Chapter 3
Leadership and the role of the change agent

Learning objectives

- To understand the essential character of OD practitioners as change agents
- To understand the necessary competencies required of an effective OD practitioner and their scope of practice
- To understand the roles and ethical conflicts that face OD practitioners

Activities

Review questions

(See text p. 95)

1. **Distinguish between an internal and an external change agent. Give examples or explain particular circumstances where internal and external change agents have exercised successful change programs.**

A change agent is someone who acts as a catalyst or an intermediary for speeding up an organisation’s change process. An example of a change agent is an organisation development (OD) practitioner. This person is involved in initiating changes quickly in order to take advantage of shifting circumstances.

An OD practitioner may be an internal or external change agent. An internal change agent is a member of the organisation; Waddell, Cummings and Worley identify three types of these agents (see text p. 61-63). The first types of agents are consultants who are organisation members specialising in OD and are often located in the human resources department. They may perform the OD role exclusively or in combination with other tasks, such as staff training or labour relations. They typically have a variety of ‘internal clients’ within the organisation.

The second type of internal change agent works in OD-related disciplines. They are organisation members in OD-related fields who help initiate change within their own work areas or as part of an organisation-wide change program. OD-related fields include organisation design, total quality, information technology and reward systems.
The third type relates to a growing number of line managers and top executives who have gained competence in OD and, depending upon their positions within the organisation, apply it to their own work areas or to their organisation as a whole.

In contrast, an external change agent is not an organisation member. Typically, this type of agent is self-employed or works for a consulting firm or university. There are two types of external change agents: external consultants who specialise in OD as a profession and external consultants who work in OD-related disciplines.

**Additional activity**
Divide students into groups of three to five, and ask them to describe examples or circumstances where internal and external change agents have exercised successful change programs in their specific context and workplace. Feedback from all the groups is then discussed.

2 **Why is it important to clarify any organisational issues?**
The clarification of organisational issues forms part of the assessment undertaken prior to entering into a relationship and forming a diagnosis of the organisation’s problems or challenges. The OD practitioner may need to collect preliminary data prior to committing to the contract.

The presenting problem may only be a symptom of an underlying problem. For example, team conflict may be the result of a poor work environment, different reward systems between employees, or personality differences. Sometimes potential clients will call in assistance having already determined what the solution is, for example, ‘we need some team building’.

It is important for both the organisation and the OD practitioner to have a common understanding of what the problem or challenge really is. The diagnostic phase of the change process involves a far greater assessment of the organisation than occurs in the entering and contracting phase.

3 **What are the steps necessary to enter a contract with a change agent?**
The three steps necessary when entering a contract for change are:

- clarifying the organisational issue
- determining the relevant client within the organisation
- deciding whether the practitioner is the appropriate person for the job, with the right qualifications and experience.

It is also important to define the major focus for the contract. For example, is the focus to be strategic change or operational change? Understanding the expectations of both the client and the OD practitioner is paramount to achieving a mutually
beneficial result. The parties who are entering into the contract must be clearly identified to reflect ownership of the change process and who in the organisation is accountable for the project. The grounds rules for undertaking the change process must be established. It is also important to clarify how the process is to proceed including the specific activities which are going to be undertaken and the timeframe in which they will be completed.

4 What are the core skills of an OD practitioner? How do you think these skills would differ from those of a practitioner who is known to favour organisation transformation (OT)?

Literature on this subject reveals that, to be an effective OD practitioner, one requires a combination of personality traits, experiences and certain types of knowledge and skills.

Research on successful change practitioners reveals that the following attributes are important:

- diagnostic ability
- basic knowledge of behavioural science techniques
- empathy
- knowledge of the theories and methods used within the consultant’s own discipline
- ability to set goals
- ability to see things objectively
- imagination
- flexibility.

One study of 55 prominent OD experts tried to prioritise the necessary skills and competencies of OD practitioners. The study used a Delphi methodology. This study lists 84 items and 50 core skills that all OD practitioners should possess, as well as 34 advanced skills that are ideal or desirable for the mature OD practitioner.

