Chapter 12
Future directions: Change in a global setting

Learning objectives

- To define three trends in OD practice
- To explain how managing diversity can enhance OD interventions in organisations
- To understand the impact of technology on change management
- To demonstrate skills in dealing with cultural diversity in the workplace

Activities

Review questions

(See text p. 450)

1. Define what is traditional, pragmatic and scholarly in the OD context.
   Give an example of each.

Each trend has a different vision of what OD can and should be and although they are presented separately, they are not mutually exclusive or independent. On the contrary, the future of OD will no doubt emerge from their integration.

The traditional trend is characterised by long-established values of human potential, equality, trust and collaboration. OD interventions should humanise work, organisations and society; help employees balance work and family life; promote diversity and spirituality at the workplace; and champion the self-actualisation of organisation members. The traditional view proposes that OD professionals should do what is ‘right’ by ensuring that organisations promote positive social change and corporate citizenship.

The traditional trend ensures that organisational processes are transparent, possess integrity, treat people with dignity and serve diverse stakeholders. OD’s primary goal is to help organisations create such processes; whether they subsequently lead to performance outcomes is of secondary importance.

The pragmatic trend focuses on professionalisation and relevance to the business at hand. Pragmatists argue that OD practitioners should be certified. The pragmatic trend is also distinguished by an emphasis on change technologies, typically under the banner of ‘change management’ which is viewed as a highly relevant and applied practice, much like medicine, engineering or accounting. It focuses on helping
organisations implement change and adapt to turbulent environments. Relevance is a major theme among pragmatists, who value the performance outcomes of OD work which are the means for implementing change and achieving the desired results.

The scholarly approach proposes a ‘research agenda’ for OD that includes (1) how multiple contexts and levels of analysis affect organisational change; (2) the inclusion of time, history, process and action in theories of change; (3) the link between change processes and organisation performance; (4) the comparative analysis of international and cross-cultural OD interventions; (5) the study of receptivity, customisation, sequencing, pace and episodic versus continuous change processes; and (6) the partnership between scholars and practitioners in studying organisational change.

The scholarly perspective focuses on understanding, predicting and controlling change. It is far less concerned about how OD is defined, what its values are, how it is practised, or whether an OD practitioner is involved except as potential explanations for change success. Refer to Figure 12.1, p. 425.

2 Technology has often been accused of being the primary cause of uncontrolled change. Do you agree? Why/why not?

The primary cause of uncontrolled change is the dissatisfaction people have with the status quo. When the number of dissatisfied participants reaches a tipping point then change will happen whether it is planned or not.

Technology and the ability or inability to use it can trigger uncontrolled change. Those with the skills will proceed confidently but there may be resistance from those who have not grasped the skills required. Technology trends, such as Internet portals, voice over the Internet and wireless networks, influence how OD practitioners communicate with organisation members, facilitate teams and manage change.

Technology requires users to have current skills, that is, the skills required for change.

3 What are the four ‘system conditions’ which should guide an organisation’s strategic decisions?

The Natural Step utilises four ‘system conditions’ to guide an organisation’s strategic decisions:

1 substances from within the earth must not systematically increase in the ecosphere,
2 substances produced by society must not systematically increase in the ecosphere,
3 the physical ability of nature to renew itself must not be diminished
4 the basic human needs of all people need to be met with fairness and efficiency.

4 What is meant by the term ‘triple bottom line’ and how would this influence decisions made regarding change management?

The triple bottom line is a corporate reporting system which provides a multidimensional view of the organisation. That includes financial reporting in the traditional sense of profit and loss, a report on the social impact the company is making, the health and well-being of its stakeholders and the impact the organisation makes on the environment.

In line with responsible progress, the triple bottom line proposes that organisation change and globalisation should be guided by the economic, social and environmental values that are added or destroyed.

These values also guide how organisations go about minimising harm or maximising benefits through their decisions and actions to achieve innovation and effectiveness. This involves being clear about the company’s purpose and taking into consideration the needs of all stakeholders – shareholders, customers, employees, business partners, governments, the environment, local communities and the public.

5 What is meant by ‘diversity’? Give examples from your experience, where there have been changes made as a result of diversity.

Diversity is the term used to describe the various types of people who make up our workforces. It is not an easy term to define as it can encompass a wide range of personal attributes from gender and sexual orientation, race, ethnicity, age disability or ability. The key issue for OD practitioners and other managers is how to manage diversity during times of change and how to assist employees to cope with diversity in the workplace.

Additional activity

Divide students into small groups to identify examples of diversity which they have experienced in their workplaces.

