an ideal future scenario of environmental expectations and organization responses.
- Compare the present with the ideal future and prepare an action plan for reducing the discrepancy.

# Open Space Methods

- Set the conditions for self-organizing
  - Announce the theme of the session
  - Establish norms for the meetings
    - The “Law of Two Feet.”
    - The “Four Principles.”
      - “Whoever comes is the right people.”
      - “Whatever happens is the only thing that could have.”
      - “Whenever it starts is the right time.”
      - “When it is over, it is over.”
- Volunteers create the agenda
- Coordinate activity through information postings

# Grid OD - A Normative Model

- Organization-level approach that advocates a “one best way” to develop organizations
- Built on research exploring organization effectiveness
- Cornerstone of model is a belief that the best managerial style emphasizes both a “concern for people” and a “concern for production”

# Grid Organization Development

- Phase 1--The Grid Seminar
- Phase 2--Teamwork Development
- Phase 3--Intergroup Development
- Phase 4--Developing an Ideal Strategic Organization Model
- Phase 5--Implementing the Ideal Strategic Model
- Phase 6--Systematic Critique

# **Organization Development and Change**

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## **Chapter Fourteen: Restructuring Organizations**

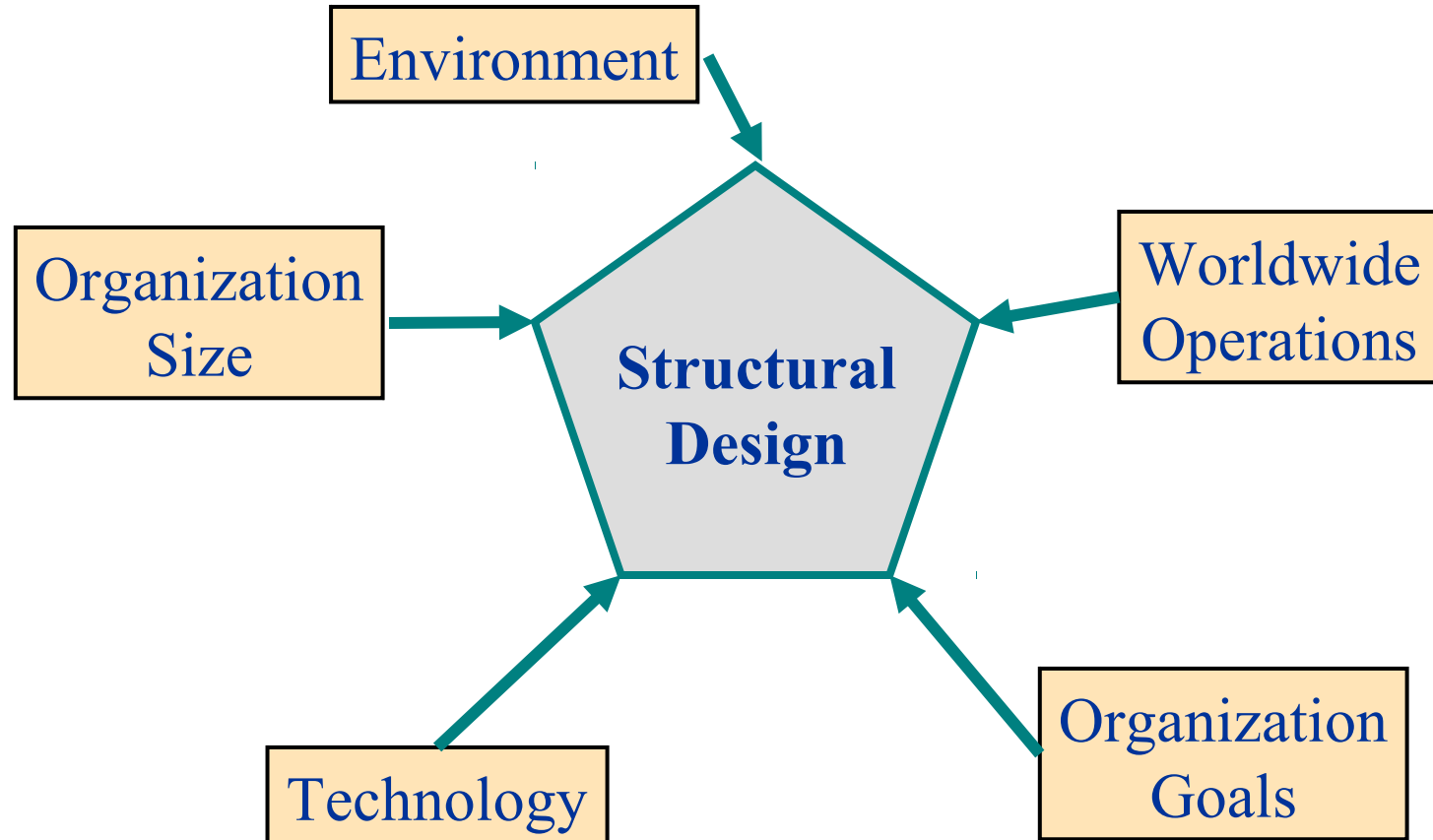
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# Learning Objectives for Chapter Fourteen

- To understand the basic principles of technostructural design
- To understand the three basic structural choices and two advanced structural choices available to organizations
- To understand the process of downsizing and reengineering

# Contingencies Influencing Structural Design



# Functional Organization



# Advantages of the Functional Structure

- Promotes skill specialization
- Reduces duplication of scarce resources and uses resources full time
- Enhances career development for specialists within large departments
- Facilitates communication and performance because superiors share expertise with their subordinates
- Exposes specialists to other within same specialty

# Disadvantages of the Functional Structure

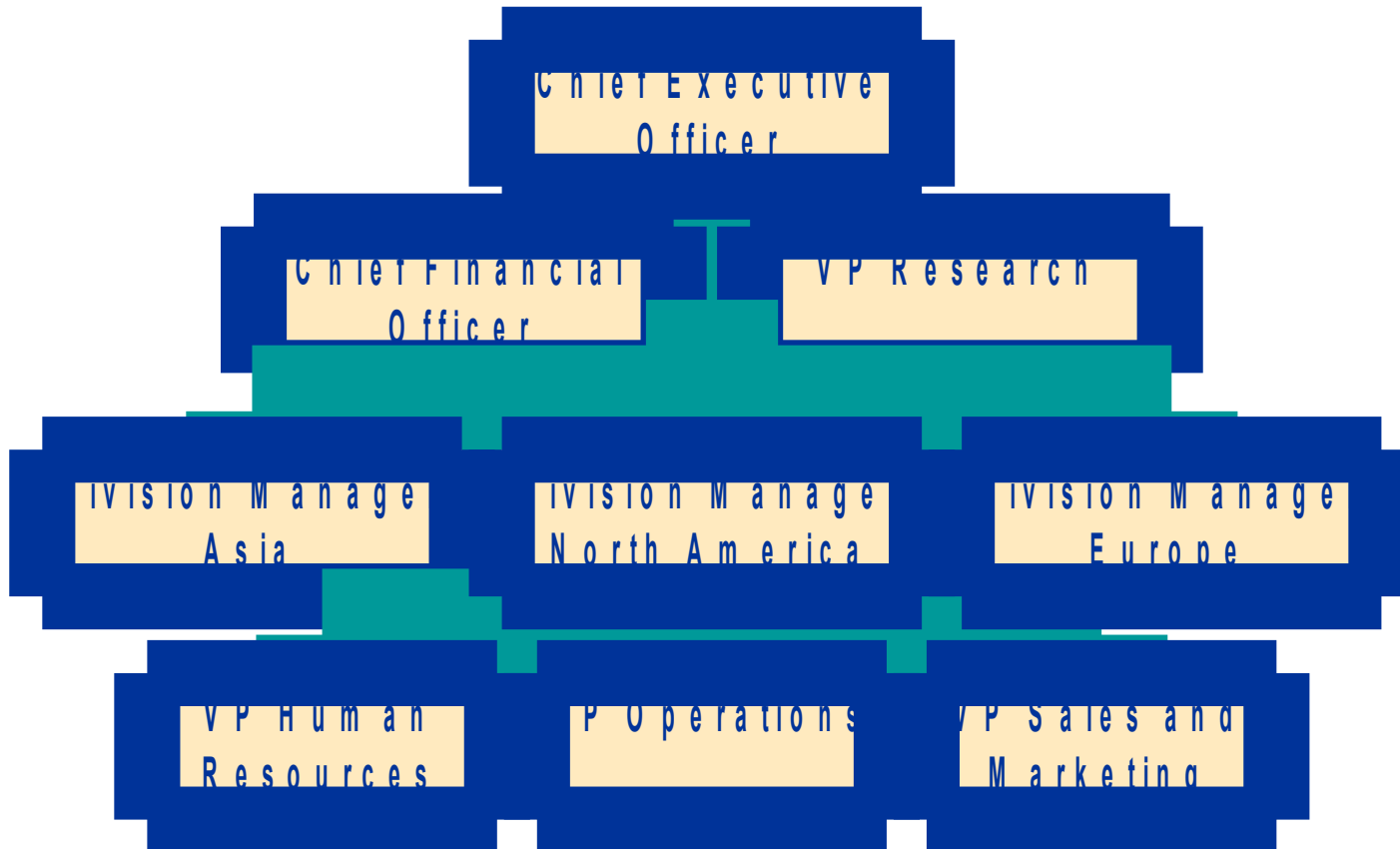
- Emphasizes routine tasks and encourages short time horizons
- Fosters parochial perspectives by managers and limits capacity for top-management positions
- Multiplies interdepartmental dependencies and increases coordination and scheduling difficulties
- Obscures accountability for overall results

# Functional Organization

## Contingencies

- Stable and certain environment
- Small to medium size
- Routine technology, key interdependencies within functions
- Goals of efficiency and technical quality

# The Self-Contained Organization



# Advantages of Self-Contained Structures

- Recognizes interdepartmental interdependencies
- Fosters an orientation toward overall outcomes and clients
- Allows diversification and expansion of skills and training
- Ensures accountability by departmental managers and promotes delegation of authority and responsibility
- Heightens departmental cohesion and involvement in work

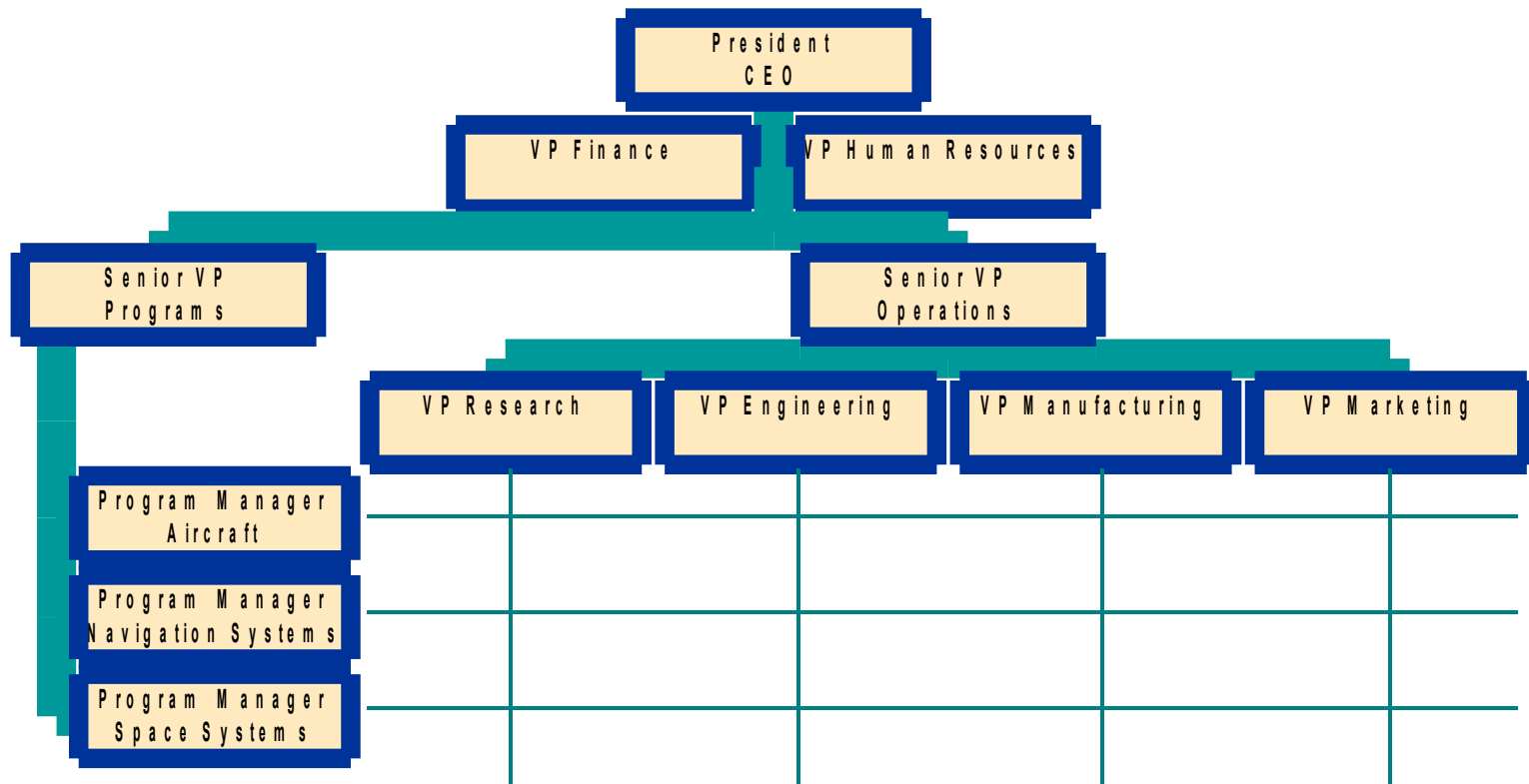
# Disadvantages of Self-Contained Structures

- May use skills and resource inefficiently
- Limits career advancement by specialists to movements out of their departments
- Impedes specialists' exposure to others within same specialties
- Puts multiple-role demands upon people and creates stress
- May promote departmental objectives as opposed to overall organizational goals

# Self-Contained Structural Contingencies

- Unstable and uncertain environments
- Large size
- Technological interdependencies across functions
- Goals of product specialization and innovation

# The Matrix Organization



# Advantages of the Matrix Structure

- Makes specialized, functional knowledge available to all projects
- Use people flexibly, since departments maintain reservoir of specialists
- Maintains consistency between different departments and projects by forcing communication between managers
- Recognizes and provides mechanisms for dealing with legitimate, multiple sources of power in the organization
- Can adapt to environmental changes by shifting emphasis between project and functional aspects

# Disadvantages of the Matrix Structure

- Can be difficult to implement
- Increases role ambiguity, stress, and anxiety by assigning people to more than one project
- Performance is lowered without power balancing between projects and functions
- Makes inconsistent demands and can promote conflict and short-term crisis orientation
- May reward political skills over technical skills

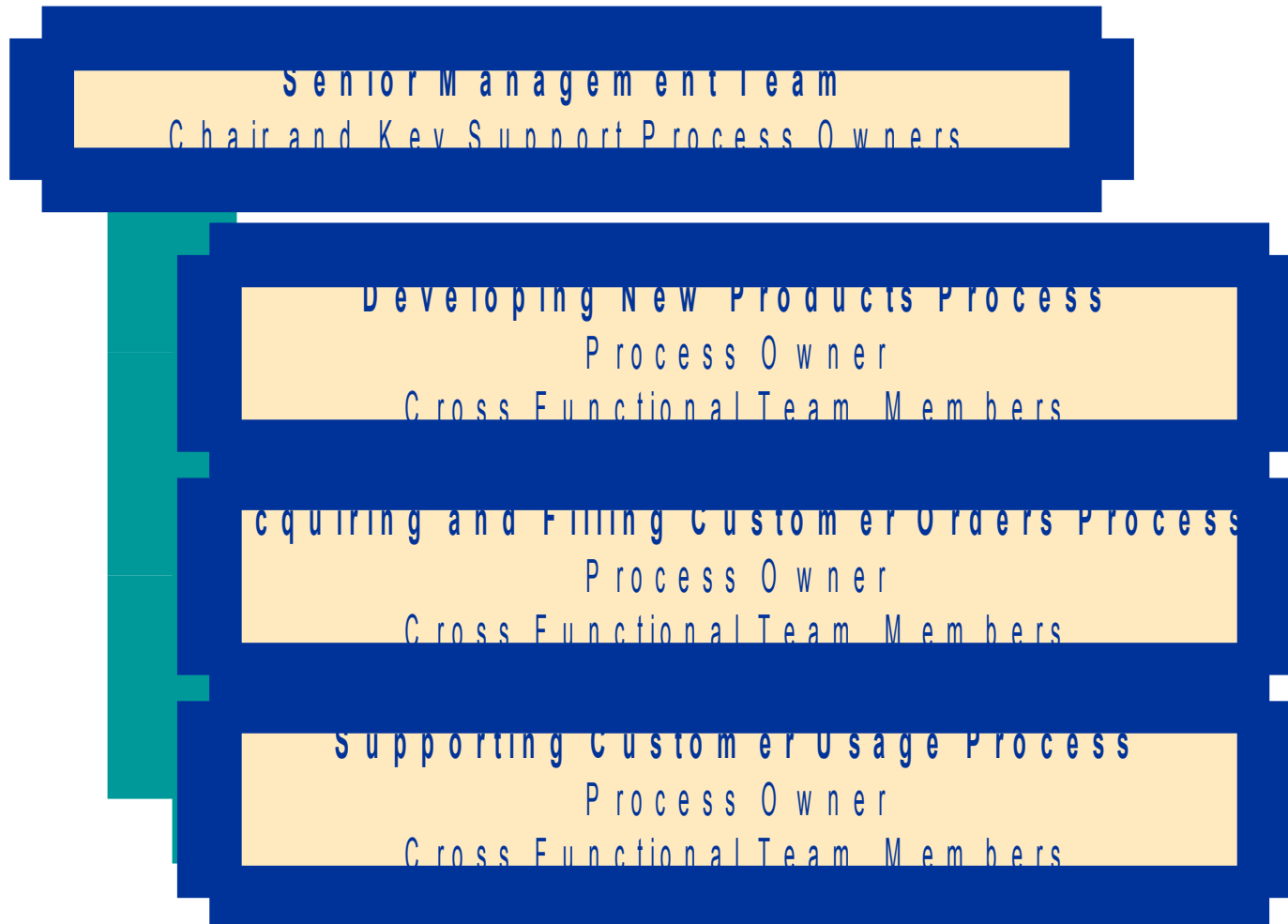
# Matrix Organization Contingencies

- Requires dual focus on unique product demands and technical specialization
- Demands for high information processing capacity
- Requires pressure for shared and scarce resources