Some basic skills and knowledge are a prerequisite to practice OD effectively. They include:

- **Intrapersonal skills**: These can help practitioners be effective in the service of planned change. They must also have the personal centring to know their own values, feelings and purposes and the integrity to behave responsibly in a helping relationship with others. Practitioners need to have active learning skills and a reasonable balance between their rational and emotional sides. Finally, they need to know how to manage their own stress.

- **Interpersonal skills**: These skills promote effective helping relationships. Such relationships begin with trying to comprehend the organisation’s perspective. This requires listening to members’ perceptions and feelings to understand
how they see themselves and the organisation. Practitioners need to converse in the members’ own language and to give and receive feedback about how the relationship is progressing in order to establish trust and rapport with organisation members.

- **General consultation skills**: These skills include organisational diagnosis and designing and executing an intervention. This encompasses the ability to involve organisation members in diagnosis, to develop interviews or surveys, to possess some analysis techniques, to develop an action plan and to tailor the intervention to the situation using relevant information.

- **Organisation development theory**: This is a basic general knowledge of OD and requires an understanding of planned change, the action research model and contemporary approaches to managing change.

Many consulting styles or approaches have been suggested, but each style usually varies according to its underlying character and is shaped by the kinds of skills and techniques the consultants use, the values they bring to their clients and the manner in which they carry out assignments. Other research also examines the degree of emphasis that the consultant places upon two interrelated goals or dimensions of the change process.

Practitioners who favour OT have a place in change that is in response to fast moving or extreme situations where the organisation is required to transform itself in order to survive. Their focus is often on the hard factors of change rather than soft approaches to change management.

**Additional activity**

Divide students into groups of three to five and ask them to describe how the above skills would differ from those of a practitioner who is known to favour organisation transformation (OT).

They should again be reminded of the definitions of OD and OT, as discussed in Chapter 1, and base their analyses and discussion on these definitions and the differentiation between OD and OT.

5. **What are the advantages and disadvantages of an internal change agent? Compare these with the advantages and disadvantages of an external change agent. Give examples that clearly delineate between the two.**

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<thead>
<tr>
<th></th>
<th>Advantages</th>
<th>Disadvantages</th>
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<tbody>
<tr>
<td>Internal change</td>
<td>They can save time identifying and understanding organisational</td>
<td>They may lose objectivity because of their strong ties to</td>
</tr>
<tr>
<td>agents</td>
<td>problems.</td>
<td>the organisation.</td>
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<tr>
<td>They have intimate knowledge of the organisation and its dynamics.</td>
<td>They may be overly cautious, particularly when powerful people in the organisation can affect their careers.</td>
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<tr>
<td>They know the organisation’s culture, informal practices and sources of power.</td>
<td>They may lack certain skills and experience in facilitating organisational change.</td>
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<tr>
<td>They have access to a variety of information sources, including rumours, company reports and direct observations.</td>
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<tr>
<td>They are usually more easily accepted.</td>
<td></td>
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<tr>
<td>They are less threatening than outsiders and, therefore, can more easily establish rapport and trust.</td>
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<table>
<thead>
<tr>
<th>External change agents</th>
<th>They can provide particular expertise that is unavailable internally and can also bring a different and potentially more objective perspective into the organisation development process.</th>
<th>External consultants need extra time to enter the organisation and to gain a working knowledge of it.</th>
</tr>
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<tbody>
<tr>
<td>They have the ability to probe difficult issues and to question the status quo.</td>
<td>Organisational members may be wary of outsiders and may not trust them enough to give them pertinent information.</td>
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<tr>
<td>They are also afforded some deference and power because of their perceived expertise and objectivity, and they can use this influence to mobilise resources for change.</td>
<td>They may also be viewed negatively because they are seen as having relatively little invested in the organisation.</td>
<td></td>
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<tr>
<td></td>
<td>Members believe that, if problems arise, the external consultants can simply walk away with little negative consequence.</td>
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The development of an internal-external consulting team will maximise the advantages of both internal and external agents. External consultants can combine their special expertise and objectivity with the inside knowledge and acceptance of internal consultants.