These examples could include increasing the number of women on boards (see Chapter 7 and Application 7.2), affirmative action programs for indigenous peoples and using the experience of older people in our workforce. It includes employment policies based on merit and skills base not biased by cultural compatibility and designed to maximise the attributes of people from diverse cultural backgrounds.

6 What are the types of e-commerce seen as relevant to OD? Why are they relevant?

At the core of information technology is e-commerce, an economy that knows no boundaries. Two types of e-commerce seem particularly relevant to OD’s future: business-to-consumer and business-to-business. The business-to-consumer market
garners much attention and awareness because it is how the public participates in e-commerce. Good examples are Amazon.com and eBay.com. OD’s role is to develop new and different models for doing business.

Business-to-consumer involves using automatic teller machines, buying games on your mobile phone, buying and selling products and services over the Internet and selling advertising space and a myriad of other activities which use electronic technology to do business. Dell computer is the example given in the text, p. 437, which changed from a mail order to an Internet order business. The shift in organisation structures, labour skill sets, work designs and work processes in the transformation from a mail-order business to an e-commerce leader represents the kind of change that OD practitioners are involved in.

Business-to-business e-commerce has even more complex issues to grapple with. Web-based transactions are replacing the inefficient phone, mail and face-to-face sales call processes that dominated these industries. In Australia, Cash’s Pty has a B2B online label ordering system for local clothing brands which have their products and labels produced in other countries, mostly China. The local brand staff can place orders from Australia for the different range of styles being made and for delivery to their Chinese factory. The finished product arrives in Australia having being manufactured off-shore, but managed from the Australian base.

7 What are the intercultural implications of responsible progress?
Responsible progress begins with an economist’s definition of an effective system, integrates traditional OD and more recent effectiveness values and promotes a set of practices to actualise those values. Economists traditionally define progress and economic health in terms of the development of products and services that make society better off, the ability to put scarce resources to their most efficient use, the capacity to support full employment and the equitable distribution of rewards in relation to the risks people take in productive enterprise. However, that is traditionally relative to Western economies, so a gap is created between them and other, usually developing, economies.

Responsible progress addresses that gap by defining a policy that supports economic success and innovation, promotes efficiency and progress, but incorporates cultural diversity and environmental sustainability to produce a more balanced view of effectiveness. It supports a set of traditional and effectiveness related values as well as practices that reflect today’s and tomorrow’s organisations.

The responsible progress policy asserts that individuals, organisations and countries can pursue economic and personal success through open innovation that leverages and nurtures cultural diversity and the environment.

Additional activity
This is a good subject for class debate. Students should be asked to discuss how they would ensure a balance between progress and sustainability. What tools would they use to measure success?

8 What is the ‘Natural Step’? What are its basic principles?

The Natural Step proposes a set of guidelines for development and a process of change that aligns with an OD perspective. It begins with a simple premise: current economic models that are based on the assumption of growth cannot reconcile the increasing demand for and decreasing supply of finite and fundamental natural resources. The sooner this incompatibility is recognised and addressed, the larger the number of available and socially acceptable solutions.

This system’s conditions for strategic decision-making in organisations are also discussed in Question 3 of this IM.

Discussion and essay questions

(See text p. 450)

1 Identify three trends within OD. What implications do they have for the future?

The three trends are:

- Traditional: Return to original humanistic values, increasing focus on process interventions.
- Pragmatic: Emphasise values of effectiveness, increasing focus on relevant practice.
- Scholarly – Emphasise values of understanding, prediction and control – search for variables which explain change and effectiveness.

The impact on organisational development for the future will:

- have more conflict in the short term
- be more integrated in the long term.

Refer to Question 1 above for a detailed description of the limitations of each and to Figure 12.1, p. 425.

2 Compare and contrast the drivers for change and how they are likely to relate to environmental forces. Create a scenario for the year 2020 and how businesses should be prepared.

This is a good subject for individual or group assignments. Students should be asked to list all the drivers for change and apply them to the organisation they work in. They should then identify the responses which are needed and known already, and those areas where there is likely to be a need. Students should then detail how they will make their organisation ready for change in the future. The bases for their
answer should include economic, workforce, technological and organisations in relation to organisation development. Refer to Figure 12.2, p. 431.

3 ‘Governments must face the difficult choice of preserving or sacrificing their culture’. What is meant by this? Give two examples and formulate an informed opinion.

Many countries face the conundrum that progress and participation in a global economy presents. Greater economic success may depend on cultural sacrifices. For example, the Chinese government is trying diligently to preserve its cultural and political underpinnings while facing a rapid influx of capitalist goods and services. Many developing countries are responding to Western demand and consumption and they face pressures to move to a Western capitalism model despite questions as to whether it is appropriate for their cultures.

