Organization Development

Block

5

RECENT TRENDS IN ORGANIZATION DEVELOPMENT

BLOCK 5: RECENT TRENDS IN ORGANIZATION DEVELOPMENT

The fifth block in the course on *Organization Development* deals with recent trends in OD. It consists of four units from unit 13 to unit 16. The thirteenth unit deals with role and competence of OD practitioner. The fourteenth unit focuses on power, politics and organization development. The fifteenth unit deals with new dimensions of OD. The last unit elaborates on the future of OD.

In unit thirteen, *Role and Competence of OD Practitioner*, we discuss on the role of OD practitioner. He is the change leader in the organization and requires special skills to demonstrate his capabilities as change agent. He adopts different styles in the process. He has to maintain smooth relationships with the client system. But there are several implications and issues he encounters from entry to closure. He has to tactfully manage these issues and strive for organizational development. This unit discusses the role, skills and styles of OD practitioners and analyzes the issues involved in consultant-client relationships.

In unit fourteen, *Power, Politics and Organization Development,* we examine power and politics in relation to organization development. The term "power" is generally considered as the capacity of a person to exert influence over others. Power makes considerable impact on the behavior of individuals, more so in organizations. Power and politics are closely related. In simple terms, politics is 'the way people gain and use power in organizations'. Organizational politics refers to how people move forward in organizations. In this unit the definitions, sources, and theories of power are explained. The unit also describes the relationship between power and politics with an emphasis on organizational politics.

In unit fifteen, *New Dimensions of OD,* we discuss the process of OD in global settings. OD is playing a significant role in bringing social change world-wide. In recent years, OD is being applied in family-business. This unit discusses in a broad way how OD is being applied in global settings and family-business settings, taking the views of experts in the field.

In unit sixteen, *The Future of OD,* an attempt is made to understand briefly how the processes of OD have contributed to the future growth of OD. The field of organization development is rapidly growing and new methods and new interventions are evolving contributing to change process. With changes taking place rapidly, it is difficult to predict the future of OD. However, taking clues from the views of scholars in the field, the trends affecting OD and the future of OD is explained.

Unit 13

Role and Competence of OD Practitioner

Structure

"If everyone is moving forward together, then success takes care of itself."

- Henry Ford

13.1   Introduction

As has been propounded by Henry Ford, the success of OD interventions depends upon the collaboration between the consultant and the client. The establishment of an effective working relationship between the consultant and the client requires setting of broad goals and elaborating them in terms of desirable time-bound outcomes. In the previous unit, we have discussed the transformational, continuous and trans-organizational change interventions.

OD practitioners require sufficient planning and expertise to formulate OD interventions. An OD practitioner is the change leader and requires special skills and adopts different styles to demonstrate his capabilities as change agent. He has to tactfully manage the issues that he may face from the organization side right from the entry to closure and strive for organizational development.

This unit discusses the role, skills and styles of OD practitioners and analyzes the issues involved in consultant-client relationships.

13.2   Objectives

After studying this unit, you should be able to:

- Explain the nature and skills of OD practitioners

- Enumerate OD practitioner styles

- Describe the role of OD consultant in designing OD interventions

- Examine the consultant and client relationship

13.3   Nature and Skills of OD Practitioners

OD practitioners are specialists, whether from within or outside of the organization, often referred to as consultants. They provide professional services-in diagnosing the problems, developing situations and helping to implement them. The OD practitioner first diagnoses the problem by collaborating with the top executives of the organization. For diagnosis of the problem the essential conditions are:

- The clients should be convinced that there is a problem

- The client should feel the urgency to resolve the problem

- The client should have ample resources to entrust the work to the practitioner

- The practitioner should have the zeal and capabilities to undertake the work

- The necessary motivation and readiness for change should be evident both with the client as well as the practitioner.

There are three types of OD practitioners:

- *Practitioners who specialize in OD as a profession:* They offer professional service to organization clients and are experienced in areas such as group dynamics, communication, and decision-making. More recently, they have even specialized in organizational effectiveness, competitiveness and bottom-line results. Organizations now-a-days are faced up with several pressures and challenges and these practitioners are trained to cope up with such pressures.

- *Practitioners who specialize in specific topics related to OD:* They are specialized in areas such as reward systems, organization design, TQM, IT, business strategy etc. and become OD practitioners in these specialized areas. They apply their special competence with formal training and experience and practice OD in their respective specialties.

- *Internal consultants:* The term OD practitioner also applies to managers and line managers of companies who have gained competence in OD and apply it to their own work areas. Many firms such as GE, Hewlett and Packard, 3M include managers and employees who act as change agents. They gained expertise in introducing changes and are called as internal consultants.

> **Example: Practitioners at GE Who Specialize in Topics Related to OD**
>
> Jack Welch, the former CEO of General Electric, included training for managers in Six Sigma and required them all to complete a Six Sigma project. Part of the training involved learning about DMAIC (Define, Measure, Analyze, Improve and Control), which is a methodology used in Six Sigma to evaluate a process, identify areas where mistakes are being made and create long-lasting solutions. General Electric also brought in Master Black Belts to train key employees to become Black Belts. Master Black Belts to train key employees serve as a classic instance of practitioners who specialize in specific topics related to OD interventions that are undertaken in the organization.
>
> *For details, check out https://www.sixsigmadaily.com/ May 26, 2020/ remembering-jack-welch-and-his-relation-to-six-sigma/ (accessed on 10/6/ 2022)*

Now let us differentiate between external and internal consultants. The following points help us to understand about external consultants:

- External consultants are not associated with the client system.

- They have to break through the barriers of bureaucracy and organizational politics.

- They do not depend on the organization for raises, approval or promotions.

- They are generally unfamiliar with the organization system and may not have particular knowledge of its technology.

- They are also not familiar with organizational culture, communications, networks and formal and informal power systems.

The following points help us to understand about internal consultants:

- They are already a part of the organization

- Top executive who initiates change in his or her work group, or member of the human resources or organization development department comprise of internal consultants.

- These practitioners often operate out of the human resources area and may report directly to the president of the organization.

- They are familiar with the organization's culture and norms.

- One of the limitations of internal consultants is that they lack specialized skills needed for the organization development. Further they lack objectivity as they more likely to accept the organizational system as given and accommodate their change tactics to the needs of the organization. They may not have the necessary power and authority.

Now let us understand about the external- internal team: The term external-internal OD practitioner applies to the increasing number of managers and administrators who have gained competence in OD and who apply it in their own companies. This trend is growing rapidly. We witness in growing number of firms, such as General Electric, Hewlett-Packard, and 3M, where managers and employees, have become 'change masters'. After gaining expertise to introduce change and innovation they started practicing OD in their respective areas. Managers acquire competence in OD through interacting with OD professionals in actual change programs.

Now let us understand the skills of OD practitioners:

The practitioner skills can be enumerated as leadership skills, project management skills, communication skills, problem-solving skills, inter personal skills and personal skills.

13.4   OD Practitioner Styles

Extensive research in the field of OB has established the five different styles that are exhibited by OD practitioners. The degree of emphasis is placed upon two dimensions i.e. effectiveness which focuses on the degree of emphasis on goal accomplishment and morale that focuses on extent of relationships and participant satisfaction. The five styles are enumerated below:

Stabilizer Style: This is characterized by low focus on morale and effectiveness. The following points would help us in understanding it in detail:

- The goal of the stabilizer is neither effectiveness nor participant satisfaction.

- The practitioner tries to maintain a low profile.

- This style is usually forced upon the practitioner by organizational pressure.

- So the practitioners usually have to learn to conform and suppress any other motivation.

The Analyzer Style: This is characterized by high effectiveness and low morale. The following points would help us in understanding it in detail:

- The analyzer places great emphasis on efficiency and gives little emphasis to member satisfaction.

- The analyzer feels most comfortable with a rational assessment of problems and assumes that the facts would lead to a solution.

- The practitioner may be more confrontational, relying on the authority to resolve conflicts and on rational problem-solving process.

The Persuader Style: This is characterized by moderate effectiveness and morale. The following points would help us in understanding it in detail:

- The persuader style though focuses on effectiveness and morale, but optimizes neither.

- Such a style provides a relatively low-risk strategy and the consultant avoids direct confrontation with others

The Cheerleader Style: This style is characterized by low effectiveness and high morale. The following points would help us in understanding it in detail:

- The cheerleader style places emphasis on the satisfaction of the organization members and is chiefly concerned with motivation and morale.

- The cheerleader style strongly minimizes differences and maintains harmony.

The Pathfinder Style: This style is characterized by high effectiveness and high morale. The following points would help us in understanding it in detail:

- The pathfinder style seeks a high degree of member satisfaction, believing that greater effectiveness is possible when all members are involved and problem-solving is done through teamwork.

- The pathfinder focuses on 6 processes essential to organizational performance namely communication, member roles and functions in the groups, group problem-solving and decision making, group norms and growth, leadership and authority and intergroup cooperation and competition.

Example: Pathfinding Style Adapted by Infosys

At Infosys, power programmers are 'Polyglots' who are experts across multiple technologies and play the role of a full stack developer in complex engineering projects. The consultant provides enablement on cutting edge technologies and mentoring on behavioral skills. This serves as an instance of pathfinding style of the practitioner as he lays emphasis on high efficiency as well as high morale by focusing on technology (efficiency) as well as behavioral skills (morale).