# Characteristics of Process-Based Structures

- Processes drive structure
- Work adds value
- Teams are fundamental
- Customers define performance
- Teams are rewarded for performance
- Teams are tightly linked to suppliers and customers
- Team members are well informed and trained

# The Process-Based Structure



# Advantages of a Process-Based Structure

- Focuses resources on customer satisfaction
- Improves speed and efficiency
- Adapts to environmental change rapidly
- Reduces boundaries between departments
- Increases ability to see total work flow
- Enhances employee involvement
- Lowers costs due to overhead

# Disadvantages of Process-Based Structures

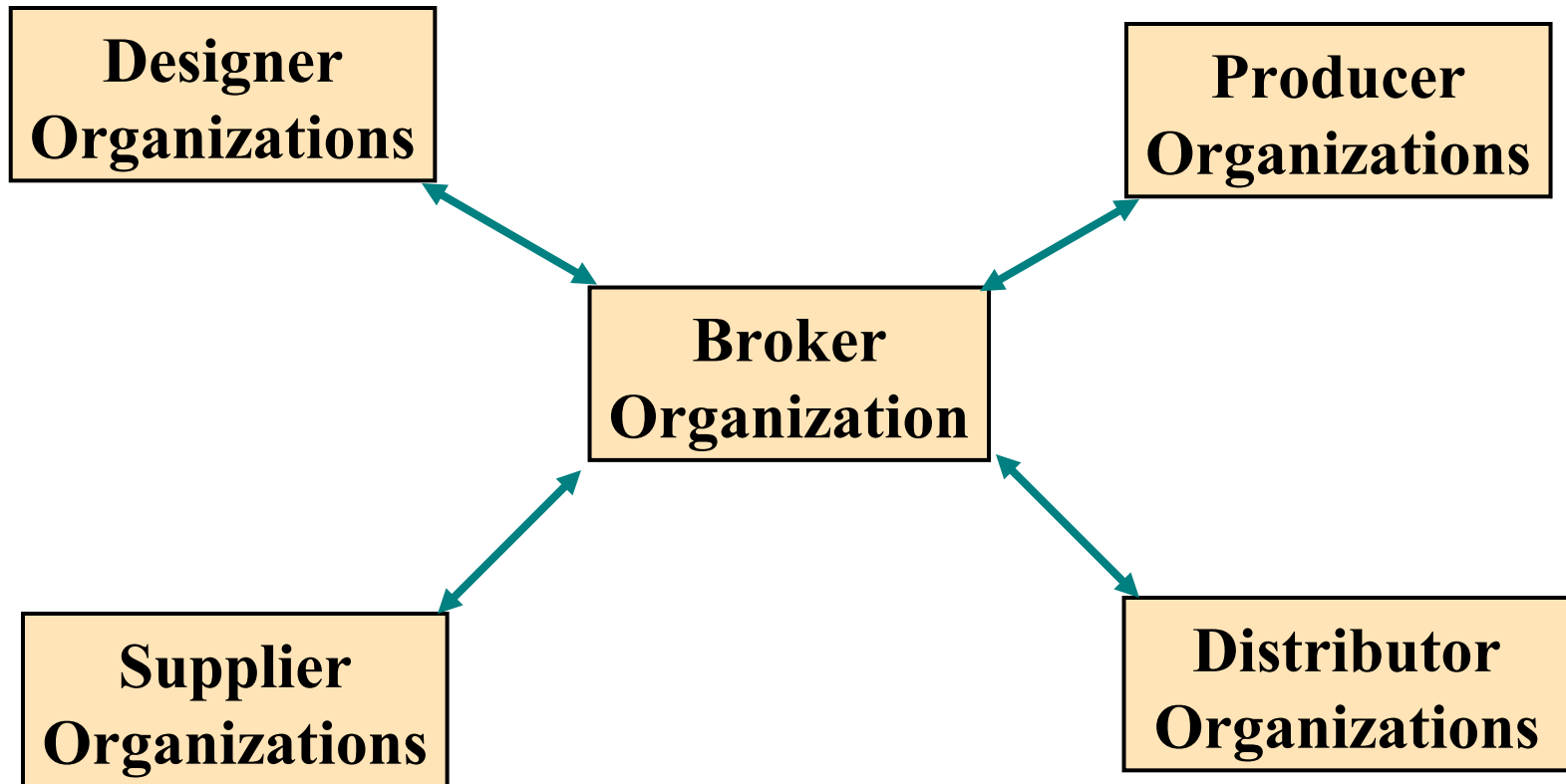
- Can threaten middle managers and staff specialists
- Requires changes in command-and-control mindsets
- Duplicates scarce resources
- Requires new skills and knowledge to manage lateral relationships and teams
- May take longer to make decisions in teams
- Can be ineffective if wrong processes are identified

# Process-Based Structure

## Contingencies

- Uncertain and changing environments
- Moderate to large size
- Nonroutine and highly interdependent technologies
- Customer-oriented goals

# The Network Organization



# Types of Networks

- Internal Market Network
- Vertical Market Network
- Intermarket Network
- Opportunity Network

# Advantages of Network Structures

- Enables highly flexible and adaptive response to dynamic environments
- Creates a “best of the best” organization to focus resources on customer and market needs
- Each organization can leverage a distinctive competency
- Permits rapid global response
- Can produce “synergistic” results

# Disadvantages of Network Structures

- Managing lateral relationships across autonomous organizations is difficult
- Motivating members to relinquish autonomy to join network is difficult
- Sustaining membership and benefits can be problematic
- May give partners access to proprietary knowledge and technology

# Network Structure Contingencies

- Highly complex and uncertain environments
- All size organizations
- Goals of organizational specialization and innovation
- Highly uncertain technologies
- Worldwide operations

# Downsizing Process

- Clarify the organization's strategy
- Assess downsizing options and make relevant choices
- Implement the changes
- Address the needs of survivors and those who leave
- Follow through with growth plans

# Downsizing Tactics

Tactic	Characteristic	Examples
Workforce Reduction	<ul style="list-style-type: none"> <li>• Reduces headcount</li> <li>• Short-term focus</li> <li>• Fosters transition</li> </ul>	<ul style="list-style-type: none"> <li>• Attrition</li> <li>• Retirement/buyout</li> <li>• Layoffs</li> </ul>
Organization Redesign	<ul style="list-style-type: none"> <li>• Changes organization</li> <li>• Medium-term focus</li> <li>• Fosters transition &amp; transformation</li> </ul>	<ul style="list-style-type: none"> <li>• Eliminate functions, layers, products</li> <li>• Merge units</li> <li>• Redesign tasks</li> </ul>
Systemic	<ul style="list-style-type: none"> <li>• Changes culture</li> <li>• Long-term focus</li> <li>• Fosters transformation</li> </ul>	<ul style="list-style-type: none"> <li>• Change responsibilities</li> <li>• Foster continuous improvement</li> <li>• Downsizing is normal</li> </ul>

# Reengineering Process

- Prepare the organization
- Specify the organization's strategy and objectives
- Fundamentally rethink the way work gets done
  - Identify and analyze core business processes
  - Define performance objectives
  - Design new processes
- Restructure the organization around the new business processes.

# Characteristics of Reengineered Organizations

- Work units change from functional departments to process teams
- Jobs change from simple tasks to multidimensional work
- People's roles change from controlled to empowered
- The focus of performance measures and compensation shifts from activities to results.
- Organization structures change from hierarchical to flat
- Managers change from supervisors to coaches; executives change from scorekeepers to leaders

# **Organization Development and Change**

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## **Chapter Fifteen: Employee Involvement**

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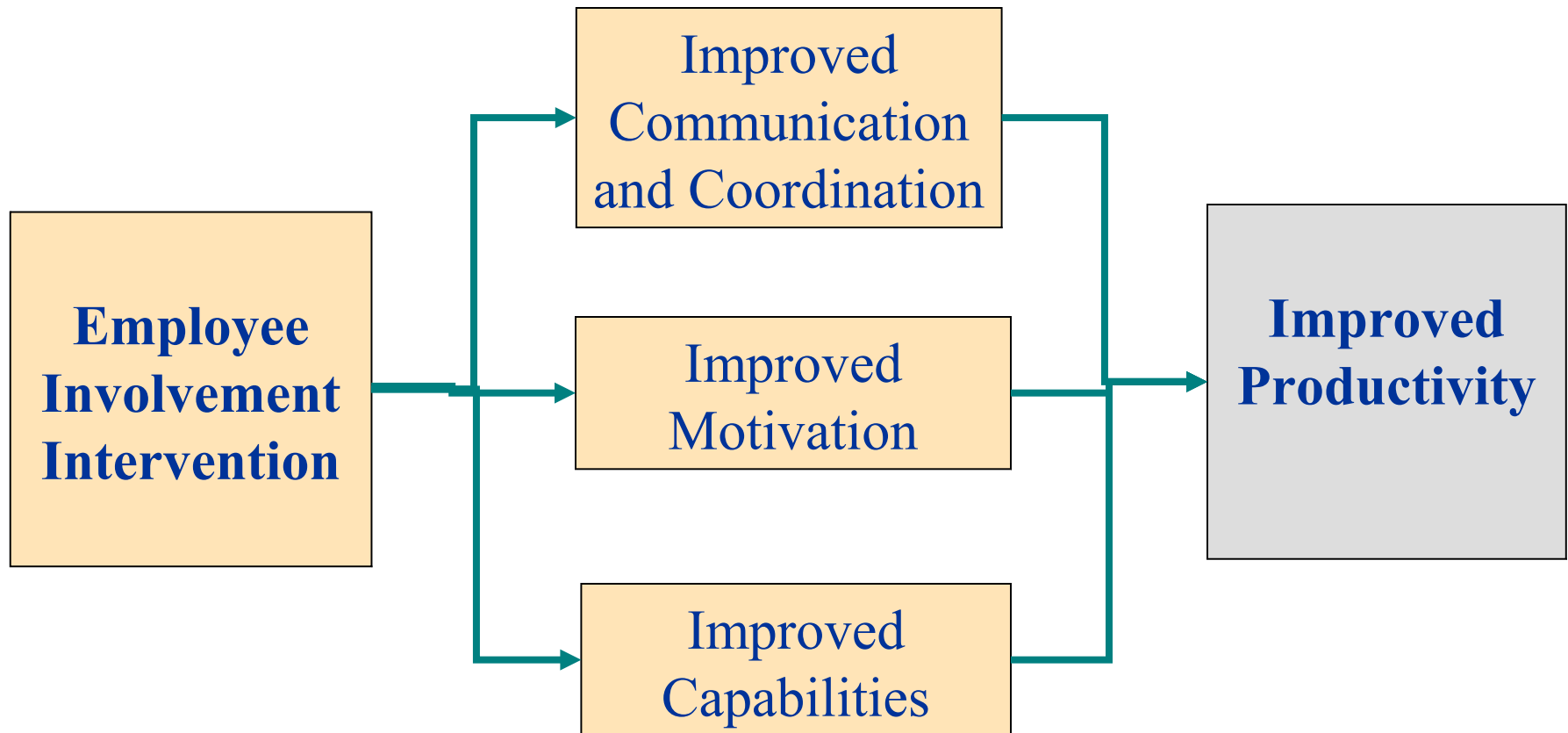
# Learning Objectives for Chapter Fifteen

- To understand the principle characteristics of employee involvement interventions
- To understand the three predominant applications of employee involvement

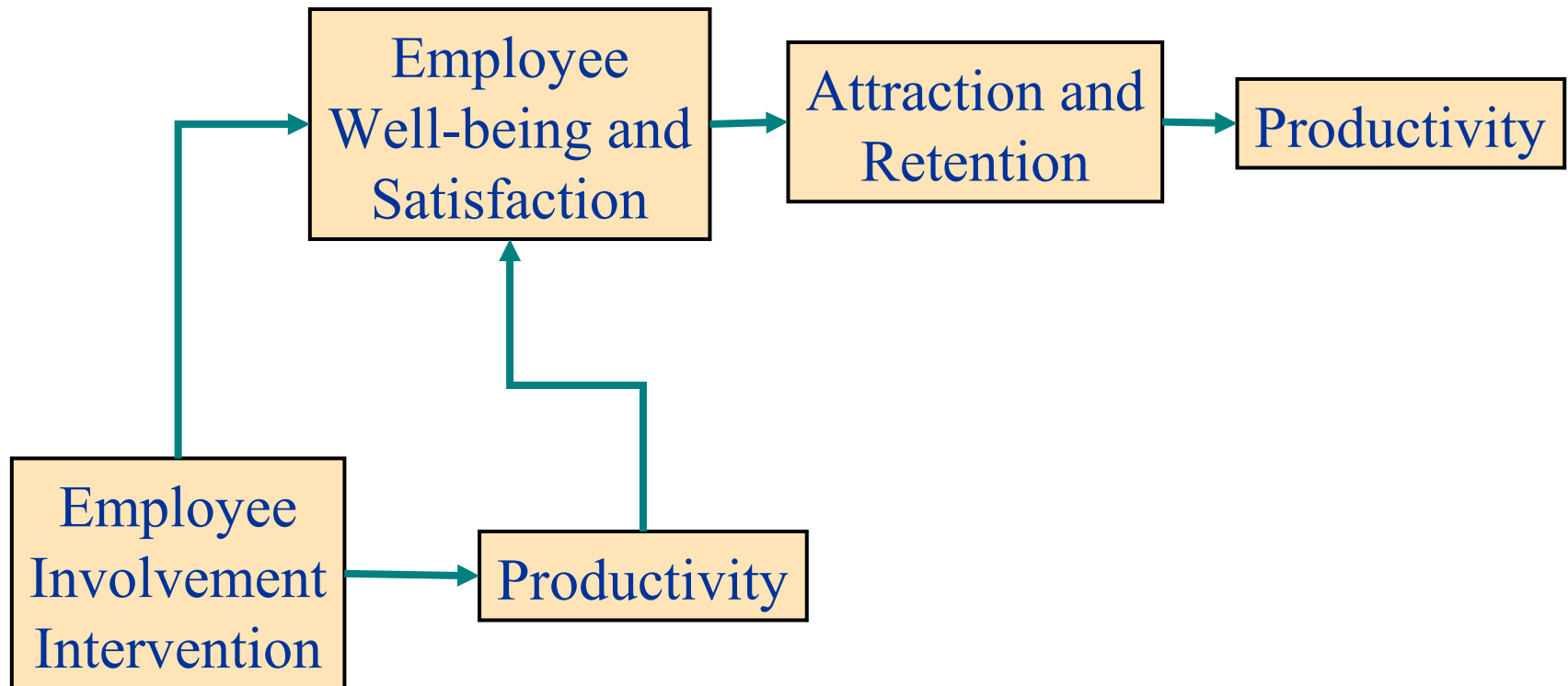
# Employee Involvement

- Power
  - **Extent to which influence and authority are pushed down into the organization**
- Information
  - **Extent to which relevant information is shared with members**
- Knowledge and Skills
  - **Extent to which members have relevant skills and knowledge and opportunities to gain them**
- Rewards
  - **Extent to which opportunities for internal and external rewards are tied to effectiveness**

# EI and Productivity



# Secondary Effects of EI on Productivity



# Employee Involvement Applications

<u>Application</u>	<u>Power</u>	<u>Information</u>	<u>Knowledge/ Skill</u>	<u>Rewards</u>
Parallel Structures	Low	Moderate	Moderate	Low
High Involvement Organizations	High	High	High	High
Total Quality Management	High	High	High	High

# Parallel Structure Application Stages

- Define the parallel structure's purpose and scope
- Form a steering committee
- Communicate with organization members
- Form employee problem-solving groups
- Address the problems and issues
- Implement and evaluate the changes

# High Involvement Organization Features

- Flat, lean organization structures
- Enriched work designs
- Open information systems
- Sophisticated selection and career systems
- Extensive training programs
- Advanced reward systems
- Participatively designed personnel practices
- Conducive physical layouts

# TQM Application Stages

- Gain long-term senior management commitment
- Train members in quality methods
- Start quality improvement projects
- Measure progress
- Rewarding accomplishment

# Deming's Quality Guidelines

- Create a constancy of purpose
- Adopt a new philosophy
- End lowest cost purchasing practices
- Institute leadership
- Eliminate empty slogans
- Eliminate numerical quotas
- Institute on-the-job training
- Retrain vigorously
- Drive out fear
- Break down barriers between departments
- Take action to accomplish transformation
- Improve processes constantly and forever
- Cease dependence on mass inspection
- Remove barriers to pride in workmanship

# Deming's Seven Deadly Sins

- Lack of constancy of purpose
- Emphasizing short-term profits and immediate dividends
- Evaluation of performance, merit rating, or annual review
- Mobility of top management
- Running a company only on visible figures
- Excessive medical costs
- Excessive costs of warranty

# Organization Development and Change

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## Chapter Sixteen: Work Design

