Chapter 10
Change in a chaotic and unpredictable environment

Learning objectives

- To demonstrate cognisant of the impact of globalisation on organisations and OD
- To identify the characteristics and interventions for worldwide strategic orientations and differentiate between the different types of organisation
- To relate GSCOs to sustainability
- To describe how GSCOs use OD principles in change management.

Activities

Review questions

(See text p. 386)

1. Identify three significant political and economic changes in the past five years that would require businesses to respond accordingly.

The international diffusion of OD derives from three important trends:

- The rapid development of foreign economies, which includes the dramatic restructuring of socialist and communist economies and the rapid economic growth of developing countries. Projected growth rates in East Asia, the Pacific and South Asia remain strong. The European Union is continuing its push for integration through fiscal policies, the admission of new countries and the rationalising of economic standards. The political transformations in the Middle East, China, Russia and South Africa are producing both uncertainty and new growth-oriented economies.

- The increasing worldwide availability of technical and financial resources. The development of the internet and e-commerce has increased foreign governments’ and organisations’ access to enormous information resources and fuelled growth and development. The increased availability of capital and technology, for example, was cited as a primary reason for the rise of Chilean companies in the 1980s. Information technology, in particular, is making the world ‘smaller’ and more interdependent.
• The emergence of a global economy. The continued growth of China’s economy, the spread of terrorism on a worldwide basis and the impact of global warming demonstrate how interdependent the world’s markets have become. Many foreign organisations are maturing and growing by entering the global business community. Free trade agreements, other lowered trade barriers, deregulation and privatisation aid this international expansion. As organisations expand globally, they are faced with adapting structures, information systems, co-ordinating processes and human resources practices to worldwide operations in a variety of countries.

2 Explain the three key facets in worldwide strategic orientation. Give examples that are not in the book.

The style of arrangement of products/services, organisation and personnel enables businesses to compete in the global marketplace.iii

Global organisations must offer products or services in more than one country and actively manage substantial direct investments in those countries. Because each country (or collective economic communities) have a different variety of demands, such as unique product requirements, tariffs, value-added taxes, governmental regulations, transportation laws and trade agreements, the organisation has to be prepared to respond to each one. New Zealand has a free trade agreement with China which has resulted in an aggressive approach by Chinese companies to doing business in New Zealand. New Zealanders have always thought that the opposite would eventuate.

Second, worldwide businesses must balance product and functional concerns with geographic issues of distance, time and culture. For example Australian companies manufacturing in China must take into account the twenty-seven day impact of Chinese New Year which falls just as Australian companies are returning to work after their Christmas and New Year break. If manufacturing timetables are not carefully managed, more than six weeks of time can be lost.

Third, worldwide companies operate across cultural boundaries using a wide variety of personnel, including expatriates, short-term and extended business travellers, and local employees. Workers with different cultural backgrounds must be managed in ways that support the overall goals and image of the organisation.iv Human resource management has to be adapted to fit the culture and accomplish operational objectives. The Philippines is a major exporter of human resource with greater than 3 million departures per year of workers going for medium term employment in other countries. This requires sophisticated health screening both outbound and inbound.
3 What are the characteristics of the global design? How do these differ from the characteristics of the multinational orientation and transnational design?

Students should be referred to Table 10.1, p. 360.

Global design is characterised by a strategy which focuses on standardised products with the goal of attaining efficiency through volumes. The structure is centralised with balanced and co-ordinated activities and global product division. There will be formal information systems and human resource functions will be ethnocentric, that is the policies are derived from the home country cultural perspective. OD interventions include career planning, role clarification and employee involvement complimented by senior management team building and conflict management.

In contrast, a multinational orientation will be characterised by products tailored to the particular market with goals of local responsiveness through specialisation. These companies have decentralised operations, but with centralised planning and global geographic divisions. The information systems are differentiated by profit centres and human resource functions are regionocentric or polycentric. OD interventions focus on intergroup relations, local management team building with management development and reward systems highlighted. Multinational companies favour developing strategic alliances.

Transnational design companies are characterised by developing products tailored to the particular market with goals of learning and responsiveness through integration. Their structure is usually decentralised with worldwide co-ordination based on a global matrix or network. Information systems are subtle with clan oriented controls. Human resource strategies are dominated by geocentric selection. OD interventions include extensive election and rotation. There is a focus on organisation cultural development, intergroup relations and building the corporate vision.

4 How are global social change organisations (GSCOs) related to creating sustainable change in communities and societies? What is the role of the change agent in this unusual situation?