For details, check out https://www.infosys.com/careers/power-programmers. html (accessed on 10/6/2022)

Figure 13.1 depicts the five different types of practitioner styles that have been discussed above. As is evident from the figure, the analyzer style is characterized by high effectiveness and low morale, the persuader style is characterized by moderate effectiveness and morale, cheerleader style is characterized by low effectiveness and high morale and pathfinder style is characterized by high effectiveness as well as morale

Figure 13.1: Five Different Types of Practitioner Styles
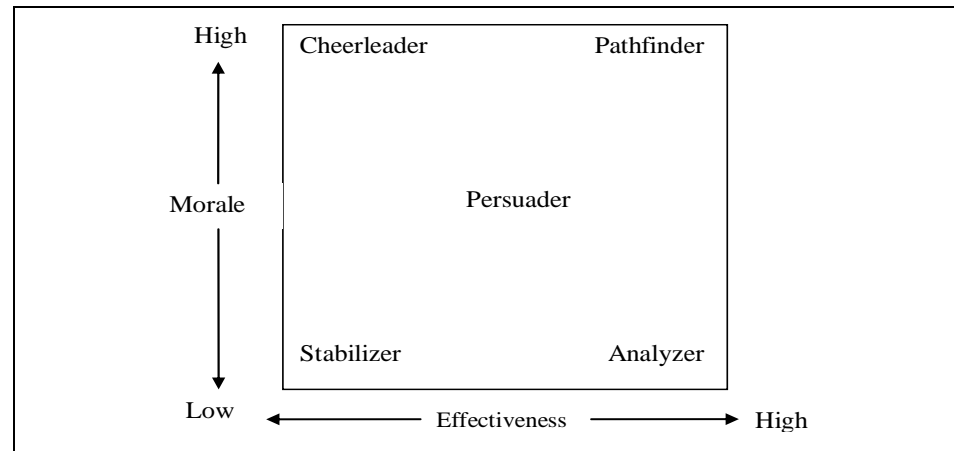
13.5   Role of OD Consultant in OD Interventions

Different authors have given different roles to OD consultants. A look at them reveals the importance of the role of OD practitioner in organization development.

Table 13.1: Roles of OD Consultants

Authors	Roles of OD Consultants
Burke, 1982	Who provides help, counsel, advice and support
Lippit & Lippit, 1978	The eight roles of OD consultants are: advocate, technical specialist, trainer or educator, collaborator in problem-solving, alternative identifier, fact finder, process specialist reflector.
Schein, 1988	His key role is as process consultation i.e. a set of activities that help the client to perceive, understand and act upon process events in the client's environment in order to improve the situation as identified by the client.
Tichy, 1974	His key roles are: Advocating certain changes, planning strategies for advocacy –outside pressures(OP) Conducting an analysis for the Top (AFT) Providing a service for individuals within the organization (PCT_ people change technology) Serving as external consultant to develop systems (OD)
Beer, 1980	Generalist and Specialist and Integrator
Ferguson, 1968	Lists 18 roles of OD consultants ranging from capturing data to promoting a proper psychological climate to assisting in the management of conflict, serving as plumber or obstetrician in between.
Nevis, 1987	Attending to client system, attending to self, focusing on the energy in the client system, facilitating clear, meaningful and heightened contacts and helping the group achieve heightened awareness to solve problems.

OD practitioners have to see that change sustains, lest many times change is not implemented properly.

Exhibit 13.1 illustrates the role of consultants in OD interventions.

Exhibit 13.1: Wipro's Consulting Practice

Wipro's consulting practice partners with organizations aiming to adapt within their market environment to lead end-to-end strategic change management initiatives.

Their team of global talent and change experts builds the case for new behaviour based on discussions with senior leadership, customer insights and business goals. For organizations willing to implement latest technologies, Wipro designs the future state of HR and talent services, and evaluates and implements leading software for digital transformation.

Wipro uses a mix of traditional and 'zero touch change' techniques and a system of rewards and incentives to drive effective change management. The success of change management is measured against impact and user experience instead of predetermined milestones.

Wipro leverages this human-centric practice and finds that employees quickly begin to demonstrate a positive and deep desire to adapt, resulting in durable change in workplace culture.

Wipro provides consulting to other organizations for improving cloud adoption success by focusing on people, organizational change management and bringing HR on the path to corporate strategic partner.

Source: https://www.wipro.com/consulting/services/talent-and-change/ (accessed on 13/6/2022)

Check Your Progress - 1

1. Which of the following is a disadvantage for engaging an external practitioner?

    a. They are members of the organization

    b. Top executive who initiates change in his or her work group, or member of the human resources or organization development department.

    c. These practitioners often operate out of the human resources area and may report directly to the president of the organization.

    d. They are familiar with the organization's culture and norms

    e. They are generally unfamiliar with the organization system and may not have particular knowledge of its technology

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13.6   Consultant-Client Relationship

The use of consultants for designing OD implementation is very widespread. But we are not clear about the success of these consultant programs since there are several interrelated issues in the consultant-client relationship. As the success of client-consultant relationship cannot be measured by productivity and profitability, a close look at the issues involved in their relationship illustrate the point.

The OD practitioner and the client must have clear understanding on basic issues such as:

* Expectations of the client and the returns OD practitioner can offer.

* The availability of resources and the readiness of the client.

* OD values and client's management philosophies.

* The attitudes and personalities of the consultant and client.

The establishment of an effective working relationship between the consultant and client requires setting of broad goals and elaborating them in terms of desirable time-bound outcomes. They have to sit together and discuss on priorities and action plans and pathways for reaching the goals, areas of strengths and areas of improvement.

Figure 13.2 depicts different types of practitioner-client relationships.

Figure 13.2: Different Types of Practitioner-Client Relationships
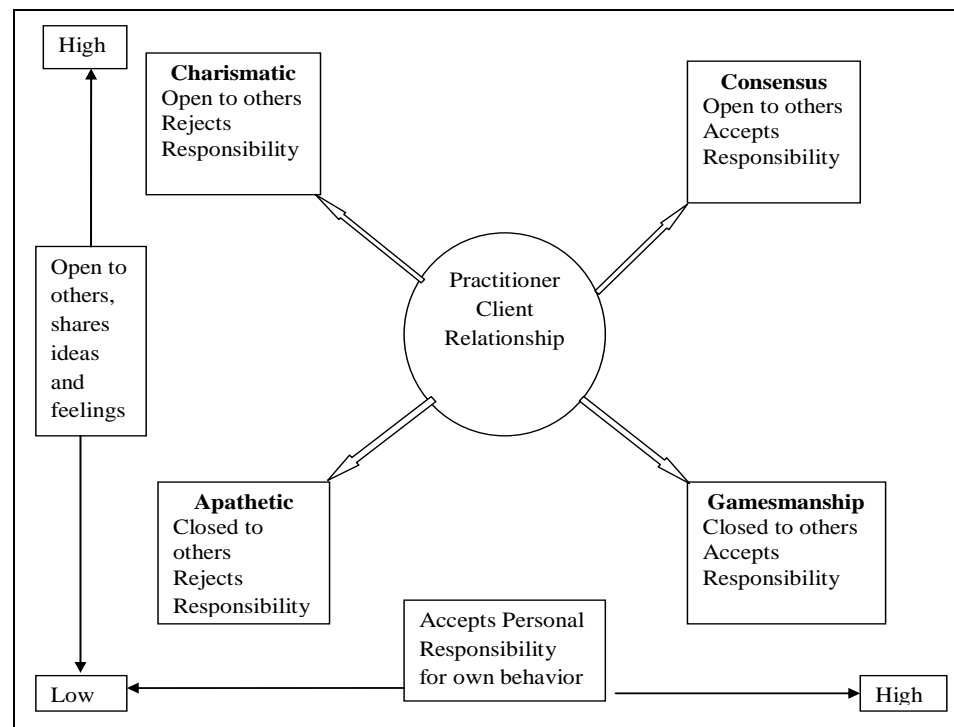
Source: Donald R. Brown, An Experiential Approach to Organization Development, Pearson Education, 2013

The different types of practitioner-client relationships are enumerated below:

Apathetic Mode: In this mode, the organization leader follows established routine and avoids responsibility. They are skeptical about changes.

Gamesmanship Mode: In this mode, the client sees life as playing a game and goal is to win. The client does not disclose all the issues with the practitioner. He manipulates the strategic factors.

Charismatic Mode: Here the leader relies on internal leaders to determine if change is desirable and takes clue from the behavior of the internal leaders.

Consensus Mode: In this type, decisions are made through sharing viewpoints. Both client and practitioner share perceptions and differences are worked out. OD practitioners' attempts to operate from consensus mode.

Now let us discuss the issues in consultant-client relationship.

Several issues may arise in consultant-client relationship in OD which are inter connected. Managing these enumerated issues is very important:

- *Entry and contracting*: Right from the start, the purpose of intervention and the people involved in the process should be clear to both the parties. The consultant must decide when and where to begin the work and whom to brief about the progress and the finances of the contract. As Marvin Weisbord said, the ground rule for entry and contract is maintaining confidentiality. Formalization of obligations in contract is advisable for external practitioner. Internal practitioner does not need contract, but ground rules should be formalized.