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# Learning Objectives for Chapter Sixteen

- To explore work design as a central component of many EI interventions
- To approach work design from three different perspectives: engineering, motivational, and socio-technical
- To understand how different approaches align with different technical and social conditions

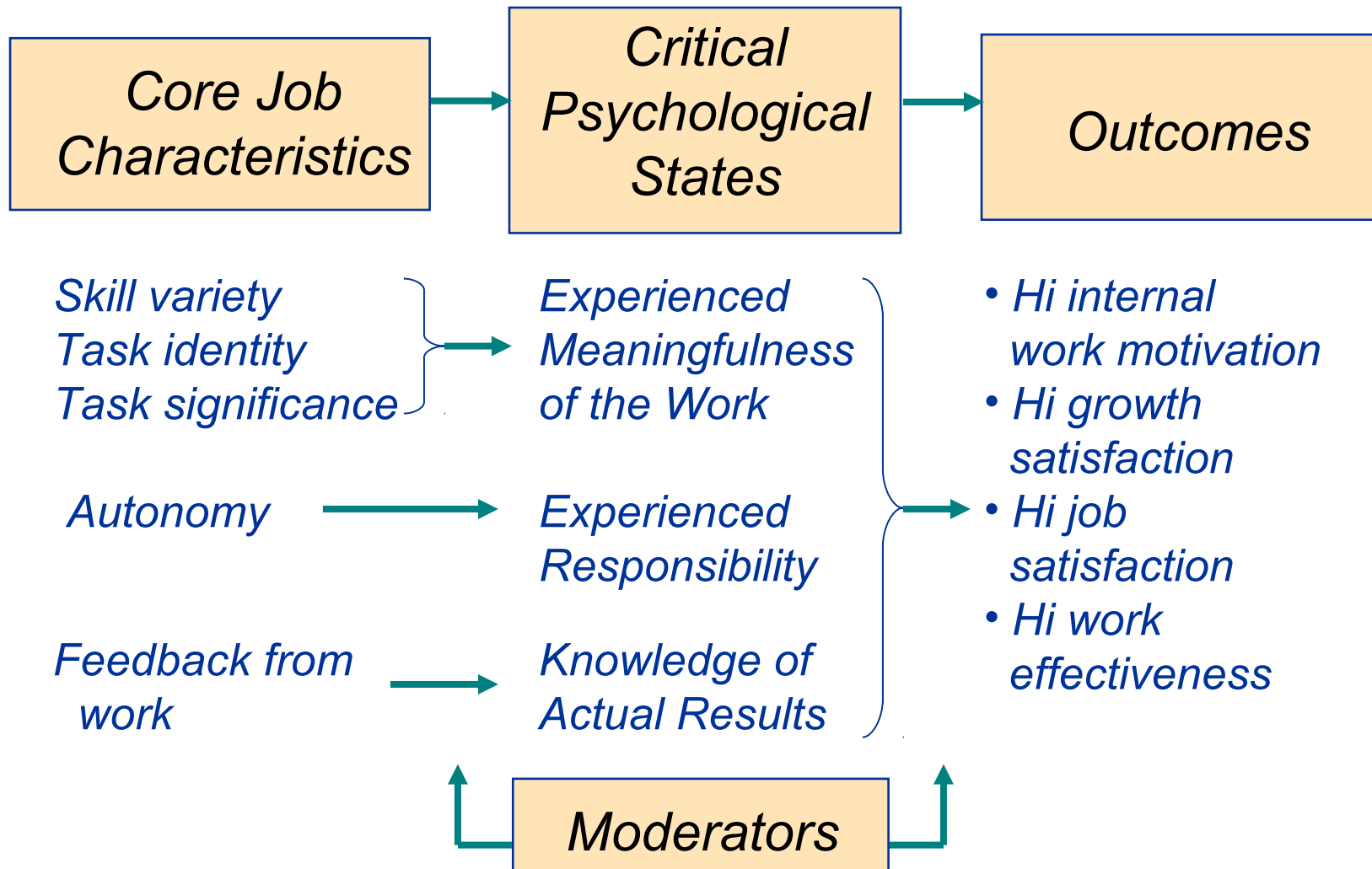
# Work Design Approaches

- Engineering: Traditional Jobs & Groups
  - High specification and routinization
  - Low task variety and discretion
- Motivational: Enriched Jobs
  - High task variety and discretion
  - Feedback of results
- Socio-Technical: Self-Managing Teams
  - Control over total task
  - Multi-skilled, flexible, and self-regulating

# Traditional Jobs & Workgroups

- Based on Scientific Management
  - Highly specified behaviors
  - Narrow range of skills
  - Low levels of authority and discretion
  - Highly repetitive
- Huge Benefits
  - Low selection and training costs
  - High productivity
  - High levels of control

# Enriched Jobs



# Core Job Dimensions

- Skill Variety - extent to which multiple skills are used
- Task Identity - extent to which an individual works on a “whole” task
- Task Significance - impact of the work on others
- Autonomy - amount of discretion in the work
- Feedback from the Work Itself - extent to which work provides information on effectiveness

# **Job Enrichment Application Stages**

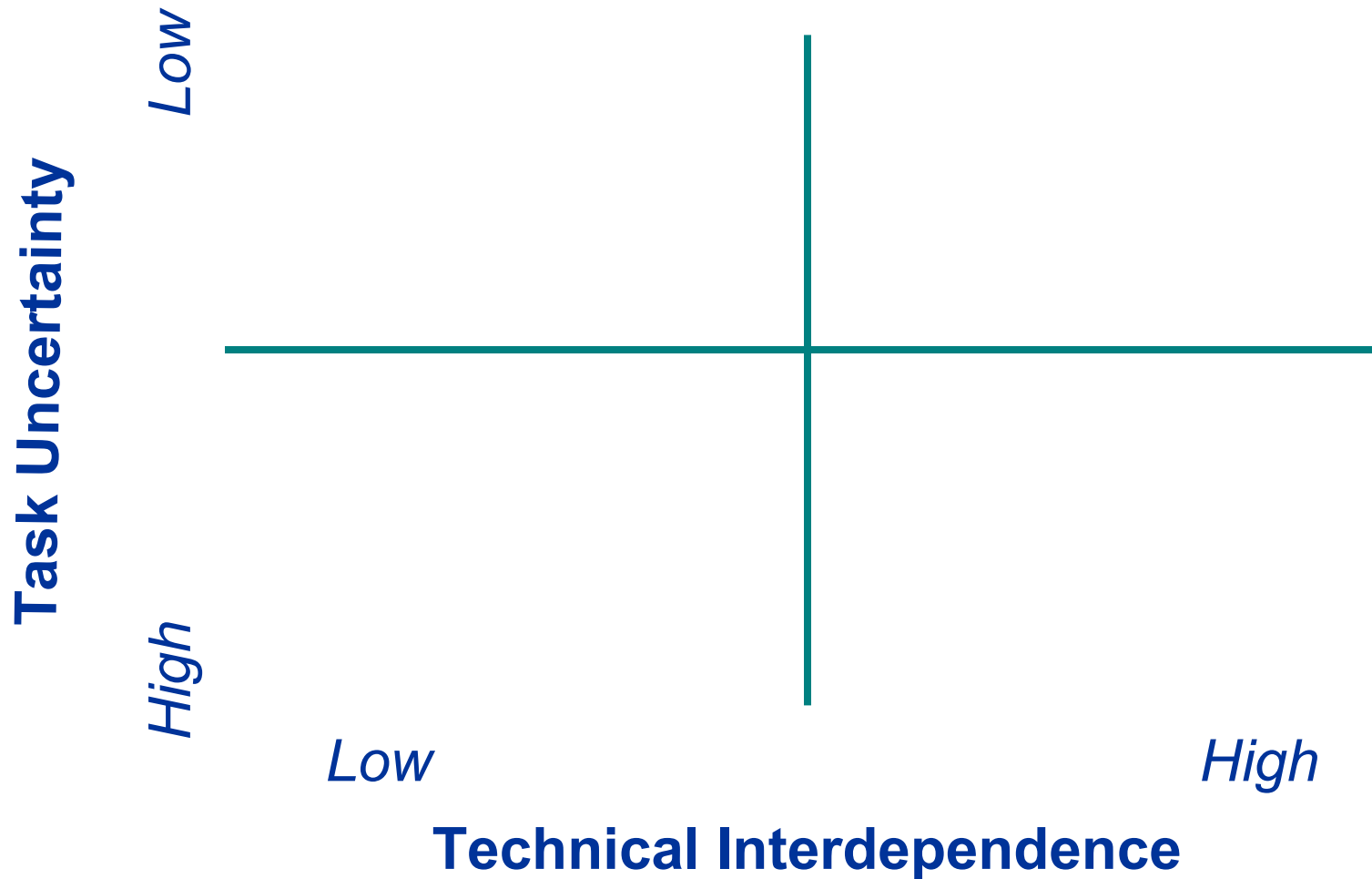
- Perform a thorough diagnosis
- Form natural work units
- Combine tasks
- Establish client relationships
- Vertical loading
- Opening feedback channels

# Self Managed Teams

## Application Stages

- Sanction the design effort
- Diagnose the work system
- Generate appropriate designs
- Specify support systems
- Implement and evaluate the work design
- Continual change and improvement

