

# UNDERSTANDING THE ORGANISATIONAL DEVELOPMENT CONTEXT

Timeframe:	Minimum of 40 hours
Learning Outcomes:	<ul style="list-style-type: none"> <li>Evaluate the role organisational culture plays in organisational development; and</li> <li>Understand and evaluate the intricate interface between organisational development strategies and business strategy.</li> </ul>
Recommended Book:	<ul style="list-style-type: none"> <li>Chapters 1 to 5 in Brown, D. 2013, <i>Experiential Approach to Organisational Development</i>, International Edition, 8<sup>th</sup> ed., Pearson Education Limited.</li> </ul>
Recommended Articles:	<ul style="list-style-type: none"> <li>Lurey, J.S., and Griffin, M. 2002, 'Action Research: The anchor of OD practice', <i>OD Practitioner</i>. 34 (3), 15-20, <a href="http://www.plusdelta.net/articles/Action_Research_OD_Practice.pdf">http://www.plusdelta.net/articles/Action_Research_OD_Practice.pdf</a> (accessed 2 May 2014).</li> </ul>
Recommended Multimedia:	<ul style="list-style-type: none"> <li>Anderson, D. 2009, <i>The Future of Organisation Development</i> [video], <a href="http://www.youtube.com/watch?v=0NMz1UX5XUE">http://www.youtube.com/watch?v=0NMz1UX5XUE</a> (accessed 16 August 2013).</li> <li>Denison, D., 2010, What is organisational culture? Why culture matters to your organisation [video], <a href="http://www.youtube.com/watch?v=Rd0kf3wd120">http://www.youtube.com/watch?v=Rd0kf3wd120</a> (accessed 16 August 2013).</li> <li>Tee Suan Chin, S., Yoon Kin Tong, A., and Yoon Kin Tong, D. 2011, 'The Roles of Emotional Intelligence and Spiritual Intelligence at the Workplace', <i>Journal of Human Resources Management Research</i>, Vol. 2011.</li> </ul>
Section Overview	In this opening section we explore the context within which Organisational Development (OD) takes place. Beginning with the history of OD, we move to a range of important considerations including: organisational behaviour, change, and culture.



Keep in mind, the aim of this Study Guide is to complement the texts provided in your recommended textbook (Brown, 2013). The activities in this Study Guide, together with Brown's (2013) hands-on tasks are designed to provide you with a rich and comprehensive understanding of the topic and prepare you to complete your assignment and examination.

Ensure you set aside sufficient time to engage meaningfully with these learning opportunities.

# The History of Organisational Development

Organisational Development (OD) is a field of Human Resource Management and has its foundations in the behavioural and social sciences with the intention of delivering sustainable organisational performance. The process has become synonymous with change or process improvement (generally in organisations that have a problem).



## Chrysler Motor Company OD initiative

In the early 1990s, Chrysler had terrible customer service and marketing, with a history of innovation, but at the present time, out-dated products. Its market share was falling, and its overhead and losses were high. Bob Lutz, then president, wanted Chrysler to become the technology and quality leader in automobiles – a clearly global vision. A programme of cultural change known as 'Customer One' was built around it.

The results were impressive: overhead was cut by almost \$5 billion in under four years, the stock price quadrupled, and the company reversed its slide into bankruptcy and became profitable. A completely new and competitive line of cars and trucks has appeared each year since. They did this with the same people, but working in different ways.

(Fox, 2013)

The examples of OD below are not exhaustive, but they do point out the range of activities for which OD applies.



## Examples of OD situations (Adapted from McLean, 2005):

- To develop or enhance the organisation's mission statement (statement of purpose) or vision statement (what it wants to be)
- To help align functional structures in the organisation so they are working together for a common purpose
- To create a strategic plan (including goals) for how the organisation is going to make decisions about its future and achieving that future
- To manage conflict that exists among individuals, groups, functions, sites/branches, etc., when such conflicts disrupt the ability of the organisation to function in a healthy way
- To put in place policies, procedures and processes that will help improve operations on a continuous basis
- To create a collaborative environment that helps the organisation to be more effective and efficient and responsive
- To create reward systems that are compatible with the goals of the organisation
- To assess the working environment and identify strengths on which to build and areas in which change and improvement are needed
- To provide help and support for employees (coaching and mentoring)
- To assist in creating systems for providing feedback on individual and group performance

Whilst many organisations have invested heavily in organisational development interventions (also known as transformational change) many have also failed to deliver performance in a sustainable way. More recently, OD practitioners have recognised that "every part of an organisation is integral to a system that relies on and impacts other elements of the internal and external environment in which the organisation operates," (Organisational Development Practitioners, 2012). This implies that OD is strongly linked to people and systems and it is argued that those who practice OD successfully have strong humanistic and democratic approaches to organisational change – people and collaboration are key features of OD interventions (*ibid*, 2012).

Through retracing the steps of the 'Founding Fathers' of OD this connection between people and collaboration becomes more evident.

## OD founding fathers

The following table summarises the evolvement of OD – major contributors.