- *Defining the client system:* Having started the intervention process, clarity must come about the client system and the team members.

- *Trust issue:* By interacting closely with each other, consultant and client should develop a relationship of mutual trust. They should avoid doing things that develop mistrust.

- *The nature of the consultant's expertise:* It is necessary and desirable for the OD consultant to be an expert and competent to handle the issues. Schein propounded that 'the process consultant should not withhold his expertise on matters of the learning process itself, but he should be very careful not to confuse people with his expertise knowledge'.

- *Diagnosis and appropriate interventions:* The consultant should select the type of intervention that most suits the problem. Generally, consultants use interventions that brought success to them instead of going in to the details.

- *Depth of intervention:* For selecting appropriate intervention, the consultant must ensure accessibility of data and individuality. The consultant must find his boundaries and go into details which he requires.

- *Aware of the organizational culture:* The consultant should be familiar with the organizational culture and absorb that culture to participate actively in the intervention activities.

- *The consultant team as a microcosm:* The consultant team must set an example as an effective unit to enhance its credibility.

- *Action research and OD process*: A related issue is to know whether the OD process itself will be a subject to the ongoing action research being experienced by the client system.

- *The dependency issue and terminating the relationship:* As the project reaches maturity, the consultant should start withdrawing gradually. He should not stay in the organization more than required because of the risk of the client becoming more dependent on him.

- *Ethical Standards:* The values underlying ethical OD practice are honesty, openness, voluntarism, integrity, confidentiality, the development of people and the development of consultant expertise, high standards and self-awareness. The same needs to be followed.

In short the consultant-client relationship should concentrate on the issues like point of contract, clear definition of the role of the practitioner, fee to be paid, operating guidelines, necessary schedules and deadline and anticipated results.

Example: Consultant-Client Relationship - The Adobe's Initiative

Adobe is probably the best-known business case related to performance management revamps. The company estimated that managers were spending about 80,000 hours on performance reviews per year, but their employees still felt undervalued. That led to a significant number of employees leaving. So decision-makers at Adobe decided to pair up with OD consultant to start training managers on conducting more regular check-ins and offering actionable direction. One of the consequences was a decrease in involuntary turnover. This serves as an instance for consultant-client relationship that aims at tailoring the approach followed by the consultant and client to identify business needs and implement relevant OD interventions.

For details, check out https://www.aihr.com/2020/od-interventions/ (accessed on 10/6/2022)

Problems that may crop up in consultant-client relationships are enumerated below:

- The level of commitment of the client organization may change

- The client organization may use power to influence the change

- The client may use manipulative tactics to undermine the practitioner power

Check Your Progress - 2

2. Which of the following is consultant and client mode?
    a. Cheerleader mode
    b. Apathetic mode
    c. Persuader mode
    d. Pathfinder mode
    e. Leadership mode

3. 'Relies on leaders to determine if change is desirable' comes under which consultant and client mode?
    a. Charismatic Mode
    b. Apathetic Mode
    c. Consensus Mode
    d. Gamesmanship Mode
    e. Persuader Mode

4. Which is the ideal mode for OD practitioners?
    a. Charismatic Mode
    b. Apathetic Mode
    c. Consensus Mode
    d. Gamesmanship Mode
    e. Persuader Mode

5. What according to Marvin Weisbord is the ground rule for entry and contract?
    a. Maintaining confidentiality
    b. Honesty and Integrity
    c. Withdrawing gradually
    d. Maintaining ethical standards
    e. Enhancing credibility

6. In which type of consultant and client relationship does the practitioner manipulate strategic factors?
    a. Charismatic Mode
    b. Apathetic Mode
    c. Consensus Mode
    d. Gamesmanship Mode
    e. Persuader Mode

13.7   Summary

- OD practitioners are specialists, whether from within or outside of the organization, often referred to as consultants. They provide professional services - in diagnosing the problems, developing situations and helping to implement them.

- There are three types of OD practitioners - those who specialize in OD as a profession, those who specialize in specific topics related to OD and the internal consultants.

- The term external-internal OD practitioner applies to the increasing number of managers and administrators who have gained competence in OD and who apply it in their own companies.

- The practitioner skills can be enumerated as leadership skills, project management skills, communication skills, problem-solving skills, inter-personal skills and personal skills.

- The OD practitioner styles are stabilizer style, analyser style, persuader style, cheerleader style and the pathfinder style. The degree of emphasis in each style is placed on two dimensions - effectiveness and morale.

- The establishment of an effective working relationship between the consultant and the client requires setting of broad goals and elaborating them in terms of desirable time-bound outcomes. They have to sit together and discuss on priorities and action plans and pathways for reaching the goals, areas of strengths and areas of improvement.

- The different types of practitioner-client relationships are apathetic mode, gamesmanship mode, consensus mode and charismatic mode.

- The consultant-client relationship should concentrate on the issues like point of contract, clear definition of the role of the practitioner, fee to be paid, operating guidelines, necessary schedules and deadline and anticipated results.

13.8   Glossary

Apathetic Mode: This mode of practitioner-client relationship is characterized by following established routine and avoids responsibility

Charismatic Mode: This mode of practitioner-client relationship relies on leaders to determine whether change is desirable or not

Client: The party for which professional services are rendered by the consultant or practitioner.

Consensus Mode: In this mode of practitioner-client relationship, decisions are made through sharing of viewpoints

External Consultant: External consultant is a professional consultant not already employed within a company.

Gamesmanship Mode: This mode of practitioner-client relationship refers to seeing life Sees life as if playing a game and the goal is to win.

Internal Consultant: Internal consultant is one from within the organization. He can be a manager, CEO or any specialist.

Practitioner: Consultant is otherwise referred to as practitioner.

The Analyzer Style: This is the OD practitioner style that emphasizes high on effectiveness and low on morale.

The Cheerleader Style: The emphasis of this OD practitioner style is low on effectiveness and high on morale.

The Pathfinder Style: This OD practitioner style lays high emphasis on effectiveness and morale.

The Persuader Style: This is the OD practitioner style that has moderate emphasis on effectiveness and morale.

13.9   Self-Assessment Exercises

1. Explain the nature and skills of OD practitioners.

2. Enumerate the five different practitioner styles.

3. Examine the of OD consultants in OD interventions.

4. Enlist the different modes of consultant-client relationships.

5. Analyze the issues involved in consultant-client relationships.

13.10   Suggested Reading/Reference Material

1. Julie Hodges (2020). Organization Development: How Organizations Change and Develop Effectively, 1st edition, Springer Publisher.

2. Thomas G. Cummings, Christopher G. Worley (2020). Organization Development and Change, 11th edition, Cengage Learning.

3. Donald L Anderson (2021). Organization Development: The Process of Leading Organizational Change, 5th edition.

4. Mee-Yan_Cheung Judge, Linda Holbeche (2021). Organization Development: A Practitioner's Guide for OD and HR, 3rd edition, Kogan Page.

5. Ishwar Dayal (2021). Handbook of Organization Development: Ways to Remain Competitive, 1st Edition, Ane Books Pvt. Ltd.

13.11   Answers to Check Your Progress Questions

1. (e)   They are generally unfamiliar with the organization system and may not have particular knowledge of its technology.

This is one of the disadvantages of engaging an external practitioner.

2. **(b) Apathetic mode**

   In this mode, the organization leader follows established routine and avoids responsibility. They are skeptical about changes.

3. **(a) Charismatic mode**

   In this mode, the leader relies on internal leaders to determine if change is desirable and takes clue from the behavior of the internal leaders.

4. **(c) Consensus mode**

   In this type, decisions are made through sharing viewpoints. Both client and practitioner share perceptions and differences are worked out. OD practitioners' attempts to operate from consensus mode.

5. **(a) Maintaining confidentiality**

   As Marvin Weisbord said, the ground rule for entry and contract is maintaining confidentiality.

6. **(d) Gamesmanship mode**

   In this mode, the client sees life as playing a game and goal is to win. The client does not disclose all the issues with the practitioner. He manipulates the strategic factors.

Unit 14

Power, Politics and Organization Development

Structure

"Power isn't control at all--power is strength. A leader isn't someone who forces others to make him stronger; a leader is someone willing to give his strength to others that they may have the strength to stand on their own."

- Beth Revis

14.1 Introduction

As has been propounded by Beth Revis, groups and organizations should use power and politics to control their members, maintain and preserve themselves. To be successful, an organization needs to have power and politics integrated processes that have to be managed and used effectively in order to achieve individual and organizational cohesion. It helps in successful organizational change and OD interventions. In the previous unit, we have discussed the role and competence of OD practitioners and differentiated between the internal and external practitioners. Further the style adopted by each practitioner has been discussed in detail.

This unit focuses on power and politics examined in relation to organization development. The theories on sources of power are discussed in detail. Further, the framework for analysis of power and politics has been examined in relation to the planned change in OD.

14.2   Objectives

After studying this unit, you should be able to:

- State the meaning of power

- Explain the theories on sources of power

- Describe organizational politics

- Examine the framework for analysis of power and politics

- Analyze the role of planned change, power and politics in OD practice

14.3   Definition of Power

Power is the capacity of a person to exert control over others. The definitions of power given by scholars illustrate the importance of power.

- Warner Burke (1982) opines that organization development signifies change, and for change to occur in an organization, power must be exercised.