# Technological Requirements



# Technological Requirements

*High Task Uncertainty* *Low*

***Traditional  
Job Design***

***Traditional  
Work Groups***

***Job Enrichment***

***Self-Regulating  
Work Groups***

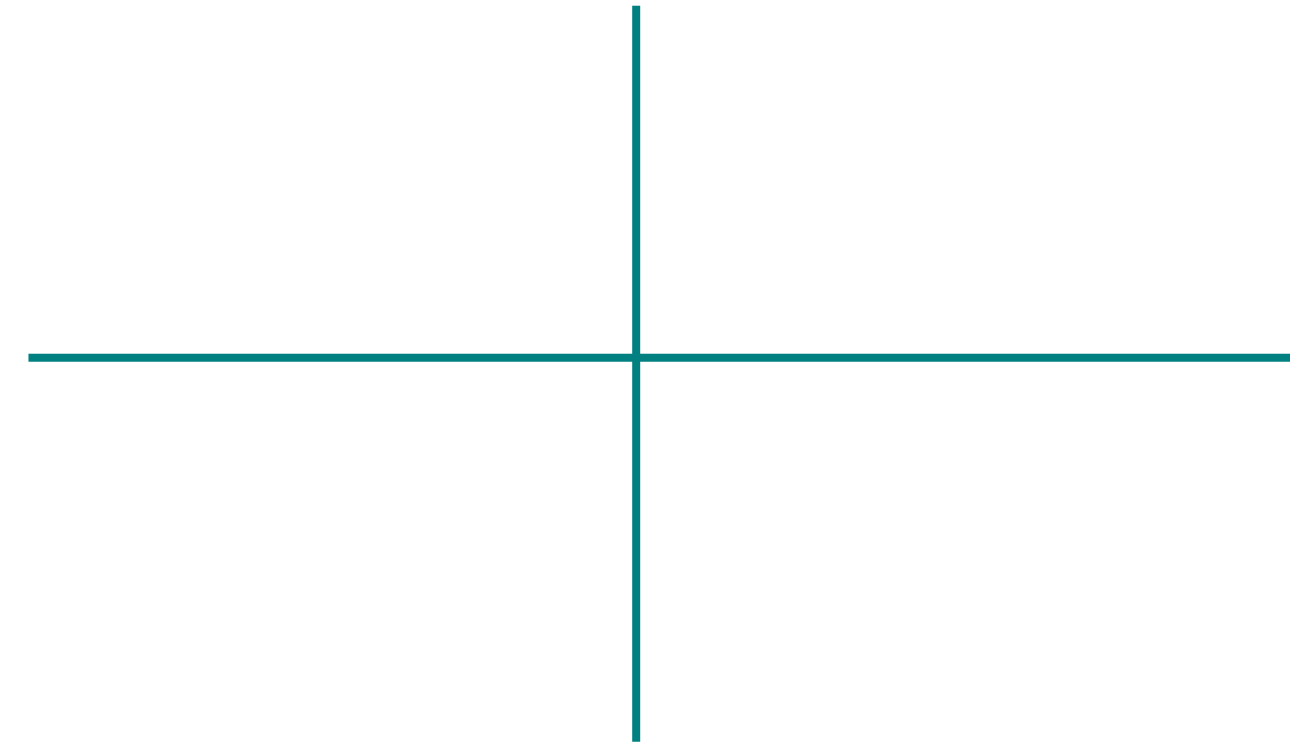
*Low*

**Technical Interdependence**

*High*

# Social/Psychological Requirements

*High*  
**Growth Needs**  
*Low*

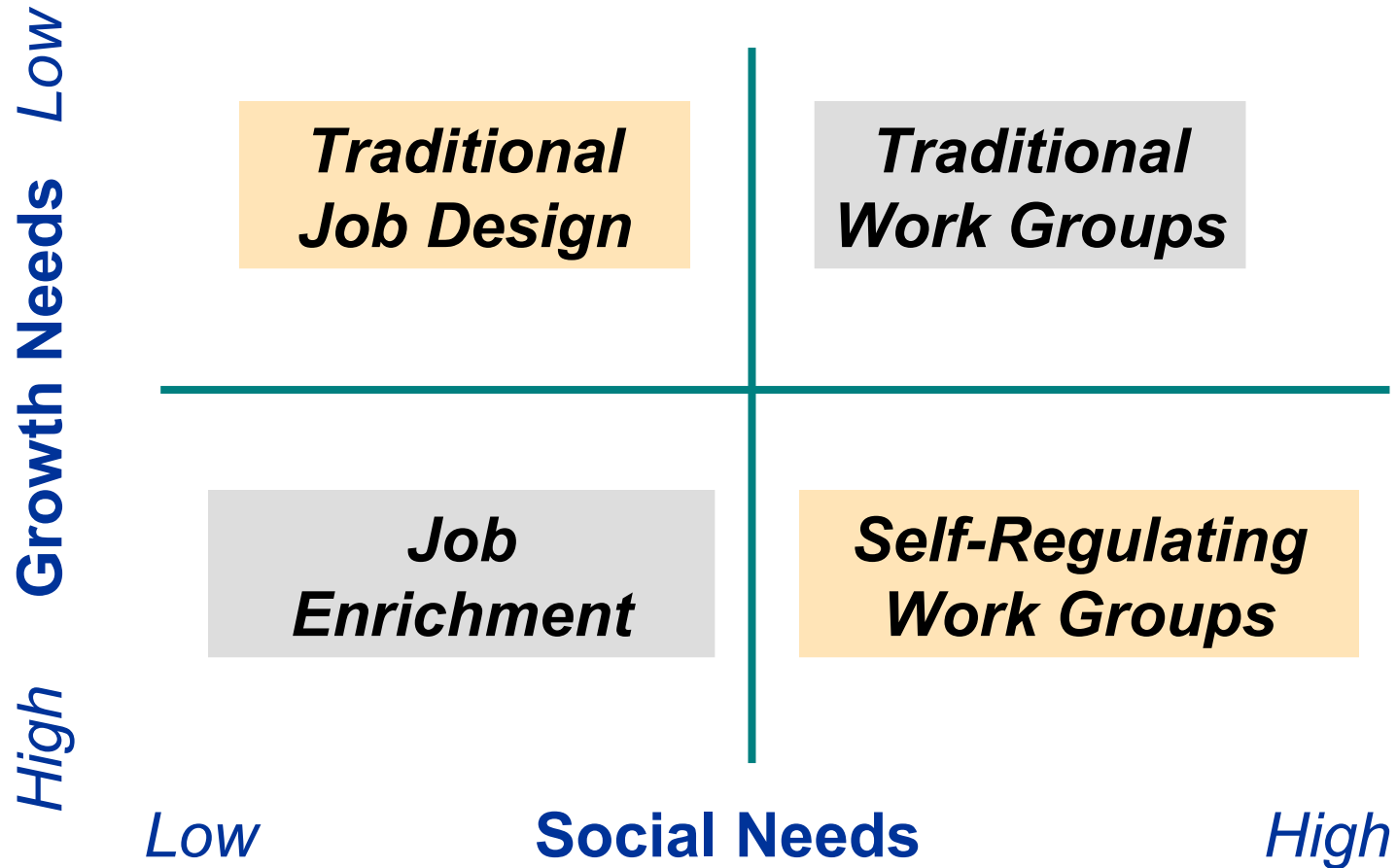


*Low*

**Social Needs**

*High*

# Social/Psychological Requirements



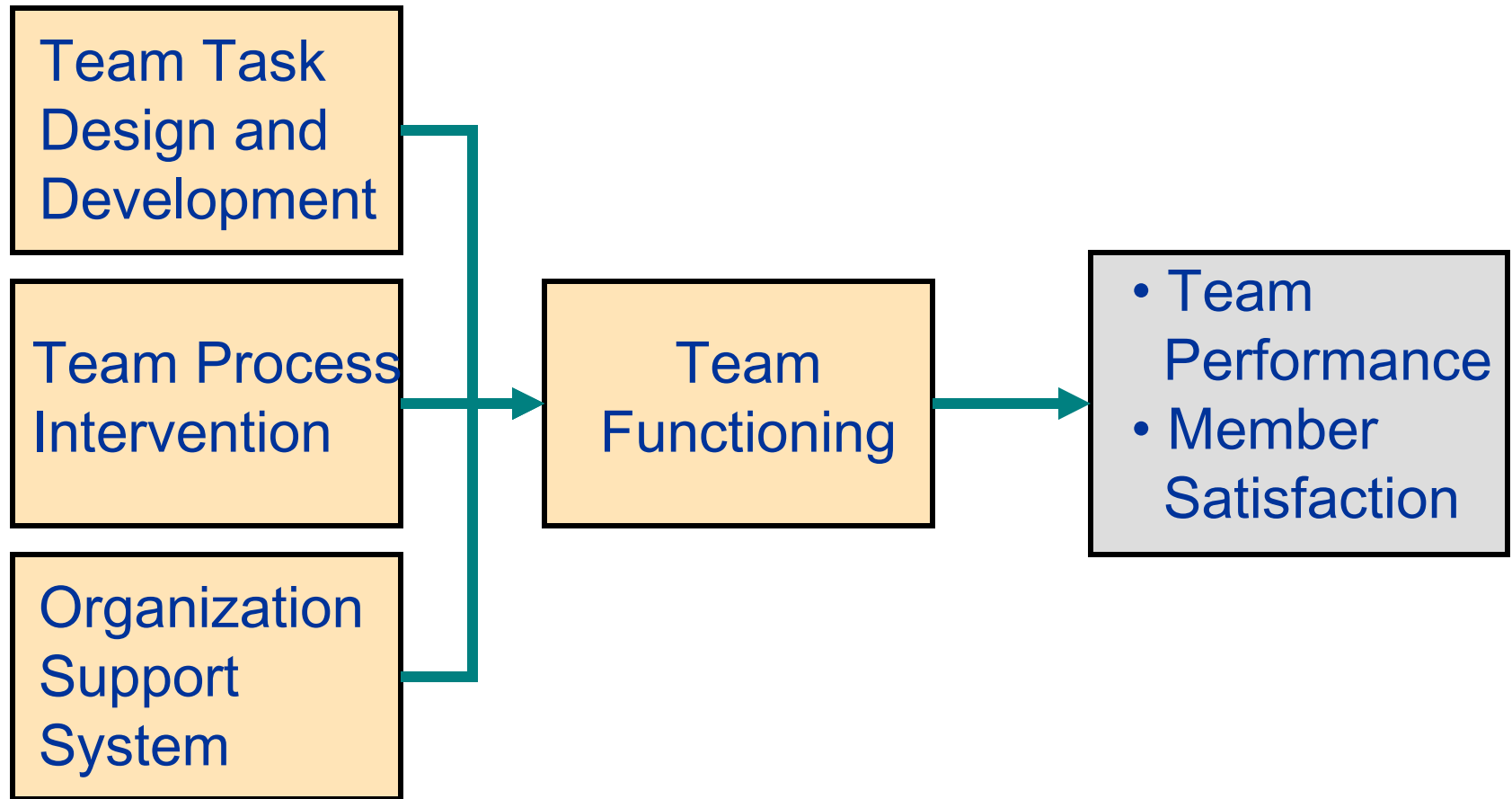
# Socio-Technical Systems Diagnosis

- Define the Work System
- Conduct an Environmental Analysis
- Conduct a Technical Analysis
- Conduct a Social Analysis

# Socio-Technical Systems Design

- Can work system be designed to better fit with the environment?
- Can work system be designed to better operate conversion process and control variances?
- Can work system be designed to better satisfy members' needs?

# High Performance Team Model



# Team Task Design & Development

- Whole and interdependent tasks
- Common mission and goals
- Requisite multi-skills
- Task and boundary control
- Feedback of results
- Minimum specification design
- Develop from narrow to broad boundaries for discretion

# Team Process Intervention

- Promoting healthy interpersonal relationships
- Coordinating efforts
- Weighting member inputs and sharing knowledge
- Making good decisions
- Confronting and resolving conflicts

# Organization Support Systems

- Performance management systems
- Training systems
- Information systems
- Selection systems
- Management systems

# **Organization Development and Change**

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## **Chapter Seventeen: Performance Management**

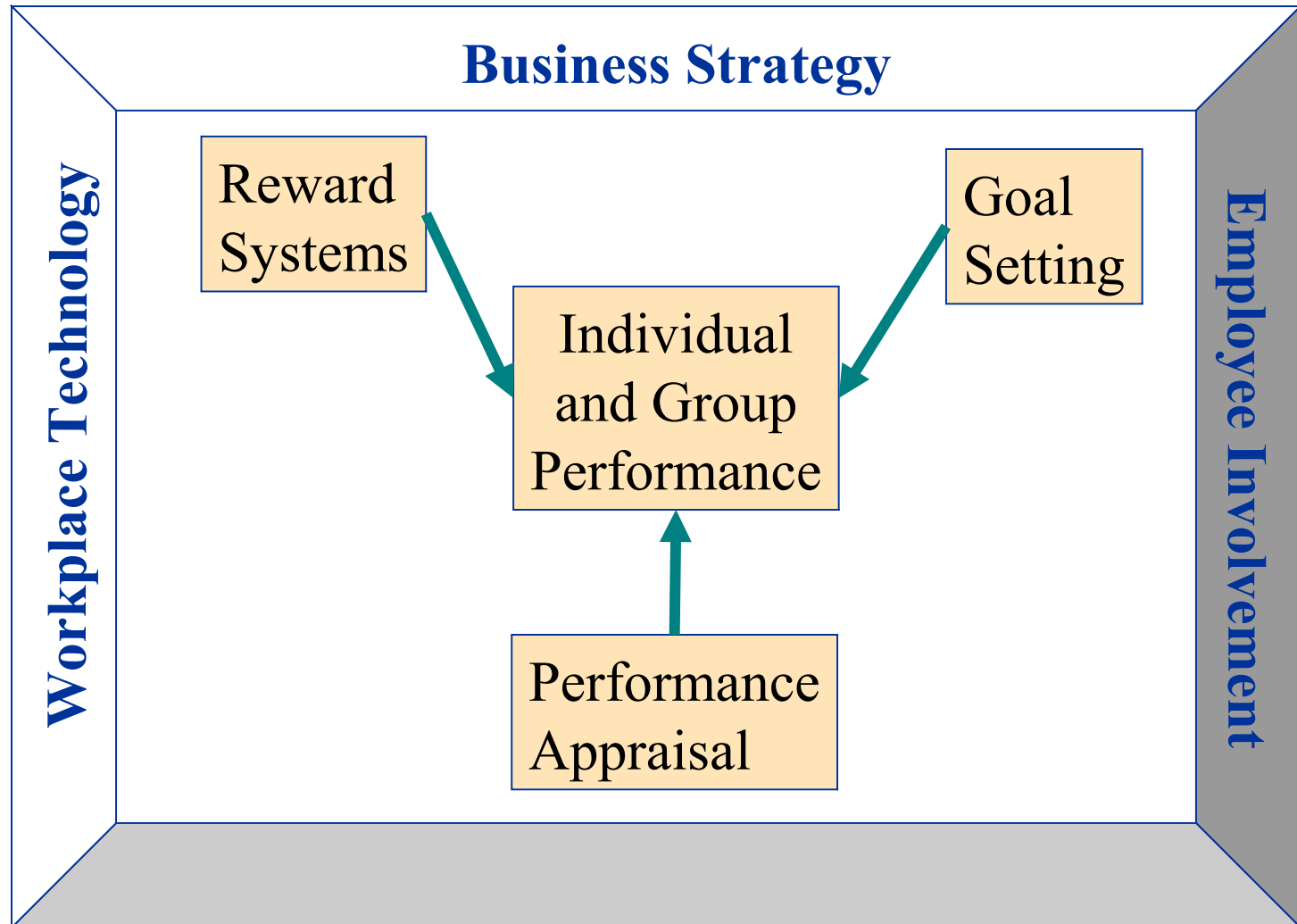
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Thomas G. Cummings  
Christopher G. Worley

# Learning Objectives for Chapter Seventeen

- To present a model for understanding the components and relationships associated with performance management
- To explore three interventions concerned with managing the performance of human resources: goal setting, performance appraisal, and reward systems

# A Performance Management Model



# Characteristics of Effective Goals

- Goals are Challenging
  - Challenging but realistic
  - Goals are set participatively
- Goals are Clear
  - Goals are specific and operationally defined
  - Resources for goal achievement are negotiated

# MBO Application Stages

- Involve the whole work group
- Goals set jointly by manager and subordinate
- Action plans are established
- Criteria and yardsticks are established
- Work progress and contract reviewed and adjusted periodically
- Records of meetings are maintained

# Performance Appraisal Elements

Elements	Traditional View	Newer View
Purpose	<ul style="list-style-type: none"><li>• Organizational, legal</li><li>• Fragmented</li></ul>	<ul style="list-style-type: none"><li>• Developmental</li><li>• Integrative</li></ul>
Appraiser	<ul style="list-style-type: none"><li>• Supervisor or manager</li></ul>	<ul style="list-style-type: none"><li>• Appraisee, co-workers, and others</li></ul>
Role of Appraisee	<ul style="list-style-type: none"><li>• Passive recipient</li></ul>	<ul style="list-style-type: none"><li>• Active participant</li></ul>
Measurement	<ul style="list-style-type: none"><li>• Subjective</li><li>• Concerned with validity</li></ul>	<ul style="list-style-type: none"><li>• Objective and subjective</li></ul>
Timing	<ul style="list-style-type: none"><li>• Period, fixed, administratively driven</li></ul>	<ul style="list-style-type: none"><li>• Dynamic, timely, employee- or work-driven</li></ul>

# Performance Appraisal Application Stages

- Select the appropriate stakeholders
- Diagnose the current situation
- Establish the system's purposes and objectives
- Design the performance appraisal system
- Experiment with implementation
- Evaluate and monitor the system

# Characteristics of Effective Appraisal Systems

- Timely
- Accurate
- Accepted by the users
- Understood
- Focused on critical control points
- Economically feasible

# Characteristics of Effective Reward Systems

- Availability
- Timeliness
- Performance Contingency
- Durability
- Equity
- Visibility

# Types of Rewards

- Pay
  - Skill-based pay plans
  - All-salaried work force
  - Lump-sum salary increases
  - Performance-based pay systems
  - Gain sharing
- Promotions
- Benefits

# Salary-Based Pay for Performance Ratings

		<i>Ties pay to performance</i>	<i>Negative side effects</i>	<i>Encourage cooperation</i>	<i>Employee Acceptance</i>
Individual Plan	Productivity	4	1	1	4
	Cost effectiveness	3	1	1	4
	Superiors' rating	3	1	1	3
Group	Productivity	3	1	2	4
	Cost effectiveness	3	1	2	4
	Superiors' rating	2	1	2	3
Organization- wide	Productivity	2	1	3	4
	Cost effectiveness	2	1	2	4

# Stock/Bonus Pay for Performance Ratings

		<i>Ties pay to performance</i>	<i>Negative side effects</i>	<i>Encourage cooperation</i>	<i>Employee Acceptance</i>
Individual Plan	Productivity	5	3	1	2
	Cost effectiveness	4	2	1	2
	Superiors' rating	4	2	1	2
Group	Productivity	4	1	3	3
	Cost effectiveness	3	1	3	3
	Superiors' rating	3	1	3	3
Organization-wide	Productivity	3	1	3	4
	Cost effectiveness	3	1	3	4
	Profit	2	1	3	3

# Gain Sharing Pay Plan Considerations

- Process of design - participatively or top-down?
- Organizational unit covered - plant or companywide?
- Determining the bonus - what formula?
- Sharing gains - how and when to distribute?
- Managing change - how to implement system?

# **Organization Development and Change**

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## **Chapter Eighteen: Developing and Assisting Members**

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# Learning Objectives for Chapter Eighteen

- To review trends and perspectives in human resource management
- To examine three popular human resource management interventions: career planning and development, workforce diversity, and employee wellness

# Career Stages

- Establishment Stage
- Advancement Stage
- Maintenance Stage
- Withdrawal Stage

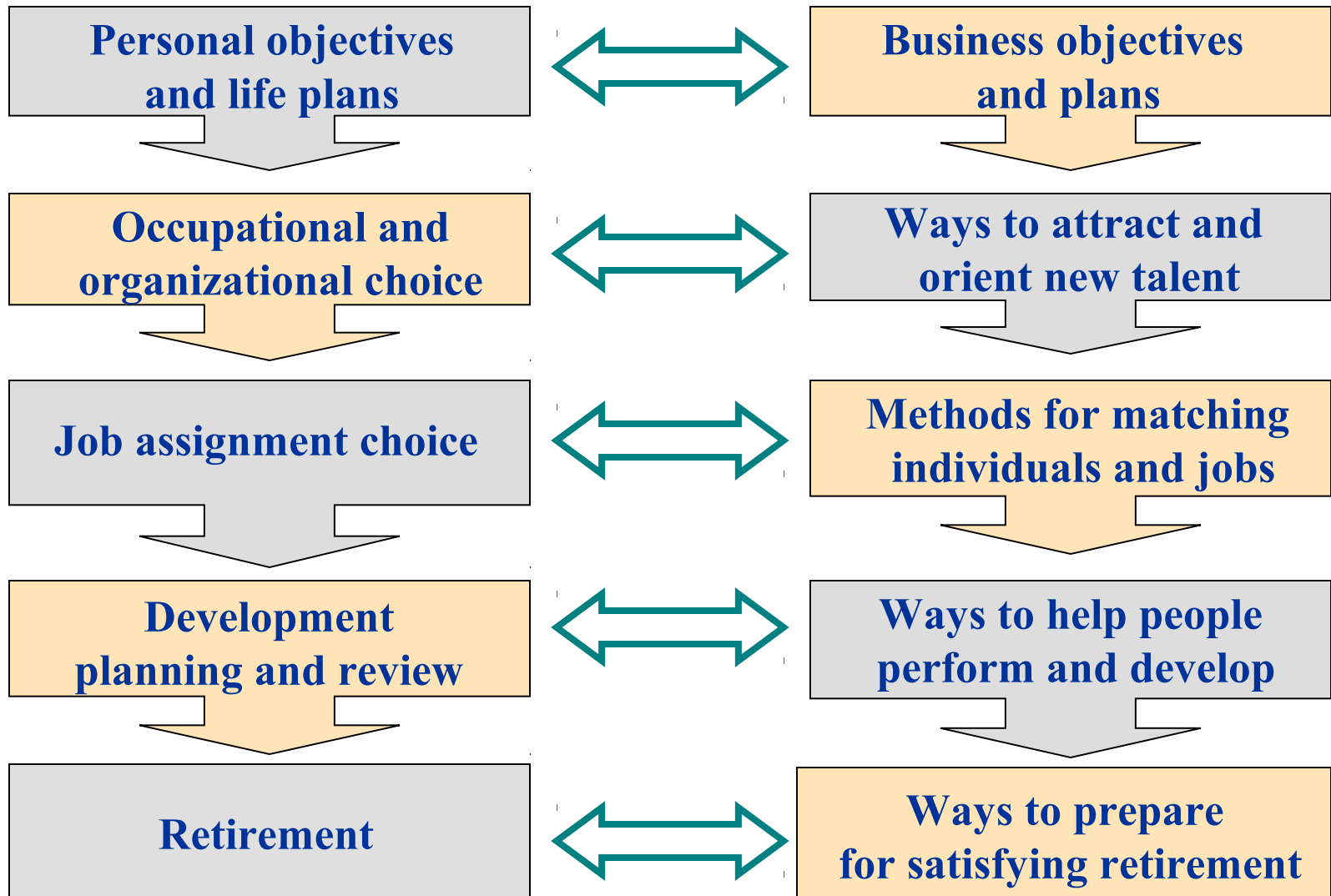
# Career Stages and Planning Issues

- |               |  |
|---------------|--|
| Establishment | What are alternative occupations, firms, and jobs?<br>What are my interests and capabilities?<br>How do I get the work accomplished?<br>Am I performing as expected? |
| Advancement   | Am I advancing as expected?<br>What long-term options are available?<br>How do I become more effective and efficient?  |
| Maintenance   | How do I help others?<br>Should I reassess and redirect my career?   |
| Withdrawal    | What are my interests outside of work?<br>Will I be financially secure?<br>What retirement options are available to me?  |

# Career Planning Resources

- Communication regarding career opportunities and resources within the organization
- Workshops to assess member interests, abilities, and job situations and to formulate career plans
- Career counseling by managers or human resource department personnel
- Self-development materials directed toward identifying life and career issues
- Assessment programs that test vocational interests, aptitudes, and abilities relevant to career goals

