Course Book

ORGANIZATION DEVELOPMENT

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ORGANIZATION DEVELOPMENT

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INTRODUCTION

WELCOME

SIGNPOSTS THROUGHOUT THE COURSE BOOK

This course book contains the core content for this course. Additional learning materials can be found on the learning platform, but this course book should form the basis for your learning.

The content of this course book is divided into units, which are divided further into sections. Each section contains only one new key concept to allow you to quickly and efficiently add new learning material to your existing knowledge.

At the end of each section of the digital course book, you will find self-check questions. These questions are designed to help you check whether you have understood the concepts in each section.

For all modules with a final exam, you must complete the knowledge tests on the learning platform. You will pass the knowledge test for each unit when you answer at least 80% of the questions correctly.

When you have passed the knowledge tests for all the units, the course is considered finished and you will be able to register for the final assessment. Please ensure that you complete the evaluation prior to registering for the assessment.

Good luck!

SUGGESTED READINGS

GENERAL SUGGESTIONS

Cheung-Judge, M., & Holbeche, L. (2021). *Organization development: A practitioner's guide for OD and HR* (3rd ed.). Kogan Page Limited.

Schein, E. H. (2017). *Organizational culture and leadership* (5th ed.). Jossey Bass. http://search.ebscohost.com.pxz.iubh.de:8080/login.aspx?direct=true&db=cat05114a&AN=ihb.27938&site=eds-live&scope=site

Senge, P. M. (2006). *The fifth discipline: The art & practice of the learning organization* (2nd ed.). Doubleday.

UNIT 1

de Dios, E. S. (2009). *Smith's economic morals: An introduction* (UPSE Discussion Paper no. 2009-04). http://search.ebscohost.com.pxz.iubh.de:8080/login.aspx?direct=true&db=edsair&AN=edsair.od.....1687..c8016092f43c4c2d853a8e5deba3ccc4&site=eds-live&scope=site

Zoltan, R., & Vancea, R. (2022). Taylorism and ambidexterity – A systemic perspective on integrating exploration and exploitation in organizations. *Ovidius University Annals: Economic Sciences Series*, *22*(1), 768–775. http://search.ebscohost.com.pxz.iubh.de:8080/login.aspx?direct=true&db=bsu&AN=160088520&site=eds-live&scope=site

UNIT 2

Egan, T. M. (2001). Organization development: An examination of definitions and dependent variables. *Organization Development Journal*, *20*(2), 59–71.

UNIT 3

Lewin, K. (1947). Frontiers in group dynamics: Concept, method, and reality in social sciences; social equilibria and social change. *Human Relations*, *1*(1), 5–41. http://search.ebscohost.com.pxz.iubh.de:8080/login.aspx?direct=true&db=edo&AN=ejs40828246&site=eds-live&scope=site

UNIT 4

Darling, J. (2017) A conversation with Edgar Schein: Aligning strategy, culture, and leadership. *People & Strategy, 40*(2), 64–67. http://search.ebscohost.com.pxz.iubh.de:8080/login.aspx?direct=true&db=edsbig&AN=edsbig.A491982134&site=eds-live&scope=site

UNIT 5

Crossan, M., Lane, H., & White, R. (1999). An organizational learning framework: From intuition to institution. *Academy of Management Review, 24*(3), 522–537. http://search.ebscohost.com.pxz.iubh.de:8080/login.aspx?direct=true&db=edsjsr&AN=edsjsr.259140&site=eds-live&scope=site

UNIT 6

Marshak, R. J. (2015). My journey into dialogic organization development. *OD Practitioner*, *47*(2), 47–52. http://search.ebscohost.com.pxz.iubh.de:8080/login.aspx?direct=true&db=bsu&AN=101884570&site=eds-live&scope=site

LEARNING OBJECTIVES

The global business environment is becoming ever more volatile and unpredictable. Those currently entering the workforce have a set of priorities that emphasizes their need for work-life balance, meaningful work, and opportunities for continuous growth and self-fulfillment. The result is an extremely challenging situation for organizations and corporations that makes it difficult for them to survive and flourish. This is where organization development can offer invaluable help. It is an academic discipline and practice that follows a dual purpose, namely to (1) improve organizational effectiveness and (2) foster employee well-being. By pursuing these two goals simultaneously, organization development promotes organizational health and resilience as well as employee contentment.

In Unit 1 of your **Organization Development** course book, you will be introduced to the concept of "organization." Here, the concept is defined, the basic principles of organizational design are discussed, and the historical evolution of organizations is summarized. In Unit 2, you will learn about the concept of "organization development" (OD), and we will go into the history of this discipline. In Unit 3, you will be presented with some of the basic principles that guide OD practitioners in their work. In Unit 4, you will move on to the concepts of "culture" and, in particular, "corporate culture." You will explore the link between corporate culture and the corporation or organization itself. You will also look at models of cultural change within an organization. Furthermore, you will delve into basic approaches to analyzing organizational culture and review a few models that describe cultural change within organizations. In Unit 5, you will deal with the issue of "organizational resilience" and especially with the ideal of "organizational learning." Finally, in Unit 6, you will briefly look at how the theoretical issues covered in the first five units might be applied in practice. Here, you will look at one traditional approach and one rather contemporary approach.

UNIT 1

THE “ORGANIZATION” IN ORGANIZATION DEVELOPMENT

STUDY GOALS

On completion of this unit, you will be able to ...

- define the term “organization.”
- delineate at least three understandings of the term that are relevant to organization development practitioners.
- explain why the ability to deal productively with ambiguity is a core competence that any organization development practitioner must have.
- list at least five characteristics common to all organizations.
- present five key questions for designing organizational structure.

1. THE "ORGANIZATION" IN ORGANIZATION DEVELOPMENT

Introduction

"Organization" has become a household term that we generally understand intuitively (i.e., without reflecting on its meaning). However, the term actually has a wide range of meanings. Take a minute to think about the meaning of organization in the following sentences:

- "She is working on the organization of the content for the visuals in the presentation."
- "This logistics company has a high degree of organization."
- "He worked for a non-profit organization."
- "The new manager says she wants to adapt the company's organization to the current market."
- "The organization has to confirm the proposed changes via a company-wide referendum."

As demonstrated in this list, the term can refer to the process of structuring something (i.e., "organizing" it), the structure itself, or the association or society embodying the structure. The term can also represent (1) an operative unit a larger company or society or (2) the people themselves that work in a society or business. Because this list is not exhaustive, there are other meanings as well.

While anyone from the secretary in a non-profit association to the CEO of a large corporation must have a basic understanding of the term organization to perform their tasks, an organization development (OD) practitioner must surpass this basic understanding because of the conceptual demands placed on them. In effect, the OD practitioner must develop a thorough understanding of the term and be able to consciously delineate and explicate different meanings of it when conducting strategic planning. As Gary McLean (2006), a seasoned OD practitioner, repeatedly points out, the term remains ambiguous even in its concrete usage (p. xiii). This ambiguity is, in fact, a necessary component of a precise definition of the term – one that cannot be deleted without robbing the OD partitioner of an essential tool for a productive career.

The unit outlines some of the basic meanings of organization. In the process, the unit will not "artificially" delete the overlap in its meaning nor the resulting ambiguity in its usage. Rather, it will be your task as a student to find ways to deal with the "fuzzy edges" of these definitions and explications.

1.1 Definition and Concept of Organization

The introduction briefly addressed two of the basic meanings of the term “organization”: (1) one that highlights how the term is sometimes used to emphasize the character of a process and (2) another that showcases how the term can be used to represent an institution with its structural framework. Schreyögg and Geiger (2016) picked up on this distinction when defining organization and presented the concept of “instrumental” organization versus “institutional” organization (p. 5). Their delineation is a good starting point for our exploration and definition of the term.

Instrumental Organization

The notion of “instrumental organization” has its roots in business administration. At its core is the idea that organization – as a process its the resulting structure – can be harnessed as a tool to reach certain ends, usually higher efficiency in business processes and operations. Crucially, this notion assumes that there is an agent who plans and then implements that plan to reach the desired goals. The planning includes structuring processes and developing a system that guides the interaction between the various elements involved, including the members of the workforce, physical facilities, and available resources. Once this plan has been implemented, the resulting structure is usually cemented over time in the corresponding department of a company. Alternatively, a manager (i.e., the agent) may decide to select a small operative unit of a company and restructure it to improve efficiency. In this case, the organization is both the preexisting structure found in the smaller unit as well as the process of planning and implementing the changes outlined in the plan.

For reasons that will become apparent, the notion of an instrumental organization is only of limited use to the modern OD practitioner. Yet, this explication makes it clear why we have organizations in the first place. As anyone who has worked on a farm, construction site, or company production facility knows, there is an added value when two or more people (the number being dependent on the task) work together in a well-coordinated way. This added value exceeds the increase in productivity gained simply by adding the value of each individual working side-by-side independently of each other. In essence, the whole is greater than the sum of all its parts. Organizing human activity and labor in almost any context increases productivity, and, therefore, organizations are instruments that fulfill an important function: increasing human prosperity as a whole and, ideally, our quality of life.

Institutional Organization

Schreyögg and Geiger (2016) use the term “institutional organization” to direct attention to the entity – to the structured whole – that results from those planned instrumental activities geared toward arranging and interconnecting individuals, operative units, and facilities, such that they can work and interact together in a productive way (p. 9). This is what we mean when we talk about large corporations like Amazon or smaller companies

like the automobile manufacturer Jeep. However, this is also what we mean when we refer to schools; workplaces; churches, temples, and mosques; government agencies; and sports and social clubs. In effect, this is the most common sense of the term "organization" and allows for the most comprehensive definition of it. Consequently, the basis of the course book relies on this sense of an organization in particular.

OUR DEFINITION OF "ORGANIZATION"
An organization is a social framework of human beings that jointly endeavor to reach a common goal.

In spite of its simplicity, this definition outlines in broad terms the essence of an organization. Implicit in the definition are references to the concepts of structure, members, and systems, and the elucidation of these concepts complicates matters substantially.

Structure

The concept of a "framework" is suggestive of "structure." Structure is an integral part of any organization from the planning phase (i.e., conceptional structure) all the way up to the operation of an established institution, within which the various elements of that organization are linked together in an established arrangement. Structure makes efficient communication and operations possible. It ensures that the necessary materials and instrumentation are available on time to the right individuals at the appropriate facilities. What these structures might look like in concrete cases varies radically: Consider the organizational structure that a soccer club might have compared to that of Amazon. Some companies use **organigrams** in internal and external communication to provide an easily understandable visualization of their organizational structure.

Organigram
This is an organizational chart. In other words, it is a graphical representation of an organization's structure.

Of the utmost relevance is the issue of how to structure an organization and determine what long-term consequences this decision might have. For this reason, when Schreyögg and Geiger (2016) delineate five general problem areas generic to any organization, the first problem they mention is establishing the formal structure of the tasks the organization must perform (p. 19). Robbins (2003) prioritizes this issue for commercial organizations as well and suggests that "there are six key elements" that must be addressed when designing an organizational structure: (1) work specialization, (2) departmentalization, (3) chain of command, (4) span of control, (5) centralization versus decentralization, and (6) formalization (p. 425). Shortly, we will delve into both the generic issues facing any organization as well as five of these six key elements that influence organizational structure.

Members

Recall that our definition of an organization includes the phrase "a social framework of human beings." This serves as a reminder that we often use the term to refer to its members – and that is for a good reason. The members of any organization are the lifeblood – the life-giving force – of it. An organization without reasonably well-motivated, trained members will, at best, sustain mediocracy. Usually, it is doomed to failure in the long term.

However, our definition's focus on the organizational members is relevant for other reasons as well. Namely, it brings many issues bound up with the human side of organizations to the forefront, including organizational communication, patterns of human behavior, ways of interacting, and, thus, (corporate) culture. Certainly, part of the process of designing the organizational structure is to (1) define the various channels of communication available, (2) outline formalities concerning external and internal communication, and (3) ensure that the technical facilities are in place to enable that communication.

Nevertheless, the members of an organization always have some leeway within those guidelines and structures, and the forms of organizational communication as practiced are strongly influenced by member participation. Likewise, companies usually have a code regarding dress, behavior, and ways of interacting with either fellow employees or customers and clients. Critically, this code is also applied and, over time, modified by those who use it. The way that communication and interpersonal interactions in an organization develop reflect the values and traditions of the members. This intercourse between (1) the members of an organization and (2) formal polices and structures leads to the development of corporate culture or subcultures. For this reason, OD and OD practitioners must pay particular attention to the human side of any organization.

System

The collocation of the terms "endeavor" and "framework" in our definition both links activity to structure and serves as an almost unmistakable reference to the notion of a "system." The definition of a system as "a regularly interacting or interdependent group of items forming a unified whole" (Merriam Webster, n.d.-b) combines fluidity, motion, and modification with the rigidity of a structure. This is why Katz and Kahn introduced the concept of open systems into OD back in 1966. Their concern was that former attempts – especially those made by Taylor and Weber – to combine the notion of "structure" with that of "organization" tended to view the "existing structures as givens," and they had no conceptual apparatus to "deal with restructuring or social change" (Katz, 1980, p. 242). The fact that the notion of open systems allows both for interaction with elements outside of the system, as well as interactions between the different elements within the system, means that a level of dynamism can be introduced to accommodate the phenomena of change, restructuring, and disruption in organizations.

More recent developments, such as those prompted by theoretical impulses from Luhmann and Senge, have significantly strengthened the role that systems theory plays in OD. The concept of **autopoiesis**, which figures prominently in Luhmann's (1984, p. 60) social theory, has prompted many working in the field of OD to view the organizations as having a significant level of autonomy, as being "dynamic, non-linear systems." It follows from this that "the outcome of their actions (those of leaders and change agents) is unpredicta-

Autopoiesis
This is the property of a system to maintain and renew itself by self-regulation and conserving its boundaries.

ble." This clearly questions the idea that an "agent," such as a manager or an OD practitioner, could then intervene in an active system (in this case, an organization) to bring about changes according to a plan. As Cheung-Judge and Holbeche (2021) state, "leaders and change agents need to accept they cannot manage change" (p. 39).

