

# Organization Development

**Block**

**4**

## **STRUCTURAL AND STRATEGIC INTERVENTIONS**

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## BLOCK 4: STRUCTURAL AND STRATEGIC INTERVENTIONS

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The fourth block in the course on *Organization Development* deals with OD structural and strategic interventions. It introduces several OD interventions. It consists of three units from unit 10 to unit 12. The tenth unit gives an overview of techno-structural interventions. The eleventh unit focuses on strategic interventions. the twelfth unit deals with strategic change interventions.

In unit ten, *Techno-Structural Interventions*, which aims at improving organizational effectiveness through changes in the task, structural, technological and goal processes in the organization, are discussed. These interventions include changes in how the overall work is divided into units, who reports to whom, methods of control, the spatial arrangements of equipment and people, work flow arrangements and changes in communications and authority. The important techno-structural interventions that are discussed in this unit are: Socio Technical System (STS), self-managed teams, work redesign, M.B.O, quality circles, parallel learning structures, high performance work structures, downsizing and re-engineering.

In unit eleven, *Strategic Interventions*, we examine the strategic issues that are critical to organization development in today's changing and highly competitive environment. The important strategic issues that are taken up for discussion in this unit are: quality work life, sensitivity training, survey feedback and process consultation. These strategic interventions help organizations in improving performance and effectiveness. While quality of work life aims at enhancing the professional as well as personal lives of employees, sensitivity training helps individuals towards better relationships with others. Similarly, survey feedback intervention is an informational and efficient technique for fostering organizational effectiveness and process consultation intervention focuses on interpersonal relations and social dynamics occurring in work groups.

In unit twelve, *Strategic Change Interventions*, we discuss strategic change interventions which are of three types - transformational change interventions, continuous change interventions and trans-organizational change interventions. Transformational change interventions transform the organizations in such a way that they change the basic structure of the organizations, focusing on organization's strategy, design elements and culture. The change process is characterized by innovation and executives take up active leadership roles. Continuous change interventions enable organizations to change themselves on a continuous way and generate new forms of competitive advantage. Trans-organizational change interventions move beyond single organizations and help organizations create and sustain multi-organization linkages. Different types of these interventions, the differences between them with their characteristics and examples are discussed in this unit.

## Unit 10

# Techno-Structural Interventions

### Structure

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- 10.1 Introduction
- 10.2 Objectives
- 10.3 Socio-Technical Systems (STS)
- 10.4 Self-Managed Teams
- 10.5 Work Redesign
- 10.6 Management by Objectives (MBO)
- 10.7 Quality Circles
- 10.8 Parallel Learning Structures
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- 10.16 Answers to Check Your Progress Questions

*“There is only one thing that makes people unhappy, and that is when they have a problem they think is important and they don’t think they can influence it.”*

- J Clayton Lafferty

### 10.1 Introduction

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As has been touted by Clayton Lafferty, dissatisfaction in an organization comes from a lack of self-efficacy. Socio-technical systems in the organization lead to employee satisfaction as it helps in developing employee perception that they can influence processes in the organization. In the previous unit, we have discussed various comprehensive interventions namely Beckhard’s confrontation meeting, strategic management activities, appreciative inquiry, Blake and Mouton’s grid organizational development and Schein’s cultural analysis.

## **Block 4: Structural and Strategic Interventions**

Techno-structural interventions aim at improving organizational effectiveness through changes in the task, structural, technological and goal processes in the organization. These interventions include changes in how the overall work in organization is divided into units, who reports to whom, methods of control, the spatial arrangements of equipment and people, work flow arrangements and changes in communications and authority.

This unit would focus on socio-technical systems and self-managed teams. The other important interventions that are discussed in this unit are work redesign, management by objectives, quality circles, parallel learning structures, high performance work structures, downsizing and re-engineering.

### **10.2 Objectives**

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After studying this unit, you will be able to:

- Explain how techno-structural changes lead to organizational efficiency
- Analyze the socio-technical systems
- Enumerate the features of self-managed teams
- Describe work redesign
- Analyze the restructuring process of organizations through techno-structural interventions

### **10.3 Socio-Technical Systems (STS)**

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The term socio-technical was introduced by the Tavistock Institute in the 1950s. According to Cummings and Worley, socio-technical systems has two basic premises:

- Effectiveness of work systems must jointly optimize the relationship between their social and technical parts
- Such systems must effectively manage the boundary separating and relating them to the environment

Essentials of socio-technical systems are enumerated as follows:

- The boundaries between the organization and its environment should be managed not only in a way as to allow effective exchanges but also provide protection from external disruptions.
- The implementation of socio-technical systems should be highly participative, involving all of the relevant stakeholders, including employees, engineers, staff experts and managers.
- The socio-technical systems project tends to feature the formation of autonomous work-groups which are now termed as self-managed or self-managing teams.

**Example: Socio-Technical Systems**

Facebook is an instance of a social system that builds new ways to explore one's interests and connects people with each other. It is working on 3D metaverse which would then be a place where people can work, play and connect with others in immersive online experiences. Since technology facilitates the functioning of the social system, Facebook serves as an instance of socio-technical system.

Source: <https://about.facebook.com/technologies/> (accessed on 2/6/2022)

## 10.4 Self-Managed Teams

*'Get the Right People on the Bus'*

- Jim Collins- author of Good to Great

A self-managing team is a group of employees working together who are accountable for all or most aspects of their task. In simple terms, it can be understood as working independently in self-defined ways, towards a common goal as defined by business needs without managerial control.

Features of self-managed teams can be enumerated as below:

- Self-managed teams get the guidelines, timelines and resources from the company. They, in turn, draft their own roadmap to achieve the goals, plan their work and schedules, use the resources to the optimum and perform to the utmost.
- They ideally report to a team head that approves of the action plan and assesses the output. But, all this, undoubtedly, is in sync and inter-related with the larger vision and mission statement of the company.
- Self-managing teams share and rotate both skilled tasks and supportive or managerial tasks.
- Because they are both responsible for their outcomes and in control of their decision-making process, members of the self-managing team tend to keep costs down and maintain high productivity without outside management.
- Self-managing teams are less likely to experience conflict than are cross-functional teams because there is more shared perspective and less in-fighting between people of differing experience areas.
- Self-managing teams are different from self-directed teams. Self-managing teams work toward goals that are set for them by outside leadership, whereas self-directed teams work toward a common goal that they define.

Having understood the characteristics of self-managed teams, let us understand the advantages of self-managed teams:

- Self-managed teams help in improving quality, productivity and service.

#### **Block 4: Structural and Strategic Interventions**

- Self-managed teams ensure greater flexibility and respond to the technological changes faster.
- Self-managed teams aim at simpler job classifications and reduction in operating costs.
- Self-managed teams provide better response to workers' values and increase employee engagement and commitment.
- Self-managed teams help in attracting and retention of talent.

*The challenges of self-managed teams are enumerated below:*

- Developing the teams and fostering a culture of management support is a time-consuming process.
- Managers who are accustomed to traditional and autocratic management may resist or undermine team approach.
- There may be challenges of personality and behavior conflicts in the self-managed teams.
- Adjusting to team responsibilities may be difficult in self-managed teams.

Self-managed teams are a form of techno-structural inventions as they encourage collaborative work, enhance member's self-control and take total responsibility for the outcomes.

#### **Example: Self-managed Teams at Google**

Project Aristotle was initiated at Google to understand the effectiveness of teams. Google fosters a high-freedom culture where the managers cannot unilaterally make decisions regarding hiring, appraisal or promotion or product launches. They are done in consultation with group of peers who work as independent teams known as self-managed teams.

Sources: <https://www.inc.com/michael-schneider/google-thought-they-knew-how-to-create-the-perfect>. (Accessed on 2/6/2022)  
<https://about.google/> (Accessed on 20/5/2022)

### **10.5 Work Redesign**

The term work redesign, according to Richard Hackman (1980) refers to activities that involve the alteration of specific jobs with the intent of improving both productivity and the quality of employee work experience. Job redesign, job enlargement and job enrichment are closely related terms to characterize work redesign.

The advantages of work redesign are enumerated below:

- Work redesign creates right person-job-fit.
- It elevates the organizational productivity.

- It increases employees' on-the-job productivity.
- It improves the quality of work life of the employees.
- It fosters a sense of belongingness in employees and reduces absenteeism and attrition.

Now let us understand the theories of work redesign. Most work redesign activities are guided by one of the *four theoretical approaches* summarized below:

1. *Activation Theory*: When employees are inactive in their work either due to monotony or because of doing repetitive tasks or for some other reasons, their work needs to be redesigned to make them active in the work which is reflected in job rotation. The idea behind the activation theory is that the varied job experiences will arouse the employees from negative low activation to positive activation in the job.
2. *Motivation-Hygiene Theory*: Herzberg's two factor theory (1968) states that job motivators like recognition, achievement, responsibility, advancement and the like motivate the employees to perform better. Whereas the hygiene factors like payment on time, basic amenities at workplace to name a few are the maintenance factors that are necessary to retain employees in the organization. This theory has inspired scholars to redesign job to the satisfaction of employees to increase productivity.
3. *Job Characteristics Theory*: Turner and Lawrence (1965) suggested that individuals would be motivated to perform well when the work is meaningful to them. In such condition they own responsibility for the outcomes. Five job characteristics are specified for creating such conditions - skill variety, task identity, task significance, autonomy and feedback. When job is redesigned on these job characteristics, motivation, satisfaction and performance of employees increase.
4. *Socio-Technical Systems Theory*: The socio-technical systems theory emphasizes the importance of designing entire work systems, in which the social and technical parts are integrated and mutually supportive. (Emery and Trist, 1969). The components of the external environment, cultural values and innovation play an important role here, thus leading to autonomous work groups. These groups are becoming increasingly popular because they share responsibility for carrying out the work.

The important differences between the theories of work redesign are enumerated below:

- While activation theory addresses dysfunctional aspects of work, motivation theory emphasizes motivational factors to enhance productivity.
- Job characteristics approach emphasizes specific diagnostic procedures to optimize the fit between people and their work.



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- Socio-technical systems theory emphasizes the design of work for groups rather than individuals. Activation and motivation theories want the management to identify the problematic aspects of life.
- Though job characteristics theory emphasizes the importance of worker's perceptions, it is only socio-technical systems theory that emphasizes high worker participation.