6 Explain what is meant by ‘emotional demands’ and why is it important to consider in the change process?

Recognising emotional demands and removing the obstacles they may place in the path of the change process is a key part of the change agent’s role. OD practitioners can use emotional intelligence to manage the not uncommon demanding situations of change management. Emotional intelligence is the ability to recognise and express emotions appropriately. This includes using emotions in thought and decisions, and to regulate emotions in oneself and in others.

Emotional intelligence is used to relate to and help the organisation’s members manage resistance, commitment and deal with ambiguity. Change often brings with it the fear of failure, anxiety, rejection and anger. OD practitioners can provide psychological support, model positive emotional expression, reframe client perspectives and provide resources with which to deal with particularly stressful situations or processes, for example, changes to roles or employment conditions.

7 What is meant by the ‘professional ethics’ of a change agent? Do you know of any instances where there may be conflict? Explain the circumstances.

Ethics can be defined as ‘the rules and principles that define right and wrong conduct’. A change agent’s professional ethics are concerned with the rules and principles that determine right and wrong professional conduct in a helping relationship with organisation members. Ethical guidelines in OD play an important role in steering OD practice and minimising the potential for misconduct and client abuse. OD practitioners can let personal values stand in the way of good practice; they can use the power inherent in their professional role to abuse organisation members (often unintentionally).

According to Waddell, Cummings and Worley, various OD professional associations have developed professional ethics guidelines (see text p. 88).

Additional activity

Divide students into groups, and ask them to identify one aspect related to professional ethics that may create conflict and to explain the circumstances.

Role conflict and ambiguity can lead to five types of ethical dilemmas:

- misrepresentation
- misuse of data
• coercion
• value and goal conflict
• technical ineptitude.

Students may use these dilemmas as the basis for their discussion. They may also, based on their professional experiences, identify other areas of conflict.

Discussion and essay questions

(See text p. 95)

1 ‘The OD practitioner is the primary leader of change.’ Discuss.

The primary leader of change in any managed change process will be the professional with the skills, experience and knowledge to undertake the job. It is the understanding of the models and types of managed change, and the ability to assess an organisation’s problem or challenge in an objective manner and to choose the appropriate change programme to meet the organisation’s needs which distinguish the professional OD practitioner from others.

Secondly, the professional OD practitioner will have learnt the skills of negotiation, mediation and persuasion, which are required to move people from one level of action to another. They will also have the emotional intelligence to respond and to get others to respond to challenges in the process in a positive way. They will have the skills to move obstacles from the path of progressing change in the organisation. OD practitioners lead change because of their demonstrated skill in doing so.

2 What are the important considerations that a change leader needs to clarify before entering a change process? What difficulties do you envisage?

The change leader needs to be sure about what the organisation’s problem or challenge actually is. It is not uncommon for the problem identified by the executive in the organisation to be just a symptom of a much greater underlying problem. A realistic timeframe for undertaking the project must be allowed and it may not be possible to accurately schedule the activities of the project without having completed the diagnostic phase. The organisation must be able to commit the required resources whether in people or other capital requirements.

The parties must have a common understanding on the problem or issue to be changed and that may require the OD practitioner to undertake some preliminary analysis within the organisation prior to commitment to a contract. The difficulty with that is getting reward (paid) for that initial work if the practitioner decides that they do not have the skills to complete the project, that resources are not forthcoming or that the timeframe allowed is unrealistic. A second difficulty might be
that the OD practitioner may only have some of the skills required and there is no realistic way to fill the gap either from an internal source or from an alternative external OD practitioner.

A key challenge which is not uncommon is that some members of the organisation are not really committed to change and attempt to sabotage the contracting process.

Finally, prior to entering any contract to manage change the OD practitioner must understand that what the organisation desires to achieve is actually possible.

**Additional activity**

Divide the students into discussion groups to list the potential challenges that may arise when an external consultant enters the organisation with the specific objective of managing change.

3 **Discuss the role of the OD practitioner in depth. It would be advisable to interview several change agents to get their varied, or differing, perspectives.**

The OD practitioner’s role is applicable and relevant to internal change agents, external change agents and members of internal-external consulting teams. Having to maintain neutrality and objectivity, the OD practitioner’s role may be described in terms of marginality. Commonly, different people will have contrasting goals, values and behavioural patterns. The marginal role is seen as one to reconcile such conflicting viewpoints between opposing organisation members or departments. According to Waddell, Cummings and Worley, research has shown that the marginal role can have positive effects when someone handles it with a marginal orientation (see text p. 81). There is also evidence that external OD practitioners are more comfortable than are internal OD practitioners with the marginal role (see text p. 81).