Senge made "systems thinking" (i.e., the "fifth discipline") the cornerstone of his management and OD theory following the recognition that existing active organizations possess an inherent, somewhat unpredictable generative power. This way of thinking allows for a fusion of "coherent theory and practice" (Senge, 2006, p. 12). Due to the influence of systems theory on OD, those currently working in the field have become quite skeptical of any simple, straightforward view that organizations are, in essence, "instruments." Recall that this was the first sense of organization that we dealt with. Recently, much work has been done to redefine the role of the OD practitioner in light of this developing understanding of systems theory.

Ambiguity and the Practice of OD

Earlier on, this unit suggested that (1) ambiguity itself is a necessary ingredient in any adequate definition of organization and (2) any attempt to eliminate ambiguity from the definition would rob the OD practitioner of an essential tool needed for their work. When we talk about ambiguity, we mean an uncertainty about how something can be understood. In the case of OD, the ambiguity is not a consequence of fundamental concepts – such as "structure," "instrument," "member," or "system" – being left undefined. As distinct elements, all of these terms can and should be clearly defined in the definition of organization. The ambiguity results from overlap and the way that these different senses of the term organization are combined when being used by those working in or dealing with any given organization.

Think about the way that the concepts of "structure" and "system" overlap in the definition of "organization." We tend to associate stability and clarity with structures. Structures are things that we can draw diagrams of, showing how the different parts are connected and interact. Likewise, we can fairly accurately describe the way that a system functions and how the interactions here take place. But when we try to overlap these two concepts in practice and then open this to influences from outside the combined system and structure, elements of both transition into a state of flux. In this situation, it is often not possible to clearly describe how and when these changes will take place (i.e., ambiguity arises), and we are uncertain how to understand at least some elements of the structure and/or system.

First and foremost, OD practitioners deal with human beings, and it is clearly of the highest importance that someone in this field enjoys working with people. These people, our "clients," all work with or in the organization in some form or fashion, but they do so in radically differing positions: from entry-level employees to managers at different levels up to the stakeholders. Each person has a different perspective on the same organization, and each will invariably emphasize different aspects of (different senses of the term) organization. A competent OD practitioner must be able to see the organization through the eyes of all their clients, and the hermeneutical task of fusing all these different per-

spectives into one reasonably coherent whole is crucial to their success. Therefore, the practice of OD requires some level of comfort when dealing with ambiguity, for only by productively dealing with this ambiguity can the job be done well.

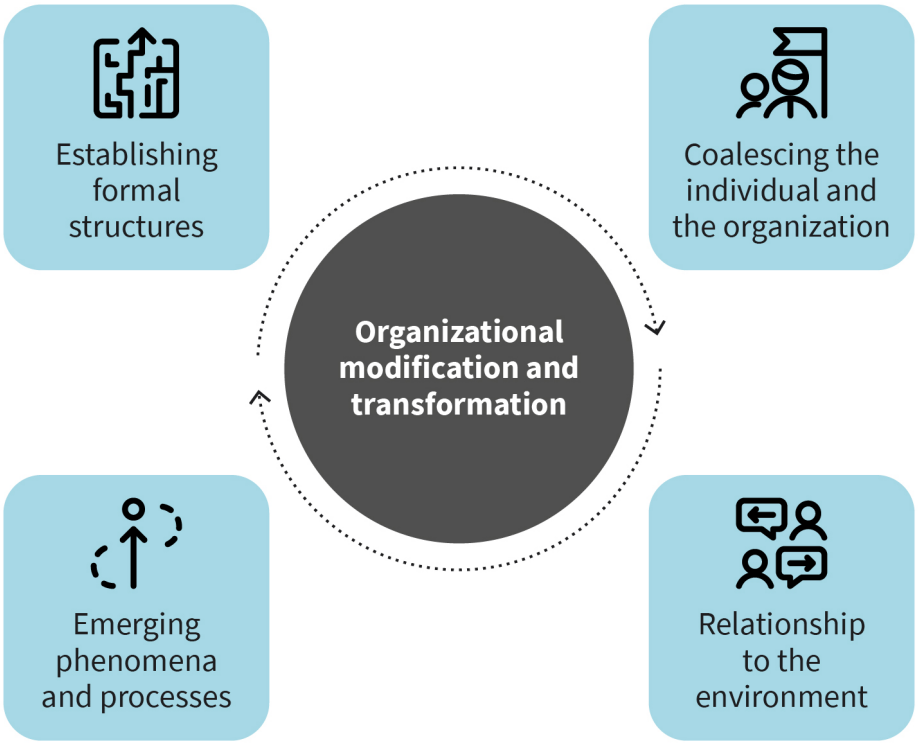
Two Common Denominators of Institutional Organizations

When trying to gain a thorough understanding of the complex concept that is "organization," it makes sense to outline the characteristics that all things that fall under this concept share. This both deepens our understanding of the term and gives us clear categorical guidelines, making it easier to categorize those things or phenomena that we experience and decide if they belong to, in this case, the category of an institutional organization.

General problem areas in any organization

An awareness of the types of problems and issues that organizations generally face at some point in their development is relevant because it sharpens our understanding of the kinds of activities that organizations typically engage in. Moreover, it is crucial given that "defining moments" occur based on how organizations respond to and deal with these problems. These moments can determine the character of the organization and strongly influence its corporate culture.

Figure 1: Problem Areas Common in all Organizations



Source: John Stanley (2023), based on Schreyögg and Geiger (2016, p. 19).

Schreyögg and Geiger (2016) have developed the following list of important issues:

- **establishing formal structures:** A central issue, especially in the early stages of an organization's life, has to do with how to define the various tasks that need to be performed. How can the tasks be divided? What kind of work specialization is needed? How should the tasks departmentalized (i.e., be grouped together and coordinated)? These issues must be addressed in an ongoing fashion, and a conceptual framework must be established that allows for the integration of work specialization into the organization as a whole. Included in this problem area are the issues that require the use of analytical tools to render the information needed to establish the formal structures and suggest how changes in the formal structure might affect the social life of the organization.
- **coalescing the individual and organization:** Considering the social life of the organization leads directly to the issue of how to integrate the individual into the whole of the organization. It is crucial to the longevity of the organization that the employees maintain a relatively high level of motivation. This problem area deals with the question of how the individual's needs can be meshed with the organizational requirements, many of which are imposed on the organization by the market. Research done in the area of human resources and human relations plays a vital role in dealing with concerns regarding employee motivation.
- **relationship to the environment:** As an open system, the organization is constantly dealing and interacting with the environment. While this problem area does include issues concerning the ecology and surrounding ecosystems, the term "environment" refers here more to "the institutions or forces outside the organization that potentially affect the organization's performance" (Robbins, 2003, p. 443). This includes supplies and suppliers, customers, regulatory institutions and agencies, the available work force, competition on the market, and public sentiment. It is crucial to the well-being of the organization that it can adapt to its environment on an ongoing basis and that the changes introduced to it are well integrated into organizational structures, policies, and processes.
- **emerging phenomena and processes:** The process of adapting to the environment often results in tension between individuals or individual units on the one hand and the organization's official policies and regulations on the other. Although the restructuring and changes to internal processes introduced by way of these informal responses are often important improvements, they may conflict – at least initially – with organizational policies or government regulations. This problem area deals with how the organization as a whole addresses the informal and more spontaneous responses of units within the organization (e.g., a solution to a problem developed by a team of employees) and the possible discord with the formal regulations specified by the organization itself.
- **organizational modification and transformation:** Evidently, any organization faces constant change, and its longevity can only be ensured if it is able to maintain a foundation that fosters said change. This problem area is concerned with how an organization plans, manages, and executes these changes and/or transformations. However, this problem area also encompasses how an organization remains open and flexible such that it continually receives impulses from the environment and react to them, even if that reaction is one that initially is from the bottom up (i.e., one initiated by a small unit that follows a more informal route).

Common characteristics of an organization

Another set of categories that are quite useful in outlining the notion of an "organization" are common characteristics. Take a minute to think about seeing a group of people waiting in line to get into a football game or a concert. It is obvious that the group does not form an organization, but why is this the case? By comparing the group of people waiting in line with the list of common characteristics of an organization below, criteria can be determined that make the distinction clear:

- A group consisting of at least two people is involved (i.e., there are multiple persons involved in it),
- it exists over a span of time (i.e., does not develop and disintegrate spontaneously),
- there is a pursuit of a common goal or goals,
- there is a continuity in the group or groups that outlasts any one particular goal,
- the organization has a structure resulting from work specialization,
- the task (or tasks) performed by the organization are complex enough to warrant the work specialization,
- the processes in the organization are guided by norms and rules, and
- the work done in the organization follows strategic considerations.

While the group waiting in line does fulfill the criteria of having multiple persons involved, pursuing a common goal, and existing over time, it does not satisfy the fourth criterion (i.e., the continuity in the group that outlasts any one particular goal). Hence, the group of people cannot be an organization. These common characteristics offer concrete guidelines for delineating organizations from similar entities, and this can be most helpful to the OD practitioner in their consulting activities.

1.2 The Historical Evolution of Approaches to Organizational Design

While there is a good deal of agreement that the discipline of OD began with the work of seminal figures like Kurt Lewin and Edgar Schein back in the 1940s (Cheung-Judge & Holbeche, 2021, p. 14; McLean 2006, p. 25), the process of designing organizations began much earlier. Since the discipline of OD emerged through its engagement with concrete organizations that had been designed based upon earlier theoretical constructs, it makes sense here to glance back at this historical background. The following is a short overview of evolution of theories that strongly influenced how organizations developed, especially in the Western hemisphere and economic sphere.

The Foundation of Modern Economics

Few theoreticians have had the same level of influence on modern Western economics as Adam Smith. For this reason, he is commonly referred to as the "father of modern economics" (Sharma, 2022). In *The Wealth of Nations* (1776), Smith launched his attack against the then-reigning economic system of **mercantilism.** He was convinced that

Mercantilism
This was the prevalent economic system from the 16th to 18th century. It was a system of national economic management in which governments used tariffs, subsidies, and monopoly charters to shape national trade and industry.

strong economic management on behalf of the government was detrimental to trade and economic growth. Smith developed the notion of the "invisible hand," meaning that if given free reign, human beings will opt for the best options to promote their own personal economic well-being. When taken collectively, these actions will supposedly foster the greatest economic growth of the national and international economies. Thus, Smith was an adamant proponent of the free market. Furthermore, using the example of manufacturing pins, Smith showed how work specialization and the division of labor could improve productivity by staggering amounts.

Apart from introducing the notion of work specialization and promoting the free market, Smith also elucidated and advanced assembly-line production methods, as well as the concept of a "gross domestic product" (GDP; Sharma, 2022). Certainly, technological inventions fostered the development of assembly-line production in the 20th century, but the interest in researching and developing those technologies was undoubtedly sparked by Smith's work centuries earlier. Many cornerstones of the classic economic age were laid by Smith as well.

The Classic Economic Age

Although Smith laid the foundations for both modern economics and, by outlining some basic assembly line production methods, mass production much as it is still practiced today, the efficiency that we now associate with assembly line production was not made possible until the classic economic age. From roughly 1900–1935, the change in efficiency was fostered by a shift in interest toward managing the processes involved in production.

The most influential figure in initiating this process and pushing it forward was probably Frederick Taylor. He was employed as an engineer in the Bethlehem Steel Company in Pennsylvania, where he was "appalled by the inefficiency of workers" (Robbins, 2003, p. 595). At that time, there were no clearly defined roles for the management, and employees were often left on their own to choose the methods to do their assigned tasks with. Taylor decided that it was time to use the scientific method to define the one best procedure for any given task and then, by clearly delineating the roles that managers and workers have while on the job, ensure that the worker follows that procedure.

Taylor spent many years empirically testing and improving working procedures, and his methods led to "consistent improvements in the range of 200 percent or more" (Robbins, 2003, p. 597). In 1911, much of this research was made available to the public when he published his book *The Principles of Scientific Management*. His four principles of scientific management are still applicable today.

TAYLOR'S FOUR PRINCIPLES OF SCIENTIFIC MANAGEMENT

1. For each element of an individual's work, replace methods derived from experience with those based on a scientific study of the tasks.
2. Scientifically select workers for specific jobs. Then train, teach, and develop each worker instead of leaving them to train themselves.

3. Cooperate enthusiastically with the workers to make sure the scientifically developed methods are being followed.
4. Divide work and responsibility nearly equally between managers and workers. Ensure that the managers apply scientific management principles when planning the work and the workers actually perform the tasks according to those principles.

Source: Taylor (1911).

Another scholar who features predominantly in the classic economic age is Max Weber. Just as Taylor's methodology clearly accounts for his culture background (i.e., his indebtedness to the empiricist tradition of Anglo-Saxon countries), Weber's approach clearly makes use of his German roots. Weber's theory (1) reflects the prevailing German culture of his time in terms of its ideological character, (2) seats power in hierarchical structures that employ – when possible – civil servants, (3) embodies a centralized approach, and (4) relies to a large extent on rules and regulations. Weber called his conceptual design a "bureaucracy," and he portrayed it as an ideal model with a well-defined "division of labor, a clearly defined hierarchy, detailed rules and regulations, in impersonal relationships" (Robbins, 2003, p. 598).

Weber's hope was that his theoretical construct – even if it presents an ideal – could serve as a tool to foster productive reflection on how to structure organizations in the real world. In the context of the volatile markets of the 21st century, Weber's theory may well seem antiquated. Nevertheless, it has had quite an influence, one that we still see in many government and financial institutions today. Furthermore, bureaucratic structures can still be very effective in situations in which the operative tasks performed in an organization are highly standardized and specialized.

The Behavioral Science Age

The approaches to management discussed so far follow the primary goal of optimizing production and wealth. What is striking is that the "human side" of management plays scarcely a role in the approaches by Smith, Taylor, and Weber. While all reflect some on issues concerning human motivation, the employees are by and large treated as just another tool (i.e., workers are treated as dispensable elements in production). When energy is invested in the worker, it is done almost exclusively to improve performance.

This began to change in the 1920s. This was when the Hawthorne studies began to be conducted, and their results were unexpected. The upshot was that employee satisfaction was shown to play a major role in increasing motivation and productivity. This spurned on the "human relations movement," an empirical research paradigm that focused research on the social relationships between employees, including the role played by emotions, psychological issues, and informal communication. This research, coupled with the American Civil Rights Movement in the late 1950s and 1960s, ushered in the realization of "the immense power that employees held if they were properly treated, incentivized and included" (Lloyd & Aho, 2021, p. 16).