##### **Example: Microsoft Digital Transformation**

Microsoft achieved hybrid working model by using Microsoft Azure Digital Twins and IoT connected devices to power smart buildings thus enhancing the way employees interact with their spaces with a focus on efficiency and productivity. With Microsoft Dynamics 365 running on Microsoft Azure, they are working together to consolidate all facility management processes and provide the same to their vendors. This serves as an instance of work redesign due to digital transformation at Microsoft in response to Covid-19.

*For details, check out <https://www.microsoft.com/en-us/insidetrack/reinventing-the-employee-experience-at-microsoft> (accessed on 20/5/2022)*

#### **10.6 Management by Objectives (MBO)**

*'Management by objectives works if you know the objectives: 90% of the time you don't.'*

- Peter Drucker

Peter Drucker propounded the concept of Management by Objectives in the 1950s. Management by Objectives (MBO) is a process of setting objectives within an organization so that management and employees agree to the objectives and understand what they need to do in the organization in order to achieve them. The idea behind setting the objectives jointly by management and employees is if the objectives are set by one who performs in concurrence with one who reviews, there will be accountability to work and realization of objectives would be easier.

The objective setting process is a difficult one for most individuals, particularly those who've never been asked to set objectives. The process seems daunting. Setting goals at the employee level that align with company goals is the key. One has to set S.M.A.R.T. objectives:

- *'S' for Specific:* The objectives that are set in order to be effective should be specific. In other words, they should describe specifically the result that is desired. Instead of "better customer service score," the objective should be "improve the customer service score by 12 points using the customer service survey." Here, the objective is very specific.

- *'M' for Measurable:* 'What gets measured gets done'. It is necessary to measure performance to know how much of the set objective is realized. By knowing what is done and what is not done, performance improvement can be achieved.
- *'A' for Achievable:* The next important factor to setting objectives is that they have to be achievable. For instance, an objective which states "100 percent customer satisfaction" isn't realistically achievable. It's not possible to expect that everyone must be 100 percent satisfied with their service. A goal of "12 percent improvement in customer satisfaction" is better.

So objectives need to be set in comparison with the achievability factor. Neither too ambitious objectives nor too pessimistic objectives are any good. Both the managers and employees sit together and discuss this achievability factor before finalizing the objectives.

- *'R' for Realistic:* Realistic objectives are objectives that are true and meaningful. In other words, realistic goals are potentially challenging. They can be accomplished with the tools that the person has at their disposal.
- *'T' for Time-based:* The final factor for a smart objective is that it is time-based. In other words, it's not simply, "improve customer service by 12 percent," it's "improve customer service by 12 percent within the next 12 months."

The essential features of MBO are enumerated below:

- MBO requires increased skills in interpersonal communications and group processes
- MBO includes a real subordinate participation in goal-setting
- Team approach to review targets and achievements is used in MBO
- MBO involves problem solving discussions with superiors
- A win-win climate is created in MBO
- MBO involves integration of personal goals to organizational goals
- In MBO, there is a joint application of a number of principles and techniques and works on an integrative device
- Participation of managers in objective setting and performance reviews is an integral part of MBO
- Product review of performance is an important feature of MBO
- MBO is a system for achieving organizational objectives, enhancement of employees commitment and performance
- Managers are given training in key result areas - profitability, innovation, work performance, financial and physical resources

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### Example: MBO - At Intel

At Intel, management by objectives is called “iMBO,” or “Intel Management by Objectives”. (It refers to the term MBO that has been popularized by Peter Drucker.) Every employee in the office takes part in it, formulating annual and quarterly objectives (which resembles SMART goals) and time-bound milestones to achieve those objectives (term later changed to key results). The said methodology is included in their onboarding course called Intel’s Organization, Philosophy, and Economics, which is attended by all its employees.

*For details, check out <https://www.intc.com/about-intel> (accessed on 2/6/2022)*

## 10.7 Quality Circles

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*“Quality is everyone’s responsibility”*

- W. Edwards Deming

Quality circle is a volunteer group composed of workers, usually under the leadership of their supervisor, who are trained to identify, analyze and solve work-related problems and present their solutions to management in order to improve the performance of the organization, and motivate and enrich the work of employees. The term ‘*quality circles*’ is derived from the concept of PDCA (Plan, Do, Check, Act) circles developed by Dr. W. Edwards Deming.

The quality circle was first introduced in Japan (primarily through Kaoru Ishikawa) as a means of involving employees at every level of the decision making process. There are two main tasks assigned to quality circles, one is the identification of problems and next comes the suggestion of solutions. A secondary aim is to boost the morale of the group through attendance at the meetings and the formal opportunity to discuss work-related issues.

The following points would help us to understand quality circles in a better way:

- Quality circles is a group of usually 8-10 members
- Team or small groups meet to analyze and review working practices with a view to make suggestions for improvement
- Group problem solving and goal setting is an important characteristic of quality circle
- It involves voluntary membership of the people in an informal setting
- The efficiency of the quality circles depends on the expertise knowledge and training that is provided by quality control experts
- They meet regularly at least once in a week

- Quality circles identify problems and propose possible solutions to the problems connected to organizational issues
- The recommendations made by the quality circles are forwarded to top management

Widely used by Japanese firms, quality circles became popular in the United States in the 1980s.

Quality circles also fit well into comprehensive QWL programs. Managers act as facilitators of quality circles with a steering committee, consisting of people from all levels and across all the areas of the organization, typically reviewing proposals, accepting or rejecting them, and allocating resources for implementation.

**Example: Quality Circles at Toyota**

At Toyota, when it was noticed that there were high amounts of concentration variation in the coolant tanks, a team of 12 members was formed to look into the issue and the members suggested the management to take action. This process reduced defects in the machining and also eliminated breakdown problems. This exercise improved the knowledge of the team's members about the issue that they worked on. It also boosted their morale and confidence to do such improvements in their work. These teams that were formed at Toyota serve as an instance for quality circles.

*For details, check out <https://www.forbes.com/sites/forbestechcouncil/nerds-in-the-drivers-seat-why-we-need-to-redefine-leadership-in-a-digital-era/> (accessed on 20/05/2022)*

**Check Your Progress - 1**

1. Which of the following refers to a group of people working independently in self-defined ways, towards a common goal?
  - a. Independent groups
  - b. Self-managed teams
  - c. Self-managed business entities
  - d. Business entities
  - e. Social groups
2. Which of the following theories emphasize on worker's participation?
  - a. Activation theory
  - b. Motivation theory
  - c. Job characteristics theory
  - d. Socio-technical systems theory
  - e. Herzberg theory

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3. Which of the following refers to M in SMART objectives?
    - a. Meaningful
    - b. Motivational
    - c. Major
    - d. Minor
    - e. Measurable
  4. Which of the following refers to a volunteer group composed of workers, usually under the leadership of their supervisor, who are trained to identify, analyze and solve work-related problems and present their solutions to management?
    - a. Quality circles
    - b. Self-managed groups
    - c. Self-managed business entities
    - d. Business entities
    - e. Social groups
  5. Which of the following refers to the process of setting objectives within an organization so that management and employees agree to the objectives and understand what they need to do in the organization in order to achieve them?
    - a. Quality circles
    - b. Self-managed groups
    - c. Management by Objectives
    - d. Business entities
    - e. Social groups
- 

### **10.8 Parallel Learning Structures**

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*“The illiterate of the year 2000 will not be the individual who cannot read and write, but the one who cannot learn, unlearn and relearn.”*

- Alvin Toffler

Robert Grant (2010) describes parallel learning structures as ‘structures directed towards acquiring new knowledge and promoting change, within the formal organizations’. They are designed to foster communication and interaction, but typically involve little specialization or rules.

The features of parallel learning structure have been enlisted below:

- Parallel learning structures enable organizations to manage change and innovation without disrupting formal structures.

- They co-exist with formal bureaucratic structures. They show great promise as a techno-structural intervention to compensate for bureaucratic organizations' inability to learn and adapt.
- They consist of a steering committee to study the changes required and to make recommendations for improvement and monitor the resultant change efforts.
- Parallel learning structures are collateral organizations aimed at planning and guiding change programs. They have representatives from all departments of the organization. In these structures, careful questioning and analysis of goals, assumptions and methods, alternatives and criteria for evaluation are encouraged.
- They are extensively used in a wide variety of change programs like quality of work life, socio-technical systems, work redesign and the like.
- Parallel learning structures deal with complex, non-routine and future – oriented problems to coordinate with formal structures. They have different norms and culture for problem-solving. They have exemplary behavioral patterns which organizations try to imbibe.

**Example: Parallel Learning Systems at Cisco**

Cisco, an American multinational technology conglomerate, has set up a series of autonomous committees comprising members from various divisions and operations to formulate and evaluate strategic actions to help the company deal with contingencies that came up from its competitors in the fast moving IT space. One such instance is when they worked on the Cisco Network Emergency Response Vehicle (NERV) which is a mobile communication center that is designed to establish interoperable communications in emergency situations parallel with the existing system. This serves as an instance of parallel learning structure.

Source: [https://www.cisco.com/c/dam/en\\_us/about/doing\\_business/business\\_continuity/whitepaper\\_NERV.pdf](https://www.cisco.com/c/dam/en_us/about/doing_business/business_continuity/whitepaper_NERV.pdf) (accessed on 20/5/2022)

## 10.9 High Performance Work Structures

There is no consensual definition for high performance organizations. Following are few definitions given in their report on high performance work organizations (HIPO) by Center for Creative Leadership (CCL).

- “Creating flexible, high-performing, learning organizations is the secret to gaining competitive advantage in a world that won’t stand still” (William Pasmore, Creating Strategic Change: Designing the Flexible, High performing Work Organization, 1994, p. ix).
- “Flexible or lean manufacturing methods and associated employment-relation practices” (Jeffrey Pfeffer, “When it comes to ‘best practices’—Why do smart organizations occasionally do dumb things?” Organizational Dynamics, Summer 1996, p. 35).