The OD practitioner’s role can be viewed on a continuum ranging from client-centred to consultant-centred. In the past, the OD role fell at the client end of the continuum. ‘Client-centred’ practitioners utilised clients’ knowledge and experience. OD practitioners generally remained neutral, listened and reflected upon organisation members’ experiences and ideas, and worked with members to identify and solve problems. The recent proliferation of OD interventions in the structural, human resource management and strategy areas have expanded the OD role toward the consultant end of the continuum. In this modern approach, the OD practitioner takes on the role of expert, with the consent and collaboration of organisation members.
Chapter 3 Leadership and the role of the change agent

With the development of new and varied intervention approaches, the role of the OD practitioner will continue to encompass the entire continuum from client-centred to consultant-centred. OD is still an emerging profession, and in recent times, OD practitioners have encountered value conflicts when dealing with powerful external stakeholders such as the government, shareholders and customers. Handling these outside groups would require political skills in addition to the core skills described in review question 2. OD practitioners must understand and know how to handle the distribution of power and conflicts of interest inherent in the dynamics of external relationships. For example, in recent years, tobacco corporations in the United States have had to develop power-oriented strategies to manage in an increasingly anti-smoking environment proactively.

This view that the modern OD practitioner must be politically astute is consistent with the findings of Buchanan, Claydon and Doyle. Therefore, the role of the OD practitioner encompasses that of facilitator, catalyst, problem solver and educator.

Additional activity

Divide students into groups or pairs and have them interview one internal and one external change agent to get their diverse perspectives. Students should then report on these interviews in either an oral presentation or a written assignment.

4 Which would be more beneficial for an organisation – an external or internal change agent? What are the factors that need to be considered before such a choice is made? What would be the ideal scenario? Explain your answer.

Whether an organisation would derive more benefits from an external or internal change agent depends on the nature and scale of the change needed and on factors such as organisation type, structure, size and culture. Research suggests that top managers believe that external consultants have a more positive role than internal consultants in large-scale change programs. Also, if a large bureaucratic organisation, like the Ford Motor Company, needs drastic change, an external change agent may be more beneficial than an internal change agent. In this case, an internal change agent may not have the objectivity, the necessary specialties, or the authority that an external consultant might have.

Internal and external change agents each have advantages and disadvantages as explained in review question 6, and there is no simple formula as to which may be most appropriate for an organisation. An internal-external consulting team is often ideal, particularly for a large-scale change program in a large organisation, to provide complementary consulting skills. In addition, an internal-external team can achieve a greater continuity over the entire OD program. Continuity may be a problem with using only external consultants because they are normally involved in other outside activities and commitments; hence, they are generally only available to the
organisation on a part-time basis for a certain period of time. Internal agents can overcome this issue because they provide a continuing point of contact for organisation members should problems arise, especially when the external consultants are unavailable.

**Additional activity**

Students are divided into groups of three to five and asked to:

- identify five factors that need to be considered, based on their professional experiences, before choosing between an internal and external change agent
- discuss what would be the ideal scenario
- explain their answers.

5  **‘Emotional intelligence increases with age and experience’. Do you agree or disagree? Explain your answer.**

Emotional intelligence has many definitions but essentially it is the ability to recognise the meanings of emotions and their relationships. Some developmental theorists, such as Piaget, would say that as we age our understanding of others improves as we base our observations on experiences of life. Others would say that some people are never able to measure the emotions of others or understand the relationship with actions.

6  **What type of ethical considerations would confront an OD practitioner and how may they be addressed? Investigate instances where there have been contentious situations and the resolution you would recommend.**

This question relates to Review Question 7.

There are various ethical considerations confronting OD practitioners. Although adherence to OD ethical guidelines helps to prevent ethical problems from occurring, an OD practitioner can still encounter ethical dilemmas. Role conflict and role ambiguity can produce such ethical dilemmas.