Organisations implementing global strategies have a preference for standardised approaches in policy and systems which do not reflect the uniqueness of cultural diversity and, sometimes, need.

Pursuing both cultural preservation and economic participation is possible, but it is a complex task. The short-term financial benefits often appear much larger than the long-term social consequences and the required leadership and management capabilities are not widely available. The decisions governments make to resolve this dilemma will dramatically shape the character of the global economy.

There are many examples, China being the most obvious at present; however other countries such as Vietnam are beginning to debate the issue of the challenge to their culture which progress is making. Conversely, some other countries, for example Bangladesh, are just happy to have an economy to develop.

4 ‘Responsible progress’ calls on business to have regard to a variety of considerations when planning change. Is there a tension between that concept and shareholders’ expectations that business will seek to maximise returns? If there is a tension, how might it be ameliorated?

Since the incorporation of triple bottom line reporting for a large group of organisations in Australia and New Zealand, shareholders have been gradually educated about the ongoing need to ensure business practices which are sustainable economically, socially and environmentally.

While there remains some tension, shareholders are gradually understanding the changed commercial environment in a global economy and how responsible progress can be used successfully as a marketing and sales tool. If it is good for the firm, the people and the plant, it will be good for business and that will eventually be seen in the return to shareholders.
The second issue is the definition of shareholder value. Historically shareholder value was largely measured in the return to the shareholder. However this has been gradually changing to reflect the economic value added to the company through sustainable practices and taking a longer term view of the business cycle.

Education about the place of the firm in the global economy is often a role taken by change managers and OD practitioners.

5 Managers face many challenges in formulating change processes. Name four and explain why they are significant.

- Orienting new people quickly to the business strategy so that they can be effective team members.
- Integrating people rapidly into new work roles so that they can be efficient in their work.
- Increasing the efficiency of work processes for efficiency.
- Helping founders and key managers think about the market, competitors and technology in a strategic way to attain competitive advantage.

6 Globalisation is resulting in increasing internationalisation of businesses. What are the primary cultural issues that face managers as a result of globalisation and how might they be dealt with?

Team-building interventions need to be developed where all cultures involved in the business are honoured and respected. This is a challenge when individuals may communicate every day but never meet face-to-face.

Because the number of organisations operating in multiple countries is growing rapidly, opportunities for OD in these situations seem endless: inter-organisational and network relationships between subsidiaries, operating units and headquarters organisations; team building across cultural boundaries; working out global logistics and supply-chain processes; implementing diversity-centric values in ethnocentric cultures; designing strategic planning exercises at multiple levels.

However, working across cultures or with multiple cultures is not the same as pursuing progress and innovation while preserving or even leveraging cultural diversity. Organisations today and in the future will operate in multiple countries, governments and cultures. A single-minded pursuit of financial success can – consciously or unconsciously – undermine local cultures in service of greater efficiency, increased speed or higher market shares. Developing and implementing business models and organisation designs that operate globally but support local cultures will require significant managerial innovation.

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.

12.1 Political savvy just one of five skills MBAs need on board

1 How do the managerial skills listed above relate to OD?
The managerial skills listed in the application 12.1 are all ‘soft’ skills and in that way they are similar to those skills required by the OD practitioner or change agent. The mastery of political skills such as influencing, lobbying and building coalitions of interest is essential for any effective executive as is the ability to communicate well and appropriately. Seeking advice, especially specialist advice is parallel to the OD practitioner’s need to be informed, and to be productive is the interest of all organisations. Hiring decisions can be akin to ensuring that the right people with the right skills are available to complete the job at hand, whether that is part of a change process or not.

2 Is it possible to create a certification process for accrediting competent change agents? Discuss both perspectives and justify your answer.
It is possible to accredit any professional group for whom a specific range of competencies can be defined. If change agent in this sense is synonymous with OD practitioner, then that is possible. The difficulty is that many consultants who have demonstrated excellence in managing change may not do so from an OD perspective but from some other knowledge base such as having excellent knowledge of particular industries or service sectors. The use of the ‘soft’ skills described above is not the exclusive domain of OD practitioners. The other consideration is: is certification going to benefit the business or managerial environment?

Additional activity
The subject of certification and regulation of professionals is a popular discussion topic. The premise is, ‘Is it in the interests of the public to have this professional group certified in some way?’

This is a good subject for class debate. The two sides should focus on the freedom of organisations to seek advice from whom they wish versus organisations should be able to rely on the advice they are given by OD professionals.