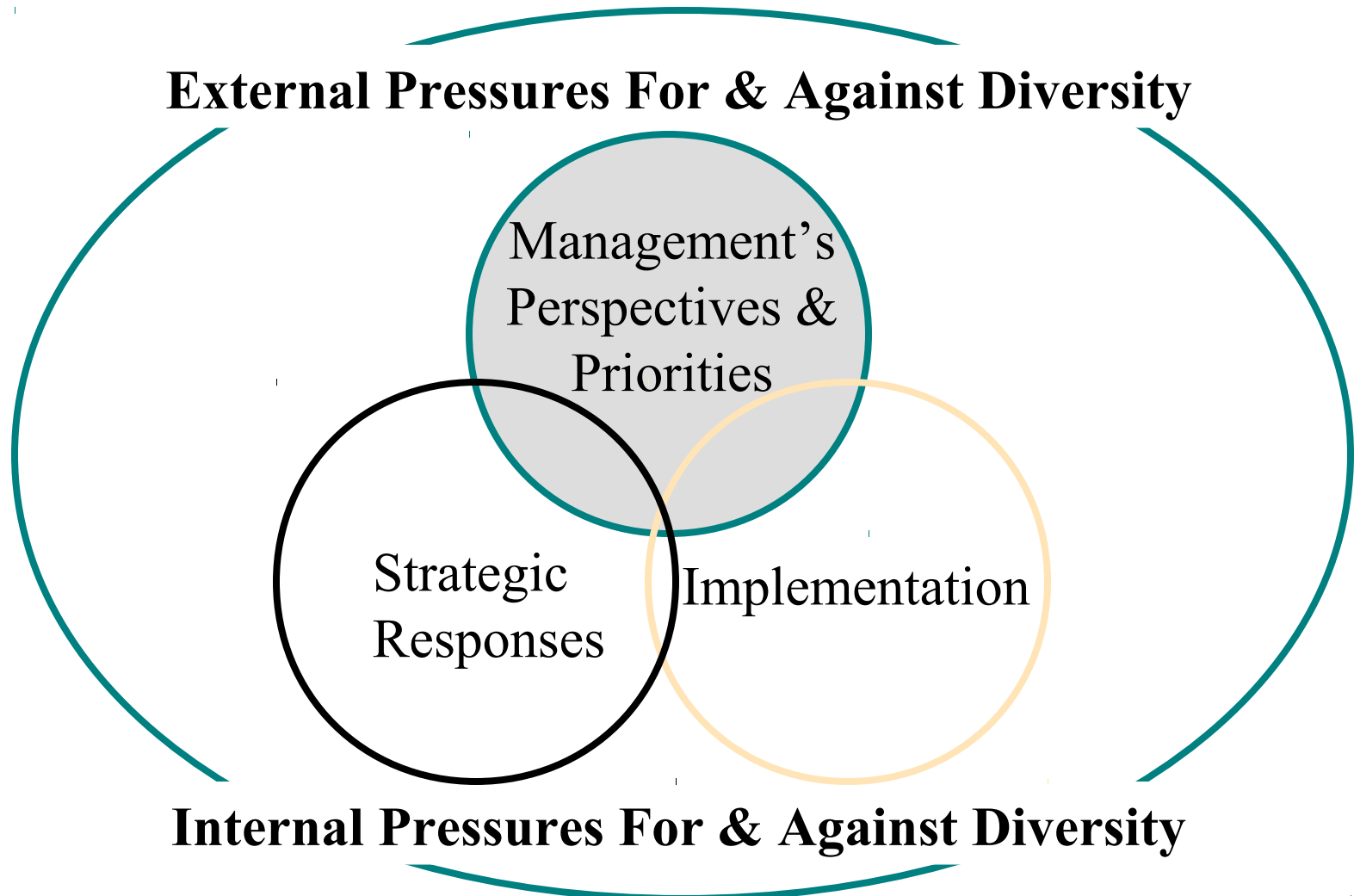
# Career and Human Resource Planning



# Career Development Interventions

- Realistic job preview
  - Job pathing
  - Performance feedback and coaching
  - Assessment centers
  - Mentoring
  - Developmental training
- Work-life balance planning
  - Job rotation and challenging assignments
  - Dual-career accommodations
  - Consultative roles
  - Phased retirement

# A Framework for Managing Diversity



# Age Diversity

- Trends
  - Median age up
  - Distribution of ages changing
- Implications
  - Health care
  - Mobility
  - Security
- Interventions
  - Wellness programs
  - Work design
  - Career development and planning
  - Reward systems

# Gender Diversity

- Trends
  - Percentage of women in work force increasing
  - Dual-income families increasing
- Implications
  - Child care
  - Maternity/paternity leaves
  - Single parents
- Interventions
  - Work design
  - Fringe benefit rewards

# Disability Diversity

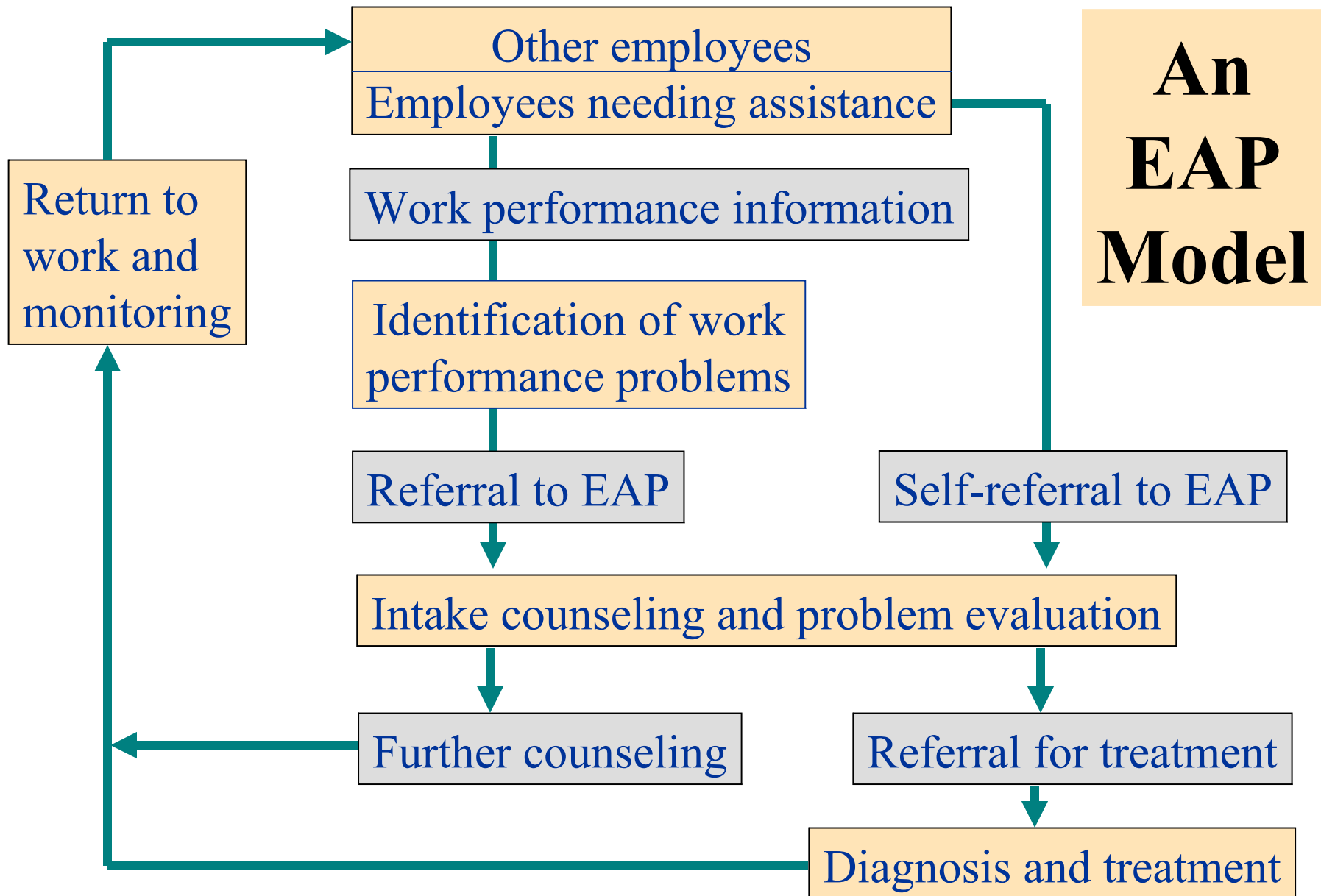
- Trends
  - The number of people with disabilities entering the work force is increasing
- Implications
  - Job skills and challenge issues
  - Physical space design
  - Respect and dignity
- Interventions
  - Performance management
  - Work design
  - Career planning and development

# Culture and Values Diversity

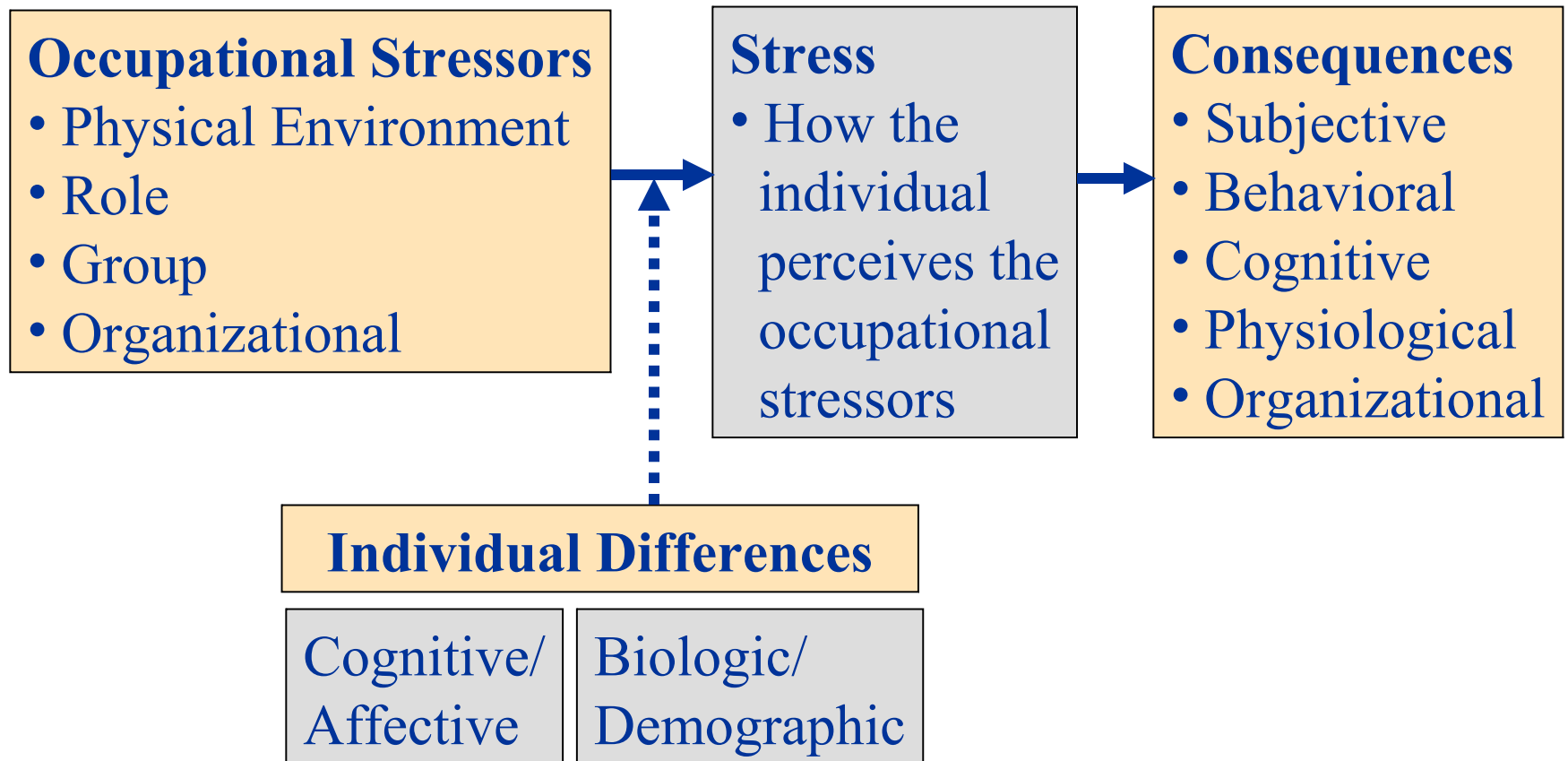
- Trends
  - Rising proportion of immigrant and minority-group workers
  - Shift in rewards
- Implications
  - Flexible organizational policies
  - Autonomy
  - Affirmation and respect
- Interventions
  - Career planning and development
  - Employee involvement
  - Reward systems

# Sexual Orientation Diversity

- Trends
  - Number of single-sex households up
  - More liberal attitudes toward sexual orientation
- Implications
  - Discrimination
  - Understanding
- Interventions
  - Equal employment opportunities
  - Fringe benefits
  - Education and training



# A Model of Stress and Work



# **Organization Development and Change**

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## **Chapter Nineteen: Organization and Environment Relationships**

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# Learning Objectives for Chapter Nineteen

- To understand and illustrate how organizations relate to their external environments. In other words, how OD can contribute to the strategic management process
- To describe three strategic interventions: integrated strategic change, transorganization development, and merger and acquisition integration.

# Organizational Environments

- General Environment
  - Social, Technological, Economic, Ecological, and political forces
- Task Environment
  - Customer and buyer power, rivalry among competitors, substitute products/services, and potential new entrants
- Enacted Environment
  - Managerial perceptions and representations of the environment

# Environmental Dimensions

- Dynamism - the extent to which the environment changes unpredictably
- Complexity - the number of significant elements the organization must monitor
- Information Uncertainty - the extent to which environmental information is ambiguous
- Resource Dependence - the degree to which an organization relies on other organizations for resources

# Environmental Typology

## Resource Dependence

Low

High

Low

**Information  
Uncertainty**

Minimal  
environmental constraint  
and need to be  
responsive  
to environment

Moderate constraint  
and responsiveness  
to environment

Moderate constraint  
and responsiveness  
to environment

Maximal  
environmental constraint  
and need to be responsive  
to environment

High

# Administrative Responses

- Mission and vision statements to identify product/market arenas
- Goals and objectives to establish guideposts for progress
- Key policies and budgets to guide decision making
- Establishment of scanning units to create relationships with environmental elements

# Competitive Responses

- Processes to establish competitive advantage
- The achievement of unique, valuable, and difficult to imitate position vis-à-vis competitors

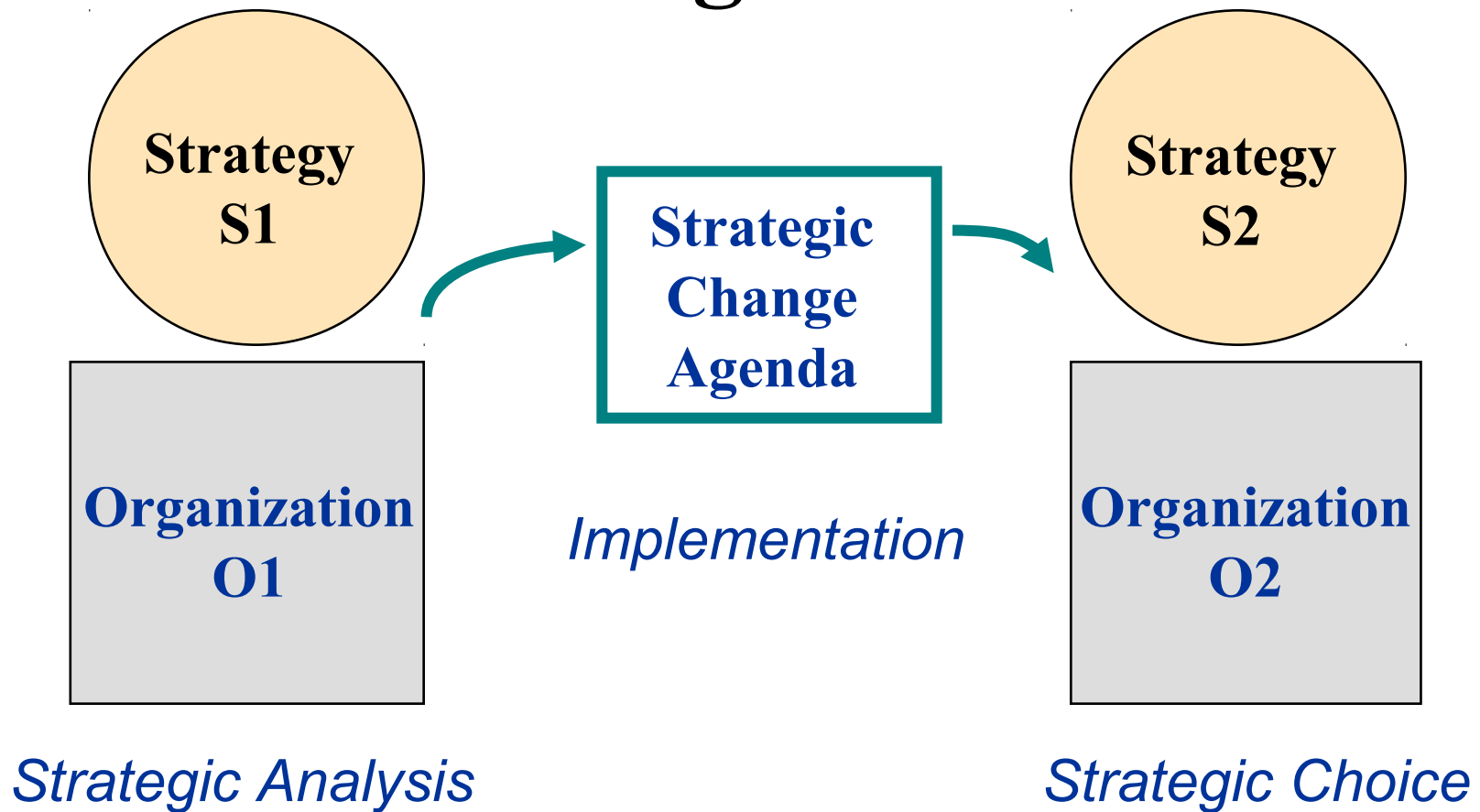
# Collective Responses

- Managing external interdependencies
- Forms of collective responses:
  - Bargaining
  - Contracting
  - Joint ventures
  - Strategic alliances
  - Mergers and acquisitions

# Integrated Strategic Change

- Strategic Analysis
- Strategic Choice
- Designing Strategic Change Agenda
- Implementing the Strategic Change Agenda

# The Integrated Strategic Change Model



# Strategic Analysis

- Assess the Readiness for Change
  - Felt Need
  - Ability to Carry Out Change
  - Top Management Team Dynamics
- Diagnose the Current Strategic Orientation
  - What is the organization's current strategy?
  - What are the organization's core processes?
  - How is the organization designed?

# Has the Strategy been Implemented Well?

- Assess the fit between the organization's environment and its strategy
  - Are the organization's strengths and weaknesses deployed well against environmental opportunities and threats?
- Assess the fit among mission, goals, intent, and policies
  - Do the elements support each other?