The first type of ethical consideration concerns the issue of misrepresentation, specifically misrepresenting results of a proposed intervention and projecting unrealistic outcomes. For instance, this may occur when an OD practitioner predicts that a significant improvement in productivity will result from an intervention when only modest gains can be reasonably expected. To prevent misrepresentation from occurring, an OD practitioner should be clear about the change effort’s goals and should discuss with the client realistic outcomes of the intervention.

Another ethical issue centres upon misuse of data by OD practitioners. This occurs when confidential and sensitive information gathered during the OD process, which can be harmful to certain individuals and to the organisation, is leaked. To
minimise misuse of data, OD practitioners should agree up front with appropriate organisation members about how data will be used. This agreement should be reviewed periodically in light of changing circumstances.

Coercion is another ethical dilemma. This happens when organisation members are forced to participate in a change program. Inherent in any helping relationship are possibilities for excessive manipulation and dependency, two facets of coercion. Waddell, Cummings and Worley point out that there may inevitably be some degree of manipulation inherent in any helping relationship (see text p. 90). However, manipulation can be curtailed by ensuring that change programs are as open as possible with the free consent and knowledge of the people involved. As for lessening dependency as a facet of coercion, the OD practitioner can address it by openly discussing with the client how to handle the dependency problem in light of what the client and practitioner expect of each other.

The fourth ethical consideration is in connection with value and goal conflict, where the OD practitioner’s values and goals conflict with those of the client. One approach to addressing this issue considers OD practitioners’ responsibilities comparable to those of lawyers or physicians. This implies that an OD practitioner should not refuse to assist a client unless his or her values would be seriously compromised.

The fifth type of ethical dilemma is technical ineptness. This occurs when the OD practitioner or members within the client organisation lack the professional and technical skills to implement the change program. Selecting an intervention that is closely related to the practitioner’s own skills and competences will help to eliminate this problem. In addition, careful diagnosis should be made to ascertain that the organisation is ready to embark on a change and possesses the necessary skills and knowledge for its implementation.

**Additional activity**
An effective teaching tool is to place students in ambiguous situations and see how they respond. For example, have they ever ‘stolen’ pens or other office supplies from an employer, padded an expense account and so on? How far do they have to be pushed before they feel they are crossing some ‘ethical boundary’? What’s the difference between ‘ethical’ and ‘illegal’?

The values traditionally underlying OD interventions have been associated with humanistic psychology. Students should be encouraged to determine whether or not their own values are aligned with these traditional values. If not, where do their values stray from the traditional humanistic ones, and what do they see as the consequences of those value positions? Do they believe they can still carry out change? Do they believe that they can be an instrument of change if their own
values are more materialistic or achievement oriented? Why do they want to become agents of change?

7 Debate: ‘Burnout is prevalent among change agents.’
The nature and hectic pace of OD practice can be highly stressful, which can lead to professional burnout. According to Greenberg and BaronVI, burnout is a state of physical, emotional and mental exhaustion resulting from prolonged periods of stress. Harvey and BrownVII further refer to job burnout as a syndrome of emotional exhaustion, depersonalisation and reduced accomplishment that can occur among individuals who deal extensively with other human beings and their problems over an extended period of time.

Burnout occurs among change agents because they often take on too many tasks in one period, become overcommitted and are generally overworked. Change agents have to constantly work in an environment where they deal mostly with people and their problems. All these demands and pressures increase the occurrence of work-related fatigue and stress, causing higher levels of physical, emotional and mental strain that can lead to burnout.

Change agents can take steps to avoid burnout. They can undertake health and fitness programs and/or use stress management techniques such as meditation and deep breathing relaxation exercises. Greenberg and BaronVIII believe that the primary factor that causes burnout is prolonged exposure to stress and indicate that burnout can be avoided by changing the conditions that produce it. Change agents may acquire time management skills to prioritise workload and to pace themselves better. Alternatively, they can consider shifting jobs to avoid the possibility of professional burnout, by moving from external to internal roles to escape frequent travelling. By being effective and cautious at the same time, it is possible for burnout to be avoided. Note: QWL is also discussed in Chapters 1 and 5. This information can also be discussed in the context of burnout, as QWL and burnout are closely linked.