**TABLE 1: THE 'FATHERS' OF OD**

<b>Kurt Lewin (1998-1947)</b>	From Lewin came the ideas of group dynamics and action research, which underpin the basic OD process. As early as World War II, Lewin experimented with the 3-step process of planning, taking action, and measuring results (this became the forerunner to OD).
<b>In the mid 1950s the concept of OD became popular</b>	
<b>Douglas McGregor and Richard Beckhard</b>	Whilst consulting together in the 1950s, the two coined the term 'Organisational Development' to describe an innovative bottom-up change effort that did not fit traditional consulting categories at that time. As a consequence of their early work and working with groups in organisations, the realisation that culture was an important factor in influencing group members (along with other developments in the behavioural sciences) combined to support the move to organisational development.
<b>Rensis Likert</b>	Likert developed quantitative and pragmatic approaches to social problems and social measurements (e.g. the famous Likert scale). His research interests and collaborative efforts with other researchers focused on participative management (i.e. supportive relationships between organisational members, multiple overlapping structures with groups consisting of superiors and their subordinates, group problem solving by consensus, and overlapping memberships between groups by members or serve as 'linking pins').
<b>Edgar Schein</b>	Schein is one of the most well known theorists working with organisational culture and credited with inventing the term 'corporate culture'. His research shows how national, organisational and occupational cultures influence organisational performance. His models are used to analyse all forms of cultures and presumes that cultures can be explained and understood by looking at the core values and assumptions of a given culture (i.e. visible elements, espoused values and artefacts, behaviours, expected behaviours, dress codes, etc.).
<b>Bob Tannenbaum</b>	His humanist vision profoundly affected the field of organisational development starting from a deep-seated belief about the importance of personal consciousness and the capacities of people to grow themselves psychologically (i.e. interpersonal sensitivity). Tannenbaum's work was the forerunner of human capital as a corporate asset (e.g. utilising of group dynamics as an important pedagogy for promoting increased awareness of self and impact on others as essential to team play in the corporate environment). He argued that leadership effectiveness derives from awareness of one's own basic assumptions about human nature and the testing out and revision of those assumptions.

(Adapted from Organisational Development Practitioners, 2012)



### Task Questions

1. We have selected three conceptual areas from the above text, e.g. 'individual', 'team' and 'organisation'. Discuss the existence and potential linkages (cohesion) between these in your organisation using the following guidelines:
  - a) Individuals (i.e. personal consciousness/awareness of self and impact on others, collaborative, humanistic and democratic)
  - b) Teams (i.e. group problem solving by consensus)
  - c) Organisational systems (i.e. participative management)
2. In your opinion, what is the link between 'sustainable performance' and the concepts discussed in 1.?
3. Do you agree that, "Every part of an organisation is integral to a system that relies on and impacts other elements of the internal and external environment in which the organisation operates"? Why/why not?

It is useful at this point to reflect on Beckhard's assumptions about the functioning of organisations including (Beckhard in Organisational Development Practitioners, 2012):

1. The fundamental building blocks of an organisation are groups (teams), and therefore the basic units of change are groups and not individuals.
2. One of the most relevant change goals is the reduction of inappropriate competition between parts of the organisational and the development of more collaborative conditions.
3. Decision-making in a healthy organisation is located where the information sources are – rather than in a particular role or level of hierarchy.
4. Organisations, sub units of the organisation, and individuals continuously manage their work against goals. 'Controls' are the interim measures, not the basis of managerial strategies.
5. One goal of a healthy organisation is to develop open communication, mutual trust, and confidence between and across levels.
6. People support what they help create. People affected by a change must be allowed active participation and a sense of ownership in the planning and conduct of the change.

Beckhard's assumptions (*ibid*, 2012) give us an indication of some of the principles conducive to organisational change readiness.



### Task Questions

Review the Beckhard's assumptions and then complete the following:

1. Discuss why Beckhard draws attention to these assumptions in the context of organisational development and change.
2. Reflect on organisational behaviour in your organisation against these assumptions.
3. What have you learned from Beckhard's assumptions? How does it make you think differently about organisational behaviour conducive to organisational development, i.e. sustained performance?

## Defining Important Concepts

Before we consider the definition of OD it is useful to reflect on the important concept of organisational behaviour (OB).

### Organisational Behaviour (OB)

Organisational Behaviour (OB) incorporates research into the impact of individuals, groups, and structure (systems) on behaviour within organisations for the purpose of applying such knowledge toward improving organisational effectiveness.



"Organisational Behaviour (OB) is the study of what people do in an organisation and how their behaviour affects the organisation's performance."

(Robbins and Judge, 2013:44)

Simply put, OB suggests the following key elements contribute to organisational behaviour:

- Organisation behaviour (OB) is a field of study.
- It studies three determinants of behaviour:
  - Individuals
  - Groups
  - Structure (systems)
- It applies the knowledge obtained to make the organisation more effective.

OB is built on the behavioural science disciplines of psychology, social psychology, sociology, and anthropology. Consider **Figure 1** below.

**Psychology** focuses on the individual, in particular measuring and explaining human behaviour. Industrial and organisational psychologists have made a particularly strong contribution to OB (as listed under contributions in the figure below).

**Social psychology** (a branch of psychology) blends concepts from both psychology and sociology to focus on people's influence on one another. Robbins and Judge (2013:48) point out that one major area of study is change – how to implement it and how to reduce barriers to its acceptance.

**Sociology** is the study of people in relation to their social environment or culture, most importantly, organisational culture.

**Anthropology** is the study of societies – a still broader focus. Anthropologists have helped us to understand differences in fundamental values, attitudes and behaviour between people from different national cultures.