- Gerald Salancik and Jeffrey Pfeiffer define power "as the ability of those who possess power to bring about the outcomes they desire".

- In the words of Jeffrey Pfeiffer, power is "the potential ability to influence behavior, or change the course of events to overcome resistance, and to get people to do things that they would not otherwise do".

- Max Weber says power is "the probability that an actor within a social relationship will be in a position to carry out his own will despite resistance".

- According to Stephen P. Robins, power is, "the ability to influence and control anything that is of value to others." It is not always easy to attain or regain power. Therefore, people tend to develop individual power while trying to regain their lost power or attempting to attain power. If they are unsuccessful in assimilating individual power, they try to form a coalition.

From these definitions we can infer four aspects of power:

- Power is required for organizational change and development

- People with power can exert control as well as influence over others and can get things done

- Power enables to overcome resistance from people

- The holders of power can bring about the outcomes they desire

- If power holders fail to retain power, they form into coalitions

Power is associated with authority and influence. Chester Barnard defines power in terms of 'informal authority', where authority is legitimate power. Influence is the ability of power holder to alter the behavior of others by making an impact on them.

Example: Informal Authority - Source of Power

Elon Musk tries to place himself as a leader for many changes: green mobility, artificial intelligence, human-machine interaction just to name a few. These are big and daring changes, potentially revolutionary for humankind and because of that they attract a lot of followers (and of course haters as well). This is an instance of influence in terms of informal authority.

For details, check out https://www.ictshore.com/project-management/ examples-of-referent-power/ (accessed on 15/6/2022)

14.4 Theories on the Sources of Power

Greiner and Schein (1988) identified that in addition to one's formal position, there are three key sources of individual power in organizations.

- *Knowledge:* It is the expertise that is valued by others. OD professionals gain power through their expertise in organizational change.

- *Personality:* OD professionals gain power through change agent's charisma, reputation and professional credibility. OD consultants with charisma can exert considerable power during organizational change.

- *Other's support:* Other's support can contribute to individual power by providing access to information and resource networks. Others may also use their power on behalf of the change agent.

Having understood the meaning of power, let us analyze sources of power from the following four theories:

1. French and Raven identified five sources of power:

   - *Reward power*: This is the ability of power holder to reward others which can be extrinsic or intrinsic. If the rewards are valued by others, the power will be greater. In other words, greater the perceived value of power, greater is the extent of power. The examples of *extrinsic* rewards in organizations are- higher pay, bonus, incentives and the like. The examples for *intrinsic* rewards include, praise, merit certificate and recognition of work and applause for the work done.

   - *Coercive power*: Coercive power refers to the extent to which power holder exerts punishment to control other people. The more punishment a manager can exert, the stronger is his coercive power. The examples of coercive power are demotion, reprimand and dismissal, which are used in extreme cases.

   - *Expert power*: Expert power is the ability of power holder to exert influence over others because of his specialized, expertise knowledge and more so when it is required by others. Informational power is the form of expert power where the power holder possesses important facts or information required by others.

- *Legitimate power*: This type of power is acquired by people because of the position one holds in the organization which is accompanied with authority and influence. Legitimate power includes both reward power and coercive power, and these are guided by the rules and regulations of the organization. The power holder has the legitimacy to exercise this type of power.

- *Referent power:* This is also called as charismatic power accompanied with the attraction or admiration towards the individual. This is based more on the individual characteristics of power holder. Generally, the subordinates try to identify themselves with the referent leader and follow his instructions.

2. Mintzberg's observations on the genesis of power in organizations

   Henry Mintzberg developed his theory on the premise that organizational behavior is a power game in which 'influencers' control the organization's decisions and actions. To exercise this power three basis conditions are:

   - Some sources or bases of power are control of a resource, technical skill, body of knowledge, legal prerogatives and access to those who have power

   - Spending time and effort

   - Acting in politically skillful manner.

   Influencers are many in an organization like Board of Directors, managers, top executives, employees, unions and the like. Organization is the context where power is exercised wherein the influencers require will and skill to exercise the power.

3. Theory of Emerson's Power Dependency Theory

   Power dependency theory is related to social exchange theory which states that we give power to someone on whom we are dependent in some way. We exchange relationships like love, hate influence, praise, blame and the like when what we receive from others equivalent or more than what we give. When the result is positive, we continue relationships and when the result is negative we tend to discontinue relationships. Here we give someone power on whom we are dependent for something we want.

4. Salancik and Pfeiffer's 'strategic-contingency' Model of Power

   Power and politics play a huge role in business, from governing how decisions are made to how employees interact with one another. In businesses big and small, the impact of power depends on whether employees use positive or negative power to influence others in the workplace. Politics may directly influence who has the power and determine whether the overall culture of the workplace encourages productivity.

Positive Power

Positive power in an organization involves encouraging productivity. This includes giving employees the power to make decisions, rewarding employees for strong performance and appointing employees who perform strongly to supervise other employees. Positive power builds employee confidence and motivates employees to work harder. It also results in those in higher-level positions gaining power through employee respect and communication, rather than coercive efforts. Employee retention rates are higher when employees are given the power to express concerns and work together in an organization.

Negative Power

When leaders in an organization do not have the respect of the employees under them, they have a negative power. This type of leader motivates employees to perform by threatening them with job loss and other punishments or shows favoritism to certain employees rather than recognizing the hard work of multiple employees. Not only does the quality of work produced decrease under this type of power, but it leads to higher turnover rates in an organization.

Example: Leona Helmsley's Strategic Contingency Model of Power

Leona Helmsley was labelled as the "Queen of Mean" by the tabloids. While managing the Helmsley Chain of Hotels, she was often unsympathetic and harsh in her approach so as to create a culture of high standard service. Any under-performing employee was reprimanded or was instantly fired based upon the severity and frequency of the mistake. This serves as an instance of use of negative power.

For details, check out https://variety.com/2022/film/news/leona-helmsley-documentary-donald-trump-rudy-giuliani-movie-1235277325/ (accessed on 31/05/2022)

Check Your Progress - 1

1. Which of the following refers to power that is drawn from the ability of power holder to punish someone?

    a. Reward power

    b. Coercive power

    c. Legitimate power

    d. Referent power

    e. Expert power

2. Who among the following seeks to control organization's decisions and actions?

    a. Influencers

    b. Moderators

    c. Executives

    d. Unions

    e. Workers

3. In which of the following theories does the power receiver identify with the power holder?

    a. Reward power

    b. Coercive power

    c. Legitimate power

    d. Referent power

    e. Expert power

14.5 Organizational Politics

Harrold Laswell defined politics 'as the study of who gets what, when and how'. There are several similarities between power and politics:

- Both relate to getting one's way

- Both relate to pursuit of self-interest

- Both try to overcome resistance of others

Organizational politics cannot be termed as good or bad. Like power, it has both positive and negative impact.

Table 14.1 depicts the positive and negative aspects of organization politics.

Table 14.1: Positive and Negative Aspects of Organization Politics

Positive face of politics	Negative face of politics
Balanced pursuit of self-interest and the interests of others	Extreme pursuit of self-interest
Socialized need to lead, initiate and influence others	Un-socialized needs to dominate others
View situations as win-win	View situations as win-lose
Absence of tactics of fighting	Tactics of fighting and secrecy
Engaging in open problem-solving	Hidden agendas, manipulation and withholding information

Pfeffer identified three types of patterns in organizational politics:

- *Bureaucratic model* where decisions are made on the basis of rules, procedures and traditions.

- *Rational model* where decisions are made on the basis of rational problem-solving with goals being identified and agreed upon and analysis of alternative action plans followed by implementation.

- *Political model* where decisions are made on the basis of perceived self-interest by coalitions, jockeying for dominance, influence and resource control.

All of these models are prevalent in most of the organizations.

14.5.1 Framework for Analysis of Power and Politics

There are two frameworks for analyzing power and politics. Let us understand them in detail:

1. *Pfeffer model*: This is based on the assumption that the political activities are outcomes of certain conditions like environment, heterogeneous goals, differentiation, scarcity of resources and interdependence.

   The primary conditions that lead to conflict are differentiation, scarcity, interdependence and incompatible goals. It is possible to increase or decrease conflict. If resource abundance replaces resource scarcity, conflict would reduce. Further, increased consensus of goals would also reduce conflict leading to reduced political activity.

2. *Game theory:* Game theory views conflict as a critical condition leading to power and political behavior. In conflict situations, different parties prefer different goals. As this is not possible, they are distributed into parties through cooperation or power use.

   The concepts taken from game theory for understanding power and politics are pay-offs, conflict, interdependence and distributive and integrative bargaining. According to game theory, in conflict of interest, different parties prefer different goals. Conflict arises because of competition. Based on the nature of pay-off matrixes, three types of relationships exist:

   a. Purely competitive with win-lose or zero sum situation

   b. Purely cooperative with both parties having compatible interests

   c. Mixed motive with both parties competing and cooperating with each other

14.5.2 Role of Power and Politics in the Practice of OD

The essence of OD is to use collaborative problem-solving techniques for organizational effectiveness and individual well-being. Power and politics are essential to guide in terms of collaboration, cooperation and joint problem-solving. This can be examined through four perspectives:

1. *Normative re-educative strategy:* The emphasis here is that change occurs by changing norms and beliefs through education and reeducation.