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- “Self-managed teams and decentralization of decision making as the basic principles of organizational design” (Jeffrey Pfeffer, “Seven practices of successful organizations,” *California Management Review*, 1998, p. 96 [see annotation on page 22])
- “Employee involvement, participative management, democratic management, and total quality management . . .” (Edward Lawler, Susan Mohrman, and Gerald Ledford, Jr.).
- *Creating High Performance Organizations: Practices and Results of Employee Involvement and Total Quality Management in Fortune 1000 Companies*, 1995, p. 1 [“extraordinary capable people, working in teams, equipped with proper technology, focused on satisfying the customer and improving work processes”] (Joseph White, “Developing leaders for the high-performance workplace,” *Human Resource Management*, 33:1, 1994, p. 162).

From these definitions and reading of the HIPO literature, five dimensions or components of the HIPO are identified:

- Self-managing work teams
- Employee involvement, participation, empowerment
- Total quality management
- Integrated production technologies; and
- The learning organization.

CCL after analyzing these definitions and components of HIPO formulated their own definition which reads:

- ‘HIPO is probably best defined as an organizational system that continually aligns its strategy, goals, objectives, and internal operations with the demands of its external environment to maximize organizational performance. Thus, it is not so much what a HIPO is but what a HIPO does—continually and dynamically adjusting to its environment’.

The purpose of techno-structural interventions is to improve work content, work method and relationships among workers and to lower costs with more efficient technology. This is what is seen in high performance work structures.

#### **Example: High Performance Work Systems at TCS**

CHROMA is TCS’ cloud-based talent management solution for the increasingly vibrant, diverse, and highly mobile workforce. CHROMA brings in next-generation employee experience by enabling enterprises

*Contd....*

to rapidly adopt HR best practices, foster collaboration, effectively manage talent through intelligent forecasting for future staffing needs, intelligent hiring, seamless onboarding, continuous feedback driven performance, anytime anywhere learning, flexible compensation, simplified claims management and effective leadership development. This serves as an instance for high performance work systems at TCS.

*For details, check out <https://www.tcs.com/content/dam/tcs/pdf/Chroma/chroma-talent-management.pdf> (accessed on 20/05/2022)*

### 10.10 Downsizing

Organizational downsizing represents the strategic curtailment of a firm's workforce to cut down the labor costs, elevate profitability, and in times of severe economic shock (e.g., recession), to prevent organizational collapse. Reduction in manpower is done when organizations find surplus manpower and demand for their products/services is low. This intervention reduces cost and bureaucracy by decreasing the size of the organization through personnel layoffs, organization redesign and outsourcing. Each of these downsizing methods must be planned with a clear understanding of the organization's strategy.

Companies resort to lay-off, sometimes temporarily and some other times permanently to reduce the financial burden.

#### Example: Employee Layoffs at Uber

In 2020, Uber announced layoff of 3,500 front-line customer employees which represents 14% of its workforce due to trip volume reduction and not enough work for many front-line customer support employees with the onset of Covid-19. This serves as an instance for downsizing.

*For details, check out <https://www.forbes.com/sites/jackkelly/2020/05/13/uber-lays-off-3500-employees-over-a-zoom-call-the-way-in-which-a-company-downsizes-its-staff-says-a-lot-about-the-organization> (accessed on 22/5/2022)*

### 10.11 Re-engineering

Business process re-engineering (BPR) is the analysis and redesign of workflow within and between enterprises. The concept of BPR began when it was used as a private sector technique to help organizations fundamentally rethink how they do their work in order to dramatically improve customer service, cut operational costs, and become world-class competitors.

A key stimulus for re-engineering has been the continuing development and deployment of sophisticated information systems and networks. Hammer &



#### **Block 4: Structural and Strategic Interventions**

Champy (1993) defined the process of reengineering as “the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed.”

Hammer and Champy felt that the design of workflow in most of the large corporations was based on assumptions about technology, people, and organizational goals that were no longer valid. They suggested seven principles of reengineering to streamline the work process and thereby achieve significant levels of improvement in quality, time management, and cost. The same have been enlisted below:

- Outcomes need to be organized, not tasks.
- All the processes in an organization should be identified and prioritized in order of redesign urgency.
- The information processing work needs to be integrated into the real work that produces the information.
- The geographically dispersed resources need to be treated as though they were centralized.
- Not just the results but the parallel activities in the workflow also needs to be integrated.
- The decision point needs to be put at a place where the work is performed.
- There is a need to build control into the process.

Business process re-engineering involves the radical redesign of core business processes to achieve dramatic improvements in productivity, cycle times and quality. In business process reengineering, companies start with a blank sheet of paper and rethink existing processes to deliver more value to the customer.

They typically adopt a new value system that places increased emphasis on customer needs. Companies reduce organizational layers and eliminate unproductive activities in two key areas. First, they redesign functional organizations into cross-functional teams. Second, they use technology to improve data dissemination and decision making.

Companies use business process re-engineering to improve performance substantially on key processes that impact customers. Business process reengineering can:

- *Reduce costs and cycle time:* Business process re-engineering reduces costs and cycle times by eliminating unproductive activities and the employees who perform them. Reorganization by teams decreases the need for management layers, accelerates information flows, and eliminates the errors and rework caused by multiple handoffs.

- *Improve quality:* Business process re-engineering improves quality by reducing the fragmentation of work and establishing clear ownership of processes. Workers gain responsibility for their output and can measure their performance based on prompt feedback. (Bain Publications).

Companies should, therefore be cautious while applying BPR and should not drift from customer focus.

Exhibit 10.1 illustrates the business process reengineering at Honeywell.

**Exhibit 10.1: Business Process Reengineering at Honeywell**

When Honeywell, manufacturers of aerospace and automotive products, identified that lack of teamwork and authority attributed to high rejection ratio of produced parts at one of their industrial automation and control business units in Phoenix, they then decided to completely redesign their production process.

The business process reengineering included the following activities:

- They mapped the processes within the organization and communicated the inefficiencies to the employees.
- They stopped the production process completely for some time and introduced training program instead.
- The training programs were introduced to make the employees aware of the new production system which was aimed to reduce the defects and cycle time as well.
- To encourage team-work, compensation based on team performance was introduced.
- The new pay system rewarded workers based on the overall production output in the Arizona plant.
- Moreover, instead of assigning workers to specific areas on the floor, teams of multi-skilled employees were charged with building entire products or modules from start to finish.

These two advancements reinforced teamwork and total quality management throughout the organization and defects and cycle time was reduced at Honeywell.

Source: <https://workflowautomation.net/business-process-reengineering> (accessed on 28/5/2022)

**Activity 10.1**

Visit the website of any IT company of your choice. Identify how their processes have been restructured to adapt to the hybrid model post the onset of Covid-19.

#### Block 4: Structural and Strategic Interventions

**Answer:**

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#### **Check Your Progress - 2**

6. Which of the following are collateral organizations aimed at planning and guiding change programs?
  - a. MBO
  - b. Self-managed teams
  - c. Parallel learning structures
  - d. Quality circles
  - e. High Performance Teams
7. Which of the following continually aligns its strategy, goals, objectives, and internal operations with the demands of its external environment to maximize organizational performance?
  - a. MBO
  - b. Self-managed teams
  - c. Parallel learning structures
  - d. Quality circles
  - e. High Performance Teams
8. Which of the following refers to the analysis and redesign of workflow within and between enterprises?
  - a. Re-engineering
  - b. Self-managed teams
  - c. Parallel learning structures
  - d. Quality circles
  - e. High Performance Teams

9. Which of the following refers to the intervention that reduces cost and bureaucracy by decreasing the size of the organization through personnel layoffs?
    - a. Re-engineering
    - b. Self-managed team development
    - c. Parallel learning structures development
    - d. Downsizing
    - e. High Performance Teams
  10. Which of the following is the characteristic of bureaucratic structures?
    - a. Parallel learning structure
    - b. More number of levels
    - c. High performance teams
    - d. Self-managed teams
    - e. Management by objectives
- 

### **10.12 Summary**

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- Socio-technical systems are based on the assumption that effectiveness of work systems must jointly optimize the relationship between their social and technical parts and must effectively manage the boundary separating and relating them to the environment.
- Self-managed teams can be understood as working independently in self-defined ways, towards a common goal as defined by business needs without managerial control.
- Self-managed teams help in improving productivity, quality, service, ensures greater flexibility to adapt to technological changes and improve employee commitment along with effective attraction and retention of talent.
- Developing self-managed teams is a time-consuming process and may pose challenges in terms of personality and behavior conflict.
- Work redesign refers to activities that involve the alteration of specific jobs with the intent of improving both productivity and the quality of employee work experience. Job redesign, job enlargement and job enrichment are closely related terms to characterize work redesign.
- The theoretical approaches to work redesign are activation theory, motivation-hygiene theory, job characteristics theory and socio-technical systems theory.

#### **Block 4: Structural and Strategic Interventions**

- Management by objectives is the process of defining specific objectives within an organization that management can convey to organization members and then deciding how to achieve each objective in sequence.
- Quality circle is a volunteer group composed of workers, usually under the leadership of their supervisor, who are trained to identify, analyze and solve work-related problems and present their solutions to management in order to improve the performance of the organization, and motivate and enrich the work of employees.
- Parallel learning structures are directed towards acquiring new knowledge and promoting change, within the formal organizations. They are designed to foster communication and interaction, but typically involve little specialization or rules.
- The purpose of techno-structural interventions is to improve work content, work method and relationships among workers and to lower costs with more efficient technology. This is what is seen in high performance work structures.
- Reduction in manpower is done when organizations find surplus manpower and demand for their products/services is low. This intervention reduces cost and bureaucracy by decreasing the size of the organization through personnel layoffs, organization redesign and outsourcing.
- Business process re-engineering involves the radical redesign of core business processes to achieve dramatic improvements in productivity, cycle times and quality.

#### **10.13 Glossary**

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**Activation Theory:** When employees are inactive in their work either due to monotony of work, or for doing repetitive tasks or for some other reasons, their work need to be redesigned to make them active in the work which is reflected in job rotation.

**Business Process Reengineering (BPR):** Business process reengineering is the analysis and redesign of workflow within and between enterprises.

**Downsizing:** Reduction in manpower is done when organizations find surplus manpower and when demand for their products/services is low.

**Job Characteristics Theory:** Turner and Lawrence (1965) suggest that individuals will be motivated to perform well when the work is meaningful to them.

**Management by Objectives (MBO):** Management by Objectives is a process of defining objectives within an organization so that management and employees agree to the objectives and understand what they need to do in the organization in order to achieve them.