Additional activity
Students, working individually or in pairs or groups, should locate one article related to burnout. Students should then summarise these articles in either an oral presentation or a written assignment.

A lot of literature is available on the topic of burnout and students should have no problem locating reference materials.

Applications—Critical thinking questions
These questions are ideal for organising students into groups of three to five to debate the issues. You could extend the debate by being flexible and responsive to their comments. There are no right or wrong answers for these questions as they are
intended to challenge students to think about how theory might be applied to actual organisations and situations. (See p. xiv for the list of applications).

### 3.1 Aldi’s simple recipe for success

1. **Do you think Michael Kloeters can be described as an OD practitioner? Why/why not?**

   Yes, Kloeters can be described as an OD practitioner in an informal sense. Although he is not specifically qualified, he applied OD principles to the change he has instigated. On first inspection it appears that Aldi Sud’s success is based on its lean operation and parred down selling environment, but much of its success is based on the relationship Aldi Sud has with its suppliers.

   When Kloeters first came to Australia, manufacturers and other suppliers were surprised to be included in the supply and marketing of goods. Kloeters appealed to suppliers to be part of the process - part of making Aldi Sud successful - and the suppliers, with time, changed their behaviour accordingly.

   Kloeters says: ‘We ask them, “When do you want us to order? What are the quantities you want us to order? What delivery arrangements suit you best?”’

   ‘We tell them what we need and they tell us what they want and we try and make it work together. Because, at the end of the day, their profit is our profit and vice versa.’

   He says manufacturers reacted with astonishment when they were asked to say what suited them. ‘At the beginning, they didn’t believe us. They couldn’t believe that life could be so simple. Seriously, they couldn’t believe it.’

2. **Aldi’s ‘lean’ approach to head office operations is quite different to other, similar organisations. What implications may this have for an OD practitioner consulting for Aldi?**

   The question an OD practitioner would have to ask is, ‘What can I change?’ In an environment as lean as Aldi Sud, it may be quite a challenge to pare down the operation any further and, at this stage, not an option to strengthen processes without cost. The focus would have to be on fine-tuning operations rather than major change.

   Refer to Figure 2.3, p. 55 in Chapter 2 to see all the organisational change strategies.

3. **Aldi’s rapid growth in Australia may lead to problems requiring the use of an external OD practitioner. What do you think these problems may be? What skills and competencies would the ideal OD practitioner have?**
The problems or challenges arising for Aldi Sud which might require an external OD practitioner would likely focus on the cultural difference between Germany and Australia. Those may include the buying patterns of consumers, the expectations of presentation and the quality of product.

The ideal OD practitioner would have strong negotiation and mediation skills, be talented in getting groups to collaborate and have the ability to embed changed behaviour as quickly as possible.

3.2 Consultant styles matrix

Arrange students into groups of three to five and have them determine the advantages and disadvantages of each consultant style:

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<tr>
<th>Consultant style</th>
<th>Advantages</th>
<th>Disadvantages</th>
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<tbody>
<tr>
<td>Cheerleader</td>
<td>Motivational</td>
<td>All hype, no substance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>May not have actual experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td>May not deal with real conflict</td>
</tr>
<tr>
<td>Pathfinder</td>
<td>Determines direction</td>
<td>May take too long to get outcomes</td>
</tr>
<tr>
<td></td>
<td>Collaborative</td>
<td></td>
</tr>
<tr>
<td>Persuader</td>
<td>Good negotiator</td>
<td>May have hidden personal goals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>May lead to wrong outcome</td>
</tr>
<tr>
<td>Stabiliser</td>
<td>Secure</td>
<td>Sways with organisational politics</td>
</tr>
<tr>
<td></td>
<td>Does not rock the boat</td>
<td></td>
</tr>
<tr>
<td>Analyser</td>
<td>Problem solver</td>
<td>Too much analysis and not enough action</td>
</tr>
</tbody>
</table>

Ask students to consider:

- what consultant style they like best (from past experience)
- what consultant style they might have.

A group discussion will unearth diversity.

3.3 Y are we leaders?
1 Considering the range of competencies listed in Table 3.1, what advantages may generational change bring to the OD field? What challenges may Gen Y face when entering positions as OD practitioners and change agents?