# Has the Organization Design been Implemented Well?

- Assess the fit between the strategy and the core processes
- Assess the fit between the strategy and organization design
- Assess the fit between the core processes and the organization design
- Assess the fit among the organization design factors

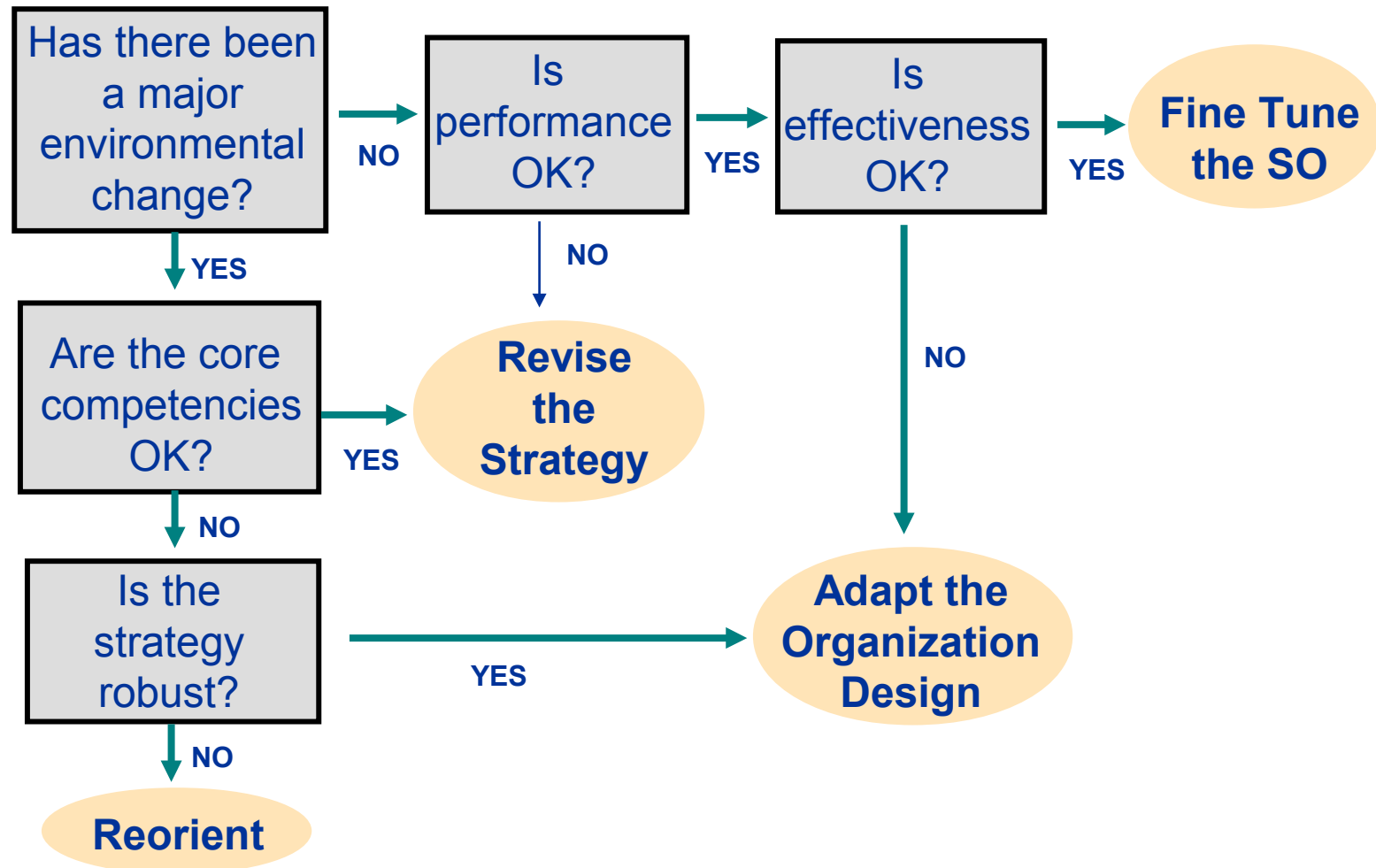
# Strategy Making

- Describe the Desired Future State
- Specify the features of the future Strategic Orientation ( $S_2/O_2$ )

# Types of Strategic Change

Extent of Change in Strategy			
		Low	High
Extent of Change in Organization	High	<b>Organization Adaptation</b>	<b>Strategic Reorientation</b>
	Low	<b>Convergence</b>	<b>Strategy Revision</b>

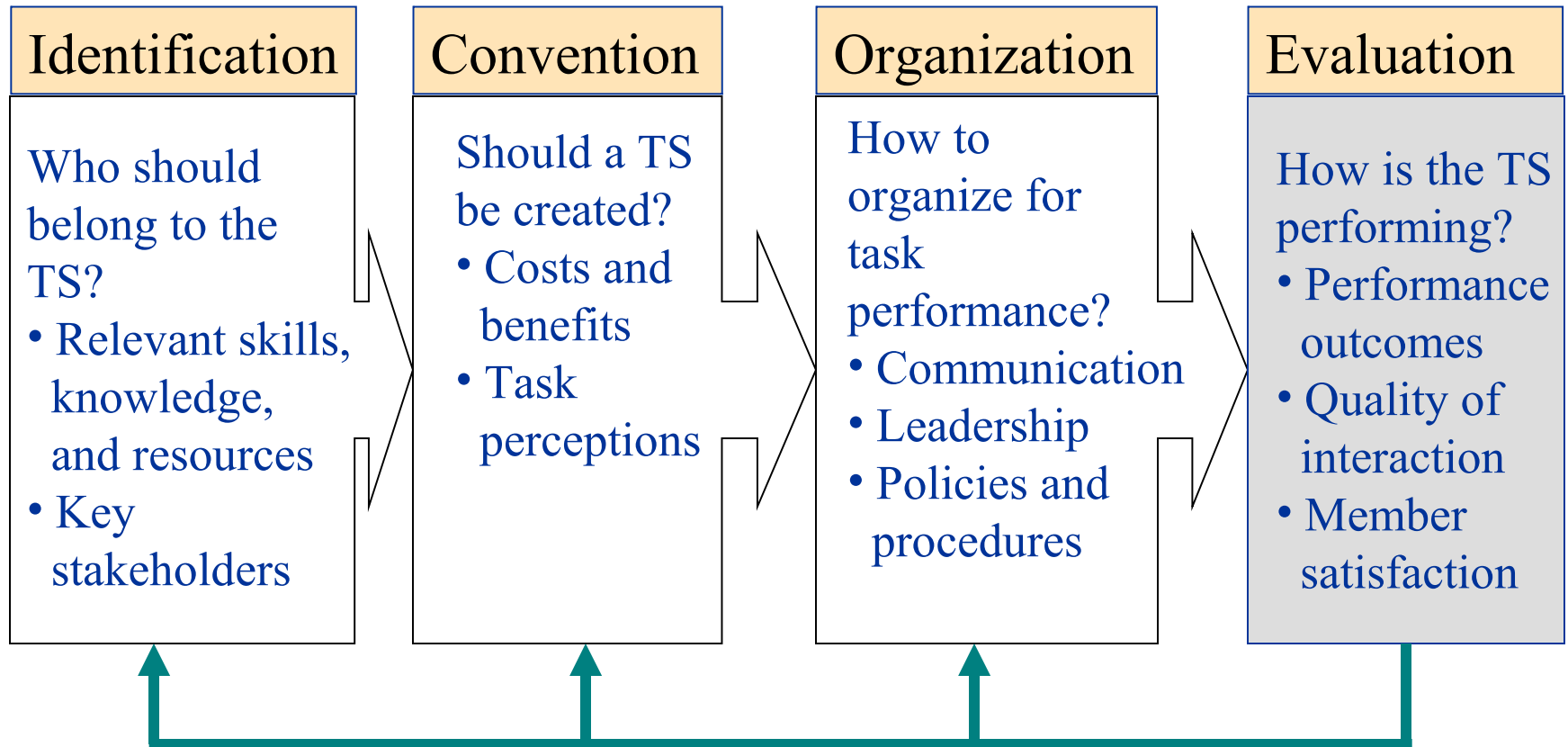
# A Process Model of Strategic Choice



# Developing an Agenda for Change

- What are the change requirements?
  - What, when, and who?
  - How much will it costs?
  - What measures will indicate success?
- Specify the Roadmap
  - Activity Plan
  - Responsibility Chart
  - Commitment Plan

# Developing Transorganization Systems (TSs)



# Change Agent Roles in Transorganization Development

- Activist Role
  - proactive, assertive leadership
- Neutral Role
  - credible and impartial
- Political and Network Role
  - conflicts of interest
  - managing autonomy of members
  - managing lateral relationships

# Mergers and Acquisitions

- Merger - the integration of two previously independent organizations into a completely new organization
- Acquisition - the purchase of one organization by another for integration into the acquiring organization.
- Distinct from transorganization systems, such as alliances and joint ventures, because at least one of the organizations ceases to exist.

# Merger and Acquisition Rationale

- Diversification
- Vertical integration
- Gaining access to global markets, technology, or other resources
- Achieving operational efficiencies, improved innovation, or resource sharing

# Phases in M&A Integration

- Examination of Corporate and Business Strategy
- Pre-combination Phase
- Legal Combination Phase
- Operational Combination Phase

# Pre-Combination Phase

- **Key Steps**
  - **Search for and select candidate**
  - **Create M&A team**
  - **Establish business case and perform due diligence assessment**
  - **Develop merger integration plans**
- **OD and Change Management Issues**
  - **Screen candidates for cultural, financial, technical, and physical asset criteria**
  - **Define a clear leadership structure**
  - **Establish vision, strategy, and integration potential**
  - **Specify the desirable organization design features**

# Operational Combination Phase

- Key Steps
  - Day 1 activities
  - Organizational and technical integration activities
  - Cultural integration activities
- OD and Change Management Issues
  - Implement changes quickly
  - Communicate
  - Solve problems together and focus on customer
  - Conduct an evaluation to learn and identify further areas of integration planning

# Organization Development and Change

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## Chapter Twenty: Organization Transformation

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Thomas G. Cummings  
Christopher G. Worley

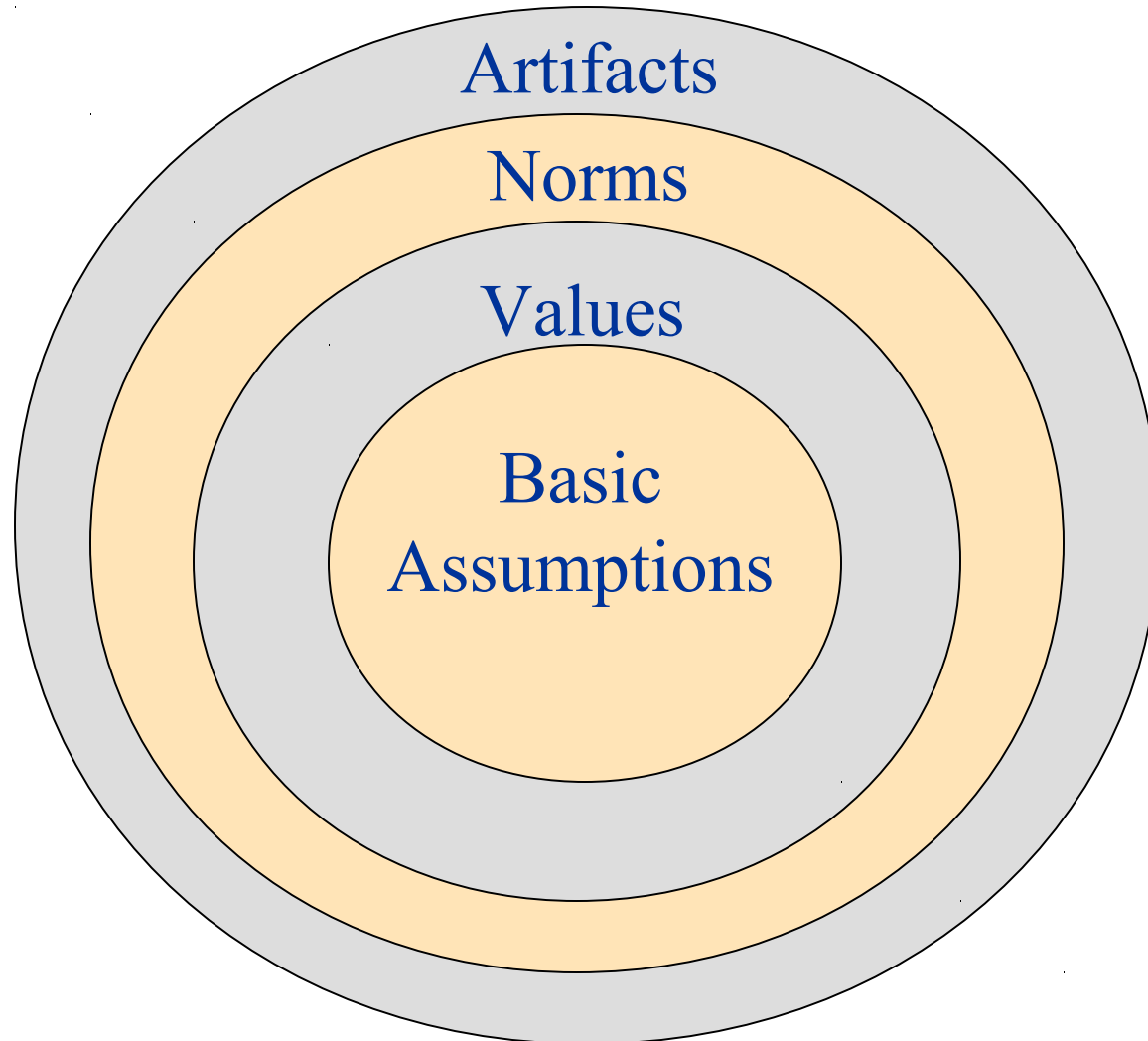
# Learning Objectives for Chapter Twenty

- To present a framework that categorizes different types of organizational change efforts
- To present three large-scale organizational change interventions: culture change, self-design, and organization learning and knowledge management

# Characteristics of Transformational Change

- Triggered by Environmental and Internal Disruptions
- Systemic and Revolutionary Change
- New Organizing Paradigm
- Driven by Senior Executives and Line Management
- Continuous Learning and Change

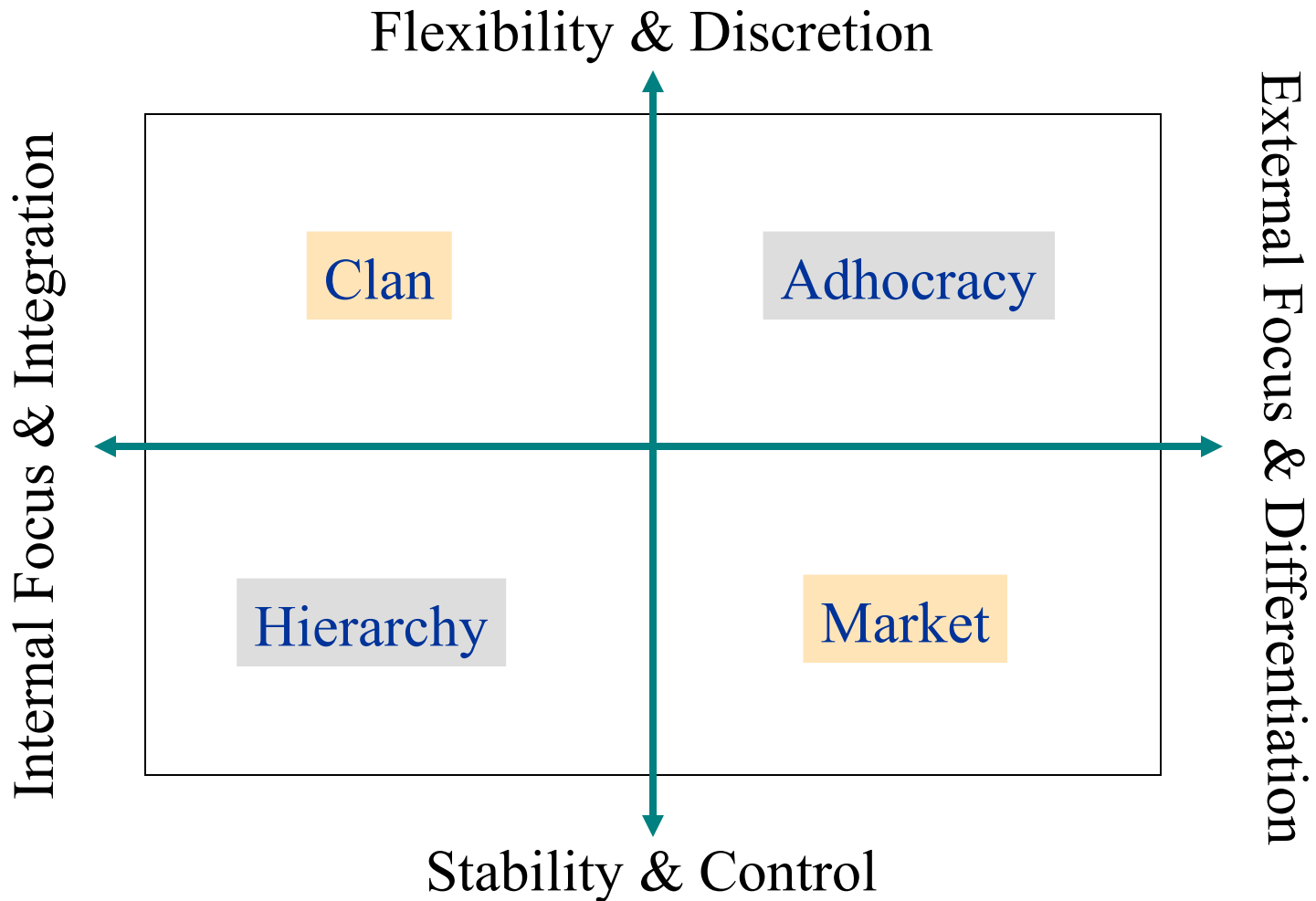
# The Concept of Organization Culture



# Diagnosing Organization Culture

- Behavioral Approach
  - Pattern of behaviors (artifacts) most related to performance
- Competing Values Approach
  - Pattern of values emphasis characterizing the organization
- Deep Assumptions Approach
  - Pattern of unexamined assumptions that solve internal integration and external adaptation problems well enough to be taught to others