3 Is the maxim ‘You can never over communicate’ always correct? What are the associated conditions required to make it appropriate?
This maxim is almost always correct as people, both individuals and groups, have an enormous capacity for information and knowledge. The ability to shape, craft and
sell a credible message is a valuable commodity. However, the contrasting view would be to consider what is being communicated, how often and to whom. In that sense, communication is a planned and managed process in which the communicator chooses the message and environment in which it is to be received with intention.

4 Politics, as the article intimates, can be seen as destructive in an organisation. Have you observed politics in play in business? Was it being used for good or bad? Why?

Politics is the use of power to inform, develop and enact policy which underpins the decision-making in an organisation.

Students should be divided into small groups to discuss and debate this question based on an experience they have had.

Students should be reminded that they are looking for an example that demonstrates a shift or potential shift in the power base within the organisation group. They should be asked to detail what value that power brings to the organisation group and how it is being utilised; whether the use is positive or negative, i.e. is the power being used in the self-interest of the person or in the interest of all concerned?

12.2 Creativity can come from anyone, so let’s look beyond the elite

1 ‘If your object is excellence you begin with a broad base: elitism fails because it insists upon a narrow base; its apex fails to reach the limits of the possible.’ What do you understand this to mean? Give examples to support your interpretation.

The idea that art, creativity and innovation will come from a small elite group, or any group which is exclusive from ordinary society is flawed because, as the article maintains, creativity comes from the milieu of ordinary things. One cannot manufacture creativity; it comes from the life experiences of the individual and the group within which they live.

2 Can education stifle creativity? Explain your answer.

This is an excellent topic for class debate. Divide students in to small groups with some to take the affirmative and some the negative view of the statement. Their debates should include:

- The impact of rules and the limitation of freedom to think.
- The need to control and manage expenditure of ‘art’ which is perceived by some as unproductive.
3 What are the implications of this application for successful OD? Why?

OD practice includes problem solving using creative means such as group brainstorming, workshops and other tools which allow all ideas from the group to be considered.

12.3 Staying power

1 Under what circumstances can organisations in the IT industry survive the economic downturn? Why have some other industries been victims of the downturn?

Companies which focus on technical innovation and customer needs survive during the hard times. These are the fundamental principles of good business practice and that is, do what you are good at doing – technical innovation and always put the customer first.

Those companies which have not survived the downturn were not able to respond to both the changing environment, nor did they apply their skills in being innovative. Innovation requires taking what you do and doing it better. Better may not be reflected in direct profit but it will keep the company in business and put it in a changed state to grow again.

2 In the Application, two companies have responded differently to the downturn. Why is this the case? Is one more likely to be successful?

One company presented itself as an alternative because that is where the gap was in a pressured market.

The second company looked at innovation, providing the same service but in a different way. The customer was still getting the same product but in a more efficient way and at less cost.

3 The article refers to capital savings achievable through outsourcing of services. What are the benefits and disadvantages to small business of outsourcing? Why?

In the past two years, technologies such as process automation, remote systems management and server and storage virtualisation, have enabled service-focused IT companies to remove much of the capital expenditure associated with the adoption of new technologies by offering many as managed services rather than projects. The result is that technologies which were once the prerogative of large organisations because of price can now be sourced by SMEs. The result is that the whole IT sector is growing again.

12.4 Problem of a familiar hue
1 **How may OD interventions assist with the recognition and successful inclusion of cultural diversity in the workplace?**

The use of diversity training in workplaces with multicultural work forces is increasing. This is driven by a skills shortage in particular sectors such as accounting and IT. The purpose is to get team members recognising the powerful influence that shared values and supportive practices can have in increasing human and economic outcomes.

2 **Identify some of the issues associated with cultural diversity in the workplace.**

Key issues are usually based on the misconception that individuals from particular groups will exhibit certain characteristics. These may be based on skin colour especially racial characteristics as per the example in the application, religious practices (the requirement for special areas for daily prayer for Muslims has upset many other religious groups), and habits including practices related to food.

More serious issues are those that are covert; these include the need to agree with the boss, which is so important with some Asian groups which is in sharp contrast to the Australian way of speaking one’s mind. For some women from Middle-Eastern countries it is not comfortable for them to question men even when they are subordinates. These are examples where hierarchical structures hinder productivity.

3 **What is meant by ‘reverse discrimination’? What impact would this have on an organisation?**

Reverse discrimination is demonstrated when the dominant group’s cultural needs are given less value than those of others in the group. This can be hugely alienating, but on some occasions it does demonstrate to the dominant group how activities are framed around their way of thinking and do not take the cultural needs of others into account.

**Additional suggested readings**


**References**