The Gen-Y’s leadership will be shaped by their youthful exposure to peace and unfettered prosperity. The Ys are by nature, and/or by [reflection] of their times, both inclusive and participatory. This should mean that their leadership styles will be inclusive and collaborative and they will have the advantage of inclusivity being their natural environment. They value relationships and experience and should be at ease using appreciative inquiry (AI) and the positive approach to change management.

A clear advantage the Ys have over their predecessors is their familiarity with technology, the continuing search for new ideas using technology and the coupling of good business practice knowledge with organisational development principles.

While those qualities have a good fit when markets and economies are in a good state, they are the qualities required when times are tight and when the disciplines of good organisational behavioural science must underpin much of the [radical] change management which is required.

On the whole, the Ys are not used to having to make the hard calls needed in a depression; some of those calls would be about the management of people in a manner where the focus is on concrete outcomes rather than equity in the workplace.

The next generation, the millennials, may show qualities which are more like the frugals – those who grew up during the great depression. Many of the millennials will be all too aware of the impact of strained circumstances and the relationship approach to problem solving may be outweighed by more mechanistic styles.

3.4 Clean green sweep

1 What characteristics of a successful change agent is exhibited by Andrew Mostyn?

Andrew Mostyn demonstrates good decision-making based on the analysis of the information available to him. He was empathetic to the feelings of the neighbours of the abattoir and their living environment. He also used the ‘clean-up’ of the smell and workplace in general to provide a more attractive work environment, which is reflected in a reduced turnover and less difficulty in hiring.

The key characteristic of a good OD practitioner that Andrew Mostyn demonstrates is that he understands the context in which he is attempting change.
now, as well as the long term relationship of the company to its employees, other stakeholders, customers and the environment.

2 What is corporate social responsibility (CSR)? Where is this evidenced in the application?

Corporate social responsibility (CSR) is an organisation’s self-regulating activities to have a positive impact on society, especially the communities with whom it interacts. CSR is undertaken in the spirit of the law, ethics and community values and mores. Andrew Mostyn demonstrates good CSR with the introduction of the recycling of waste products even though the cost of water almost makes this uneconomical. He has based this decision on good data; he knows the level of emissions that would arise from landfill.

However, it must also be recognised that following an effective CSR policy is very likely to be good corporate practice in terms of marketing the company’s products.

Additional activity

In small groups, students should investigate the impact of introducing CSR policies in their current organisations.

3.5 Super funds demand to see green credentials

1 Why is it important to build confidence in the governance system within an organisation?

When organisations are seen to have good governance, which includes the reporting on environmental risks, it gives shareholders and potential investors a higher level of confidence in the company and therefore has an impact on the share price. Share price is what builds sustainable value and eventually has an impact on the cost of capital.

Secondly, there is evidence to suggest that companies which have demonstrated good governance tend to outperform other comparable companies.

2 ‘It’s more around the environmental and social impacts of companies.’ What does this mean in the context of this application?

Shareholders are beginning to demand more say in how the companies they have invested in are managing their broader relationships with society and within the environment. Often this is reflected in a company’s ability to raise funds when need.

Environmental impacts focus on waste management, recycling and pollution. Social impacts relate to the effects of the company’s activities on society in general.

Tobacco companies, for example, have considerable difficulty in getting new money these days. Companies that have positive policies and activities which foster diversity appear to do better than those which do not. There are considerable
implications for change managers in the introduction of changing social policies. Directors sometimes do not see the efforts reflected in the balance sheet and employees may not find it easy to be exposed to different cultural behaviours.

At the lowest level, social responsibility is reflected in ‘doing good works’ in the community and sponsoring socially responsible programmes such as cell phone recycle.

**Additional suggested readings**

Donaldson, T 1996, ‘Values in Tension: Ethics Away from Home’, *Harvard Business Review*, Sept–Oct, pp. 4–12. (*This article offers some insight on ‘when is different just different and when is different wrong’. This is an excellent article on cross-cultural ethics.*)


**References**


iv Harvey & Brown, ibid., p. 93.


vii Harvey & Brown, op. cit., p. 238.