The “high performance period” (Lloyd & Aho, 2021, p. 16) began around the 1960s. During this phase, researchers used “the scientific method for the study of organizational behavior” (Robbins, 2003, p. 601). Researchers such as Herzberg and Skinner explored and developed theories developed in the 1940s and 1950s by scientists like Mayo, Maslow, and McGregor. This period is usually seen as the time when research on the subject of human resources (HR) – as we understand the term today – began.

Ultimately, the goal of such research is to produce a framework in which employees and the organization can work together to foster a productive working environment, usually by developing the management mentality on the one hand and prompting an ongoing learning process on the other. One basic assumption is that employees have an intrinsic need to develop their own potential. An organization profits from the knowledge gained and the increased employee motivation if it supports this development – hence the rise of human resource development (HRD). The fundamental premise of HRD – as in, that humanitarian and economic goals are compatible – has led to one of the basic goals of modern OD: to foster organizational development in which the “human side” is brought into harmony with healthy economic growth.

Systems Theory

“Systems theory” is concerned with how the interrelated, interdependent elements in a system interact, how the system’s boundaries are structured (e.g., open or closed), and how a system interacts with other systems and with its environment. The discipline of systems theory (at least as is relevant for OD) was introduced by von Berthalanffy back in the 1950s, and, from the outset, von Berthalanffy intended for this discipline to be interdisciplinary (Carr-Chellman & Carr-Chellman, 2020, p. 705). Katz and Kahn then coalesced systems theory with the study of organizations in 1966. As Cheung-Judge and Holbeche (2021) state, “systems theory is one of the most powerful conceptual tools available for understanding the dynamics of organizations and organizational change” (p. 29).

A very important figure who has raised awareness of the relevance of system theory for organizations is Peter Senge. In his book *The Fifth Discipline,* Senge argues that understanding the “interconnectedness” of the different elements in an organization is vital to affecting any kind of meaningful change. According to Senge (2006), “systems thinking” (p. 11) is so critical because the structures in the system “influence behavior” and “shape individual action” (p. 42). Because systemic structures foster patterns of behavior and drive events and individual actions, they are seen as generative. Thus, grasping the system underlying an organization is crucial to being able to manage effectively, and system theory provides a means of enhancing managers’ understanding of their organization.

In the German context, the work of the sociologist Niklas Luhmann figures predominantly in systems theory. In particular, the capacity of many systems for self-referentiality, which Luhmann (1984) emphasized (p. 31), has far-reaching consequences. Those relying on Luhmann’s approach in systems theory often combine this notion of self-referentiality with cybernetics (see Schreyögg & Geiger, 2016, p. 480). As we will see, this draws attention to the difficulty of effectively communicating with systems, and it strengthens a critical stance toward practices in OD designed to plan and directly orchestrate changes within organizations.

1.3 Principles of Organization Design and Forms of Organizations

Assume for a minute that you are a young mechanical engineer who has developed a revolutionary new hydrogen motor with a group of colleagues. This new design has been patented, and you and your team have found venture capitalists who are willing to provide the seed capital needed for your startup. Now is the time to think about how to design your startup, and you realize that designing an organization and designing a hydrogen motor are two completely different things! How does one proceed? What principles and guiding questions are relevant here?

As has become obvious in the discussion so far, the design of an organization's structure determines its organizational character to a large extent. This is simply because the structure strongly influences how the system will function. Therefore, we will concentrate on structural design in the following unit. The design should follow basic principles. In this context, the term "principle" means a rule or guideline that serves as an instrument of classification (i.e., serves as a reference for structuring). In a real-life scenario, planning the structural design of a startup would need to include establishing the basic IT design, as well as outlining the communication and knowledge management systems. However, it is beyond the scope of this course book to address such issues here.

Robbins couches these basic principles of organization design in six key questions. The first five of these will serve as our starting point.

Five Key Design Questions for Organizational Structure

When managers, executive officers, or other stakeholders are faced with the question of how to structurally design their organization, the answers to these questions are crucial, for they provide an overview of how jobs and tasks can be defined and delineated, grouped, and coordinated.

KEY QUESTIONS FOR DESIGNING ORGANIZATIONAL STRUCTURE

1. Can the tasks be broken down into separate jobs? If so, how many separate jobs are there and what are they?
2. How and upon what basis can the separate jobs be grouped together?
3. Who oversees the separate jobs, i.e., to whom must the employees and/or groups answer?
4. How many employees can a given manager guide and direct?
5. Where is the seat of the decision-making authority?

Source: John Stanley (2023), based on Robbins (2003, p. 426).

Work specialization

Work specialization
This is concerned with the extent that production processes involved in individual tasks can be broken down into smaller distinct jobs.

The answer to the first question renders crucial information concerning how to divide the labor. **Work specialization** is a vital tool in fostering company efficiency and lowering costs. First off, many jobs can be done by employees with no special training. Assigning those jobs to unskilled workers reduces wages, since the number of skilled employees that need to be hired can be kept at a minimum. Furthermore, if on-the-job training needs to be offered, then these courses can be pooled, and training may be offered to many employees at a lower cost.

Another way that work specialization is economical is that it allows for employees to do the same job repeatedly. The employee's proficiency increases greatly through repetition, and there is less time lost due to changing the work location or switching tools and instruments. However, the work specialization either produces discrete components of a larger product or allows for one product to be assembled in piecemeal fashion at cumulative stages. Either way, there needs to be a process in which these discrete components or discrete stages of production are brought together in an orchestrated way. This brings us to departmentalization.

Departmentalization

The answer to the second question about how to group jobs together is instrumental in deciding how to departmentalize. The process of departmentalization is important for economic reasons: By grouping together jobs that share some kind of affinity, time; expenditures for employees, tools, and facilities; and often even energy costs can be reduced.

There are many categories according to which jobs can be departmentalized. This can be done according to functions, products, processes, or geography. If, for example, the grouping is done according to function, then activities and tasks are grouped together that produce a service or product in a broad category, such as accounting, engineering, or marketing. Alternatively, an organization might decide to group tasks and activities together that rest on similar, more specific processes. For instance, a large health clinic with quite a few facilities for treating different kinds of illnesses might group all radiology services together because this pooling saves resources, allowing one group of specialists with their instruments to do all patient imaging.

Scalar chain of command

The third question concerning to whom an employee must answer is geared toward deciding on how to distribute authority in an organization. A "scalar chain of command" refers to an unbroken series of employees, usually managers, who have authority over the employees ranked under them. As Robbins (2003) points out, there are two elements to the scalar chain of command that must be considered. One is the issue of authority, meaning the right inherent in a specific position to give orders, and the other issue stems from the "unity-of-command," which stipulates that an employee should have one and only one superior who they must report to (p. 429).

In times past, it was almost always considered important to maintain a scalar chain of command. Today, changes in management concepts, exemplified by agile project management, and a growing interest in empowering employees have brought about a shift in managerial strategies away from a direct scalar chain. Nevertheless, the question concerning the possible need for a chain of command must be addressed when setting up organizational design. When more flexible management styles are chosen in lieu of a chain of command, the issue of how to deal with the responsibility for jobs – especially when they are not done correctly or completed on time – must be addressed.

Span of control

The answer to the fourth question, the one dealing with the number of employees a certain manager can guide and direct, serves as a guide to the issue **span of control.** Usually, a distinction is made between a wide and a narrow span of control. As the names suggest, in the first category, a manager supervises a comparatively large number of employees. In the second, one manager supervises a relatively small number of employees.

Span of control
This refers to the number of employees a certain manager can guide and direct.

The decision to opt for a wide versus narrow span of control depends on several factors, including the managerial abilities of the supervisors, competences of the subordinates, nature of work, and level of decentralization. In general, a wide span of control leads to less overhead for management and better communication with employees. This approach is often suitable in situations in which the jobs entail a lot of repetition. The narrow span of control obviously leads to higher costs for supervision and can lead to less effective communication. This type of management is suitable in situations where specialization is necessary and especially when close supervision is helpful to ensure high quality. This is often the case when artisans and craftpersons are employed simply because their work cannot be standardized and requires a high level of individual skill and supervision.

The decision for a wide or narrow span of control is often made as a part of company policy. When this is the case, it determines the manager-employee ratio. As Robbins (2003) points out, this has substantial consequences. Think about a company with 4,096 employees. Because the number of managers needed for supervision changes exponentially based upon the span, the number of managers needed with a span of four is 1,365, and six managerial levels would be required. For the same company with a managerial span of eight, only 585 managers would be needed, and only four managerial levels would be involved (Robbins, 2003, p. 430). Given the manager's salary, this difference leads to a substantial contrast in expenditures made for management, and the increase in managerial levels can have a negative effect on communication.

Centralization versus decentralization

The fifth question concerning the locus of decision-making authority is one designed to prompt a discussion about how centralized the authority in an organization should be. In an organization with a high level of centralization, most important decisions are made by upper management, and lower management is required to carry out those decisions. In an organization that is decentralized, the decision-making process is left up to lower management and employees on the frontline.

In general, a high level of centralization ensures “clear direction, consistent implementation of company policies and operating procedures, and tight control of human and material resources” (Blanchard et al., 1996, p. 269). However, the lack of decision-making power at lower levels means that employee creativity suffers, feedback from clients and customers is less likely to make it back to management, and employees often feel frustrated due to their lack of autonomy. By moving the authority to make decisions down to middle managers and their employees on the forefront, decentralized organizations are able to foster a direct transmission of information between customers and management, and this ensures that the organization is more responsive to customer needs. Although, the decentralized management style can lead to inconsistencies in the way similar cases are handled in different places of the same organization or in the way company policies are implemented. While there certainly has been a trend in the last 20 years toward decentralization, organizational design is a hybrid of centralization and decentralization in most cases.

Structural Forms

This concludes our review of the principles of organization. The process of going through and answering these five questions provides stakeholders with a good overview of the needs the structural design of their organization will have to meet. The next step in the process is working out the actual form that the organizational structure will take. There is a large variety of structural forms to be chosen from when contemplating the organization design. These include hierarchical, holacratic, functional, regional, divisional, matrix, and team structures. Frequently, organizations choose hybrid forms, mixing elements taken from the options just mentioned in order to meet their organization’s needs. In the way of an introduction, two structures – the functional and the matrix structure – will be discussed briefly in this section.

The functional organization design

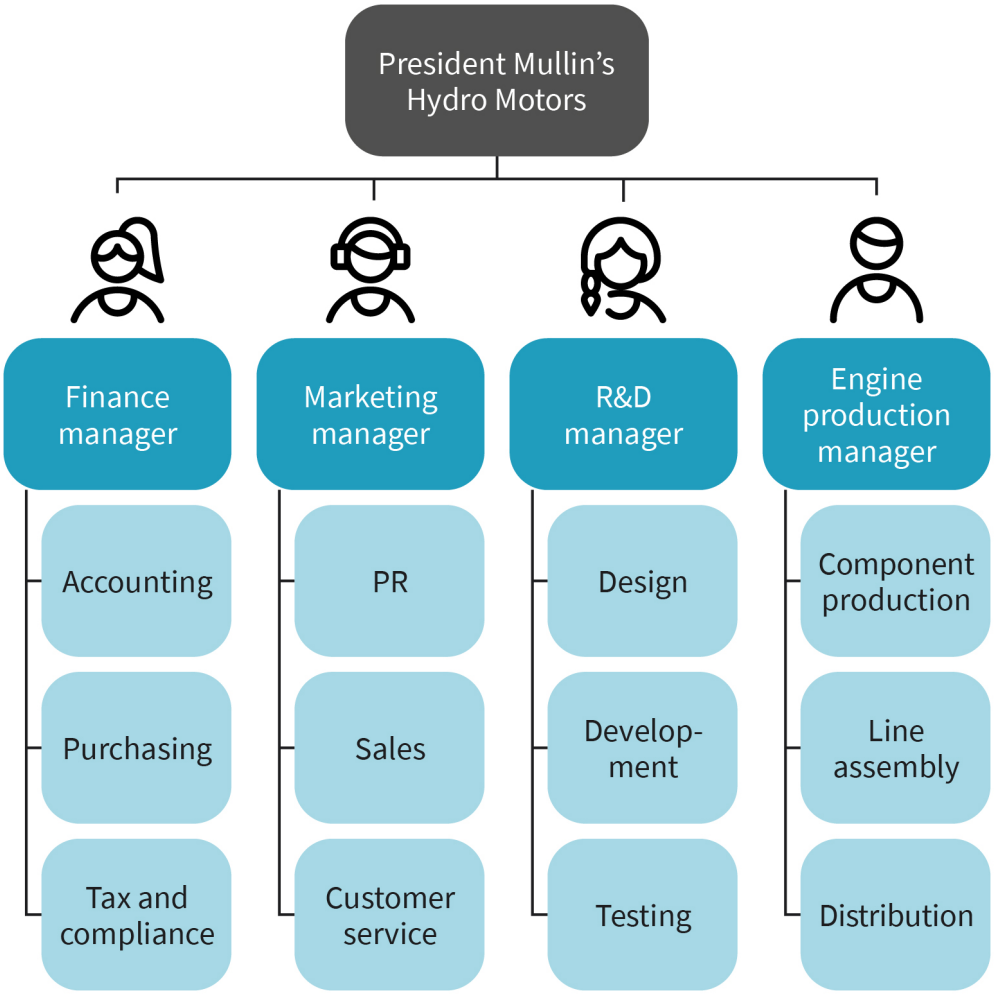
A “functional organization design” occurs when (1) the grouping in the departmentalization process is done according to function and (2) the organizational structure is derived directly from this grouping. This is one of the oldest organization designs, and it was developed during the classic economic era, when organized mass production came to the fore.

This form of organization is frequent with smaller companies, especially in their early years. The advantage of using this structure is that, due to the fact that employees with similar specialized skills and qualifications are grouped together, synergies develop within departments as they share intellectual and physical resources. Also, communication within each department is facilitated.