**Parallel Learning Structures:** Parallel learning structures are collateral organizations aimed at planning and guiding change programs.

**Quality Circle:** Quality circle is a volunteer group composed of workers, usually under the leadership of their supervisor, who are trained to identify, analyze and solve work-related problems and present their solutions to management in order to improve the performance of the organization.

**Self-managing Team:** A self-managing team is a group of employees working together who are accountable for all or most aspects of their task.

**Socio-Technical Systems (STS):** Work systems that jointly optimize the relationship between their social and technical parts are called socio-technical systems.

**Socio-Technical Systems Theory:** The Socio-Technical systems theory emphasizes the importance of designing entire work systems, in which the social and technical parts are integrated and mutually supportive.

**Work Redesign:** Work Redesign refers to activities that involve the alteration of specific jobs with the intent of improving both productivity and the quality of employee work experience.

#### 10.14 Self-Assessment Test

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1. Define self-managed teams. Enumerate the advantages and challenges of self-managed teams.
2. Explain the theories associated with work redesign.
3. Discuss with suitable examples the SMART objectives of MBO.
4. Recall high performance organization and enlist their dimensions.
5. Examine layoff as a downsizing process in organizations.

#### 10.15 Suggested Readings/Reference Material

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1. Julie Hodges (2020). Organization Development: How Organizations Change and Develop Effectively, 1<sup>st</sup> edition, Springer Publisher.
2. Thomas G. Cummings, Christopher G. Worley (2020). Organization Development and Change, 11<sup>th</sup> edition, Cengage Learning.
3. Donald L Anderson (2021). Organization Development: The Process of Leading Organizational Change, 5<sup>th</sup> edition.
4. Mee-Yan\_Cheung Judge, Linda Holbeche (2021). Organization Development: A Practitioner's Guide for OD and HR, 3<sup>rd</sup> edition, Kogan Page.
5. Ishwar Dayal (2021). Handbook of Organization Development: Ways to Remain Competitive, 1<sup>st</sup> Edition, Ane Books Pvt. Ltd.

## **Block 4: Structural and Strategic Interventions**

### **10.16 Answers to Check Your Progress Questions**

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**1. (b) Self-managed teams**

Self-managed teams can be understood as working independently in self-defined ways, towards a common goal as defined by business needs without managerial control.

**2. (d) Socio-technical systems theory**

Work systems that jointly optimize the relationship between their social and technical parts are called socio-technical systems.

**3. (e) Measurable**

In SMART objectives, 'M' stands for measurable. It is necessary to measure performance to know how much of the set objective is realized.

**4. (a) Quality circles**

Quality circles are teams or small groups that meet to analyze and review working practices with a view to make suggestions for improvement.

**5. (c) Management by Objectives**

Management by objectives is the process of defining specific objectives within an organization that management can convey to organization members and then deciding how to achieve each objective in sequence.

**6. (c) Parallel learning structures**

Parallel learning structures are directed towards acquiring new knowledge and promoting change, within the formal organizations.

**7. (e) High performance teams**

High performance teams continually align their strategy, goals, objectives, and internal operations with the demands of the external environment to maximize organizational performance.

**8. (a) Re-engineering**

The analysis and redesign of workflow within and between enterprises is called as re-engineering.

**9. (d) Downsizing**

This intervention that reduces cost and bureaucracy by decreasing the size of the organization through personnel layoffs is called downsizing.

**10. (b) More number of levels**

Bureaucratic structures are characterized by more number of levels.

## Unit 11

# Strategic Interventions

### Structure

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- 11.1 Introduction
- 11.2 Objectives
- 11.3 Strategic Planning – Vision, Mission & Goal
- 11.4 Quality Work Life
- 11.5 Sensitivity Training
- 11.6 Survey Feedback
- 11.7 Process Consultation
- 11.8 Summary
- 11.9 Glossary
- 11.10 Self-Assessment Test
- 11.11 Suggested Readings/Reference Material
- 11.12 Answers to Check Your Progress Questions

*“Strategy is about making choices, trade-offs; It’s about deliberately choosing to be different.”*

- Michael Porter

### 11.1 Introduction

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As has been propounded by Michael Porter, in today’s changing and highly competitive environment, organizations need to address strategic issues that are critical to organization development. Strategic interventions involve a deliberate attempt to move organizations towards a more effective state and improve performance. In the previous unit, the impetus was on socio-technical systems and self-managed teams. The other important interventions that were discussed were work redesign, management by objectives, quality circles, parallel learning structures and high performance work structures.

The important strategic issues that were taken up for discussion in this unit are: quality work life, sensitivity training, survey feedback and process consultation. These strategic interventions help organizations in improvement in performance and effectiveness. While quality of work life aims at enhancing the professional as well personal lives of employees, sensitivity training helps individuals towards better relationships with others. Similarly, survey feedback intervention is an informational and efficient technique for fostering organizational effectiveness and



## **Block 4: Structural and Strategic Interventions**

process consultation intervention focuses on interpersonal relations and social dynamics occurring in work groups.

### **11.2 Objectives**

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After studying this unit, you will be able to:

- Explain the processes of strategic planning and strategic management
- Define quality of work life
- Illustrate strategic interventions
- Describe the importance of strategic interventions during organizational change and development

### **11.3 Strategic Planning – Vision, Mission & Goal**

---

Change is an essential component of strategic planning. This involves moving the organization towards a planned deliberate and focused effort to improve business or organization growth. Mission and vision statements are important to communicate the purpose and scope of operations of the organization. Let us understand them in detail:

*Vision statement:* Vision statement includes organization values. Vision statement gives direction for employee behavior and provides inspiration.

*Mission statement:* Mission statement clarifies the purpose and measurable objectives of the organization. Strategic plans may involve changing the mission statement to reflect a new direction of the organization. Highlighting the benefits of the change and minimizing the deficits will help employees and the public buy into the change.

*Strategic Management:* A strategic plan documents organizations' goals and the actions needed to achieve those goals. Strategic management is the process of setting goals, procedures and objectives in order to make the organization more competitive. It tries to systematically coordinate and align resources and actions with mission, vision and strategy throughout an organization.

Strategic management activities transform the static plan into a system that provides strategic performance feedback to decision making and enables the plan to evolve and grow as per the changes in the internal and external environment.

Now let us understand the steps involved in strategic planning and management:

There are many different frameworks and methodologies for strategic planning and management. The commonly followed framework comprises of the following:

- *Analysis or assessment*, where an understanding of the current internal and external environments is developed

- *Strategy formulation*, where strategy is developed and documented
- *Strategy execution*, where the formulated strategy is implemented
- *Strategy evaluation and control*, where the strategy is monitored and if any deviations are found, the necessary corrective action is taken

Strategic management process is most often described as a rational and analytical one. The process consists of the following activities:

### **11.3.1 Environmental Scanning Threats and Opportunities Analysis**

This involves analyzing each threat and opportunity according to its time frame (i.e. short-term or long-term). Significance and likelihood of occurrence can help to focus on the most important threats and opportunities. In identifying threats and opportunities in the organizations' environment, three questions need to be kept in mind:

- Which threats are critical and how can they be avoided to turn into opportunities?
- Which opportunities are critical and must be exploited?
- Which threats and opportunities are short-term and which are long-term?

### **11.3.2 Organizational analysis mission, strength and weakness analysis**

An organizational analysis begins with an analysis of how the organization is performing and why. It gives a board statement about purpose, philosophy and goals, which guides executive actions by evaluating the strengths and weakness of the organization (Refer to Exhibit 11.1).

### **11.3.3 Strategic goal setting**

This involves setting up of specific, measurable, achievable, relevant long-term goals. Fixing annual objectives in line with long-term objectives as well as specifying functional strategies consistent with the grand strategy is undertaken at this stage. Goals are the ends toward which activity is aimed.

### **11.3.4 Strategy implementation**

This phase involves formulating effective policies or operating procedures to direct the actions for implementing the strategy. It includes allocation of necessary resources in terms of time, effort, money and material. Further, it involves having effective leadership and communication mechanism for successful implementation of the strategy.

### **11.3.6 Strategy Evaluation and Control**

This includes monitoring the implementation of the strategy and take corrective actions to ensure the success of the strategy. Strategic control can be done at individual level as well as the group level.

#### Block 4: Structural and Strategic Interventions

As the business environment is not static, strategic management process is a continuous activity for the firm to combat competition and exploit the opportunities available so as to have competitive advantage.

##### **Exhibit 11.1: SWOT Analysis of Coca-Cola**

Coca-Cola can rebuild its strategies considering opportunities and look for business expansion and long lasting market stability along with adaption to the new technologies by extensive organizational and environmental analysis.

The strengths and weaknesses are the organizational factors and the opportunities and threats are the environmental factors. The same have been enumerated below:

##### *Strengths:*

- Global presence of the company is its biggest strength.
- The company has the most robust supply chain and delivers a product in the remotest places.
- It associates with celebrity brand ambassadors for advertising and marketing.
- The company performs CSR activities in water conservation, education, health, and recycling and has an association with international sports events and sponsorship which adds to its brand image.

##### *Weaknesses:*

- Unlike its competitors like PepsiCo, the company has not yet initiated a food business. The focus is primarily on beverages.
- Though the company has a wide variety of brands, it is primarily dependent on Sprite and Coca-Cola brands.
- The company faced flak for water management issues and exploiting groundwater even in water-scarce regions.

##### *Opportunities:*

- Diversification of product portfolio in snacks and health drinks segments may help the company.

##### *Threats:*

- Growing health consciousness among the youth may affect sales of aerated drinks.
- Government regulations is making sourcing raw materials difficult for the company.
- Strong competitors like PepsiCo, Nestle, Lipton to name a few are giving a tough fight to the company.

Source: <https://www.edrawmax.com/article/coca-cola-swot-analysis.html> (accessed on 2/6/2022)

## 11.4 Quality of Work Life (QWL)

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In today's dynamic business environment, organizations face tremendous stress due to several reasons. Organizations have to roll out interventions to reduce stress and improve quality of work life of employees. The term 'quality of work life' applies to a wide variety of organizational improvement efforts. The objective of quality of work life is to identify and implement alternate programs, aimed at enhancing the quality of professional as well as personal lives of employees by satisfying their economic, social and psychological needs.