2. *OD interventions:* OD interventions promote problem-solving through collaborative, cooperative, fact-finding techniques and they enhance the positive face of power.

3. *OD values:* OD value are congruent with rational problem-solving techniques. Openness, collaboration, individual dignity, is all part of OD.

4. *The role of OD practitioner:* OD practitioner is a facilitator, catalyst, problem-solver and educator. If he shifts from these roles and goes into organizational politics, problems arise.

14.5.3 Operating in a political environment

OD consultant possesses legitimate power which is the authority that he is bestowed with by the client company, has expert power as he has specialized knowledge in formulating OD interventions.

Practitioners can enhance their value and help organizations by following these rules of thumb:

- Practitioners become desired if they are dependable and honest in dealing with their projects.

- If organizations and individuals reach their goals through OD interventions, OD programs designed by the consultant become desirable.

- When the OD programs serve the needs of top executives, they gain value among power holders.

- All the OD interventions should promote win-win situations for conflict resolution.

- The success of the consultant depends upon the success of the managers as the interventions are designed for them to excel.

- The most significant role of OD consultant is to facilitate informed decision-making processes.

- The consultant must not involve himself in politically motivated illegitimate behavior. He is not supposed to be a power activist or a power broker.

14.5.4 Planned Change, Power and Politics

Organizational changes occur due to power and politics in the organization. In order to have planned changes in desired directions, both the client system and OD practitioners need to imbibe values that are conducive to the planned change (Refer to Exhibit 14.1). In the previous units, we have already discussed the five phase comprehensive change process that has been advocated by Cummings and Worley which includes motivating change, creating vision, developing political support, managing transition and sustaining momentum.

Cummings and Worley, while describing planned change emphasized on the importance of power and politics. In organizations, it is the power players who are involved in recognizing the need for change, developing the vision and methods to achieve the vision and organization-wide communication about the change.

Exhibit 14.1 illustrates the impact of organizational culture on employee disengagement from political arena.

Exhibit 14.1: Toxic Organizational Culture and Office Politics

The article entitled 'Office Politics Don't Have to be Toxic' by Madeleine Wyatt and Elena Doldor in Harvard Business Review describes how toxic organizational cultures can lead employees to disengage from the political arena, ultimately harming their career prospects, while inclusive cultures can foster participation in healthy office politics.

Based on both an analysis of in-depth interviews with ethnic minority employees in the UK and a broad array of prior research on politics, leadership, and inclusion, the authors offer five strategies to help organizations build healthy cultures, in which all employees are able to engage in and reap the benefits of office politics.

The findings indicate that toxic cultures lead to disengagement from office politics whereas inclusive culture foster participation in healthy office politics.

The authors identified five strategies to help organizations foster healthier office politics culture in which all employees are nurtured and supported. The same have been enumerated below:

- Being transparent about the existence and importance of politics
- Ensuring access to informal career development resources
- Showing politics in a positive light
- Using politics to drive diversity, equity and inclusion in the organization

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Source: https://hbr.org/2022/05/office-politics-dont-have-to-be-toxic (accessed on 12/6/2022)

Check your Progress - 2

4. Which of the following faces of politics identifies extreme pursuit of self-interest?

    a. Positive

    b. Negative

    c. Neutral

    d. No identification

    e. Power

5. Which of the following patterns is characterized by decisions made on the basis of rules, regulations and procedures?

    a. Bureaucratic

    b. Rational

    c. Political

    d. Traditional

    e. Coercive

6. Which of the following is a concept of game theory?

    a. Bureaucratic

    b. Rational

    c. Self-interest

    d. Pay-off matrix

    e. Pay-in matrix

14.6 Summary

- Power is associated with authority and influence. Chester Barnard defines power in terms of 'informal authority', where authority is legitimate power. Influence is the ability of power holder to alter the behavior of others by making an impact on them.

- In addition to one's formal position, the three key sources of individual power in the organization are knowledge, personality and other people's support.

- French and Raven identified five sources of power namely reward power, coercive power, expert power, legitimate power and referent power.

- Henry Mintzberg developed his theory on the premise that organizational behavior is a power game in which 'influencers' control the organization's decisions and actions.

- Power dependency theory is related to social exchange theory which states that we give power to someone on whom we are dependent in some way. We exchange relationships like love, hate influence, praise, blame and the like when what we receive from others equivalent or more than what we give.

- Salancik and Pfeiffer's 'strategic-contingency' model of power categorizes power into positive power and negative power.

- Harrold Laswell defined politics 'as the study of who gets what, when and how'.

- Pfeiffer identified three types of patterns in organizational politics namely bureaucratic model, rational model and political model.

- One of the frameworks for analyzing power and politics is Pfeiffer model which is based on the assumption that the political activities are outcomes of certain conditions like environment, heterogeneous goals, differentiation, scarcity of resources and interdependence and game theory.

- The other framework for analyzing power and politics is game theory which views conflict as a critical condition leading to power and political behavior.

- Role of power and politics in the practice of OD is examined through normative re-educative strategy, OD interventions, OD values and the role of OD practitioner.

- Organizational changes occur due to power and politics in the organization. In order to have planned changes in desired directions, both the client system and OD practitioners need to imbibe values that are conducive to the planned change.

14.7   Glossary

Bureaucratic patterns: In bureaucratic patterns, decisions are made on the basis of rules, regulations and procedures.

Game theory: It views conflict as a critical condition leading to power and political behavior.

Influencer: Influencer is one who seeks to control the organization's decisions and actions.

Interpersonal power: It refers to the ability to get one's way in a social situation.

Negative face of politics: Extreme pursuit of self-interest is characterized by the negative face of politics.

Organizational politics: Organizational politics is the study of who gets what, when and how.

Political patterns: When decisions are made on the basis of perceived self-interest by coalitions, it is said to be political pattern.

Positive face of politics: A balanced pursuit of self-interest and the interest of others reflect the positive face of organizational politics.

Rational patterns: In radical patterns, decisions are made on the basis of rational problem-solving.

Social exchange theory: It states that what we receive from others is equivalent or more than what we give to others.

14.8   Self-Assessment Exercises

1. Explain the important theories about the sources of power.

2. Describe organizational politics.

3. Elucidate the frameworks for analyzing power and politics.

4. Suggest some dos to OD practitioners.

5. Examine the nature of OD in relation to power and politics.

14.9   Suggested Reading/Reference Material

1. Julie Hodges (2020). Organization Development: How Organizations Change and Develop Effectively, 1st edition, Springer Publisher.

2. Thomas G. Cummings, Christopher G. Worley (2020). Organization Development and Change, 11th edition, Cengage Learning.

3. Donald L Anderson (2021). Organization Development: The Process of Leading Organizational Change, 5th edition.

4. Mee-Yan_Cheung Judge, Linda Holbeche (2021). Organization Development: A Practitioner's Guide for OD and HR, 3rd edition, Kogan Page.

5. Ishwar Dayal (2021). Handbook of Organization Development: Ways to Remain Competitive, 1st Edition, Ane Books Pvt. Ltd.

14.10   Answers to Check Your Progress Questions

1. **(b)   Coercive power**

   Coercive power refers to the extent to which power holder exerts punishment to control other people.

2. **(a)   Influencers**

   Organizational behavior is a power game in which 'influencers' control the organization's decisions and actions.

3. **(d)   Referent power**

   Referent power is based on the individual characteristics of power holder.

4. **(b)   Negative**

   Extreme pursuit of self-interest is identified as the negative face of organization politics.

5. **(a)   Bureaucratic**

   Bureaucratic model involves decision making on the basis of rules, procedures and traditions.

6. **(d)   Pay-off matrix**

   Pay-off matrix is a concept of game theory.

Unit 15

New Dimensions of Organization Development

Structure

"Don't ever go to sleep. Too many people die there."

- Mark Twain

15.1   Introduction

As has been popularized by Mark Twain, organizations which do not adapt to the changes in the internal and external factors fail to survive and grow. Firms that are open to change will be effective in reaching the goals that they have set. Organizations, worldwide, are embracing OD interventions to enhance organization's functioning and enable managers and leaders to better manage their teams and organization culture. In the previous unit, the impetus was on power and politics examined in relation to organization development. The theories on sources of power were discussed in detail. Further, the framework for analysis of power and politics has been examined in relation to the planned change in OD.

This unit describes the new dimensions of OD that includes the process of OD in global settings. It presents the views of Thomas Friedman in his book 'World Is Flat', which illustrates why OD is significant in global settings.

15.2   Objectives

After studying this unit, you should be able to:

- Explain organization development in global settings
- Enumerate the global aspects of organizational diagnosis

15.3 Organization Development in Global Settings

Thomas L. Friedman (2005) in his book 'The World is Flat' says that communication system development and urge for collaboration has flattened the world leading to building of coalitions, projects and products together-more than ever. New forms of collaborations are made possible through open-sourcing, outsourcing, off-shoring, supply-chaining, in-sourcing and in-forming.

Now let us have a look at the ten flatteners as has been propounded by Thomas L. Friedman:

- The first world flattening event was the fall of Berlin Wall. Noble prize winning economist Prof. Amartya Sen says after the fall of Berlin Wall, the world became a better place to live and enhanced the free movement of best practices.