However, communication across department boundaries can be difficult. When the chain of command follows hierarchical structures, there is a particularly high danger that “information silos” will develop. Another common problem is that departments and smaller subunits may lose track of the overarching goals of the organization (Blanchard et al., 1996, p. 273).

Below is an example of a functional structure taken from “Mullin’s Hydro-Motors,” a fictitious hydrogen motor producer.

Figure 2: An Example of Functional Design



Source: John Stanley (2023).

The matrix structure

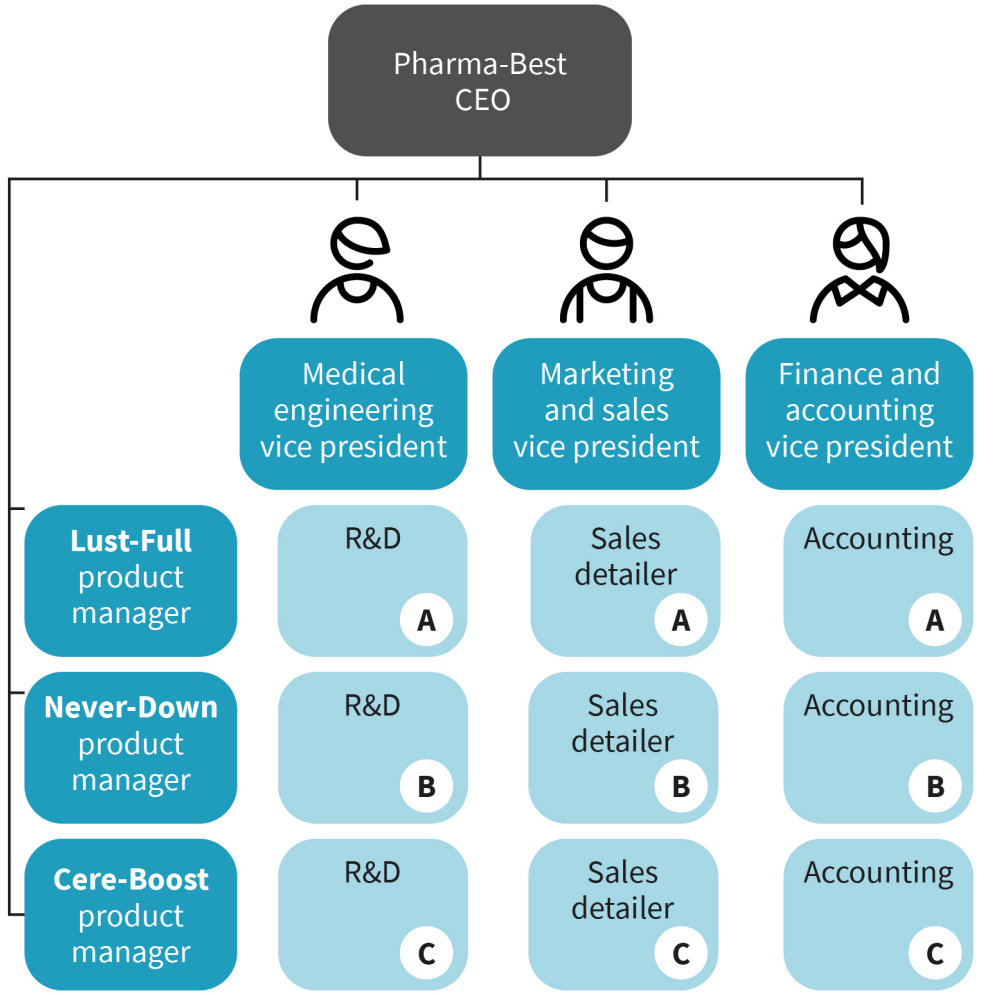
The name “matrix” is derived from the fact that this structure looks like a grid or matrix. This form is always a hybrid (i.e., it combines two or more organizational structures). Usually, the employees retain their position in their department, and they still have to report to their superior. However, the employee is also grouped into teams, and these teams are usually designed to produce a certain product or work on a specific project. This means that the employees also must report to their product or project manager, which results in “dual-reporting relationships.”

The matrix structure has many advantages. For instance, it drastically improves communication. It gives employees more autonomy and allows them to develop and use their skills in different roles, and this enables the organization to respond more quickly and creatively to customer needs. Also, intellectual and physical resources can be shared across departments.

However, the matrix structure also has its disadvantages. Due to dual-reporting, there might be confusion about the role that any given employee might have at a specific time. This can also lead to conflicts between managers. Furthermore, this structure often has higher overhead costs than other organizational forms due to the increased managerial activities.

Below there is a diagram of the matrix structure found in “Parma-Best,” a fictitious pharmaceutical company that makes three kinds of medication: “Lust-Full” is for sexual disfunction, “Never-Down” is for the treatment of depression and phobias, and “Cere-Boost” design to improve senior citizens’ cerebral function. As the diagram illustrates, this structure allows for communication and networking via many avenues that are unavailable in the functional design.

Figure 3: An Example of a Matrix Organizational Structure



Source: John Stanley (2023).

SUMMARY

Understanding the term organization is crucial for anyone working in the field of OD, whether as a researcher or practitioner. As it is difficult to define in an unambiguous way, anyone in the field must learn to work productively with the ambiguity associated with the term organization.

The history of OD proper began in the mid-1900s. However, the work of Adam Smith is still relevant to OD, since it provides a theoretical framework that remains very relevant for organizations today. The classic economic age, in particular due to the work of Taylor and Weber, provided

an environment in which organizations could grow and flourish. During this period, managerial styles were designed that foster productivity and corporate wealth.

It was not until the behavior science era that the human side of management came to the forefront. In this stage, the cornerstones of OD were laid, meaning that efforts to develop a productive working environment within organizations was brought into harmony with the need for healthy economic growth. Starting in the 1960s, systems theory became a further conceptual tool used in OD to understand organizational behavior and development.

Five principles of organization revolve around questions concerning (1) work specialization, (2) departmentalization, (3) centralization versus decentralization, (4) the chain of command, and (5) the span of control. Answering these questions provides insights into how to design organizational structure.

There is a large variety of organizational structures to choose from. In general, the stronger the hierarchy, the more control over company policy and its implementation. The weakness of hierarchical organizational structures lies in their lack of agility and communication issues. This can be remedied by using flatter organizational structures, but it is usually at the expense of clarity in the chain of command and control in the implementation of organizational policies.

UNIT 2

THE BASICS OF ORGANIZATION DEVELOPMENT

STUDY GOALS

On completion of this unit, you will be able to ...

- define the term “organization development” (OD).
- delineate seven distinguishing characteristics of OD.
- differentiate OD from both human resource development and change management.
- explain why the Hawthorne experiments were so important for the emergence of OD.
- formulate at least three common criticisms of OD.

2. THE BASICS OF ORGANIZATION DEVELOPMENT

Introduction

We saw in the last unit that it can be quite difficult to define a common household word like “organization,” especially when the word in question has many different senses. But what about scientific or academic disciplines? One would think that those working in these fields would have been able to reach agreement on a uniform, consistent definition of the field they work in. This is, however, not always an easy undertaking. Think about one of the oldest disciplines in the Western intellectual tradition: philosophy. While most scholars working in that field would agree that the term originally meant a “love of wisdom,” there is still a great deal of disagreement on what philosophy is and what philosophers do or should do. Likewise, it seems like the expression “biology” would be easy to define (i.e., “the study of living beings”), but how does this field relate to botany, zoology, chemistry, morphology, and physiology? Sometimes precisely the scientific analysis complicates rather than simplifies matters.

In our case, it would seems that the ambiguity surrounding the term “organization” would complicate things, making it all the more difficult to define the science of “organization development” (OD). And yet, we are actually in a position to work productively with that ambiguity. We know now that the term organization can be used to refer to (1) a process (i.e., that of arranging individuals, operative units, and facilities in a coherent framework) as well as (2) the institution that embodies that framework, with its structure, members, and systems. While some ambiguity will remain, as is common when defining any academic discipline, we can now draw upon these different senses of organization to explicate what OD means.

2.1 Definition, Distinguishing Characteristics, and a Differentiation from Related Disciplines

As we will see shortly, the field of OD arose in a gradual, uncoordinated process in the 1930s through the 1950s, with the term itself first being used 1959. If you, like Egan (2001), look at the literature on OD that was published from 1969 through 2000, you will easily find a good deal of variation between the definitions. Egan (2001) listed 27 definitions as a product of his “review of the academic literature” (p. 60). In response to the need to adapt to the ever-accelerating change in the economic environment, there has been a great deal written on change management and OD in the last few years, and there seems to be a growing consensus on what OD is. The definition and description of distinguishing charac-

teristics that follows is the result of a hermeneutical analysis of the more recent literature: The points of agreement have been filtered out and serve as the basis for the following summary.

Historical Framework

One early, frequently cited definition of OD is that of Beckhard (1969). He defined OD as an "effort (1) planned, (2) organization-wide, and (3) managed from the top, to (4) increase organization effectiveness and health through (5) planned interventions in the organization's 'processes,' using behavioral-science knowledge" (p. 6). This definition is relevant for historical reasons, for it points out that OD originally drew heavily on the notion of an instrumental organization, on the idea that the organization – as a process and the resulting structure – can be used as an instrument to increase effectiveness. We also see that an agent ("managed from the top") is responsible for intervening. While much of this definition is now viewed as outdated, Beckhard mentions one concept that has come to play an ever-growing role in OD: organizational "health." We will pick up on this concept in Unit 5.

In retrospect, Beckhard (2022) claimed in a speech he made to the OD Network that even back in the early years, the focus of OD "was on a system of culture change" (p. 52). This interest can be seen in another definition of OD that Bennis (1969) also put forth in 1969: OD is "a complex educational strategy intended to change beliefs, attitudes, values and structures of organizations so that they can better adapt to new technologies, markets, and challenges" (p. 2). Notice that Bennis uses the concepts "beliefs, attitudes, values and structures" in lieu of culture. As McLean (2006) points out, Edgar Schein (2004) picked up on these very concepts when developing his levels of culture, and Schein links organizational structure to beliefs and underlying values (p. 26).

What is relevant here to our definition of OD is fourfold:

1. Those working in OD at its advent did originally view the organization as an instrument, whereas the OD practitioner was an agent effecting change.
2. Organizational health was viewed as an important issue from the onset.
3. There was an interest in fostering cultural change very early on as a means to make organizations more resilient and responsive to changing environments.
4. The notion of "structure" – which is one cornerstone of our working definition of the institutional organization – is linked to organizational culture from the onset of the OD tradition.

Distinguishing Characteristics

While these early definitions provide a historical framework for today's definition, much has changed in the ensuing 50 years. One of the most recent attempts to define OD in its current status is offered by Cheung-Judge and Holbeche (2021). Like Egan, Cheung-Judge and Holbeche provide a list of quoted definitions taken from the OD tradition that they believe to exemplify OD as it practiced today. When comparing their list (Cheung-Judge & Holbeche, 2021, p. 10) with that of Egan (2001, pp. 61–63), we see that OD is defined first and foremost as either (1) a "field" or (2) "process" or "effort." This means that OD spans two domains: one being an academic discipline, the other being an activity (i.e., a series of

actions geared to reach a certain end). The activity is by far the most common way to describe OD in the definitions listed, and the activity has these distinguishing characteristics: Namely, it

- is long term;
- addresses the entire organization;
- sees the organization primarily as a system that reflects organizational culture;
- follows a dual purpose to improve the organizational effectiveness as well as employee well-being;
- achieves this dual purpose in part by fostering cultural change;
- is comprehensive in approach, meaning that the activities are designed to address individuals, teams, and other organizational units; and
- is ultimately designed to build and maintain the health of the whole system.

If you reflect briefly on the two aspects of our working definition of an organization that we have not yet discussed while defining OD (i.e., system and members), you can see that they are clearly addressed in these seven distinguishing characteristics. In its efforts to foster productive change, OD approaches the organization as a system,which it sees as being fundamentally linked to culture. Furthermore, the members of an organization figure predominately in work done by OD, for one of the prongs of its two-pronged approach is to foster organizational members well-being. As we will see in Unit 5, this effort to improve member well-being clearly involves analyzing and fostering changes in (organizational) culture, including ways of interacting and patterns of communication.

Furthermore, emphasizing the relevance of the concept of systems for the OD practice and then fusing this notion with culture leads to another distinguishing characteristic of modern OD. There is a wide-spread assumption among OD practitioners that what we perceive to be reality is not the unfiltered mirror-image of objectively given things and events. Rather, it is the socially constructed interpretation of those things and events. Dialectical interaction (i.e., a form of communication) is viewed as being fundament to the process of constructing our reality, and, therefore, most OD practitioners draw upon social constructivism as one theoretical foundation informing their work (Cheung-Judge & Holbeche, 2021, p. 35).

One further distinguishing characteristic to be examined here has to do with the focus of the activity, of “development,” in OD. As became clear in our discussion of the concept of organization, all organizations are involved in an ongoing process of change. These ongoing transformations are largely driven by changes in the environment, and – as we saw in the discussion of the problem areas common to all organizations – the survival of any organization depends on its ability to adapt. These adaptations entail making structural, personnel, and systemic changes on an ongoing basis, meaning that internal, organizational processes have to be modified to adapt. Much of the work done by an OD practitioner is to be a catalyst and advisor to this activity – the “development” is the “process” of fostering changes in the organizational system and internal processes. For this reason, OD practitioners are “process experts,” and they work “to improve any substantive organization processes” (Cheung-Judge & Holbeche, 2021, p. 11).

The last distinguishing characteristic of OD to be addressed here is the belief that change must be guided in a participatory and collaborative manner. This means that all employees (members) and stakeholders must be involved at all levels in the process of adaptation. As we will see in Unit 5, this approach to guiding change results from the assumption that sustainable organizational health is only possible if the "members learn to sustain that development without continuous external help" (Cheung-Judge & Holbeche, 2021, p. 10).

OUR WORKING DEFINITION

OD is, therefore, an academic field of study and a practice that focuses both on the systematic process of improving the effectiveness of the organization as well as on enhancing the well-being of its members. It embodies a holistic approach that involves analyzing the entire organization – its systems, structures, culture, and members – and identifying areas for improvement. The interventions can take various forms, such as training, team-building, process improvement, and leadership development. These measures usually address issues connected to communication, decision-making, and problem-solving. The management of change must happen in a participatory, collaborative manner, and all members of the organization should be involved.