While the components of QWL vary from one organization to the other, several features tend to be common. These factors include:

- Harmonious industrial relations
- Focus on work teams
- Problem solving sessions with an agenda to include productivity, quality and safety problems
- Autonomy in planning work
- Availability of skill training
- Increased responsiveness to employees by supervision

Implementation of these programs results in enhanced productivity, and level of satisfaction and morale of employees.

### **Example: Fit4Life - To Improve Quality of Work Life at TCS**

One of the value propositions of TCS is "Maitree" which means camaraderie. In an effort to promote the same and improve the quality of work life, TCS strives in making the workplace a positive and enjoyable place with fun and vibrant culture. An initiative towards this is the launch of an app called Fit4Life to help encourage health and wellness through technology. The app tracks employees' physical activity and allows them to compete in challenges for charity or compare themselves against their colleagues.

*For details, check out Nupur Singh Mallick: Unlocking the secrets of employee engagement, 2020 <https://engageforsuccess.org/case-studies/unlocking-secrets-employee-engagement/>*

## 11.5 Sensitivity Training

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One of the popular techniques in OD is sensitivity training. It is a method of changing behavior through unstructured group interaction. Sensitivity training is sought to help individuals towards better relationships with others. The primary focus is on reducing interpersonal friction.

#### **Block 4: Structural and Strategic Interventions**

In sensitivity training, the actual technique employed is T-group. It is small group of 10 to 12 people, assisted by a professional behavioral scientist who acts as a catalyst and trainer for the group. There is no specified agenda. The behavioral scientist merely creates opportunity for group members to express their ideas and feelings freely.

Since the trainer has no leadership role to play, the group must work out its own methods of proceeding.

A leaderless and agenda-free group session is on. They can discuss anything they like. Individuals are allowed to focus on behavior rather than on duties. As members engage in dialogue, they are encouraged to learn about themselves as they interact with others. Such trainings help minimize faulty decisions.

It is conducted by creating an experimental laboratory situation in which employees are brought together, in groups, to interact in an unstructured environment. The members are encouraged to interact with new members and new individual behaviors.

The objectives of sensitivity training have been enumerated below:

- Sensitivity training helps people to understand themselves better.
- It creates better understanding about others.
- It helps in gaining insight into the group process.
- It helps in developing specific behavioral skills.

Sometimes, the trainer introduces certain planned activities involving one or two professional trainers set in with each group. The emphasis in this training is not upon learning specific facts but upon gaining understanding of feelings, gestures, attitudes and emotions, i.e. sensitivity to oneself and others.

Another type of group is encounter group. These groups involve unstructured small group interaction under stress in a situation that requires people to become sensitive to one another feelings in order to develop group activity. These groups seek to improve understanding of self and others, group process, culture and general behavior skills.

#### **Example: Sensitivity Training at TCS**

At TCS, sensitivity training begins right when people walk in on their first day at the Global Deliver Centre with associates attending a cultural workshop as part of their induction program. Here, they get an idea about the kind of teams and cultures they will work with, and how to avoid stereotyping their colleagues.

*Contd....*

This training doesn't stop with the new recruits – all team leaders are coached in managing diverse teams, dealing with people issues, and resolving conflicts. There is an additional layer of training extended to client-facing teams, helping them better understand cultural nuances.

*For details, check out <https://www.tcs.com/celebrating-cultural-diversity> (accessed on 31/5/2022)*

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### **Check Your Progress - 1**

1. Which of the following refers to the statement that helps in understanding the values of the organization?
  - a. Vision
  - b. Mission
  - c. Goals
  - d. Objectives
  - e. Strategies
2. Which of the following refers to the statement that clarifies the purpose and measurable objectives of the organization?
  - a. Vision
  - b. Mission
  - c. Goals
  - d. Objectives
  - e. Strategies
3. Which of the following refers to enhancing the quality of professional as well as personal lives of employees?
  - a. Survey feedback
  - b. Quality work life
  - c. Strategic planning
  - d. Sensitivity training
  - e. Laboratory training
4. Which of the following involves changing behavior through unstructured group interaction?
  - a. Survey feedback
  - b. Group dynamics
  - c. Strategic planning
  - d. Sensitivity training
  - e. Strategic training

#### **Block 4: Structural and Strategic Interventions**

5. Which of the following refer to the organizational factors?
- Strengths
  - Opportunities
  - Threats
  - Competitors
  - Regulatory authorities
- 

### **11.6 Survey Feedback**

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The survey feedback intervention of OD is well-organized and systematic approach that is derived from a long and sound tradition of attitude measurement and survey research. It is an informational and efficient technique for fostering organizational effectiveness. Survey feedback is a tool where all the members in the organization participate in the data collection and jointly do action planning for organization development.

Earlier in this course, we have discussed survey feedback as a human process intervention. Let us now understand survey feedback as a strategic OD intervention.

The steps involved in survey feedback, according to research at the Institute for Social Research at the University of Michigan are:

- It starts with preliminary planning by the organization members at the top of the hierarchy.
- The next step involves collecting the necessary data.
- Feedback to the top executive team and then down through the hierarchy referred to as 'interlocking chain of conferences' involves the third step.
- The next step involves data discussions where superiors ask the subordinates to interpret the data and plans are made for making constructive changes.

In this process the consultant helps the superiors by acting as a resource person.

In survey feedbacks, information is gathered through comprehensive questionnaires and feedback is given to the clients. Based on that, action plans are prepared jointly. Then comes the step of 'Follow-up' so as to ascertain whether action plans are implemented or not.

Survey feedbacks can be used as a tool when an organization wants to bring changes in its structure or policies or framework. When a company is in losses, the company conducts surveys and brings strategic changes to transform the company from a loss making company to a profit oriented company. Survey feedback is considered to be an effective change technique in OD.

**Example: SAP Success Factors Human Experience Management (HXM) Suite for Survey Feedback**

SAP SuccessFactors Human Experience Management (HXM) Suite, an employee experience management solution, helps managers and HR leaders to continuously listen to employees and take insight-based actions to improve employee experience and engagement. These capabilities seamlessly integrate with SAP SuccessFactors HXM Suite so that the company can automatically trigger feedback assessments and take action within the flow of work. This facilitates in survey feedback.

*For details, check out <https://www.sap.com/india/products/human-resources-hcm/employee-experience-management> (accessed on 1/6/2022)*

### 11.7 Process Consultation

Some interventions have multiple targets and multiple uses, and thus appear in several places, examples of which are process consultation and survey feedback. Earlier in this course, we have discussed them under human process interventions, now let us try to understand them as strategic interventions.

Process consultation has its roots in the notion of ‘Group Dynamics’ developed by Kurt Lewin. Derived from the concept of action research, process consultation is a technique for observation and intervention in group processes with the objective of enhancing the effectiveness of its outcomes.

Professor Edgar Schein popularized the concept of process consultation and viewed it as ‘a set of activities on the part of the consultant that help the client to perceive, understand and act upon the process events that occur in the client’s environment in order to improve the situation’.

*Organization development and the process of change:* OD is a planned process of change in an organization’s system or sub-system. It normally draws upon behavioral science technology and organizational theory. It usually has an impact on the entire organization.

Now let us understand process consultation in the context of organization change:

Process consultation is undertaken by an outside consultant to assist the client to deal with problems like work- flow, informal relationships and formal communication channels. Process consultation is similar to sensitivity training. Both the interventions deal with the interpersonal problems which in turn improves the organizational effectiveness.

Organizational system specifies the channels of communication, which helps the people to know whether they can communicate only through hierarchy or horizontally or both. A manager has to pay attention to the process by which the communication takes place. The manager has to understand whether people understand each other and are friendly with each other.



#### Block 4: Structural and Strategic Interventions

The following points would help us to understand process consultation better:

- Process consultation requires a combination of skills in establishing helping relationships, knowing what kinds of processes to look for in organizations, and intervening in a way to improve organizational process. In process consultation, consultant works with the managers, individuals and groups in the system to develop their process skills that is diagnose, understand and resolve process related problems.
- Process consultation involves sensitizing the individuals involved about issues such as how people get along with each other, how conflicts are resolved, styles of interaction among departments and so on. The members of the organization are made aware of organizational processes that enhance and obstruct their effectiveness.
- The organization members learn how to bring about necessary changes so that the organization becomes a more effective system.
- The process consultant need not be an expert in solving the problems. The consultant should be able to diagnose and help in developing a relationship.

##### **Example: Process Consultation at Microsoft Digital**

When Microsoft Digital implemented its new business intelligence reporting solution MSX Insights (MSXi), the consultant along with the project team had to address the change management by running cycles of communications, training and reinforcement of the new framework, process and structure. There were structured feedback channels in place for every audience. The implementation of the MXSi in Microsoft Digital was addressed by providing the necessary support and facilitation in terms of technical training and communication. This serves as an instance for process consultation.

*For details, check out Serah Delaini; How Microsoft Used Change Management Best Practices to Launch a New Business Intelligence Platform; Microsoft.com; August 19, 2021 <https://www.microsoft.com/insidetrack/blog/how-microsoft-used-change-management-best-practices-to-launch-a-new-business-intelligence-platform/> (accessed on 01/6/2022)*

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#### **Check Your Progress - 2**

6. Which of the following types of problems are solved by process consultation?
- Individual
  - Interpersonal
  - Personal
  - Dysfunctional
  - Functional
-

## 11.8 Summary

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- Vision statement includes organization values. Vision statement gives direction for employee behavior and provides inspiration.
- Mission statement clarifies the purpose and measurable objectives of the organization.
- Strategic management is the process of setting goals, procedures and objectives in order to make the organization more competitive. It tries to systematically coordinate and align resources and actions with mission, vision and strategy throughout an organization.
- Strategic management process involves strategy formulation, strategy implementation and strategy evaluation and control.
- Strengths and weaknesses are organizational factors whereas opportunities and strengths are external environmental factors.
- The objective of quality of work life is to identify and implement alternate programs, aimed at enhancing the quality of professional as well as personal lives of employees by satisfying their economic, social and psychological needs.

## 11.9 Glossary

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**Mission:** Mission statement clarifies the purpose and indicates measurable objectives of the organization.

**Process consultation:** Process consultation is a technique for observation and intervention in group processes with the objective of enhancing the effectiveness of its outcomes.

**Quality of work life:** The term 'quality of work life' applies to a wide variety of organizational improvement efforts with the objective of identifying and implementing alternate programs that are aimed at enhancing the quality of professional as well as personal lives of employees by satisfying their economic, social and psychological needs.