- The next world flattening event is the creation of web browsing company for public by Netscape brought connectivity with which people were thrilled-people could communicate and interact with many other people anywhere on the planet than ever before.

- Yet another flattening event is the introduction of the Virtual Private Network (VPN) which could connect one-software to other software whereby people started working together. People were able to collaborate to build coalitions, projects, and products together.

- Next comes open-sourcing which is a form of collaboration where scientists come together through networks and share their brain power around a problem or issue and others can add their insights which would be available to all. It led to post-capitalist mode of production. Wictionary is remembered for its free access of knowledge to people by just downloading with a click for any information.

- Outsourcing, a new form of collaboration where companies found that they were investing in a most efficient, high-quality and low-price way to innovate. Outsourcing is the contracting out of a business process to a third-party and then reintegrating the work back into the overall operation of the company.

- Off-shoring is moving a company to another country and produce the same product in the very same way with cheap labor, lower taxes, subsidized energy and lower health care costs.

- Supply-chain is a method of collaborating horizontally among suppliers, retailers and customers to create value. For instance, Hewlett-Packard could sell four hundred thousand computers through four thousand Walmart stores in one day.

- In-sourcing is third-party-managed logistics which requires much more intimate and extensive collaboration. For instance, UPS (United Parcel

Service) engineers enter inside the company, analyze its manufacturing, packaging and delivery processes and then design, redesign and manage whole global supply chain. Companies like Ford cold go global through UPS.

- In-forming refers to self-collaboration with self-direction and self-empowerment. Basically it is about getting information, knowledge by searching.

- Wireless technology is taking all forms of collaboration-outsourcing, off-shoring, open-sourcing, supply–chaining, in-sourcing and in-forming through digitization, virtualization, or personalization that is capable of processing, collecting, or transmitting voice or data from anywhere to anywhere.

The essence of these flatteners is to underline the importance of advent of communication and collaboration through sharing of knowledge and work in real time, without regard to geography, distance or language.

This flattening of the world is due to different phases of globalization, digitization, virtualization and automation. This also is the root cause for rapid changes, though 'change is hardest on those caught by surprise and those who have difficulty in changing'. But change became natural and important and indispensable in all fields and in all organizations and in all individuals for moving forward. That is how organization development started taking place in all global settings.

Both individuals and companies, it was like doing thing that they never thought could be done and for companies it is work gets done where it can be done most effectively and efficiency.

This feature of world becoming flat illustrates that OD is being practiced world-wide by applying more or less similar interventions with specific differences in respective cultural values of the countries. In U.S. and Western European countries, the practices and methods of OD are predominantly influenced by values and assumptions of industrialized cultures. Survey feedback is increasingly used in New Zealand and United Arab Republic; Work Design interventions in Mexico; Structural interventions in China; Merger and Acquisition interventions in Netherlands. The rapid development of several countries, availability of technical and financial resources and emergence of global economy paved the way for diffusion of OD world-wide.

Example: Collaboration by Outsourcing

Whenever one talks about firms that go for outsourcing, the first instance that comes to our mind is WhatsApp. It is known for doing the same since its inception. In 2012, despite being a tiny organization having closer to 30 full-time employees, WhatsApp realized that in order to expand, it is very essential for them to concentrate upon keeping a tab on their costs.

Contd….

They were aware that the geographical limits should not act as a barrier for them. So they planned to look around the globe for access to required skills in a cost effective manner. For WhatsApp, Russia was the answer, and they sourced development resources from Russia for a small fraction of what they would have had to pay in the US.

For details, check out https://nix-united.com/blog/2021/outsourcing-who-does-it-and-why/ (accessed on 12/6/2022)

Exhibit 15.1 helps us in understanding OD practices across sectors.

Exhibit 15.1: Skilldom Consulting

Skilldom, an award-winning end-to-end learning solutions provider that works towards empowering the global learning community through use of a fine blend of its outcome-driven learning strategies and technology innovation, and is aware of the trends and forces that will shape its business and prepares for what is to come.

It employs an intensive and explorative process to provide consulting in the space of organization development.

Consulting process at Skilldom comprises the following phases:

- Issue Identification and Validation: The process here comprises brief from the management and diagnostics using a defined sample. The methodology employed would be discussion, surveys, joint work and focused group discussions to name a few.

- Design and Development: Comprises formulating an action plan and presenting the same to the management

- Evaluation: This comprises workplace observations and support with a few employees, post-implementation effectiveness study and overall intervention effectiveness. It makes use of on the job learning assistance, survey and focus group discussion and presentations.

- Implementation: This includes deployment of the plan using blended learning methodologies and experiential learning programs led by facilitators along with e-learning and self-study.

Source: https://www.skilldom.co/od-intervention-diagnostic-study/ (accessed on 14/6/2022)

15.4   Global Aspects of Organizational Diagnosis

An organizational diagnosis is a methodical process to study different aspects of an organization. The organizational diagnosis provides a snapshot of the organization's current state and the aspects which could be changed and improved to enable the organization to function optimally.

It is a learning opportunity for the organization's management and employees in ways and aspects that are not necessarily part of the organization's routine. This process facilitates seeing things in a slightly different way, developing new insight, and strengthening the existing situation.

The organizational diagnostic process is recommended for all executives and organizations that aspire to deepen their understanding of and familiarity with what is occurring in their organization, even when the organization is functioning flawlessly.

Then, leading on immediately from the above, the next stage is to consider the structures that may be needed or that may need to change or be further developed to deliver the organization's purpose, vision, goals and projected outcomes. These may be organizational, managerial, functional, departmental, team or resourcing structures and mechanisms.

To develop the capability/potential of both the organization and the people within it, the OD consultant then needs to consider the following questions, with regard to each of the elements listed above:

- How is it going to be developed and by whom?
- Who is going to be involved? How?
- How is the organization going to consult across the organization and give people the opportunity to participate at each stage?
- How are people going to be involved in reviewing and evaluating impact and progress?

It is not possible to develop an OD strategy and plan in isolation and without consultation and participation, given that a substantial chunk of the focus is on involving and developing people and enabling them to contribute to the development and performance of the organization.

An important trend existing in many business firms is the emergence of global marketplace. Several companies are able to operate in multiple countries due to:

- Competitive pressures
- Lowered trade barriers
- Advances in Information technologies

World-wide organizations have three distinguishing features:

- They offer products or services in more than one country and actively manage direct investments in those countries.
- They have to balance product and functional concerns with geographic issues of distance, time and culture.
- They must carry out coordinated activities across cultural boundaries using a wide variety of personnel.

In order to meet these requirements, the companies must adapt their human resource policies and procedures to suit to the cultural demands and to compete in the global market place.

Example: Organizational Diagnosis

Athena Swan is a quality charter mark framework and accreditation scheme that hosts popular conferences on diversity interventions designed explicitly for professionals to share best practices, discuss emerging innovations, and exchange personal experiences designing, implementing, and evaluating interventions and action plans. This serves as an instance of global aspects of organizational diagnosis.

For details, check out https://diversityinterventions.org/ (accessed on 11/6/2022)

15.4.1 OD in Family-owned Business

A family-owned business may be defined as any business in which two or more family members are involved and the majority of ownership or control lies within a family.

Family business is marked by complexity because of interconnectedness of the family business and shareholder systems. The skill set required for an OD consultant for advising family owned business is knowledge of family systems, conflict resolution skills along with the knowledge in financial planning and analysis, legal knowledge, exit strategies, family philanthropy and multidisciplinary teaming.

Check Your Progress - 1

1. Which of the following refers to contracting out of a business process to a third-party and then reintegrating the work back into the overall operation of the company?

   a. In-sourcing

   b. Outsourcing

   c. Supply chain

   d. In-forming

   e. Open-sourcing

2. Which of the following refers to the method of collaborating horizontally among suppliers, retailers and customers to create value?

   a. In-sourcing

   b. Outsourcing

   c. Supply chain

   d. In-forming

   e. Open-sourcing

3. Which of the following refers to the form of collaboration where scientists come together through networks and share their brain power around a problem or issue and others can add their insights which would be available to all?
   a. In-sourcing
   b. Outsourcing
   c. Supply chain
   d. In-forming
   e. Open-sourcing

4. Which of the following refers to the methodical process to study all the different aspects of an organization?
   a. Organizational Culture
   b. Organizational Conflict
   c. Organizational Diagnosis
   d. Organizational Analysis
   e. Organizational Norms

5. Which of the following refers to moving a company to another country and produce the same product in the very same way with cheap labor, lower taxes, subsidized energy and lower health care costs?
   a. In-sourcing
   b. Outsourcing
   c. Supply chain
   d. Off-shoring
   e. Open-sourcing

15.5 Summary

- Thomas L. Friedman (2005) in his book 'The World is Flat' says that communication system development and urge for collaboration has flattened the world leading to building of coalitions, projects and products together- more than ever.

- The feature of world becoming flat illustrates that OD is being practiced world-wide by applying more or less similar interventions with specific differences in respective cultural values of the countries.

- An organizational diagnosis is a methodical process to study different aspects of an organization. The organizational diagnosis provides a snapshot of the organization's current state and the aspects which could be changed and improved to enable the organization to function optimally.