GSCOs exist to address complex social problems, including overpopulation, ecological degradation, the increasing concentration of wealth and power, the lack of management infrastructures to facilitate growth and the lack of fundamental human rights. The efforts of many GSCOs to raise awareness and mobilise resources towards solving these problems culminated in the United Nations’ Conference on Environment and Development in Rio de Janeiro in June 1992, where leaders from both industrialised and less-developed countries met to discuss sustainable development. More recently, the Kyoto Protocol and the United Nations Global
Compact have focused attention on global warming and social responsibility and how countries and organisations can co-operate to address these concerns.

The change agent’s role is diverse, but GSCO change agents typically occupy stewardship and bridging roles. The steward role derives from the ideological and grassroots activities associated with GSCOs. It asks the change agent to be a co-learner or co-participant in achieving global social change. This type of change is ‘sustainable’, or ecologically, politically, culturally and economically balanced.

Change agents must, therefore, work from an explicit value base that is aligned with GSCO activities. Stewardship implies an orientation towards the development of sustainable solutions to local and global problems.

The second role, bridging, derives from the grassroots and political activities of many GSCOs. Bridging is an appropriate title for this role because it metaphorically reflects the core activities of GSCOs and the change agents who work with them.

Both are mainly concerned with connecting and integrating diverse elements of societies and communities towards sustainable change and with transferring ideas among individuals, groups, organisations and societies.

5 The text suggests that internal differences within GSCOs can emerge as a result of certain developments. What are they?

GSCOs are relatively powerless compared with governments, wealthy upper classes and formal organisations. Given the diverse social systems involved, there often is no consensus about a GSCO’s objectives. Moreover, different constituencies may have different interests and there may be histories of antagonism among groups that make promulgation of the development project difficult. The steward and the bridging roles require persuasive articulation of the GSCO’s ideology and purpose at all times, under many conditions and to everyone involved.

A key role of change agents is to ensure that, as GSCOs grow, the different emerging groups do not change their behaviour to suit the external environment. The text gives the example of The International Relief and Development Agency which, as it grew, divided into different departments to represent different stakeholders. The departments developed in response to their external environments. Fund-raisers and lobbyists dressed more formally, took more moderate political positions and managed less participatively than did the projects departments. These differences were often interpreted in political and ideological terms, creating considerable internal conflict.

6 Can a GSCO play the role of an OD consultant? In what circumstances? How?

In many situations the GSCO will not have the resources to employ a specialist OD consultant. However, GSCOs can apply OD principles as they seek to develop social
responsibility in complex environments. The use of robust management systems would be an advantage along with skills in communicating the values and strategic direction of the organisation to those whose influence or power might help or hinder the GSCOs achievement of its objectives.

**7 What are the necessary skills to be an effective OD consultant to a GSCO?**

Carrying out the steward and the bridging roles requires communication, negotiation and networking skills. The steward and the bridging roles require persuasive articulation of the GSCO’s ideology and purpose at all times, under many conditions and to everyone involved.

The OD practitioner should also call on the classical skills of change management (refer to Chapter 3).

**Discussion and essay questions**

(See text p. 387)

1. ‘The process of OD under different conditions, in an international context, is tentative’. Explain what is meant by this. What is your opinion?

Change management in an international setting is often chaotic and unpredictable. Contingencies and practice issues associated with change in organisations in international settings are often fraught because of the different understandings, values and objectives of all stakeholders.

The skill of change agents in applying stewardship and using bridging techniques may vary and not be robust enough to change the behaviour of government, stronger societies with power, or meet the needs of all stakeholders in the GSCO. Embedding change may take a generation.

Because many change theories were developed predominantly by Western practitioners, this has heavily influenced the perceptions and practices of change management in places throughout the world. Regardless of good intentions, many errors can be made by implementing strategies that are not congruent with existing cultures and norms.

As OD matures, its methods will become more differentiated and adaptable to the GSCO environment on a more stable basis. As current viewpoints are recognised, change management in international settings will quickly become the norm.

2. Why are GSCOs important? How can change agents facilitate their processes?

GSCOs are part of a social innovation movement to foster global civilisation. As world populations become more connected they are also more influenced and affected by
the activities of developed economies on emerging economies. They exist to address complex social problems, including overpopulation, ecological degradation, the increasing concentration of wealth and power, the lack of management infrastructures to facilitate growth and the lack of fundamental human rights. GSCOs are characterised by:

- A commitment to serve as an agent of change in creating environmentally and sustainable world futures; they deal with real people in real situations.
- They apply innovative social-organisational architectures that make possible human co-operation across previously polarising or arbitrarily constraining boundaries.
- They empower people to accomplish their global change mission.
- They are globally and locally linked in structure, membership or partnership.
- They are multi-organisational and often cross-sectoral.
- Change agents with sophisticated social change skills are needed to ensure that there is a balance in how changes are applied, that all stakeholders are included in decisions and that everyone understands their role or changes to their role. The values applied must be just, fair, peaceful and ecologically conscious.
- Change agents use technologies of empowerment and participatory action research which typically includes three types of activities: building local organisation effectiveness, creating bridges and linkages with other relevant organisations, and developing vertical linkages with policymakers.