**Sensitivity training:** It is a method of changing behavior through unstructured group interaction. Sensitivity training is sought to help individuals in developing better interpersonal relationships.

**Strategic management:** It is a comprehensive collection of ongoing activities and processes that are used by the organizations to systematically coordinate and align resources and actions with mission, vision and strategy throughout an organization.

**Survey feedback:** It is an informational and efficient technique for fostering organizational effectiveness. Survey feedback is a tool where all the members in the organization participate in the data collection and jointly do action planning for organization development.

**Vision:** Vision statement describe the organization's values.

## **Block 4: Structural and Strategic Interventions**

### **11.10 Self-Assessment Test**

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1. Explain the rational and analytical activities of strategic management process.
2. Describe quality of work life with suitable examples.
3. Enumerate the objectives of sensitivity training.
4. Analyze the importance of survey feedback intervention in organization development.
5. Appraise process consultation as a strategic OD intervention.

### **11.11 Suggested Readings/Reference Material**

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1. Julie Hodges (2020). Organization Development: How Organizations Change and Develop Effectively, 1<sup>st</sup> edition, Springer Publisher.
2. Thomas G. Cummings, Christopher G. Worley (2020). Organization Development and Change, 11<sup>th</sup> edition, Cengage Learning.
3. Donald L Anderson (2021). Organization Development: The Process of Leading Organizational Change, 5<sup>th</sup> edition.
4. Mee-Yan\_Cheung Judge, Linda Holbeche (2021). Organization Development: A Practitioner's Guide for OD and HR, 3<sup>rd</sup> edition, Kogan Page.
5. Ishwar Dayal (2021). Handbook of Organization Development: Ways to Remain Competitive, 1<sup>st</sup> Edition, Ane Books Pvt. Ltd.

### **11.12 Answers to Check your Progress Questions**

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#### **1. (a) Vision**

Vision statement outline the values of the organization.

#### **2. (b) Mission**

Mission statement talks about the purpose of the organization.

#### **3. (b) Quality of work life**

Quality of work life enhances the quality of professional as well as personal lives of the employees.

#### **4. (d) Sensitivity training**

Sensitivity training involves changing behaviour through unstructured group interaction.

#### **5. (a) Strengths**

Strengths and weaknesses are the organizational factors whereas opportunities and threats are environmental factors.

#### **6. (b) Interpersonal**

Process consultation is used to solve interpersonal problems.

## Unit 12

# Strategic Change Interventions

### Structure

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- 12.1 Introduction
- 12.2 Objectives
- 12.3 Transformational Change Interventions
- 12.4 Continuous Change Interventions
- 12.5 Trans-organizational Change Interventions
- 12.6 Summary
- 12.7 Glossary
- 12.8 Self-Assessment Test
- 12.9 Suggested Reading/Reference Material
- 12.10 Answers to Check Your Progress Questions

*“There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things.”*

– Niccolo Machiavelli

### 12.1 Introduction

---

As has been propounded by Niccolo Machiavelli, the complexities of organizational change can be reduced with business strategies and organizational systems being changed together in response to external and internal disruptions. Strategic change interventions come handy in the process of achieving the same. In the previous unit, we have discussed the strategic issues that are important for organization development including quality of work life, sensitivity training, survey feedback and process consultation.

This unit discusses strategic change interventions comprising transformational change interventions, continuous change interventions and trans-organizational change interventions that include mergers and acquisitions, strategic alliances and network organizations.

### 12.2 Objectives

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After studying this unit, you will be able to:

- Explain the types and characteristics of strategic change interventions
- Analyze the role of transformational changes in organization development

#### **Block 4: Structural and Strategic Interventions**

- Elucidate how organizations change
- Describe the interventions that move beyond single organizations with multi-organization linkages

### **12.3 Transformational Change Interventions:**

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Transformational change interventions help organizations to transform themselves. These changes can occur at any level in the organization, but they aim to change the total system. These changes are associated with significant changes in organizations' environment or technology or business strategy leading to changes in organizational culture.

Such fundamental changes involve qualitatively different ways of operating involving senior executives. They sometimes bring revolutionary changes, including changes in organization strategy, design elements and culture. The change process is characterized by a considerable innovation as members find new ways of improving the organization.

**Characteristics of Transformational Change:** The following are the characteristics:

- Transformation implies radical changes and the transformational changes take place when organizations experience or anticipate severe threat to their survival.
- Transformational change is concerned with the choices that the organizations make to improve their competitive performance.
- Transformational changes are systemic and revolutionary because the entire nature of the organization is altered fundamentally.
- Transformational changes involve second order or gamma type of changes. Gamma change involves discontinuous shifts in mental or organizational frameworks.
- In transformational change, senior executives and line management take active role. They envision, energize and enable the participants.
- Transformational change requires learning and innovation.

Exhibit 12.1 illustrates about the transformational changes that are triggered by environmental disruptions due to the advent of Covid-19.

#### **Exhibit 12.1: Transformational Change Triggered by Covid-19**

The COVID-19 pandemic has altered how businesses world-over operate. Experiencing a massive transformation and pivoting to a new direction was and is the only way for companies to survive and grow.

*Contd....*

The following instances illustrate how advent of Covid-19 forced business transformation:

- With an unmatched drop in commercial passengers, airlines have canceled up to 90% of their scheduled flights. Large airlines like Virgin Atlantic, Lufthansa, United and American Airlines, among others, were instead switching to cargo-only flights. The airlines used the empty passenger cabins to transport much-needed items, including grocery items and healthcare provisions.
- Red Roof hotels started offering day rates for remote workers with tariff as low as \$29 a day at some locations to ensure that remote workers can have private access to a hotel room turned office suite with fast internet and a quiet atmosphere.
- Amidst Covid-19, essential workers emerging as the superheroes, Mattel Inc, an American multinational toy company unveiled a new line of Fisher-Price action figures that feature delivery drivers, grocery store workers and healthcare professionals.
- Cruise, the autonomous car division of General Motors, brought its self-driving cars out of dormancy to make food deliveries around San Francisco for local food banks.
- With their physical locations closed, Orange Theory, Planet Fitness and 24 Hour Fitness started live-streaming exercise classes and releasing at-home workout plans. Fitness apparel company Under Armour hosted a 30-day Healthy at Home fitness challenge to encourage customers to stay active. With everyone exercising at home, technology keeps the gyms connected to customers.

Source: <https://www.forbes.com/sites/blakemorgan/2020/05/01/10-examples-of-how-covid-19-forced-business-transformation/?sh=46280791be35> (accessed on 10/6/2022)

Transformational changes generally involve changes in strategy or organization design and organization culture. Let us discuss in detail the three types of transformational change interventions: integrated strategic change, organization design and culture change.

### 12.3.1 Integrated Strategic Change

Strategic change is a comprehensive integrated intervention for responding to complex and uncertain environmental pressures. It gives equal weight to the strategic and organizational factors affecting organization performance and effectiveness. Creating a strategic plan, getting support, its implementation and execution acts as one integrated process. Individuals and groups are integrated into the analysis, planning and implementation process to create a more achievable plan.

## Block 4: Structural and Strategic Interventions

### 12.3.2 Organization Design

Organization design is a comprehensive intervention that configures the organization structure, work design, human resource practices, and management and information systems to guide members' behaviors in a strategic direction. It aligns these components with the organizational strategy and with each other so that they mutually direct behavior to execute the strategy. The organization design model highlights the idea that the organization is designed to support a particular strategy (strategic fit) and that the different design elements must be aligned with each other and all work together to guide member's behavior in that strategic direction (design fit).

These design components may be divided into two organizational designs- Mechanistic organization design and Organic design. Table 12.1 shows the differences between the two.

**Table 12.1: Organization Designs**

Components	Mechanistic Design	Organic Design
Strategy	Cost minimization	Innovation
Structure	Formal/hierarchical Functional	Flat, lean and flexible Matrix, process and network
Work Design	Traditional jobs Traditional work group	Enriched jobs Self-managed teams
HR Practices	Selection to fit job Up-front training Standard reward mix Pay for performance and individual merit Job-based pay	Selection to fit organization Continuous training and development Individual choice rewards Pay for performance and business success Skill-based pay
Management and Information Systems	Command and control Closed, exclusive, centralized information	Employee involvement Open, inclusive, distributed information

Source: Thomas G. Cummings, Christopher G. Worley, *Organization Development and Change*, 11<sup>th</sup> edition, Cengage Learning, 2020

### 12.3.3 Culture Change

The power of corporate culture is enormous in shaping employees beliefs, actions and performance. A well-conceived and well-managed organization culture closely linked to an effective business strategy can differentiate success and failure of the organization in today's demanding environments.

The integrated view of organization culture focuses on a stable and coherent set of beliefs about the organization and its environment. The differentiated view of organization culture states that culture is not monolithic but is seen in its subcultures that exist throughout the organization, which is locally stable and shared but varies across its subcultures. The fragmented view of culture states that culture is always changing and is dominated by ambiguity and paradox. But there is unanimity regarding the elements of culture.

Following are the elements of organization culture:

- *Artefacts*: They are the overt and obvious elements of an organization that are visible even to the outsiders like furniture and office layout, dress norms, inside jokes, and mantras
- *Norms*: They are the unwritten rules that guide behavior in the organization
- *Values*: Values refer to what ought to be followed in organizations
- *Basic assumptions*: These are taken-for-granted, non-debatable and non-confrontable suppositions that tell how organizational problems should be solved.

Culture is a process of social learning. It is a foundation for change that can either facilitate or hinder organization transformation.

#### **Example: Organization Culture of Workday**

Workday, a leading provider of financial management and human capital management software, offered its employees a one-time cash bonus of two weeks' worth of pay to help offset unforeseen costs of the COVID-19 pandemic. It also expanded its Care.com childcare benefit to 15 days for employees who needed childcare, gave employees free access to a meditation app to support mental health, and offered sick leave for anyone who acquired COVID-19. These actions show that Workday cares for their employees' mental and physical health, and also understands that a happy workforce is more productive. This serves as an instance for values which is one of the elements of organization culture.