# Competing Values Approach



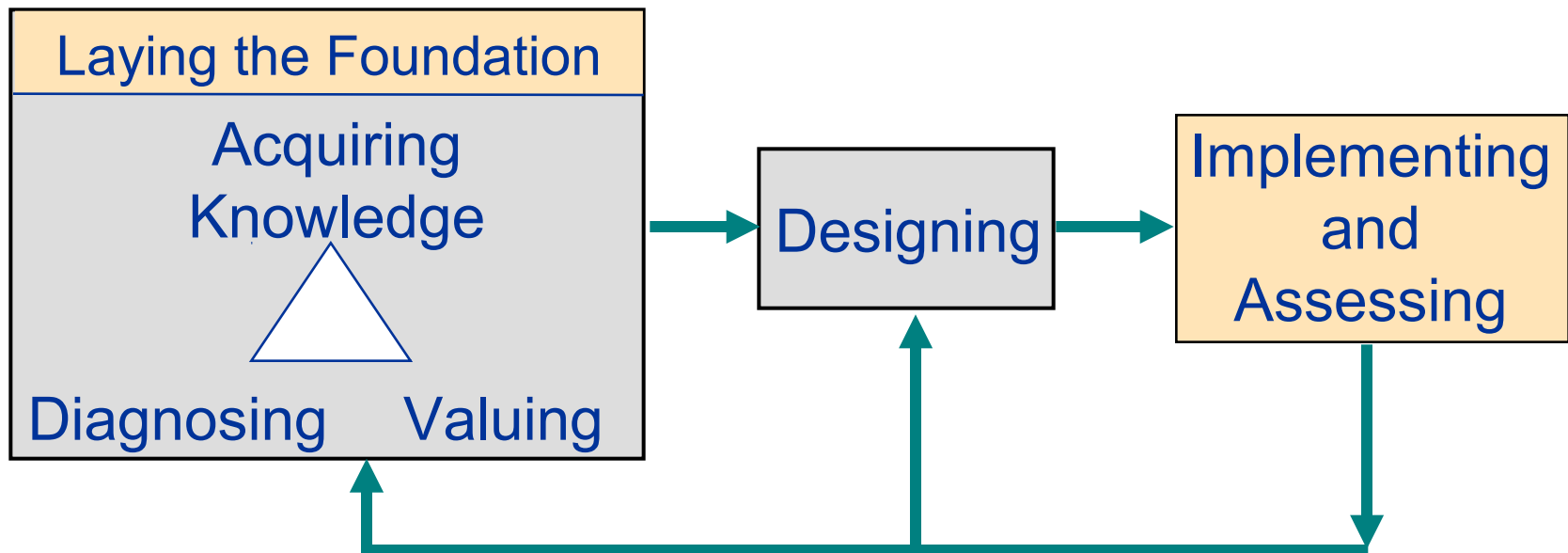
# Culture Change Application Stages

- Establish a clear strategic vision
- Get top-management commitment
- Leverage symbols to lead change
- Implement supporting organizational changes
- Select and socialize newcomers; downsize deviants
- Address ethical and legal issues

# Self-Design Model

- Multiple Stakeholders Involved
- Innovation on Site
- Learning as You Go
- Continuous Improvement & Change
- Part of Normal Operations

# The Self-Design Strategy



# Acquiring Knowledge

- Conceptual Learning
  - Organizational concepts
  - Principles for achieving high performance
- Empirical Learning
  - Company visits
  - Speakers & conferences
  - Cases & articles

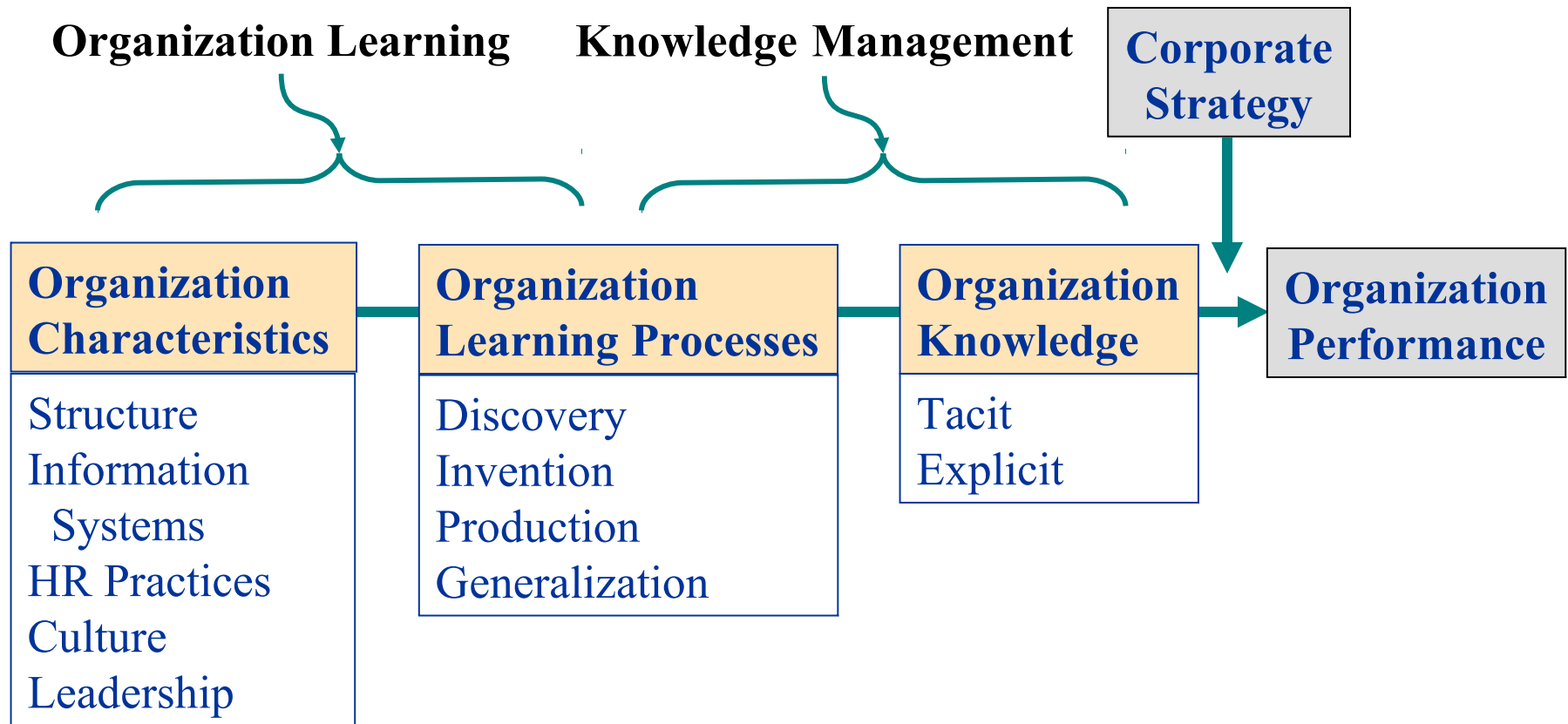
# Valuing

- Valued Performance Outcomes
- Valued Human Outcomes
- Valued Organizational Conditions

# Diagnosing

- Assessing current performance
- Assessing current fits and alignments among organization design elements
- Determining what needs to be changed
- Acknowledging constraints and contingencies

# Organization Learning and Knowledge Management



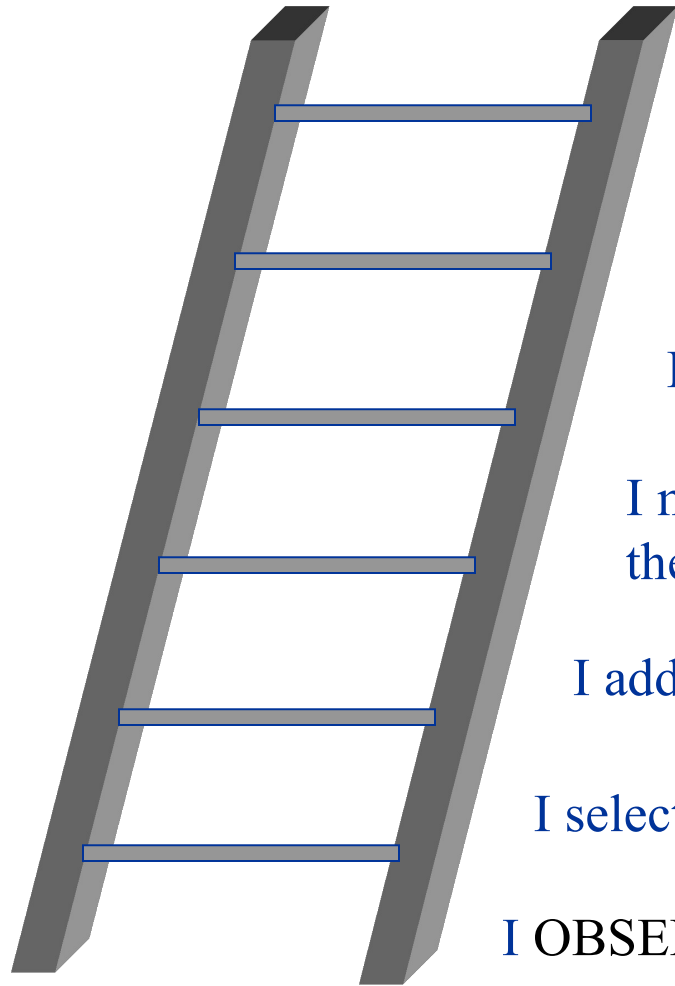
# Types of Learning

- Single loop learning
  - Most common form of learning
  - Aimed at adapting and improving the status quo
- Double loop learning
  - Generative learning
  - Questions and changes existing assumptions and conditions
- Deuterolearning
  - Learning how to learn
  - Learning how to improve single and double loop learning

# Discovering Theories in Use

- Dialogue
- Left-Hand, Right-Hand Column
- Action Maps
- Ladder of Inference

# Ladder of Inference



I take ACTIONS based on  
my beliefs

I adopt BELIEFS about the world

I draw CONCLUSIONS

I make ASSUMPTIONS based on  
the meanings added

I add MEANINGS (cultural and personal)

I select DATA from what I observe

I OBSERVE data and experiences

# Knowledge Management

- Types of Knowledge
  - Tacit Knowledge: know how that resides mainly in members' skills, memories, and intuitions
  - Explicit Knowledge: codified know-how in documents, manuals, and databases
- The Process of Knowledge Management
  - Generate Knowledge
  - Organize Knowledge
  - Distribute Knowledge

# Organization Development and Change

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## Chapter Twenty One: Organization Development in Global Settings

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Thomas G. Cummings  
Christopher G. Worley

# Learning Objectives for Chapter Twenty One

- To explore the differences in OD applications in a cross-cultural context.
- To understand the cultural values that might impact OD applications in other cultures
- To examine how OD can best be applied in organizations that operate on a worldwide basis
- To describe the process of OD in global social change organizations

# Growth of OD in Global Settings

- The rapid development of foreign economies
- The increasing worldwide availability of technical and financial resources
- The emergence of a global economy

# Cross-cultural Dimensions

- Power Distance
- Uncertainty Avoidance
- Achievement Orientation
- Individualism
- Context

# Power Distance

- Extent to which members of a society accept that status and power are distributed unequally in an organization
- Organizations in these cultures tend to be autocratic, possess clear status differences, and have little employee participation

# Uncertainty Avoidance

- The extent to which members of a society tolerate the unfamiliar and unpredictable
- Organizations in these cultures tend to value experts, prefer clear roles, avoid conflict, and resist change

# Individualism

- The extent to which people in a society believe they should be responsible for themselves and their immediate family
- Organizations in these cultures tend to encourage personal initiative, value time and autonomy, and accept competition

# Achievement Orientation

- The extent to which people in a society value assertiveness and the acquisition of material goods
- Organizations in these cultures tend to associate achievement with wealth and recognition, value decisiveness, and support clear sex roles

# Context

- The extent to which meaning in communication is carried in the words
- Organizations in high context cultures tend to value ceremony and ritual, the structure is less formal, there are fewer written policies, and people are often late for appointments

# Cultural and Economic Contexts of International OD Practice

		Cultural Fit with OD Practice	
		Low	High
Level of Economic Development	Moderate	South Pacific  South America Middle East	India South Africa
	High	Central America Eastern Europe Asia	United Kingdom Scandinavia USA

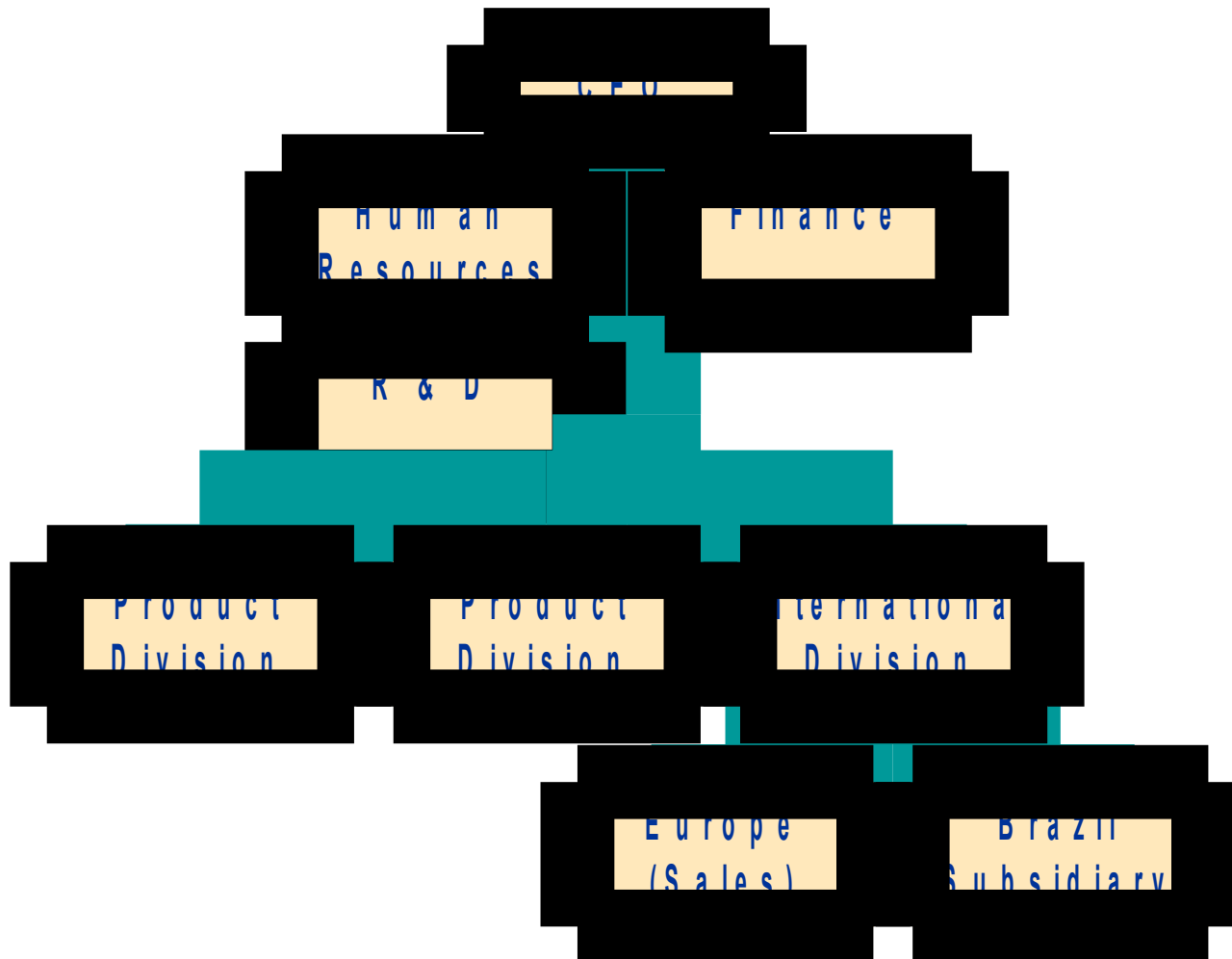
# Worldwide Organizations

- Offer products or services worldwide
- Balance product and functional concerns with geographic issues
- Coordination must address complex personnel and cross-cultural issues
- Its competitive position in one national market is affected by its competitive position in other national markets

# Key Questions

- Does the organization see the world as one market or are there multiple markets?
- What are the keys to success in this business?
- What does the organization do better than anyone else?