- It is not possible to develop an OD strategy and plan in isolation and without consultation and participation, given that a substantial chunk of the focus is on involving and developing people and enabling them to contribute to the development and performance of the organization.

15.6 Glossary

Flatteners: It refers to viewing the world as a level playing field in terms of collaboration and communication.

In-forming: It is about getting information and knowledge by searching internet.

In-sourcing: It is third-party-managed logistics which requires extensive collaboration.

Off-shoring: Moving a company to another country and producing the same product in the very same way with cheap labor, lower taxes, subsidized energy and lower health care costs.

Open-sourcing: It is a form of collaboration where scientists come together through networks and share their brain power around a problem or issue and others can add their insights which will be available to all.

Outsourcing: Contracting out of a business process to a third-party and then reintegrating the work back into the overall operation of the company.

Supply-chain: A method of collaborating horizontally among suppliers, retailers and customers to create value.

15.7 Self-Assessment Exercises

1. Explain the ten flatteners popularized by Thomas Friedman.
2. Discuss the key elements of an OD strategy.

15.8 Suggested Readings/Reference Material

1. Julie Hodges (2020). Organization Development: How Organizations Change and Develop Effectively, 1st edition, Springer Publisher.

2. Thomas G. Cummings, Christopher G. Worley (2020). Organization Development and Change, 11th edition, Cengage Learning.

3. Donald L Anderson (2021). Organization Development: The Process of Leading Organizational Change, 5th edition.

4. Mee-Yan_Cheung Judge, Linda Holbeche (2021). Organization Development: A Practitioner's Guide for OD and HR, 3rd edition, Kogan Page.

5. Ishwar Dayal (2021). Handbook of Organization Development: Ways to Remain Competitive, 1st Edition, Ane Books Pvt. Ltd.

15.9 Answers to Check Your Progress Questions

1. (b) Outsourcing

> Contracting out of a business process to a third-party and then reintegrating the work back into the overall operation of the company is called outsourcing.

2. **(c) Supply chain**

    The method of collaborating horizontally among suppliers, retailers and customers to create value is called supply chain.

3. **(e) Open-sourcing**

    The form of collaboration where scientists come together through networks and share their brain power around a problem or issue and others can add their insights which would be available to all is called open-sourcing.

4. **(c) Organizational diagnosis**

    Organizational diagnosis is the methodical process to study all the different aspects of an organization.

5. **(d) Off-shoring**

    Off-shoring refers to moving a company to another country and produce the same product in the very same way with cheap labor, lower taxes, subsidized energy and lower healthcare costs.

Unit 16

Future of Organization Development

Structure

"An organization's ability to learn and translate that learning into action rapidly is the ultimate competitive advantage."

- Jack Welch

16.1 Introduction

As has been popularized by Jack Welch, organizations should strive for promoting a learning culture that actively creates, captures, transfers and mobilizes knowledge to enable it to adapt to the changing environment. The field of organization development is continually growing with rigorous research being undertaken in that direction. This knowledge can enable OD practitioners, researchers and managers to more readily affect a relevant OD future. New methods and interventions are being designed and applied. In the previous unit, we have discussed the new dimensions of OD that include the process of OD in global settings and the unit also presents the views of Thomas Friedman from his book 'World Is Flat', which illustrates why OD is significant in global settings.

This unit would focus on the nature and strengths of OD. Further it would discuss the changing processes of OD along with the trends affecting OD which would determine the future of OD.

16.2 Objectives

After studying this unit, you will be able to:

- Analyze the changing processes of OD
- Enlist the trends affecting OD
- Examine the future of OD

16.3   Factors that Influence Future of OD

According to French et.al, the future of OD would depend upon a number of inter related conditions that are enumerated below:

- *Leadership and Values*: The two approaches to OD - people-oriented approach and technology–oriented approach - needs to be looked into. OD consultants of the future need to help managers in 'establishing direction', 'aligning people, and 'motivating and inspiring' for the good of the organizations and its individual members. OD practitioners have to test the wisdom of the decisions of the clients and if they are good for the organizations, have to go with them and confront with the client, if the values are not for good of the organization.

- *OD Training*: Availability of T-group training and other training programs to OD practitioners and managers will enhance credibility. In-depth training through credible training institutes to practitioners is essential in future.

- *Interdisciplinary nature of OD*: The contribution of social sciences like social psychology, philosophy, human resource management, social work, anthropology and the like to the development of OD are well known. In future also, OD can much learn from fields like international diplomacy, arbitration, architecture, religion and the like.

- *Diffusion of OD techniques*: OD techniques are being used throughout the world widely. Two problems arise in using these OD techniques - one is OD consultants using the techniques without proper understanding; and another problem pertains to loss of focus to OD's central values, Organizations should take note of these problems while selecting consultants. It is also necessary to educate and train OD consultants to avoid misuse of OD techniques.

- *Integrative practice*: Many experts like Dan Ciampia, Marshall Sashkin, Kenneth Kiser, Edward Lawler, Warner Burke and many others have contributed to OD richly and OD practitioners should improve their knowledge on OD basing on the theoretical contributions of the scholars on total quality management, quality work life, re-engineering and the like. In future, considerable attention is to be paid to team building and teamwork and become knowledgeable on the OD techniques.

- *Mergers, Acquisitions and Alliances*: As business grows, mergers, acquisitions or alliances also become popular, and OD consultants must acquire the necessary skills to deal with them.

- *Rediscovering and Recording History:* The history and foundations of OD, especially action research will help OD practitioners in rediscovering OD. Maintaining records help practitioners for quick reference. OD practitioners can also use latest journals, recent interventions and OD related information.

All these factors have an impact on the future of OD.

Example: Dynamic Process Simulation Training as a Part of Formulating OD Interventions

TSC, a technology company, produces a range of products specifically designed for training and assessment. A range of simple models introduces each of the main elements of a process system, including valves, pumps, vessels and heat exchangers. Their use is then shown in processes such as gas compression, separation, gas treatment and simple columns. Complete process systems can be started up and shut down by groups of trainees in a virtual control room. This environment also teaches and assesses vital communication skills needed for real-time operations.

Such technologies can be used for dynamic process simulation training. This serves as an illustration for training for OD interventions.

For details, check out https://www.tscsimulation.co.uk/solutions/classroom-simulation (accessed on 18/4/2022)

16.4 Trends affecting OD Processes

OD practitioners have to take cognizance of the changing trends and should provide a collaborative approach to meet these changing trends and challenges. For OD consultants to be successful, they must practice core values of OD which are respect, dignity and collaboration.

16.4.1 Predictions on Future of OD

According to Worley, OD would be more embedded in the organization's culture with emphasis on innovation and learning in a cross-cultural diverse environment. Similarly, the interventions should be designed to meet the requirements of technology and shorter OD cycle times.

According to Warner Burke, OD needs to innovate in the areas of loosely coupled systems, cultural changes, leadership development and managing resistance to changes.

Udai Pareek preferred appreciative inquiry approach for discovering a positive future for OD.

Cummings and Worley identified three trends within the OD field that is pushing towards different futures, they are: traditional, pragmatic and academic.

- *Traditional trends* indicate the traditionalists view that OD should concentrate on right things and promote positive social change and should ensure transparency, integration and dignity to all stakeholders.

- *Pragmatic trends* indicate increasing demand for professionalization of the field with emphasis on relevance.

- *Academic trends* indicate surge in research for understanding change *and* favored detached action research.

They discussed the implications of these trends and their influence on future OD practice. Figure 16.1 depicts trends within OD and their impact on the future of OD.

Figure 16.1: Trends within OD and Their Impact on the Future of OD
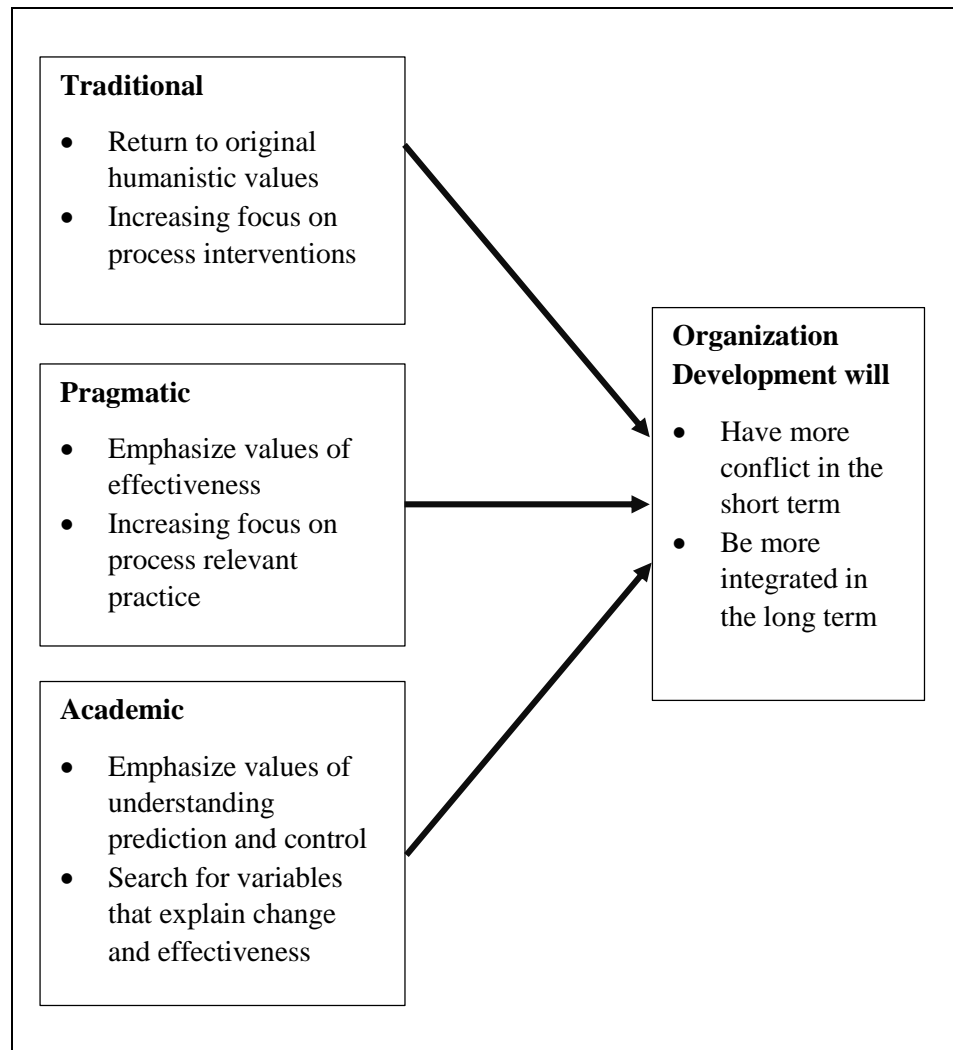
Source: Thomas G. Cummings, Christopher G. Worley, Organization Development and Change, 11th edition, Cengage Learning, 2020