*For details, check out <https://economictimes.indiatimes.com/tech/ites/this-it-company-is-giving-two-weeks-pay-bonus-to-help-employees-fight-coronavirus/articleshow/74670433.cms?from=mdr> (accessed on 17/6/2022)*



## Block 4: Structural and Strategic Interventions

### 12.4 Continuous Change Interventions

Continuous change interventions enable organizations to change continually. These changes are required when organizations are faced with turbulent environments, such as changes are rapid, especially due to high technology or the changes experienced in biotechnology firms. In such situations, continuous changes are required to adapt to rapidly changing environment. The focus here is on learning, changing and adapting on how to produce constant flow of new strategies and designs.

The three types of continuous change interventions are self-designing organizations' interventions, organization learning interventions and built-to-change interventions. Let us understand them in detail.

#### 12.4.1 Self-designing organizations

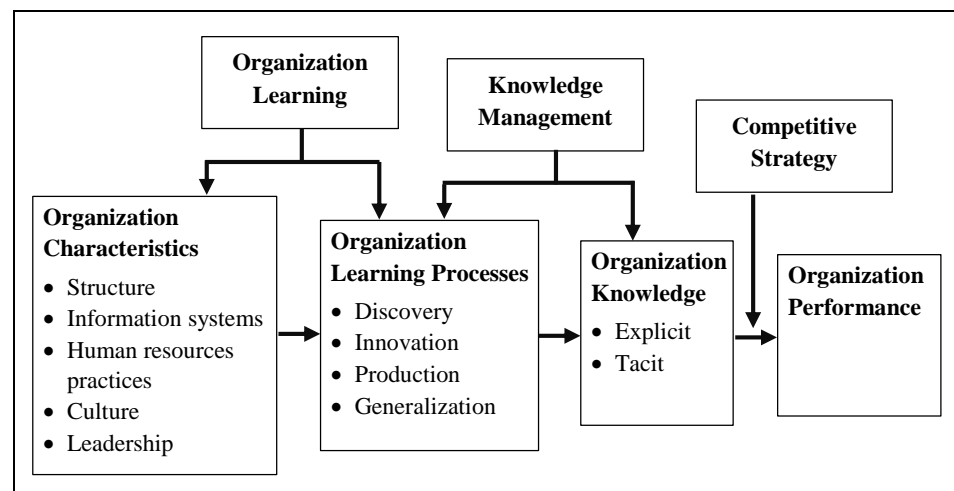
A self-design change strategy helps a firm gain the capacity to design and implement its own continuous change. Self-design involves multiple levels of the firm and multiple stakeholders and includes an iterative series of activities acquiring knowledge, valuing, diagnosing, designing, implementing and assessing.

#### 12.4.2 Organization learning Interventions

Organization learning and knowledge management refer to broad set of activities through which organizations learn and organize knowledge. Organization learning interventions emphasize the organizational structures and processes that enable employees to learn and to share knowledge.

Organizational learning serves organization purpose and involves knowledge sharing among its members and the outcomes are embedded in the organizations' systems, structures and culture.

**Figure 12.1: How Organizational Learning Affects Organization Performance**



Source: ICFAI Research Center

Figure 12.1 shows the inter relationship between organization learning and knowledge management and organization performance. Organization learning interventions promote effective learning processes and knowledge management initiatives focus on the outcomes and on the improved organizational performance.

Following are the characteristics of organization learning:

- *Organization structures:* Learning organization structures emphasize teamwork, lesser number of layers, strong lateral relations and networking which promote information sharing, involvement in decision-making, systems thinking and empowerment.
- *Information systems:* Organization learning involves gathering and processing information which enable people to manage knowledge for competitive advantage.
- *Human resource practices:* In learning organizations, human resource practices such as rewards, performance appraisals, training are designed to develop knowledge and promote acquisition and sharing of new knowledge.
- *Organization culture:* The culture of such organizations promotes openness, creativity, and experimentation among members.
- *Leadership:* Organization learning and knowledge management heavily depend on effective leadership throughout the organization

### **Example: Zappos' Self-Managed Organization Structure**

Zappos, a company that uses a self-managed organizational structure, encourages Zapponians to identify areas of opportunity within the organization and propose solutions. At its core, self-management means knowing exactly what each one of them is responsible for and having the freedom to meet those expectations in however one thinks is best. They encourage learning by facilitating innovation and creativity. This illustrates the organic design followed by Zappos. This serves as an instance for understanding the importance of organization structure in promoting organizational learning.

*For details, check out <https://www.zappos.com/about/how-we-work> (accessed on 10/6/2022)*

Organization learning processes consist of four interrelated activities namely:

- *Discovery:* This involves finding the gaps between desired and actual conditions
- *Invention:* This is characterized by arriving at a solution to reduce the gaps
- *Production:* This involves implementing the solution
- *Generalization:* This is characterized by drawing conclusions about the effects of solutions

## **Block 4: Structural and Strategic Interventions**

Learning processes can be applied to three types of learning:

- *Single-loop learning or adaptive learning* which focuses on improving the status quo (improving the existing products)
- *Double loop learning or generative learning* which focuses on changing the status quo (changing the products)
- *Deuterolearning* which is characterized by learning how to learn (improve organizational performance)

Organization learning interventions are aimed at helping organization members acquire knowledge and improve organization performance. Organizations seek to develop or acquire knowledge that adds value to customers and is leveraged across products, functions, business units and geographical regions.

The objective of knowledge management is to capture tacit knowledge and make it explicit so that knowledge is shared among other employees for improved and quicker decision-making to benefit the organizations.

### **12.4.3 Built-to-Change (B2C) Organizations' Interventions**

Lawler and Worley developed B2C approach to designing organizations based on the premise that built-in-stability leads to failures and hence organizations should design themselves for change. Built-to-change organizations are designed for stability and dependable operations. Most of the organizations fail because they are not built for change as the ability to change is the best sustainable source of competitive advantage.

The guidelines for B2C organizations' interventions are enumerated below:

- *Managing Talent:* B2C designs are geared to selecting, developing and maintaining the right talent for change.
- *Reward systems:* Rewards play an important role in motivating and reinforcing change in B2C organizations. Rewards are directly linked to change goals, learning new things and performing new tasks well.
- *Structure:* B2C designs emphasize flat, lean and flexible organic organization structures as they are closest to work and work environment.
- *Information and Decision Processes:* In B2C organizations, information and decision-making are moved throughout the organization and make sure that the information is transparent and current and ensure that decisions are taken in accordance with changing conditions.
- *Leadership:* B2C designs emphasize the importance of shared leadership which is decentralized for speedy decision-making. Shared leadership supports continuous change and ensures that competent leaders make the change process moving forward.

B2C organizations are based on design guidelines that promote change capability in the firm's strategy, design and leadership. In a rapidly changing environment, this change capability can help the organization's transition from one competitive advantage to the other.

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**Check Your Progress - 1**

1. Which of the following interventions focus on organization's strategy, design, elements and culture?
    - a. Transformational change interventions
    - b. Continuous change interventions
    - c. Trans-organizational interventions
    - d. Built-in change interventions
    - e. Trans-team interventions
  2. Innovation, flexibility, matrix structure is the characteristic of which type of organization design?
    - a. Mechanistic design
    - b. Organic design
    - c. Organization structure
    - d. Functional design
    - e. Self-managed teams
  3. Which of the following refers to the unwritten rules that guide the behavior in the organization?
    - a. Artefacts
    - b. Values
    - c. Norms
    - d. Assumptions
    - e. Self-managed teams
  4. Which of the following focuses on changing the status quo in the organization?
    - a. Single loop learning
    - b. Generative learning
    - c. Adaptive learning
    - d. Experiential learning
    - e. Deuterolearning
-

## Block 4: Structural and Strategic Interventions

### 12.5 Trans-organizational Change Interventions

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Trans-organization interventions are those interventions that move beyond the single organization. Such interventions include mergers and acquisitions, alliances and networks. All these multi organization interventions extend their boundaries from their organizations.

#### 12.5.1 Mergers and Acquisitions

Merger is a combination or integration of two independent organizations into a completely new organization. Acquisition is purchase of one organization by another organization. The reasons for mergers may be diversification and vertical integration, gaining access to global markets, technology and other resources, for achieving operational excellence and for improved innovation and resource sharing.

##### **Example: Reliance Stake in Addverb**

Reliance acquires 54% stake in Addverb Technologies, an Indian Robotics startup for \$ 132 million. Reliance has been already using Addverb's robotic conveyors, pick-by-voice software, and semi-automated systems in its warehouses. The two companies also plan to collaborate on building 5G robotics and battery systems and harnessing carbon fiber to build affordable, advanced robots. This serves as an instance of acquisition.

*For details, check out <https://addverb.com/reliance-acquires-54-stake-in-addverb-technologies-for-132-million/> (accessed on 10/6/2022)*

#### 12.5.2. Strategic Alliances

Strategic alliance is a formal agreement between two or more organizations to pursue a set of private and common goals through the sharing of resources, including intellectual property, people, capital, technology, capabilities or physical assets. Strategic alliance is any collaborative effort between two or more organizations, including licensing agreements, franchises, long-term contracts, and joint ventures.

Let us understand the application stages in strategic alliance:

- Alliance strategy formulation: The first step in strategic alliance is strategy formulation to develop strategic alliance and clarify the business strategy and understand why an alliance is an appropriate method to implement it.
- Partner selection: Next step is to select appropriate alliance partners by developing screening criteria, agreeing on candidates, establishing initial contacts, and formulating a letter of intent.
- Alliance structuring and startup: The focus here is to structure the partnership and build and leverage trust in the relationship. Alliance parts need to know how the expenses, profits, risk and knowledge will be shared.

- Alliance operation and adjustment: Once the strategic alliance is functioning, the full range of OD interventions for team building, conflict resolution, work design, employee involvement, strategic planning would be helpful. OD practitioners need to facilitate mutual help between the partners in the alliance to clarify the capabilities contributed, lessons learnt and the benefits received.

### **12.5.3. Network Organizations**

A network organization is usually conceived as an organization that is quick and flexible in adapting to changes in its environment. Network interventions are concerned with helping organizations to develop relationships and help in performing tasks that are too complex and multifaceted for a single organization to resolve. These interventions help organizations together for a common purpose.