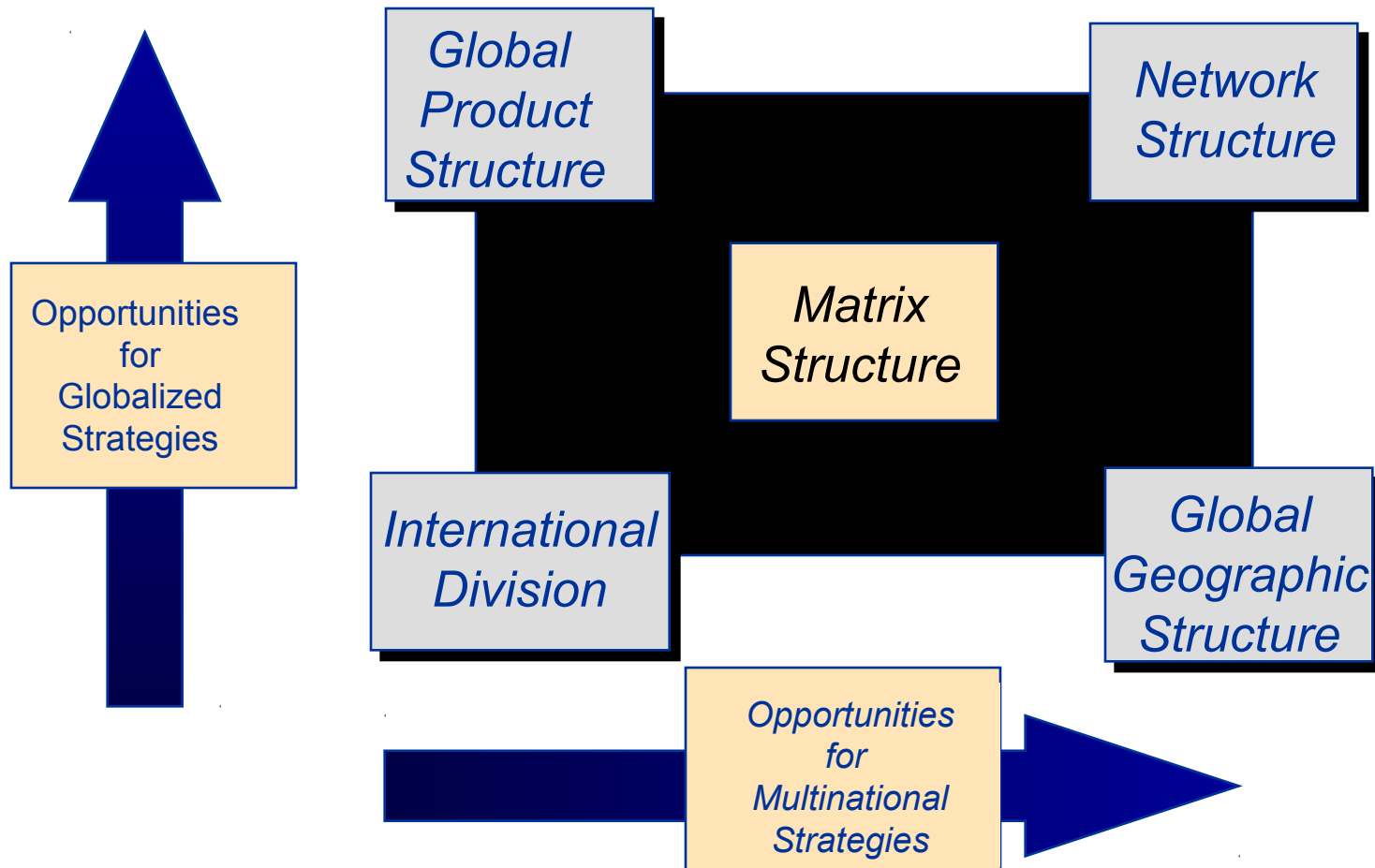
# International Division



# Worldwide Strategic Orientations

- The Global Orientation
- The Multinational Orientation
- The Transnational Orientation

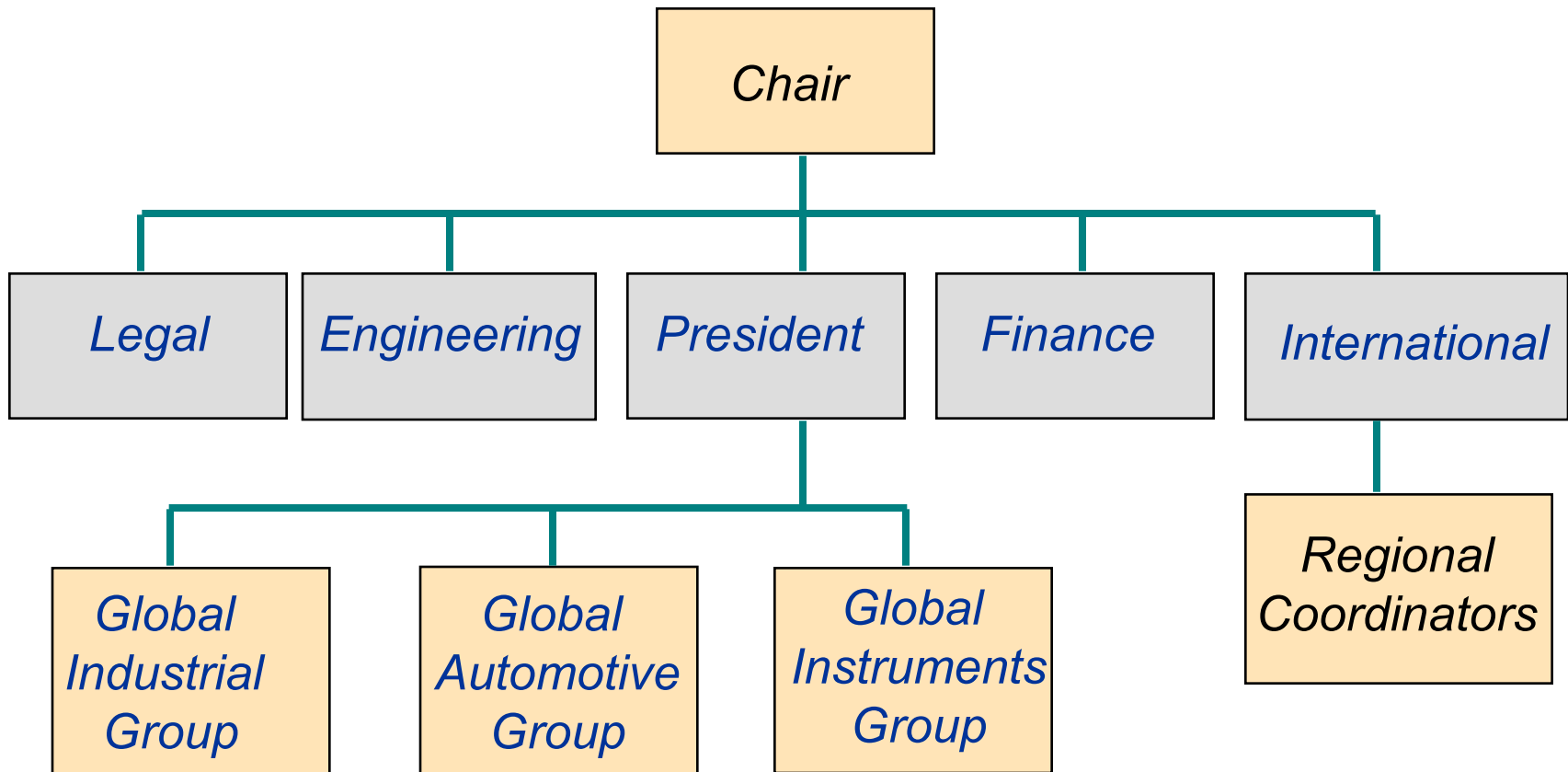
# Alternative Worldwide Structures



# The Global Orientation

- **Strategy**
  - **Goals of efficiency**
  - **Standardized products**
- **Key Organization Design Features**
  - **Centralized decisions**
  - **Strong integrated operations**
  - **Formal control systems**
- **Key Staffing Issues**
  - **Home country ex-patriates**

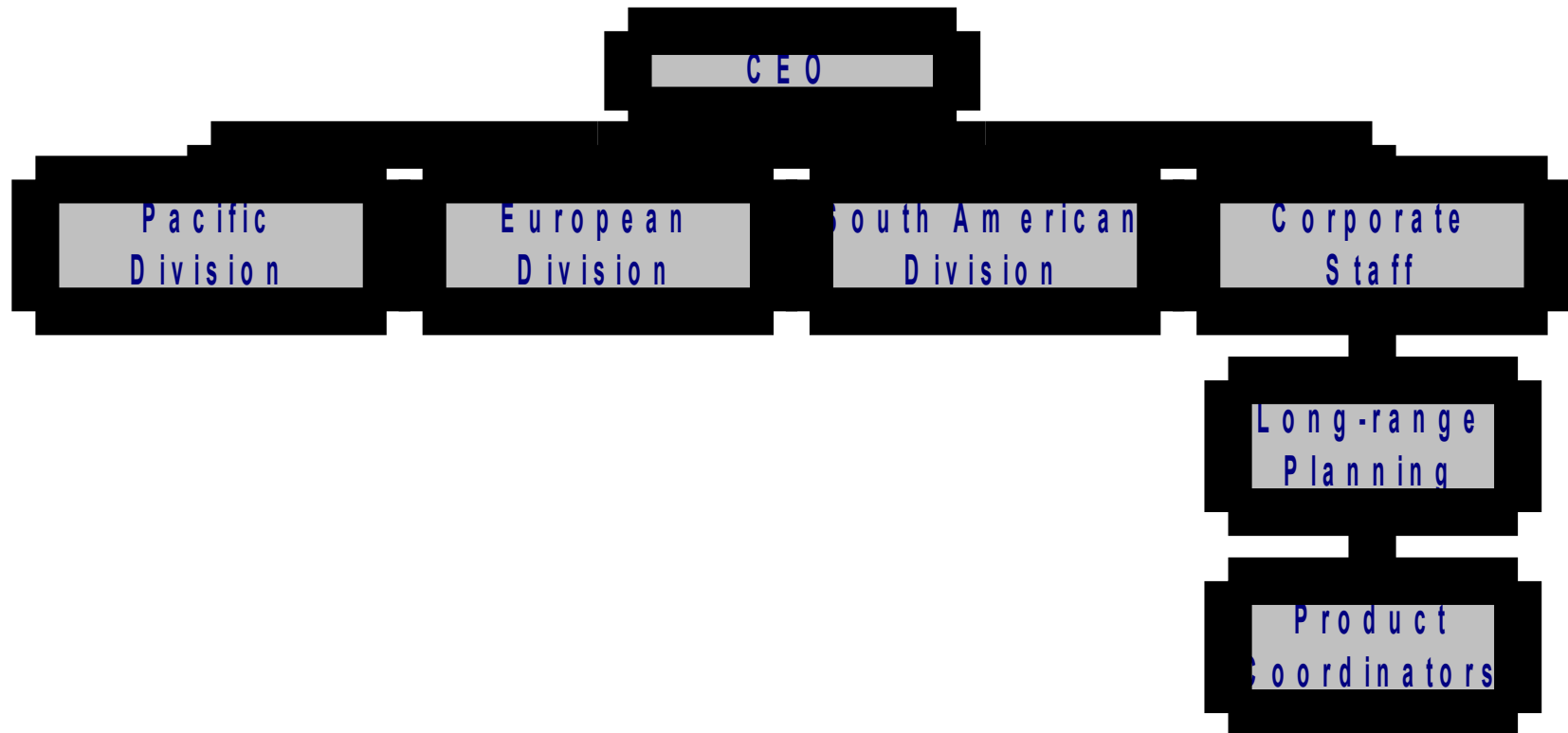
# Global Product Structure



# The Multinational Orientation

- Strategy
  - **Goals of local dominance**
  - **Tailored products**
- Key Organization Design Features
  - **Decentralized decisions**
  - **Some centralized planning**
  - **Profit center-oriented controls**
- Key Staffing Issues
  - **Local country management teams**

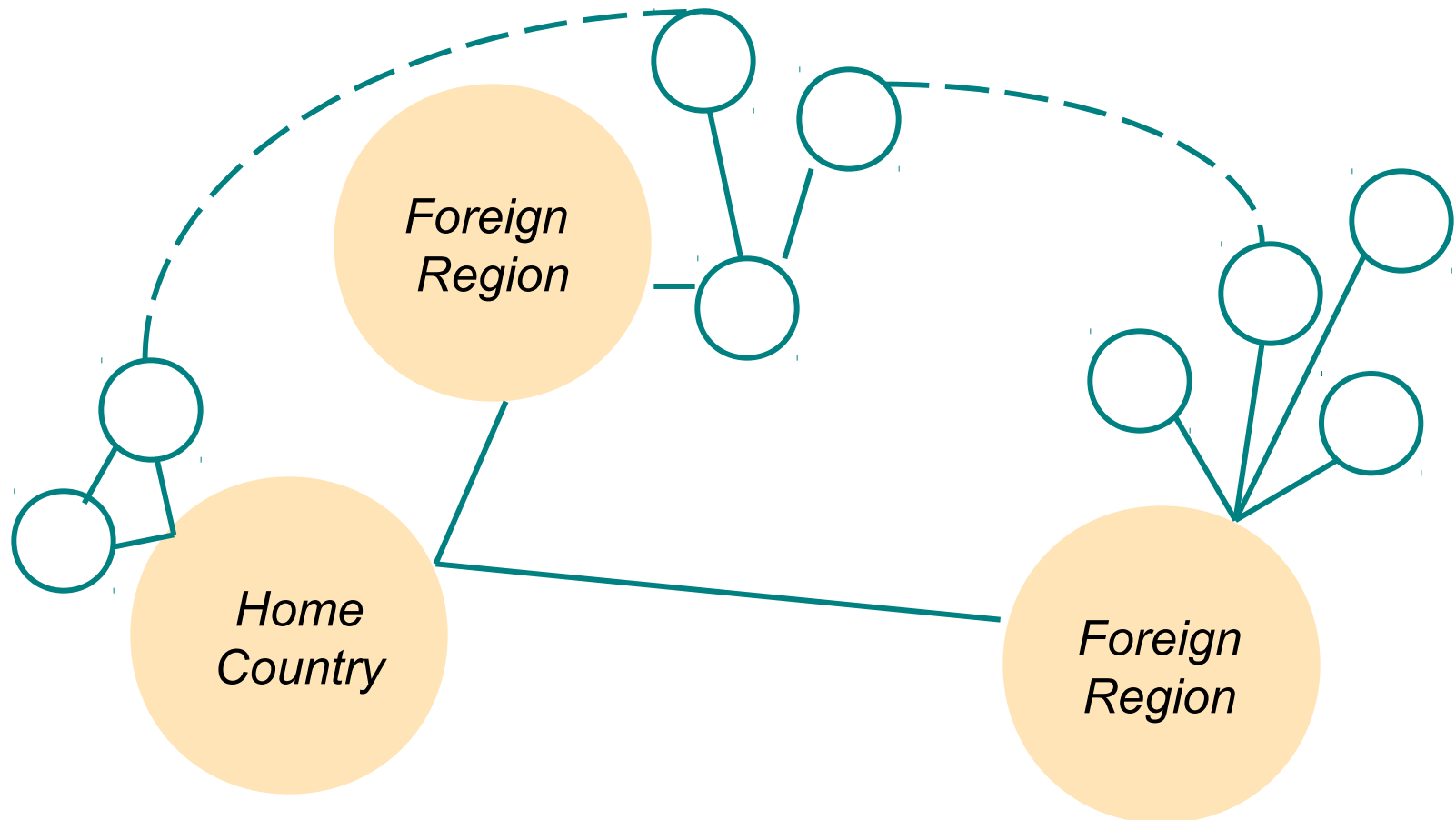
# Global Geographic Division



# The Transnational Orientation

- Strategy
  - Goals of efficiency and responsiveness by integration
  - Tailored products
- Key Organization Design Features
  - Some decentralized decision making
  - Worldwide coordination
  - Subtle control mechanisms
- Key Staffing Issues
  - Hire the “best” person

# Network Structure



# Issues in Worldwide Strategy Implementation

- From domestic to worldwide
- From global to transnational
- From multinational to transnational

# Domestic to Worldwide

- Choosing an Orientation
  - Answering the Key Questions
- Change Strategies
  - Test the waters
  - Structural change
    - International Division
    - Full-blown implementation

# Global to Transnational

- Required Competencies
  - Operate a decentralized organization
  - Ability to transfer knowledge, skills, and resources
- Change Strategies
  - Education
  - Reward systems
  - Structural change

# Multinational to Transnational

- Required Competencies
  - Manage (create?) interdependencies
  - Ability to transfer knowledge, skills, and resources
- Change Strategies
  - Task forces and other integration mechanisms
  - Personnel changes and transfers

# Global Social Change Organizations

- Their primary task is a commitment to serve as an agent of change in the creation of environmentally and socially sustainable world futures
- They have discovered and mobilized innovative social-organizational architectures
- They hold values of empowerment in the accomplishment of their global change mission
- They are globally-locally linked in structure, membership, or partnership and thereby exist as entities beyond the nation-state
- They are multi-organizational and often cross-sectoral

# Developing GSCOs

- Build the local organization
- Create horizontal linkages
- Create vertical linkages

# **GSCO Change Agent Roles and Skills**

- Bridging Role
- Stewardship Role
- Communication Skills
- Negotiation Skills
- Networking Skills

# Organization Development and Change

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## **Chapter Twenty Three: Future Directions in Organization Development**

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Thomas G. Cummings  
Christopher G. Worley

# Learning Objectives for Chapter Twenty Three

- To explore the trends affecting how OD is likely to be practiced in the future
- To explore how OD is likely to change in the future

# Trends Affecting OD Practice

- Environmental Trends
  - Wealth is becoming more concentrated
  - Economy is more globalized
  - Ideologies are shifting from consumption to coexistence and ecological sustainability

# Trends Affecting OD Practice

- Workforce Trends
  - Workforce is becoming older, more diverse, more educated
  - Shift toward contingent employment & change in psychological contract
  - No careers

# Trends Affecting OD Practice

- Technology Trends
  - Internet growth will increase
  - E-commerce growth
  - Increased rate and pervasiveness of technological change

# Trends Affecting OD Practice

- Organizational Trends
  - Organizations will become both smaller and larger; more and less decentralized
  - Virtual, networked, alliance based
  - Truly global management structures and cultures

# The Future of OD

- More embedded in the organization's culture
- More technologically enabled
- Shorter OD cycle times
- More innovation and learning oriented
- More diverse client organizations
- More cross-cultural
- Clearer about values