3 **Compare and contrast the strategies for change in worldwide organisations. Is there one best way? Why/why not?**

Students should be referred to Table 10.1, p. 360. This discussion point is also discussed in Question 3 of this chapter.

There is no one best way to manage the internationalisation of organisations. Strategic planning, technostuctural and human resource interventions can help to implement an international orientation. Managers can use integrated strategic change or an organisation redesign process to design and manage the transition from the old strategic orientation to the new one.

Environmental scans, competitor analyses and market studies can be done to calibrate expectations about revenue goals and determine the levels of investment necessary to support the division.

Team building and large-group interventions, such as search conferences, can aid the process by allowing senior executives to gather appropriate information about international markets, distinctive competencies and culture and then choose a
strategic orientation. Similarly, managers can apply technostructural interventions to design appropriate organisational structure and define new roles and allocate tasks.

The change process and the end state are contingent on the strategic direction of the organisation, the environment in which it finds itself and the resources available to it, including human resource. Internationalisation stages are also dependent on the phase of development that the organisation is in at that time, from simple agent in one country to a transnational firm.

4 ‘Communication and negotiation skills are essential for GSCO change agents because of the asymmetrical power bases extant in grassroots development efforts.’ Discuss.

GSCOs exist to address complex social problems, including overpopulation, ecological degradation, the increasing concentration of wealth and power, the lack of management infrastructures to facilitate growth and the lack of fundamental human rights.

GSCOs interact with a broad range of external and often conflicting constituencies. To help the poor, GSCOs often must work with the rich; to save the ecology, they must work with developers; to empower the masses, they must work with the powerful few. This places a great deal of pressure on GSCOs to reconcile pursuit of a noble cause with the political realities of power and wealth.

Managing these diverse external constituencies often creates significant organisational conflict. On the one hand, GSCOs need to create specific departments to serve and represent particular stakeholders. On the other hand, they are strongly averse to bureaucracy and desire collegial and consensus-seeking cultures. The conflicting perspectives of the stakeholders, the differentiated departments and the ideological basis of the organisation’s mission can produce a contentious internal environment.

This subject is also discussed in Question 5 of this chapter.

5 ‘Interventions in worldwide organisations require a strategic and organisational perspective on change to align people, structures and systems.’ What do you see as the elements of such a perspective?

The elements of such a perspective will include:

- Strategy: this will focus on the strategic objectives of the organisation as set by its board.

- Structure: the most suitable structure for both the change process and the desired end state and contingent on the resources available, especially human resources.

- Information systems: this should include the line of decision-making which is contingent on the knowledge, skill and abilities of the available human resource,
the extent to which the organisation can be computerised, especially in relation to international communication, and the management of knowledge including institutional knowledge across the organisation.

- Human Resource: the knowledge, skills and abilities available in the home and host country from home, host and third country nationals. The abilities and opportunities available for up-skilling, training and organisation culture development across the organisation, in both the home and host countries.

- OD interventions: Applying the most appropriate skill from the best qualified OD professional and/or change agents available.

Students should be referred to Table 10.1, p. 360.

**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.

**10.1 Backyard bounty**

1. *What are the trends mentioned in Application 10.1? With each trend identify how organisations will need to implement changes to remain competitive.*

The trends described are in response to demographic changes.

Ask students to identify the trends referred to in the application. Then, arrange students into groups of three to five, and have them discuss what OT interventions might be appropriate to deal with each of the trends.

Prompt students to identify individual, group and organisation level interventions for each trend (if appropriate).

<table>
<thead>
<tr>
<th>Trends</th>
<th>OT interventions (individual, group, organisational)</th>
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<tbody>
<tr>
<td>Infill housing, smaller or no sections</td>
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<tr>
<td>Different tools needed; whipper snipper,</td>
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leaf blowers, smaller electric mowers

Demographic and environmental shift to small plot vegetable gardening

Increasing working hours

Environment - water restrictions

Diversification of garden centre stock to natives, drought resistant and homewares

Re growth in garden centre sector - opportunities for suppliers and specialists

10.2 DIY recruitment

1 What significant changes have resulted from the social networking implementation of Atlassian's strategy? What problems do you expect will occur and how may they be overcome?

The most significant change is that the SME firms have the control of recruitment back in their hands. Without the luxury of big budget recruitment, they were disadvantaged in the competition for top quality applicants. Applicants are known (by the referrer) to have the knowledge, skills and abilities required for the job. Problems could arise with the management of ‘friends’ and large numbers of referrals.

2 To what extent do you consider recruitment rates improved due to the use of social media sites compared to the use of incentives for referrals? Without the latter do you believe use of social media sites would have been as effective as reported?