Now let us understand the process of creating network organizations:

- *Identification Stage:* The first stage of network development involves identifying existing and potential member organizations that are best suited to achieve their collective objectives. At this stage, relationships among the members may be loosely coupled or non-existent.
- *Convention Stage:* Once the potential network members are identified, the convention stage is concerned with bringing them together to assess whether formalizing the network is desirable and feasible. A face-to-face meeting enables potential members to explore their motivations for joining the joint task.
- *Organization Stage:* Once the convention stage results in a decision to create a network, members then begin to organize themselves for task performance. This involves developing the structures and mechanisms that promote communication and interaction among members.
- *Evaluation Stage:* This stage includes assessing the performance of the network. Members need feedback so that they can identify problems and begin to resolve them. This includes information about performance outcomes and member satisfactions as well as indicators of how well members are interacting jointly.

Organization networks are viewed as complex systems displaying the following properties:

- The behavior of a network is sensitive to small differences in its conditions.
- Networks display “emergent” properties which cannot be explained by analyzing the parts.
- Variety of behaviors can emerge from members performing tasks and making decisions according to agreed-upon rules.

#### Block 4: Structural and Strategic Interventions

The following points would help us to understand about managing network changes:

- **Create Instability in the Network:** Before change in the network occurs, relationships among the member organizations must become unstable. A network's susceptibility to instability is a function of members' motivations for structure. Structure refers to the organization's expected role in the network and represents a source of stability. All things being equal, network members tend to behave and perform according to their agreed upon roles. OD practitioners can facilitate instability in the network by changing the pattern of communication among members.
- **Manage the Tipping Point:** Although instability provides the impetus and opportunity for change, the direction, type and process of change are yet to be determined. An unstable network can move to a new state of organization and performance, return to its old condition or simply cease to exist. At this point, members individually and collectively make choices of what is to be done. OD practitioners can be connectors ensuring that any given message is selected throughout the network.
- **Rely on Self-Organization:** Networks tend to exhibit self-organizing behavior. Network members seek to reduce uncertainty in their environment while the network as a whole drives to establish more order in how it functions. OD practitioners can rely on this self-organizing feature for refreezing the change.

The different types of strategic change interventions and their characteristics that we have discussed in this unit are depicted in Table 12.2.

**Table 12.2: Types and Characteristics of Strategic Change Interventions**

<b>Strategic Change Interventions</b>	<b>Transformational Change Interventions</b>	<b>Continuous Change Interventions</b>	<b>Trans-organizational Change Interventions</b>
Types	1. Integrated Strategic Change 2. Organization Design 3. Culture Change	1. Self-Designing Organizations 2. Organization learning 3. Built-to-Change Organization	1. Mergers and Acquisitions 2. Strategic Alliances 3. Networks

*Contd.....*

Characteristics	<ol style="list-style-type: none"> <li>1. Triggered by environmental and internal disruptions</li> <li>2. Aimed at competitive advantage</li> <li>3. Systemic and revolutionary</li> <li>4. Demands a new organizing paradigm</li> <li>5. Driven by senior executives and line management</li> <li>6. Involves significant learning</li> </ol>	<ol style="list-style-type: none"> <li>1. Alter features of the organization to fit with organization strategy</li> <li>2. Change process needs to be dynamic and iterative</li> <li>3. Calls for constant organizational learning</li> <li>4. Must attend to the interests of multiple stakeholders</li> <li>5. Needs to occur at multiple levels throughout firm</li> </ol>	<ol style="list-style-type: none"> <li>1. Move beyond the single organization, involving two or more organizations.</li> <li>2. It includes mergers and acquisitions, alliances and networks.</li> <li>3. Sometimes new organizations emerge, changing the basic structure of the organizations.</li> <li>4. They create and sustain multi-organization linkages.</li> </ol>
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### **Check Your Progress - 2**

5. Which organizational intervention moves beyond a single organization?
  - a. Transformational change interventions
  - b. Continuous change interventions
  - c. Trans-organizational interventions
  - d. Built-in change interventions
  - e. Trans-teams interventions
6. Which of the following refers to the integration of two independent organizations into a single organization?
  - a. Merger
  - b. Acquisition
  - c. Built-in organization
  - d. Network organization
  - e. Matrix organization



#### **Block 4: Structural and Strategic Interventions**

7. Which of the following refers to a special type of strategic alliance where a third organization is jointly owned and operated by two or more organizations?
    - a. Merger
    - b. Acquisition
    - c. Built-in organization
    - d. Joint venture
    - e. Network organization
  8. Which of the following refers to the organizations that develop relationships and help in performing tasks which are very complex and multifaceted for a single organization to resolve?
    - a. Merger
    - b. Acquisition
    - c. Built-in organization
    - d. Joint venture
    - e. Network organization
  9. Which of the following includes franchising?
    - a. Merger
    - b. Acquisition
    - c. Strategic alliance
    - d. Joint venture
    - e. Network organization
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#### **12.6 Summary**

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- Transformational changes involve changes in strategy or organization design and organization culture. The three types of transformational change interventions are integrated strategic change, organization design and culture change.
- In integrated strategic change, individuals and groups are integrated into the analysis, planning and implementation process to create a more achievable plan.
- Organization design aligns organization structure, work design, human resource practices with the organizational strategy.
- A well-conceived and well-managed organization culture closely linked to an effective business strategy can differentiate success and failure of the organization in today's demanding environments. Culture is a process of

social learning. It is a foundation for change that can either facilitate or hinder organization transformation.

- Continuous change interventions enable organizations to change continually. These changes are required when organizations are faced with turbulent environments, such as changes are rapid, especially due to high technology or the changes experienced in biotechnology firms.
- Trans-organization interventions are those interventions that move beyond the single organization. Such interventions include mergers and acquisitions, alliances and networks. All these multi organization interventions extend their boundaries from their organizations.
- Strategic alliance is a formal agreement between two or more organizations to pursue a set of private and common goals through the sharing of resources, including intellectual property, people, capital, technology, capabilities or physical assets.
- A network organization is usually conceived as an organization that is quick and flexible in adapting to changes in its environment. Network interventions are concerned with helping organizations to develop relationships and help in performing tasks that are too complex and multifaceted for a single organization to resolve.
- The stages in creating network organizations comprise identification, convention, organization and evaluation.

## 12.7 Glossary

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**Acquisitions:** Acquisition is purchase of one organization by another organization.

**Built-to-change organizations:** Built-to-change organizations are designed for stability and dependable operations and for them; the ability to change is the best sustainable source of competitive advantage.

**Continuous change:** Continuous change interventions enable organizations to change continually. These changes are required when organizations are faced with turbulent environments.

**Culture change:** Culture is a process of social learning. It is a foundation for change that can either facilitate or hinder organization transformation.

**Integrated strategic change:** Strategic change is a comprehensive integrated intervention for responding to complex and uncertain environmental pressures. It gives equal weight to the strategic and organizational factors affecting organization performance and effectiveness.

**Mergers:** Merger is combination or integration of two independent organizations into a completely new organization.

## **Block 4: Structural and Strategic Interventions**

**Network organizations:** Network interventions are concerned with helping organizations to develop relationships and help in performing tasks that are too complex and multifaceted for a single organization to resolve.

**Organization Design:** Organization's design is a comprehensive intervention that configures the organization structure, work design, human resource practices, and management and information systems to guide members' behaviors in a strategic direction.

**Organization learning:** Organization learning interventions are aimed at helping organization members acquire knowledge and improve organization performance.

**Self-designing organizations:** A self-design change strategy helps a firm gain the capacity to design and implement its own continuous change.

**Strategic Alliances:** Strategic alliance is a formal agreement between two or more organizations to pursue a set of private and common goals through the sharing of resources, including intellectual property, people, capital, technology, capabilities or physical assets.

**Transformational change:** Transformational change interventions help organizations transform themselves. They change the basic character of the organization. The changes are associated with significant changes in organizations' environment or technology or business strategy leading to changes in organizational culture.

**Trans-organizational change:** Trans-organization interventions are those interventions that move beyond the single organization which includes Mergers and Acquisitions, alliances and networks.

### **12.8 Self-Assessment Test**

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1. Enumerate the characteristics of transformational change interventions.
2. Distinguish between mechanistic and organic change.
3. Describe the inter relationship between organization learning, knowledge management and organization performance.
4. Explain strategic alliance.
5. Appraise the role and importance of network interventions in bringing organizational change.

### **12.9 Suggested Readings/Reference Material**

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1. Julie Hodges (2020). Organization Development: How Organizations Change and Develop Effectively, 1<sup>st</sup> edition, Springer Publisher.
2. Thomas G. Cummings, Christopher G. Worley (2020). Organization Development and Change, 11<sup>th</sup> edition, Cengage Learning.

3. Donald L. Anderson (2021). Organization Development: The Process of Leading Organizational Change, 5<sup>th</sup> edition.
4. Mee-Yan\_Cheung Judge, Linda Holbeche (2021). Organization Development: A Practitioner's Guide for OD and HR, 3<sup>rd</sup> edition, Kogan Page.
5. Ishwar Dayal (2021). Handbook of Organization Development: Ways to Remain Competitive, 1<sup>st</sup> Edition, Ane Books Pvt. Ltd.

### **12.10 Answers to Check Your Progress Questions**

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**1. (a) Transformation change interventions**

Transformational change interventions transform the organizations in such a way that they change the basic structure of the organizations, focusing on organization's strategy, design elements and culture.

**2. (b) Organic design**

Organic design is characterized by innovation, flexibility and matrix structure.

**3. (c) Norms**

Norms refer to the unwritten rules that guide the behavior in the organization.

**4. (b) Generative learning**

Double loop learning or generative learning focuses on changing the status quo.

**5. (c) Trans-organization interventions**

Trans-organizational change interventions move beyond single organizations and help organizations create and sustain multi-organization linkages.

**6. (a) Merger**

Merger is the combination or integration of two independent organizations into a completely new organization.

**7. (d) Joint venture**

A joint venture is a special type of strategic alliance where a third organization is jointly owned and operated by two or more organizations.

**8. (e) Network organization**

A network organization is quick and flexible in adapting to changes in its environment. They are concerned with helping organizations to

#### **Block 4: Structural and Strategic Interventions**

develop relationships and performing tasks that are too complex and multifaceted for a single organization to resolve.

##### **9. (c) Strategic alliance**

Strategic alliance is any collaborative effort between two or more organizations, including licensing agreements, franchises, long-term contracts, and joint ventures.

# Organization Development

## Course Structure

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