Implications for future of OD are:

- OD will have more conflicts in the short-term

- OD will become more integrated in the long term

Exhibit 16.1 illustrates McKinsey research that reveals which industries are on track to meet green objectives and how they got there.

Exhibit 16.1: McKinsey Research on Carbon-Reduction Initiatives

With the increasing trend towards eco-friendly products and responsible corporate behaviors along with the preference of the investors to embrace capital-allocation strategies that take environmental, social and governance (ESG) issues into account, organizations across all industries have declared GHG - emission-reduction targets - including for some a "net-zero commitment" in which a company ensures that emissions from its value chain activities create no net climate impact.

In 2020, more than 4,500 companies worldwide self-reported their GHG emissions for public disclosure, and about 40 percent of those companies have committed to specific emissions targets as part of their strategic and financial plans.

McKinsey reviewed the 2020 data on the disclosing companies' carbon emissions targets.

Following are the observations:

- 44 percent of the organizations that are currently disclosing their GHG emissions are focused on short-term targets—that is, they are aiming for emissions reductions by 2025.

- 27 percent of the disclosing companies are focused on medium-term targets (with reductions by 2026 to 2040), while 2 percent are focused on long-term goals (with reductions by 2031 to 2050 or later).

- The remaining 27 percent of organizations have set targets across all three time horizons.

- Most of the disclosed targets (74 percent) are from companies trying to reduce GHG emissions that are closer to the core—that is, from sources they own or control (Scope 1 emissions) and from the generation of the electricity, heat, or steam that they purchase (Scope 2). By contrast, only 26 percent of the targets are aimed at reducing Scope 3 emissions, which are not directly owned by the business but are related to its activities—in air cargo or supply chain, for instance. That is likely because Scope 3 emissions are much more challenging for companies to track and control. However, according to McKinsey, it is worth the effort to do so: Scope 3 emissions can account for more than 50 percent of a company's total GHG emissions.

Source: https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/on-target-how-to-succeed-with-carbon-reduction-initiatives (accessed on 20/6/2022)

Let us discuss about the trends in the context of organization development:

- Economy is becoming more globalized.

- Ideologies are shifting from consumption to coexistence and ecological sustainability. (Refer to Exhibit 16.1)

- Workforce is becoming more diverse, more educated and contingent.

- There is a shift toward contingent employment & change in psychological contract.

- There are technological advancements and faster organizational processes

- Organizations would move towards flat structures with cross functional collaboration

- There is an increase in virtual, networked and alliance-based organization structures

- Organizations would rely on innovation and cross cultural dimensions

Let us have a look at the implications for future of OD:

- *OD will be more involved in driving effectiveness in a broader range of organizations:* Though traditionally OD focused on larger business organizations, three other types of organizations are also targeted - small entrepreneurial start-ups, government organizations and global social change organizations. The EWTO trends are pushing government organizations to become more efficient, flexible and net-worked. Consequently, government is increasingly applying OD interventions, thereby increasing its expertise. Public-private partnerships, a form of collaborative strategy, are also on the increase.

- *OD processes will be more involved in supporting technological and managerial innovation*: Innovation is the primary driver of economic success. Innovation helps to create new products, services and the processes to manufacture and distribute them.

- *OD will be more concerned with preserving cultural diversity*: It is clear that organizations are global and OD practices are also international in cross-cultural situations. Organizations today and in future will operate in multiple countries, governments and cultures.

- *OD will focus more on ecological sustainability:* OD is increasingly concerned with ecological sustainability. OD practitioners in the future will concentrate on innovation, collaboration and ecological sustainability.

16.4.2 Vision of OD

Research by different authors has pointed out that the field of organization development is facing serious dilemmas about its future and the current situation

is at its crossroads. We see divergent perspectives on OD - one sees OD as a powerful and institutionalized activity and the other sees OD as struggling for its identity. Worley describes OD as a positive, possible and provocative future scenario. He presents a vision of OD's future and OD's role in it. He emphasized that the future of OD is very bright despite its constraints.

The constraints for this bright future are:

- The practitioners of OD are not developing new interventions effectively.

- The relationship between change and organization effectiveness remains primitive and needs to evolve.

- The trajectory of the field's development is not clear.

Check Your Progress - 1

1. Which trend describes increasing demand for professionalization of the field with emphasis on relevance?
   a. Traditional
   b. Pragmatic
   c. Rational
   d. Academic
   e. Integrative

2. Which trend indicates the traditionalist' view that OD should concentrate on right things and promote positive social change and should ensure transparency, integration and dignity to all stakeholders?
   a. Traditional
   b. Pragmatic
   c. Rational
   d. Academic
   e. Integrative

3. Which trend indicates surge in research for understanding change and favored detached action research?
   a. Traditional
   b. Pragmatic
   c. Rational
   d. Academic
   e. Integrative

4. Which of the following is referred to in the people-oriented and technology oriented approaches to OD?

    a. Leadership and values

    b. Academic trend

    c. Traditional trend

    d. Strategic alliance

    e. Recording history

16.5   Summary

-   Factors that influence the future of OD are leadership and values, OD training, interdisciplinary nature of OD, diffusion of OD techniques, integrative practice, strategic alliances and rediscovering and recording history.

-   OD practitioners have to take cognizance of the changing trends and should provide a collaborative approach to meet these changing trends and challenges. For OD consultants to be successful, they must practice core values of OD which are respect, dignity and collaboration.

-   The three trends identified by Cummings and Worley within the OD field that is pushing towards different futures are traditional, pragmatic and academic.

-   In future OD will be more involved in driving effectiveness in a broader range of organizations.

-   The future OD processes will be more involved in supporting technological and managerial innovation.

-   OD will be more concerned with preserving cultural diversity.

-   OD would focus on ecological sustainability.

16.6   Glossary

Embedded actions: Refers to the integrated activities as a part of OD interventions

Pragmatic: Refers to increasing demand for professionalization of the field with emphasis on relevance.

Virtual organizations: Refers to a dynamic set of individuals or institutions defined around a set of resource-sharing rules and conditions.

16.7   Self-Assessment Test

1. Enumerate the factors that influence future of OD.
2. Describe Worley's predictions on future of OD.
3. Examine the trends in the context of organization development.
4. Analyze the vision of OD.

16.8 Suggested Readings/Reference Material

1. Julie Hodges (2020). Organization Development: How Organizations Change and Develop Effectively, 1st edition, Springer Publisher.

2. Thomas G. Cummings, Christopher G. Worley (2020). Organization Development and Change, 11th edition, Cengage Learning.

3. Donald L Anderson (2021). Organization Development: The Process of Leading Organizational Change, 5th edition.

4. Mee-Yan_Cheung Judge, Linda Holbeche (2021). Organization Development: A Practitioner's Guide for OD and HR, 3rd edition, Kogan Page.

5. Ishwar Dayal (2021). Handbook of Organization Development: Ways to Remain Competitive, 1st Edition, Ane Books Pvt. Ltd.

16.9 Answers to Check Your Progress Questions

1. (b) Pragmatic

Pragmatic trends indicate increasing demand for professionalization of the field with emphasis on relevance.

2. (a) Traditional

Traditional trends indicate the traditionalists' view that OD should concentrate on right things and promote positive social change and should ensure transparency, integration and dignity to all stakeholders.

3. (d) Academic

Academic trends indicate surge in research for understanding change and favored detached action research.

4. (a) Leadership and values

The two approaches to OD - people-oriented approach and technology–oriented approach - needs to be looked into. OD consultants of the future need to help managers in 'establishing direction', 'aligning people', and 'motivating and inspiring' for the good of the organizations and its individual members.

Organization Development

Course Structure

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