Differentiation From Related Disciplines

There has been long-lasting discussion about the relationship between **human resource development** (HRD) and OD, with some prominent OD scholars, such as Gary McLean, arguing that OD can, given the right organizational structures and policies, be seen as a "subset" of the HRD field (McLean 2006, pp. 10–11). While no one would doubt the claim that HRD "has a key role in supporting" the integrative policies and measures an OD practitioner might initiate in an organization, (Cheung-Judge & Holbeche, 2021, p. 506), subordinating OD to HRD does not equivocate these two fields. There are important conceptual and pragmatic reasons to differentiate OD from HRD.

Human resource development
This has the primary task of ensuring that an organization has the employees needed to accomplish its goals. Apart from employee acquisition, it is involved in a variety of activities designed to improve employee skills, knowledge, abilities, and motivation.

HRD traditionally has been seen as having the task of "ensuring that a business has an adequate supply of skilled, trained, and motivated employees to meet an organization's objectives" (Blanchard et al., 1996, p. 351). If we delineate the scope of HRD this way, then the concrete tasks of a human resource department would include the following.

TYPICAL TASKS OF A HUMAN RESOURCE DEPARTMENT

1. Forecasting companies labor needs
2. Evaluating current and future labor market
3. Jobs analysis (job description and specification)
4. Hiring process (screening, testing, developing contracts, and hiring)

5. Employee training
6. Performance evaluation
7. Compensation and benefits
8. Separation (layoff, retirement, and termination)
9. Implementing programs (above and beyond compensation and benefits) to foster motivation

Reflect for a second on the distinguishing characteristics of OD: It engages in long-term, comprehensive activities designed to foster the health of the whole organization. Its focus is on examining processes and systems within the organization with a dual purpose, namely to improve the effectiveness of the organization and promote employee well-being. While there is certainly high degree of overlap, the scope of OD is much broader that HRD, since its comprehensive approach is geared to address the health and effectiveness of the whole organization, whereas HRD is primarily concerned with only one half of the dual purpose of OD, namely the employee half.

It makes, therefore, sense to differentiate conceptually between OD and HRD. HRD is primarily concerned with managing people. As described above, it focuses on attracting, promoting, and retaining talent, and it works to make sure employees have the skills and resources needed to do their jobs. OD, by contrast, has a broader scope. It is more process oriented and tends to address problems that affect the overall health of the organization or hinder its ability to adapt to change.

Change management
This is the process of planning, implementing, and controlling changes to an organization's structures, processes, or technology. Change management has the goal of successfully transitioning from a current state to a desired state.

The reference to "adapting to change" calls to mind another discipline that is closely related to OD: **change management**. As McLean (2006) points out, the two fields of OD and change management are sometime equivocated in the Anglo-Saxon world to "simplify the explanation of what OD is" (p. 13), whereas these two terms are sometimes treated as synonyms in the European context (Kauffeld & Schneider 2011, p. 53). However, it is important for our purposes to distinguish between the two.

In his book *Change Management: Fundamentals and Success Factors*, Lauer (2021) describes change management as a group of special management techniques that are "concerned with optimal management of corporate change" (p. 5), meaning those techniques needed to control the "processes involved in change" (p. 3). Lauer is quick to point out that change management is neither involved in defining the goals to be reached by the processes nor does it deal with "methods and procedures of strategic planning" (p. 4). Rather, the purpose lies primarily in "designing the path to the goal" once that goal has been set (p. 4).

There is a good deal of overlap in terms of how much both OD and change management include the organizational structure, culture, and members (i.e., individuals) in their respective interventional policies (see Lauer 2021, p. 7). Nevertheless, if we consider how change management has a "defined start and finish" (Cheung-Judge & Holbeche, 2021, p. 391), it is clear that it has a different scope and orientation than OD. OD is long term, meaning it does not cease once a single goal or limited set of goals has been reached.

Instead, it is designed to build and maintain the health of the whole organization on a long-term basis, and it does so by following the dual purpose of enhancing both the efficiency of the organization, as well as employee well-being.

Perhaps the clearest distinction between OD and change management can be made *vis á vis* this dual purpose. The expressions "Theory E" and "Theory O" coined by Beer and Nohria (2000) are helpful here. These two expressions refer to management styles: Those following Theory E are driven primarily by economic factors. Beer and Nohria describe this approach as "hard" because "economic success" and increased "shareholder value" are the ultimate goals (p. 2). By contrast, Theory O incorporates a "soft" approach that is characterized by focusing on building up corporate culture; those who follow the Theory O fear that focusing "only on the price of stock" might "harm their organizations" (p. 3). By way of comparison, the hard approach in Theory E has a top-down, short-term nature with clear objectives, while the soft approach in Theory O is bottom up with the long-term goal of developing organizational capabilities (p. 5). While Beer and Nohria do not equate Theory E with change management or the Theory O with OD, many OD practitioners, like McLean (2006, p. 13), use this distinction to clarify the difference between change management and OD. Below you will find a short comparison of the two disciplines.

Table 1: Comparison of OD With Change Management

OD	Change management
1. Long term 2. Usually closer to operational management 3. Involved in developmental processes 4. Approaches the processes more from an internal perspective 5. Uses external practitioners with a focus on organizational growth and health 6. Approaches change holistically, meaning all employees are involved in the process 7. Practitioners tend to coach management and organization employees in the latter's efforts to analyze the situation and shape solutions (i.e., bottom-up approach).	1. Short term 2. Usually closer to strategic planning 3. Involved in projects geared toward interim change 4. Develops the projects more from an external perspective 5. Uses external consultants with a focus on concrete results 6. Tends to approach change more from the vantage point of the management 7. Consultants tend to work together with top management to design a path to change (i.e., top-down approach)

Source: John Stanley (2023).

OD, then, has a process-oriented, long-term, and systematic approach. It follows a dual purpose that balances economic interests with employee and organizational well-being. Change management, by contrast, is more project oriented with a limited scope and focus. It usually orients its implementation of change on economic factors, and the goals are usually clearly defined. While both OD and change management aim to improve an organization's performance, they differ in their approach, scope, and focus.

2.2 The Historical Evolution of OD

The field of OD today is the product of a wide range of theoretical and pragmatic research that was advanced and carried out primarily by persons practicing the discipline. Pragmatics guided the practitioners in their theoretical pursuits, meaning that individuals working in the field applied a wide variety of theoretical approaches, which were developed, tested, and validated (or disqualified) in practice. Due to this eclectic approach, it would go beyond the scope of this course book to try to trace out all of the historical roots that feed into OD. What follows is a truncated overview aiming to provide basic orientation.

Legacy of the Classic Economic Age

In Unit 1, we discussed some basic concepts and ideological constructs introduced by Adam Smith, Frederick Taylor, and Max Weber that led to the development of the classic economic age. Smith's notions like the "invisible hand" and the idea of natural liberty, which served as an argument for the free movement of labor and capital, as well as the promise of wide-spread economic progress, fostered a mindset that was open to a free market economy. An economic framework developed in the Western world that allowed companies and organizations to compete with one another with – compared to the environment in mercantilism – little interference from government agencies. The resulting competition provided fertile soil for methodological developments within the area of management, such as work specialization and assembly-line production methods. Taylor's principles of scientific management led to a proliferation of research in management principles, and his and Weber's influence on management structures and styles is still quite strong today. The classic economic age serves as the foundation for the economic environment we all live in today.

For this reason, classic economics is very relevant to OD. The interest that motivated Smith, Taylor, and Weber remains one of the dual purposes that OD practitioners pursue: increasing organizational efficiency. However, the studies investigating conditions of work done within the framework of scientific management were "always in relation to the criterion of productivity." Furthermore, the "organization was viewed as a machine" (Katz & Kahn, 1978, p. 10), and human needs were seen primarily as "physiological limits or constraints" within this mechanical conception of organizations (Katz & Kahn, 1978, p. 260). The accidental discoveries made in the Hawthorne experiments that dealing with human needs can actually improve organizational efficiency and productivity ultimately fostered the development of OD and its dual purpose. However, it essential to keep in mind that this "harder" and more economic perspective that is fundamental to the classic economic age remains a pillar of OD that cannot be forgotten, simply because a solid economic basis is a prerequisite for a healthy organization.

The Hawthorne Experiments and the Human Relations Movement

The Hawthorne experiments were conducted in the 1920s and 1930s at the Hawthorne Works plant of Western Electric in Chicago in the United States of America (U.S.). The experiments were led by Eton Mayo and were designed very much in the fashion of Tay-

lor's scientific management research. They were originally designed to "examine the effect of various illumination levels on worker productivity" (McLean, 2006, p. 600), but to everyone's surprise, worsening working conditions did not lead to lower productivity: Lowering the levels of light did not reduce worker productiveness. These "failed experiments" eventually led to the realization that the psychological effects of the employees being given more attention due to the experiments outweighed the negative effects of lower light levels. This ushered in the human relations movement, which emphasized the importance of interpersonal relationships, motivation, and communication in the workplace. Research done by scientists like Abraham Maslow (2014), Douglas McGregor (1960), and Frederick Herzberg et al. (2010), which clearly undermines some of the basic assumptions of scientific management, served to justify the dual purpose of OD: The human side of any organization is just as important as its "mechanical" side. This realization paved the way for OD.

Some Signposts Marking out the Evolution of OD

The term OD was first used in 1959, by two different research teams working on two distinct culture change programs. Doug McGregor and Richard Beckhard used the term in their "bottom-up management" project for General Mills in Dewey Balch, while Herbert Shepard and Blake used the same expression in the same year for their "managerial grid" project at the Esso Refinery in Bayway, New Jersey. Strikingly, both teams chose this expression (OD) because they believed it best reflected the system-wide, bottom-up approach geared to improve the respective organization's effectiveness by targeting the human side of the enterprise (Cheung-Judge & Holbeche, 2021, p. 16).

John Dewey's ideas about education, learning, and how both can be harnessed to foster democracy were important for the development of OD. Dewey was a highly influential American philosopher who lived from 1859 to 1952 and was – following Charles Peirce – a major figure in developing pragmaticism. This philosophical movement emphasizes the importance of practical experience and experimentation in shaping human knowledge, wisdom, and action. Dewey directly influenced Kurt Lewin, especially as the latter developed his action research model. Lewin's action research model incorporates Dewey's conviction that is necessary to "pair research with action in order to solve real-world issues" (Cheung-Judge & Holbeche, 2021, p. 137). This strong pragmatic link between theory, experimentation, and action is fundamental to OD.

Kurt Lewin is generally seen as the "father of OD." Cheung-Judge and Holbeche (2021) refer to him as the "critical founder of OD" (p. 14). As is already becoming apparent, OD is a discipline that rests to a large extent on humanitarian ideals.

LEWIN'S PERSONAL HISTORY

Given his predominant role in founding OD, it perhaps worth mentioning that Lewin was born in Poland in the late 19th century to Jewish parents. Lewin's family migrated to Berlin, Germany, where he taught at the Berlin University

until he was forced to leave Germany due to repression by the Nazis. His mother died in a concentration camp. Lewin's strong interest in democracy and fostering humanitarian ideals was certainly strengthened by his personal history.

Lewin was a philosopher and social psychologist that gave OD much of its original theoretical underpinnings, such as action research, group dynamics, and change theories. As Horkheimer points out, the interlinking of theory and practice in Lewin's notion of action research was fundamental to Lewin's influence (Lewin, 1968, p. 7). Lewin also founded the Research Center for Group Dynamics at MIT in Cambridge, where Lewin taught until his death in 1947.

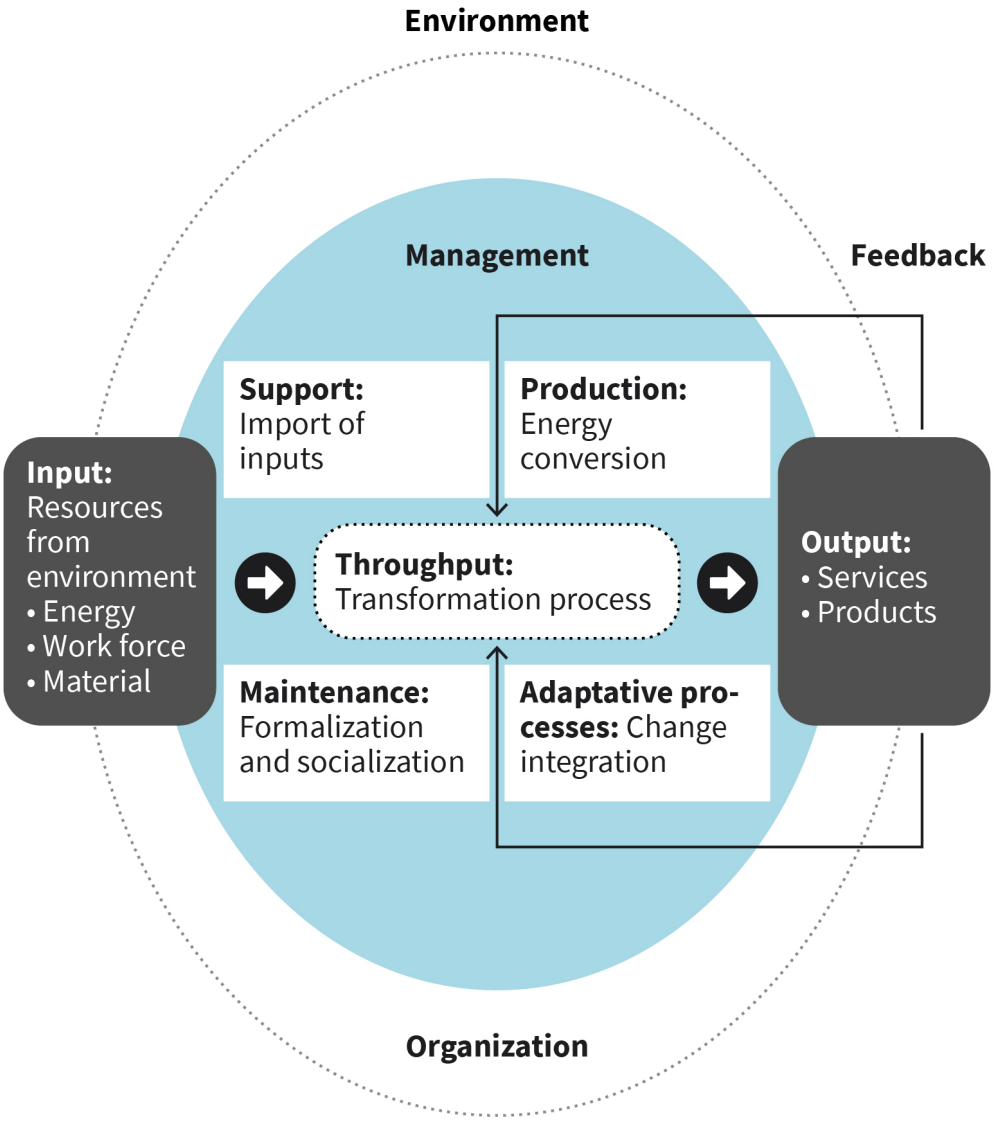
Edgar Schein, who was a colleague of Lewin at Massachusetts Institute of Technology (MIT), also made important contributions to the field of OD. In particular, Schein's work on understanding and defining culture, his research in corporate culture, and his work on career development and group process consultation "left a notable mark on the field" (Cheung-Judge & Holbeche, 2021, p. 14).