At this time it appears that companies are advised to keep all sources of applicants open. The use of social media puts the advertisement to a wider and growing group of potential applicants while incentivised referrals are known to have the skills and personality to fit the job. The two methods are aimed at different potential applicant groups so the impact of one without the other is difficult to measure.

The success of social media in all sorts of communication cannot be underestimated. Viral marketing, in this case job advertisements, can reach thousands of potential applicants in a few hours. The use of social media is still in the early stage of adoption by many firms.
3 **What are the implications of this report for traditional recruitment agencies? How can OD assist in addressing those implications?**

Traditional agencies need to respond to the massive change which has started to affect their business. The key change is that firms can now manage their own advertisement, application and recruitment stages by using online technology.

OD practitioners can assist agencies in developing services which make it easy, especially in terms of the legal aspects of recruitment. There will always be a gap in knowledge of human resource strategy in relation to employment and an agency can offer services to fill that gap. The OD practitioner can also assist the agency through its own change process from agent to referrer of quality applicant. Agencies too will need to develop methods of using social media to attract potential applicants in their area of expertise. This may lead to further specialisation of recruitment agents.

Agencies will need to be more attractive to online applicants. For example, currently some make contact with the agency mandatory to find out what the position is about, only advertising some aspects of the job. That tends to move young people away from response rather than toward it. OD practitioners can assist agencies to respond to the changing demands of potential applicants.

10.3 **Managing the recovery**

1 **Investigate the Australian Business Excellence Framework. What other companies have won this award and what change processes did they implement?**

Students should be referred to the AEAC website:

The Australian Excellence Awards are a nationally recognised Business Awards Program. Self-funded and independent, we are always searching for those Australian organisations who demonstrate impeccable customer service, product excellence and innovative e-commerce websites. Previous winners include household brands from banking, insurance, trades and retail enterprise.

Other businesses to receive awards range from publishing to businesses managed by women. The change processes used are wide and varied.

Students should be asked to choose a company which has received an award and to analyse why that business has been successful.

2 **The article lists a number of challenges and possible responses by business to the economic downturn. What role can OD play in facilitating organisations’ reactions to the challenges?**

Classical OD interventions should be applied. These include:
• Doing a full analysis of the environment in which the firm currently finds itself.

• Establishing that the OD practitioner as change agent is the right person to be assisting the firm.

• Assisting the company to understand where it needs to go and how it will get there.

• Understanding the desired end state.

• Establishing the plan for change and detailing the timeline for change.

• Analysing the capacity of the firm in relation to that environment – capacity will include capital, people, knowledge, skills and abilities. Other resources need to respond to the changed environment.

• Preparing the firm and its people for change, destabilising the equilibrium, ensuring the skills for change are practised and moving people through to the end state.

• Evaluating the change process and the success or otherwise of the end state for the firm.

Students should be referred to Chapter 3 to review the role of the change agent.

10.4 Record breakers

1 ‘It’s only going to get more difficult to manage information with the evolution of technology.’ Is this statement true? Why or why not?

The company’s documentation, records and institutional knowledge are one of the most valuable resources. With the increasing sophistication of technology, there is the risk that some information could be lost if good filing and retrieval systems are not put in place. This also includes the management of professional and institutional knowledge owned by the firm.

Proficient and effective communication requires sophisticated information management and for users to have good skills in using the systems. The end result needs to be reflected in productivity, contribution of content, access and retrievability.

2 How might an OD consultant assist in resolving the problems implied in this case study? What are the issues the consultant would need to address?

The OD practitioner can assist through:

• Identifying for the firm the systems required, based on the advice of professional information and records managers.
• Identify the knowledge, skills and abilities required by users of the system and advise on how any up-skilling can be put in place.

• Identify the impact of poor usability of a system on productivity in the work place and risk to the firm.

• Identify the impacts of good knowledge management and the benefits of good access to institutional knowledge.

The key issues faced by the OD practitioner focus on establishing the organisation policies which will underpin the system design. They will also face the complexities of information management and especially the skills required for input and retrieval of information and establishing the impact on productivity so that the importance of using the system appropriately can be shown to users.

3 In your own situation, what records do you need to maintain? How do you do it? Could you undertake this task more effectively?

Get students into small groups for this exercise. Ask them to list all the organisation’s records they know about, how they would find out what other records are required to be kept or which, if kept, could benefit the company. Ask them to detail how records are managed now.

Get the groups to brainstorm ideal systems for their organisations and report back to the class. The exercise can be extended to all forms of information management in the organisation and not limited to records.

Additional suggested reading


References


L. Brown and J. Covey, ‘Development organizations and organization development: toward an expanded paradigm for organization development’, in Research in Organizational Change and Development, vol. 1, eds