Chris Argyris (1923–2013), was responsible for developing – together with Donald Schön – the notion of a "learning organization." He worked early in his career on models of team-building, and he developed and implemented these models in team-building sessions. He also forged the concepts of single-loop and double-loop learning, which we will explore later on in this book.

Before his death in February 1947, Lewin had planted the seed of starting a research group in which colleagues and OD practitioners could come together to learn through experiential learning. In the summer after his death, a group of scholars – Ron Lippitt, Lee Bradford, and Ken Benne – convened and founded the National Training Laboratories Institute (NLT) in Bethel, Maine. Based upon this foundation, the NLT has formed a number of training centers, and in these centers innovative methodologies have been developed. These include sensitivity training and the use of feedback in group settings. These training programs were quite influential in the 1950s and 1960s, and the NTL continues to shape OD in as much it offers training programs in the areas of human interaction, advanced personal development, and OD (see the NTL website for further information; NTL Institute, n.d.).

The incorporation of systems theory in OD goes back to Ludwig von Berthalanffy, a biologist who as early as the 1940s developed a general systems theory (GST) and proposed the idea that it could "embrace all levels science from the study a single cell to the study of a society." Even if "social organization or individuals in roles" (Katz & Kahn, 1978, p. 8) represents a very high level of complexity, Berthalanffy's GST found its way into OD and has had a profound influence on the way OD practitioners approach their work. The GST suggests that social organizations can be understood as interconnected, dynamic systems with multiple components that interact and influence each other. Katz and Kahn were the "first to apply open systems theory to organizations in 1966" (Cheung-Judge & Holbeche, 2021, p. 29). They identified various subsystems in organizations and emphasized the importance of understanding how each subsystem interacted with others to create a cohesive whole. A simplified illustration of an organization is given below.

Figure 4: Simplified Representation



Source: John Stanley (2023), based on Meyer & O'Brien (2010, p. 2832).

Peter Senge built on the work of Katz and Kahn and meshed systems theory with the notion of organizational learning. He used this fusion to develop a framework for designing interventions in OD. Senge's approach has a strong psychological quality, in as much as it emphasizes the importance of understanding human behavior. His approach is developed around his five "disciplines," which he defines as a "developmental path for acquiring certain skills of competencies" (Senge, 2006, p. 12). These five disciplines mark out paths that individuals should follow and lead to collective benefits: They provide vital dimensions "in building organizations that can truly "learn" and continually enhance their capacity to realize their highest aspirations" (Senge, 2006, p. 6).

2.3 Criticisms of OD

One frequent criticism of OD has to do with its eclectic theoretical roots. As we have seen, the approach to learning in OD is pragmatic, and OD practitioners have developed the theoretical foundation of OD through a nonhierarchical practice, meaning there is a good deal of leeway given to OD practitioners in their weighting of theory and use of methods. Furthermore, OD draws upon a wide range of other disciplines when gathering and developing their theoretical underpinnings and methods. For some, this leads to an ambiguity concerning the very definition of OD, and the criticism is that OD is a poorly defined discipline that uses methods with an ad hoc character.

One rather common criticism is that OD is naive in its understanding of power, both of the economy and of management. The assertion is that the dual purpose of OD (i.e., unifying an organization's economic growth with the well-being of its members or employees) often clashes with the hard reality and remains an ideal illusion. This criticism is made especially in times of economic turmoil and hardship or in the context of organizations that have a corporate culture with a high power distance.

A further criticism of OD is that it is usually impossible to measure the success of interventions. The process of fostering desired change is long term and expensive, and it requires significant resources and expertise to be implemented efficiently. Due to a lack of clear metrics for evaluating their impact, it is difficult to know (1) if the intervention was successful or not or (2) if the investment was worth it.

One last criticism is that OD measures foster a long-term reliance on consultants. Here, the concern is that the OD interventions are introduced by outside consultants that do not foster the development of in-house structures and competencies to maintain organizational health once the OD measures are over and the outside OD practitioners have left.

SUMMARY

OD is both a field of study and a practice. It follows the dual purpose of fostering both the effectiveness of the organization and the well-being of its members. Often, this dual purpose is summarized by saying that OD pursues the goal of fostering the health of an organization, and it does so using interventions that address the entire organization, including its systems, structures, culture, and members.

OD is different from HRD due to its focus on the whole organization as an organic system and not primarily on the employees. It differs from change management largely in as much as it pursues long-term goals that are not only – or not predominantly – economic in nature.

The field of OD developed starting roughly in the 1930s and in some ways as a response to the Hawthorne experiments. One defining characteristic of the approach taken in OD is that it is pragmatic, meaning that there is a close relationship between theory and practice. One of the most influential founders of the field is Kurt Lewin. Recently, there has been a strong interest in open systems theory and how this can be applied to the practice of OD.

Most criticisms of OD revolve around its idealistic tendencies or the difficulty quantifying the results of the interventions. One common criticism has to do with the naivete of many OD practitioners regarding the issue of power. The issue of quantifying the results has to do with the difficulty of setting precise, measurable goals of any given intervention prior to implementing it. Since this is often difficult to do, there is frequently no way to measure quantitatively the effectiveness of the measures taken by OD practitioners.

UNIT 3

PRAGMATIC PREMISES OF ORGANIZATION DEVELOPMENT

STUDY GOALS

On completion of this unit, you will be able to ...

- delineate the four theories of human learning and development that formed the historical backdrop for the development of OD.
- outline the basic structures of Kurt Lewin and Fédéric Laloux's phase models.
- define humanism and explain its relevance for OD.
- delineate the six defining characteristics of a system.
- describe the systems theories developed by Katz and Kahn, Senge, and von Foerster.
- outline at least three implications of systems theory for the OD practitioner.

3. PRAGMATIC PREMISES OF ORGANIZATION DEVELOPMENT

Introduction

By now, some of the contours of OD should be starting to gel. Among other things, it should be apparent that OD does not base its approach on a notion of human beings seen as *homo economicus*. You might ask yourself, "What is that?" Anyone who has worked in the business world in the United States of America (U.S.) will be inclined to agree with Beer and Nohria when they say that E-type change theories are common "among companies in the United States, where financial markets push corporate boards for rapid turnarounds" (Beer & Nohria, 2000, p. 2). This economic climate fosters the growth of people that – in Pirson's (2019) words – "are materialistic utility maximizers who value individual benefits more that group or social benefits." Such individuals, which Pirson describes as valuing "short-term gratification" and often act "to further their personal gain" (p. 40), are what is meant by the concept *homo economicus*. In essence, these are people who work in organizations with the primary interest in exploiting those institutions for their own personal gain.

Based upon the short description of the history of OD, we now know that OD developed precisely in the U.S. as a reaction to this mentality, one at the root of Taylorism and scientific management. But what image of human beings is at the root of OD? The expression "humanism" has come up in this context a few times – but what is that? And how does this "humanistic" image of human beings play out in the way that OD practitioners think humans learn, act, and interact with one another? What consequences might this have for the world view embodied by OD and the general approach to OD interventions? That is what this unit is about.

3.1 Human Relation Theories

The fact that OD has a dual purpose is a distinguishing characteristic that separates OD from management approaches, such as change management and scientific management. Its unique purpose, which it does not share with these "harder" approaches, is to foster the well-being of an organization's members (e.g., the employees). This purpose implies that OD practitioners know what human beings are and, therefore, know what is good for them. Oddly enough, if we look at the fields of psychology, sociology, and education, which are disciplines that OD draws upon theoretically, we find that none of these fields have a clear, widely accepted definition of what a "human being" actually is. Instead, what we find are various theories of learning and development that form, to a large extent, the historical backdrop of ODs conceptual foundation. We will start our investigation of ODs own concept of humanity with a short overview of some relevant theories of learning and development prevalent in psychology in the early 20th century.

Theories of Human Learning and Development

Those working in psychology and pedagogy are interested in explaining certain aspects of human behavior and providing theories that explain how humans learn and develop. These theories develop out of a certain historical context with its own predisposition, and they embody a corresponding paradigm that influences what kind of research questions are asked and how they are empirically investigated. Some of the most influential theories of the 20th century that framed the context that OD evolved in are listed here:

- **Determinism** is the theory that assumes that all human physical and mental activities – including all human behavior – are the results of preceding causes or forces. The basic natural law governing all human activity is cause and effect. Determinism holds that the notion of free will (i.e., the notion that individuals can choose to act in ways that do not reflect their environmental conditioning) is an illusion.
- **Biological determinism** is a form of determinism that postulates that psychological characteristics and behavior are largely determined by biological factors, most of which are conditioned genetically. In this view, environmental conditions serve as triggers that call forth the manifestation of these characteristics.
- **Psychoanalysis** is a theoretical approach to psychology that emphasizes the role of the unconscious in the development of an individual's personality. It was developed by Sigmund Freud in the early 20th century: The most concise elucidation of Freud's approach can be found in *Die Traumdeutung* (1899). The basic assumption of the psychoanalyst is that unconscious mental activity forms to a large extent a person's personality and guides behavior. The analysis of a patient is geared toward uncovering the unconscious meaning underlying the overt behavior. The focus is on repressed impulses, childhood traumatic experiences, and internal psychological conflicts. The psychoanalytical approach is especially interested in disclosing unconscious fears and defense mechanisms, which are based on the threefold structure of the id, ego, and superego.
- **Behaviorism** is an approach to psychology first introduced by John Watson in 1913 and then further developed by B. F. Skinner. In his article "Psychology as the behaviorist views it," Watson delineated his approach, and it deviated from earlier approaches in that it excluded all phenomena from the science of psychology that could not be directly observed. For this reason, mental processes, consciousness, emotions, affections, motives, and the "mind" are not seen as valid objects of study. Behaviorism endeavors to make psychology a naturalistic science and reduce the area of enquiry to quantifiable events, such as stimulus-response relationships and the study of human and animal behavior. Skinner (1971) pursued this ideology, developing a version of behaviorism commonly referred to as "radical behaviorism." Skinner's research concentrated on – among other things – the study of respondent and operant conditioning and how behavior could be reinforced or weakened by environmental factors or variables. His research fed into his theories of learning and education.
- **Cognitivism** is a branch of psychology that is diametrically opposed to behaviorism. Instead of excluding mental processes, it focuses on them. According to cognitivists, the reduction of learning to "stimulus and response" is far too simplistic. Instead, learning is seen a process that the individual actively takes part in; they draw upon knowledge and experiences of the past and incorporate new knowledge and experiences into the old structures – whereby the "old" structures often go through a restructuring process during this activity. The process of acquiring new knowledge, then, often entails developing

new cognitive skills. Cognitive scientists explore mental processes involved in thinking, perceiving, using language, and memory. Generally, those working in the field of cognitivism assume that there is an objective reality, and the learning processes are designed to develop a representation of that reality. This belief in the ability to re-create a representation of reality is what distinguishes cognitivism from a closely related field, constructivism, which we will look at shortly.

In the face of this historical backdrop, it is clear that not many of these theories were really suited to help OD with its agenda. One defining goal of OD is to foster the well-being of an organization's members, but this is not possible within the theoretical constructs of determinism: Cause and effect replace free will, and there is no room for individual growth outside of a linear causality. Likewise, fostering a person's well-being within the framework of behaviorism is difficult at best, with the tools of conditioning being the only real option. Moreover, doing a psychoanalysis to disclose repressed, unconscious childhood experiences is not really an option. The only real option was cognitivism, and OD did, in fact, pick up on a variation that in its theoretical evolution.

OD, Social Constructivism, and Humanism

Before moving to the U.S., Lewin studied philosophy under two professors that strongly influenced him: Carl Stumpf and Ernst Cassirer. As Ullman (2000) points out, Stumpf and three students working under him – Wertheimer, Koffka, and Köhler – pursued research work that "became known as Gestalt psychology," which is a branch of psychology that is closely related to cognitivism. Furthermore, Cassirer was a neo-Kantian who shared the Kantian assumption that human beings are not able to attain purely objective knowledge. Rather, they are always actively involved in creating a semblance – an image – of reality. We see this influence of these two philosophers in this basic assumption of Lewin, which has become a cornerstone of OD: the interconnection between social interaction and "reality." As Lewin (1947) put it, "social happenings are both the result of and the conditions for the occurrence of physical events" (p. 7). Alternatively, as Crosby (2022) wrote, "Lewin asserted that reality in terms of beliefs, values and behaviors is socially constructed" (p. 41).

Lewin then paved the way for an understanding of reality that builds on basic tenants of cognitivism but moves beyond it. Today, OD – both as an academic field and in practice – rests largely on social constructivism. But what exactly is this "social constructivism"? Cheung-Judge and Holbeche (2021) describe social constructivism as a theoretical perspective that assumes "individuals and groups participate in the creation of their perceived reality" (p. 35). The socially constructed reality evolves "mainly through dialectical interaction," and this reality is reinforced and reproduced "by people action on their interpretations and knowledge of it" (pp. 33–34).

Social constructivism
This is a school of thought that sees "knowledge" as a product of social processes and collective agreement.

Because this school of thought is fundamental to the OD practice, it warrants a working definition: **Social constructivism** is a school of thought that sees "knowledge" as embedded in a social context and as a product of the interaction between groups of human beings and their environment in a cultural and historical setting. Human beings are, hence, actively involved in forming the process of perception, and their current states of knowledge and social interaction guides that process of perception and interpretation.

According to this school of thought, there is no external criteria that can be used to definitively establish "objectivity," and the strict dichotomy between objectivity and subjectivity is misleading.

The concept of social constructivism does two things for OD: (1) It gives OD a solid theoretical foundation for reflecting on how human beings learn and interact with their environment, and (2) it provides OD practitioners with a pedagogical foundation for designing their interventive measures. Notably, what it does not do is to provide some orientation concerning the "well-being" of organization members or company employees. In effect, social constructivism gives OD practitioners a foundation for developing methods for their interventions but not for setting the goals of these interventions. The question concerning the well-being of human beings is one that is again answered by drawing upon a philosophical tradition: that of humanism.

There is absolute agreement among those working in the field of OD that the discipline is a "value-driven, humanistic field" (McLean, 2006, p. 27). We see this in the bylaws of the Academy of Organization Development and Change Division (2023), where it is stated that the organization is "committed to the organization and individual success, the fulfillment of humanity's spirit and potential." Cheung-Judge and Holbeche (2021) confirm this value-based approach with its "enduring respect for the human side of the enterprise" (p. 19). But what is the "humanism" that these values are derived from?

Humanism is an anthropocentric world view that interprets existence in terms of human values and experiences. This worldview dates back to Greek antiquity, and one of the first prominent philosophers to espouse this view was Cicero, who argued that humans should try to develop themselves to the fullest extent (especially in the areas of ethics, aesthetics, and culture) but that this endeavor to better oneself should be coupled with lenience and gentleness (Schmidt, 1991, p. 310). The notion of "dignity" plays a predominant role. Pirson (2019) links the term dignity with an ability to develop one's own sense of self-worth and also respect the value of others (p. 42). The values inherent in humanism are very apparent in first three of the core OD values (Cheung-Judge & Holbeche, 2021, p. 19):

Humanism
Today, humanism is understood as a perspective in which humans are seen as having an intrinsic worth and dignity and in which human reason and empathy are considered to be the tools best able to solve problems and improve the world.

1. Equity and fairness – the worth of every individual
2. Enduring respect for the human side of the enterprise
3. All human beings have the right to attain their potential.
4. Democracy and participation
5. Openness to lifelong learning and experimentation
6. Valid information and informed choice

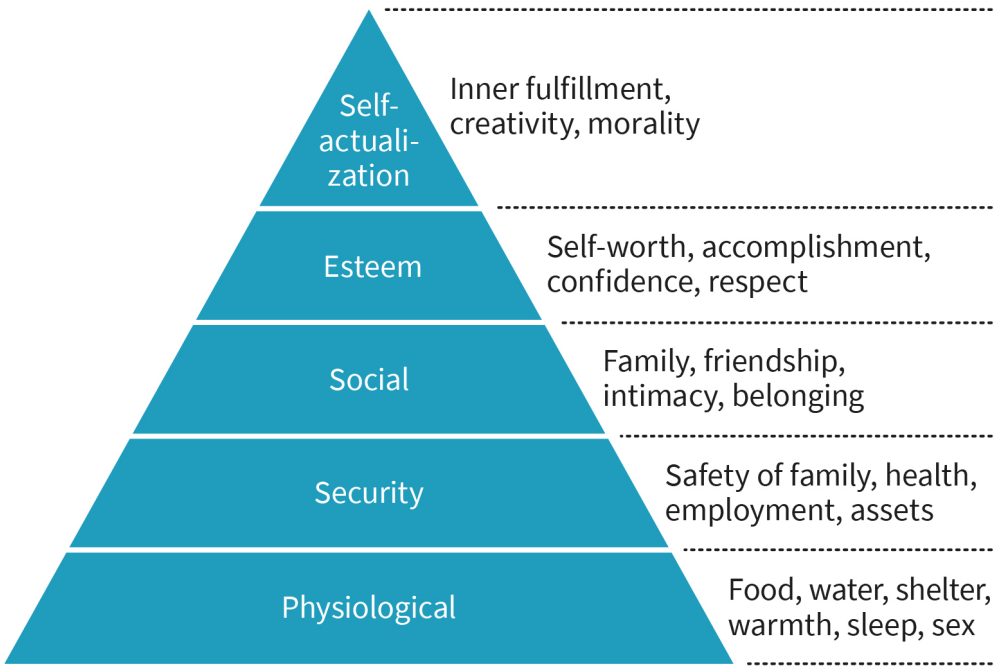
Humanism, then, goes a long way in providing the values for OD. With these values an OD practitioner can set concrete goals for the human side of their interventions, and using the concepts and framework of social constructivism they can develop fitting methods for implementation.

Human relations theories

Human relations theories are a group of concepts, ideas, and principles developed with the goal of elucidating how people interact in social, business, and organizational settings. The interest is in disclosing the dynamics of human behavior in a social context and – by “”explaining the factors that influence this behavior – finding ways to improve the cooperation of members in groups or organizations. Because these theories have become quite common and are generally well-known, we will concentrate on the theories put forth by Maslow, McGregor, and Herzberg.

Abraham Maslow was a psychologist from the U.S. who was worked the same period as those developing OD. Even if he was not engaged with the teams working directly on OD, he pursued similar interests – especially concerning humanism. He is usually given credit for starting the movement that would develop into humanistic psychology. He commented in his book *Towards a Psychology of Being* that “it is as if Freud supplied us the sick half of psychology and we must now fill it out with the healthy half” (Maslow, 2014, p. 15). Maslow was interested in analyzing what fostered mental health and came to the conclusion that self-actualization played an important role. Based upon his research he developed his now-famous hierarchy of needs.

Figure 5: Maslow’s Hierarchy of Needs



Source: Made on behalf of IU (2023).

These needs are presented in such a way to suggest that a progression should take place. The physiological needs must be met to ensure that the individual can sustain life. Once these needs have been met, they can move up the pyramid to the higher levels. The first two levels, physiological and safety needs, are referred to as “lower-order needs.” The categories “social,” “esteem”, and “self-actualization” make up the “higher-order needs.” The assumption is that the psychological health of an individual is best maintained if the

higher order needs are attended to, but an individual cannot direct their attention to the higher order needs until their lower order needs have been met. As Robbins (2003) points out, Maslow's theory enjoys a great deal of popularity, especially among practicing managers; however, there is a lack of empirical research that can serve to validate this theory (p. 157).

Douglas McGregor, who developed the Theory X and Theory Y of human beings, was directly involved in developing OD. Cheung-Judge and Holbeche (2021) point out that he was one of the first behavior scientists to work with corporations "to implement the application" of some of the basic group skills developed by OD practitioners (p. 15). Back in 1960, McGregor presented his theory that managers tend to have two distinct views of employees in his book *The Human Side of Enterprise*. He distinguishes between Theory X and Theory Y; these two categories are based upon his experience dealing with managers.

Managers who tend to follow Theory X assume that people dislike work and must be pressured to work. Due to this assumption, most managers using Theory X micromanage their employees and use a system of clear rewards and punishment for motivation. By contrast, managers following Theory Y see work as a natural activity much like resting or playing. Also, they see employees as being completely capable of self-direction and self-control. For these reasons, managers using Theory Y tend to delegate responsibility and give employees much space to learn and grow. The two belief structures are juxtapositioned in the table below.

Table 2: Comparison of Theory X and Theory Y

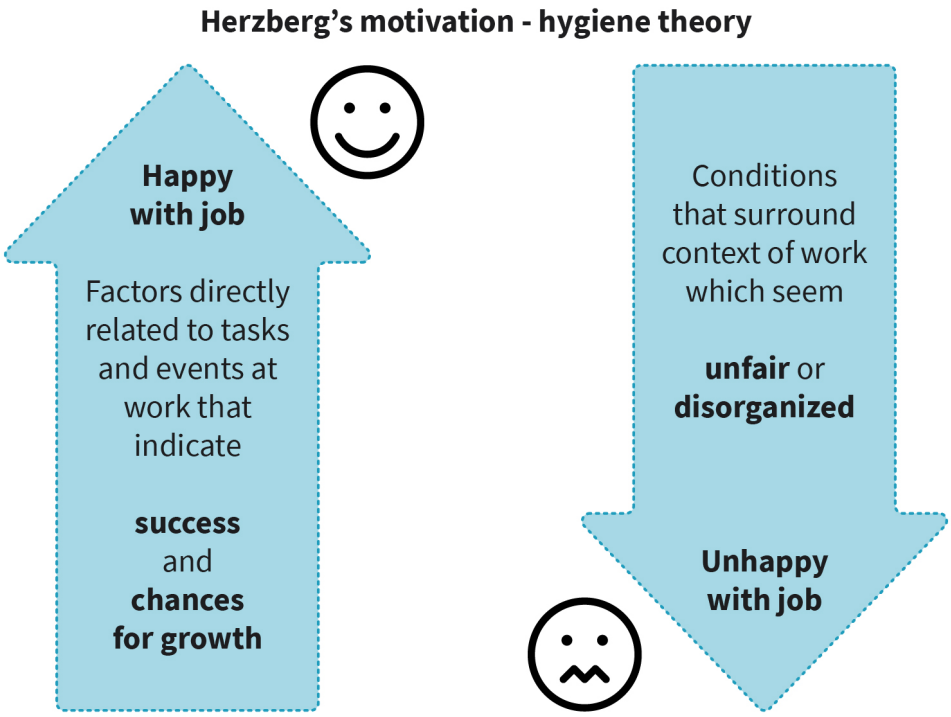
Theory X	Theory Y
1. Employees dislike work and try to avoid it. 2. Employees must be forced to work – using a "carrot and stick" to motivate. 3. Employees avoid taking on responsibility voluntarily and need to be supervised. 4. Most employees prioritize security above all other needs and are motivated to maintain their security; otherwise they show little ambition.	1. For employees, work is as natural as resting or doing their hobbies. 2. If employees are convinced of the organization's goals, they will exercise self-direction and self-control. 3. The average employee can learn to accept – and with time even seek – responsibility. 4. Many employees have the innate ability to make innovative decisions, but this ability needs to be fostered.

Source: John Stanley (2023), based on Robbins (2003, p. 157).

The last human relations theory to be examined here is the motivation-hygiene theory postulated by Frederick Herzberg. During the latter half of the 1950s, Herzberg and his team did extensive interviews with a large number of employees working at various kinds of companies. Herzberg's basic premise was that "feelings of job satisfaction and dissatisfaction" could not be "measured on the same rating scale" (Herzberg et al., 2010). Herzberg used a questioning technique called the critical incident technique, and he asked each subject to describe a situation "when you felt good" and a time or incident "when you felt bad" (p. xiii). In a nutshell, he interpreted the data to mean that employees in general were dissatisfied by elements surrounding the job but not by the job itself. The job itself, however, is what gave them satisfaction. Thus, he made two categories: "hygienes" and "motivators." The hygienic factors are issues connected to the environment surround-

ing the job, which makes them extrinsic factors of the job. Following Herzberg, improving these extrinsic factors reduce dissatisfaction but do not improve satisfaction. In order to improve satisfaction, management has to improve factors intrinsic to the job – the motivators. The diagram below illustrates the difference between hygiene factors and motivator factors.

Figure 6: Herzberg's Two-Factor Motivation Theory



Source: John Stanley (2023), based on Herzberg et al. (2010, p. 113).

Herzberg's theory has enjoyed a great deal of popularity among managers in the last 50 years, and there is good reason to believe that his work has fostered a willingness on behalf of management to experiment with new approaches to managing, such as agile management, which are characterized by increasing the amount of responsibility given to the individual employee. It is important to note, however, that the popularity of Herzberg's thesis is connected to the counterintuitive nature of his claim: Job satisfaction and job dissatisfaction are two discrete, disassociated issues. That means a manager might undertake certain measures to reduce dissatisfaction, but these measures will not motivate the employees to work harder or improve their performance.

Herzberg et al. (2010) list many initiatives previously believed to motivate employees, such as increasing the salaries, improving job benefits and physical working conditions, modifying company policies or job supervision, and fostering better interpersonal relationship. Yet, according to Herzberg, these measures will actually not motivate the employees. At best, they will pacify them (i.e., reduce their dissatisfaction; p. 113). In order to motivate employees, other factors are needed, including giving the employees a sense of achievement or recognition, allowing them to take on more responsibility, changing the

work itself to make it more interesting, and providing avenues for job advancement (p. 80). Even if Herzberg's findings are based to a certain extent on qualitative methods (i.e., meaning they are contestable), this clear distinction between pacifying and motivating employees gave management new guidelines regarding management methods. This pragmatic impetus is what makes his work so interesting.

3.2 Phase Models

In the following section, we are going to briefly discuss two phase models that deal with the way organizations grow and evolve. But why are models relevant to OD, and how do they help the practitioner? As McLean (2006) points out, a model is "a representation of the real thing and it is intended to provide general guidance about how one might proceed" (p. 18). This means that there should be a structural or systemic similarity between the model and the entity it represents. Based upon this resemblance, the practitioner can use the model to gain an initial orientation, including some conjectures concerning how certain interventions might influence the organization. The model can help the OD practitioner, therefore, to develop methods of intervention. Nevertheless, it is really important to keep the implications of social constructivism in mind when working with models. Models are tools we use to interpret the world. A model may help us understand how an organization grows and changes, and it can provide us with methodological insights. However, it remains our interpretation of reality; it is not reality itself.

There are several different kinds of models used to describe how organizations develop or evolve. Here are two different approaches:

1. **Pragmatic phase model:** In keeping with Dewey's philosophy, this model involves the application of a theoretical construct that is used for an analysis of the current situation and the desired changes. It is assumed that the theoretical construct can (and often will) be modified in light of deficiencies that become apparent during its application. This model is designed with explicit goal of applying the theory and the analysis to direct action. There is a reciprocal relationship between theory, analysis, and action, with each field influencing the other two. We look at Lewin's three-step model as an example of this kind of model.
2. **Teleological evolutionary model:** This model, which is relatively new and not very common in the Anglo-Saxon OD tradition, is based upon the assumption that organizations have evolved and will continue to evolve in historical stages. This evolution is inevitable. It is also teleological because the stages of progression are predetermined. The evolution of individual organizations is strongly influenced by the evolutionary historical stages, and due to the influence of the historical stage of evolution, the development of any given individual organization can be influenced only to a limited extent. We will look at Frédéric Laloux's evolutionary model as an example.

Kurt Lewin's Three-Step Model of Change

As we will see in Unit 6, Lewin's (1947) three-step model of change is embedded in his method for fostering "social change" (p. 13). So, while it is a model that includes the evolution of organizational structures and systems, the focus of his three-step model is on the psychological and social aspects of change (i.e., on the human side). It is designed primarily to help with the "practical task of social management" (p. 14) once a need or desire for specific organizational change has been established.

Perhaps the best way to access Lewin's three-step model is via his concept of social fields. According to Lewin (1947), a social field is the "totality of coexisting social entities, such as groups, subgroups, members, barriers, channels of communication, etc." (p. 14). Organizations are embedded in and are parts of the social field. There is overlap between different fields as well, meaning that any given organization can be involved in several different fields at one time. The different groups or other entities in that social field exhibit a structure particular to a field at that time. Within these social fields, there are forces exerted on and/or exerted by the individual social entities, and these forces are usually joined together to establish discrete force fields. The overall structure is important because this structure both (1) influences how the forces and force fields will develop and (2) delineates "possibilities of locomotion" for management within the field (p. 14).

Within these social fields, there are tensions between the different force fields. The way these tensions play out against each other leads either to phases of relative stability or periods of change. Lewin (1947) assumed a general state of "quasi-stationary equilibria," but this stability can be altered by a multiplicity of factors, such as a "member of the teamwork" leaves or "inferior material" is provided for production (p. 13). In such cases, the constitution of the force fields and the structure of the tensions shift. Often, the group dynamics develop in such a way as to resist change. For example, the individuals in a group may decide to maintain the same rate of production in spite of the inferior material. However, often those involved in social management may see a need to cultivate change in a certain direction. This is where the three-step model comes into play. The goal is to restructure force fields to bring about a new equilibrium in the forces:

1. **Unfreezing:** This phase involves readying the members of the organization for change. Lewin (1947) speaks of a "catharsis" in which prejudices have to be questioned and the "shell of complacency and self-righteousness" has to be broken (p. 35). Often, the members involved (including all stakeholders) have to be convinced that change is both needed and urgent. An analysis of possible resistance to change must be made and, if resistance is present, addressed.
2. **Moving**. In this phase, the process of implementing the changes takes place. This may involve introducing new processes or technology, but the primary place of activity is with the members. Lewin (1947) suggests using group decision procedures to bring about change. In short, this involves a democratic process in which those members involved in change discuss in a structured way what the problems are and how to effect positive change. Lewin offers empirical evidence that confirms that this process

of discussing the issues and possible solutions as a group and then reaching a group decision goes a long way in helping to refreeze the group with the new equilibrium (p. 35).

3. **(Re)freezing.** This phase involves stabilizing the changes. According to Lewin (1947), the stabilizing process actually begins in the second phase. Because the group decision process involves conviction, the process of deciding in the group motivates the members to "stick to [their] decision" (p. 37). Also, the decision-making process links the motivation to action, and this solidifies the motivation. The third step also includes restructuring the social field and embedding the changes in the organization's culture. This usually involves indurating the new behaviors and attitudes by embedding them in new organizational norms and values (e.g., a mission statement) and reinforcing the new practices. There often must be changes made in the organization's structure or system (e.g., processes). Sometimes, the technology supporting communication has to be modified.

We will examine Lewin's approach to change in more detail in Unit 6. One major criticism made today concerning Lewin's three-step model has to do with the "quasi-stationary equilibria." In the 21st century, this state of relative stability is more often the exception than the norm, which puts the whole approach and especially the analysis of the force fields into question.

Laloux's Evolutionary Phase Model

Frédéric Laloux is a Belgian-born business consultant and coach who began his career an associate partner for McKinsey. During his work as a consultant, Laloux (2014) frequently encountered people "disillusioned by organizational life," and this disillusionment was common both to the workers "at the bottom of the pyramid" (p. 3) as well as to the organizational leaders at the top. Laloux became interested in investigating what was causing this disillusionment, and he began reflecting on ways organizations could avoid falling into this trap. His book *Reinventing Organizations* lays out his research – much of which is empirical – and his ideas about how to foster the growth of more "soulful" organizations.

Laloux's (2014) basic premise is that there is a direct link between the "prevailing world view and consciousness" and the types of organizations humans use: "Every time that we, as a species, have changed the way we think about the world, we have come up with more powerful types of organizations" (p. 14). Laloux refers to the research done by scholars like Maslow, Piaget, Kohlberg, and Gilligan to justify two assumptions: (1) human beings are involved in a process of evolving their worldviews, cognitive capabilities, values, and morals, and (2) this evolution happens in stages. At each transition, there is a kind of revolution regarding the way human beings work together, and this revolution goes hand-in-hand with the evolution of a new organizational model. Laloux is convinced that humanity is on the verge of a transition to the next stage of development, one that will usher in a new organizational model. Instead of hierarchical structures with power and control being exerted from top down, the new organizations will have self-managing structures and make use of team-oriented, integrated decision-making processes. Rather than of an overriding interest in profit, the new organizations will focus on wholeness.

Laloux (2014) uses colors to name the different stages of human development, starting with the "infrared paradigm" and running through the "teal paradigm." The first two phases in human development ("reactive-infrared" and "magic-magenta") occurred roughly between 100,000 BCE up to about 15,000 years ago (pp. 15–16). Laloux does not discuss organizational forms that accompany these two stages. Rather, he starts his discussion with the "red paradigm." The following chart sketches the five stages of human development that brought forth (or, in the case of "teal," is bringing forth) significant organizational forms.

Table 3: Five Stages of Human Development According to Laloux

Paradigm name	Psychological characteristics	Important societal implications
Impulsive – red	• Ego fully developed • Awareness that each individual dies • Exercising power is the primary means of controlling the environment. • Humans think in polar opposites.	• Division of labor evolves • Slavery develops on a large scale.
Conformist – amber	• Reality interpreted through cause and effect • Time grasped as linear; projecting into the future possible • Deeper awareness of other people's feelings and perceptions	• Farming developed on a large scale • Individuals exercise self-control and follow ethnocentrism. • Fixed set of moral values dominate ethnic societies
Achievement – orange	• World seen as a complex system or as interconnected systems • No absolute right or wrong • Humans can imagine different possible worlds and inquire, "What if?"	• Authority can be questioned, including group norms. • Scientific investigation becomes possible • Worldview is highly materialistic
Pluralistic – green	• An awareness of the materialistic obsession, social inequality, and loss of community grows • Strong interest in fairness, equality, and cooperation develops • Interest in belonging to groups develops, as does the desire to foster harmonious bonds with everyone	• Relationships valued more than profit or outcomes • Slavery is abhorred and abolished in most places. • Bottom-up decision making-processes geared toward consensus become more popular. • Democracy and feminism flourish, as does post-modern thinking in academic settings.

Paradigm name	Psychological characteristics	Important societal implications
Evolutionary – teal	• Self-interest and egotism become less prevalent. • General fear of the environment is lost, and a trust in life develops. • Attempts made to deal with adversity gracefully are on the rise. • A personal interest in striving for wholeness develops.	• People become less judgmental. • Relationships become more important. • An inner awareness that each person is interconnected with the web of life and nature grows. • Our worldview grows in complexity, enabling us to deal with problems more effectively.

Source: John Stanley (2023) based on Laloux (2014, pp. 13–51).

The suggestion is not that everyone who lives in these paradigms shares these characteristics. Laloux (2014) talks about these paradigms as an "abstraction of reality" (p. 38), and he is also careful to no place any intrinsic value on these paradigms (p. 37). Likewise, it is important to keep in mind that any one of these different paradigms can still today be very relevant in certain settings: The red paradigm is certainly the better option over the green paradigm in an ongoing neighborhood riot. Given these generalizations concerning the basic psychology of individuals and the implications for society, it is easy to expand from these paradigms to organizational models that have developed in the coinciding stages. Below is a summary of the resulting organizational models, their key innovations (i.e., "breakthroughs"), and the dominant metaphors.

Table 4: Four Stages of Organizational Development

Paradigm name and basic characteristics	Examples	Key breakthroughs	Guiding metaphor
Red organizations • Exercise of power to maintain control • Fear dominates organization • Efficient in chaotic settings	• Mafia • Street gangs • Tribal warring parties	• Division of labor • Command authority	• Wolf pack
Amber organizations • Formal roles in hierarchical structures • Top-down command • Successful policies of the past re-implemented in the future	• Catholic church • Military • Public school systems	• Formal rules • Processes	• Army

Paradigm name and basic characteristics	Examples	Key breakthroughs	Guiding metaphor
Orange organizations • Dominate competition to gain profit • Innovation needed for survival • Management based upon objectives, some leeway left to employees on how to do so	• Multinational corporations • Charter schools	• Innovation • Accountability • Meritocracy	• Machine
Green organizations • Classic pyramid structure but focus on empowerment • Interest in developing high motivation among employees	• Culture-driven organizations	• Empowerment • Value-driven culture	• Family

Source: John Stanley (2023), based on Laloux (2014, p. 36).

Because the teal paradigm is currently developing, Laloux does not list in a succinct form a set of basic characteristics. He does, however, analyze a group of organizations that seem to be developing "teal" characteristics, and he uses this analysis to outline three general, emerging features that these organizations have in common. These features are the revolutionary changes – the "breakthroughs" – that distinguish this new paradigm from the previous organizational models. Laloux (2014) describes these three teal-features as follows:

1. **Self-management:** Teal organizations have developed management structures that shift away from hierarchy to peer relationships. These relationships exist between colleagues that have similar job responsibilities, and they collaborate using open communication to set clear goals and expectations. This fosters productivity and employee satisfaction.
2. **Wholeness:** Teal organizations invite their employees to bring their full selves to work. Instead of being required to leave their personal issues at home and displaying determination and invulnerability, employees' spirituality and emotional sides are welcomed in these organizations. This leads to a greater sense of connection and creates a culture of collaboration and trust, which in turn allows employees to contribute their unique skills toward achieving the organization's goals.
3. **Evolutionary purpose:** Teal organizations share the characteristic of having and developing their own sense of direction. This seems to be connected to the cultivation of a culture of experimentation, learning, and adaptation instead of trying to follow predetermined plans and procedures. This aspect is directly coupled with the management style via peer relationships and the tendency to wholeness (Laloux, 2014, p. 56).

Together, these characteristics lead to the need to develop a new guiding metaphor for these organizations: They certainly do not function like the army or machines. Evidently, those who have founded teal organizations tend to refer to them as “living organisms” or “living systems” (Laloux, 2014, p. 56), and Laloux uses this image as the guiding metaphor for teal organizations.

A question does arise: When does it make sense to encourage an organization that is currently functioning according to the green or orange paradigm to adapt the teal model? Laloux (2014) suggests that there are only two necessary conditions:

1. The top leadership – and, if possible, a “critical mass” of the management at the operational level – have to share a world view and have a psychological orientation that is compatible with the three breakthroughs of teal organizations.
2. The owners and board members must be not only in agreement with these organizational principles. Equally importantly, they must be willing to let the new system develop without their strong intervention in those phases when the organization has to navigate through difficult phases. Frequently, if the owners are not convinced of the new approach, they let fear get the upper hand in rough situations and resort back to “top-down, hierarchical and control mechanisms,” which nips the process in the bud (p. 237).

Laloux’s approach is criticized by many because of its ideal nature. Laloux (2014, p. 13) is aware that his approach has a strong focus on the ideal. Yet, the claim that there a growing, general dissatisfaction with conventional management strategies and organizational structures seems justified, and this suggests that a significant part of the population – especially the younger generation in Western societies – is in need of significant changes in their working environment. Thus, more and more people in the business community are becoming receptive to Laloux’s ideas, which is helpful to those working as OD practitioners.

3.3 Systems Theory

Earlier in Unit 1, we defined “systems theory” as the study of how the interrelated, interdependent elements in systems interact, how system boundaries are structured, and how systems interact with other systems and their environment. In the next few pages, we will extrapolate on this concept and show how, within the context of the discipline of OD, the notion of systems theory has evolved and currently focuses more on the principles and processes that describe and govern system behavior. Our overarching interest is now more in trying to understand the system as a whole. This section on systems theory will close with a short excurse about cybernetics and the implications that the link between cybernetics and systems theory have for the OD practitioner. First, let’s begin with a look at the more traditional view of systems theory.

Defining Characteristics of All Systems

In Unit 1, we defined a "system" as "a regularly interacting or interdependent group of items forming a unified whole" (Merriam Webster, n.d.-b). While this general definition suffices for everyday use, it needs further explication to be applied within the framework of OD. Here are six defining characteristics that systems have:

1. **Always have boundaries:** These boundaries delineate the limits of the system and serve to define it. The boundaries mark what is included in and what is excluded from the system.
2. **Always exist in an environment that forms the periphery of the system:** With the possible exception of completely closed systems, the environment influences the system.
3. **Are highly interdependent:** The system's boundaries usually include subsystems, and the system is usually linked to its environment. Whatever happens in the environment and in subsystems invariably impacts the system as a whole.
4. **Rest upon interaction and communication – in some form or another – between its different elements and subsystems:** This interaction does not have to take the form of human communication. In biological systems for example, this communication can be chemical or neurological; in solar systems the interaction rests – among other things – on gravitational pull.
5. **Do not lend themselves to simple cause and effect explanations:** OD practitioners generally assume that cause and effect is the driving force guiding the changes in a system, but it is generally impossible to reduce the behavior of a system to causal relationships. That is why it is veritably impossible to predict how any given input will affect the system.
6. **Generally resist entropy and exhibit a capacity for regeneration:** This is related to the concept of autopoiesis, which we defined earlier. This capacity to self-regeneration can lead to resistance to change, which frequently is a frustrating factor for OD practitioners.

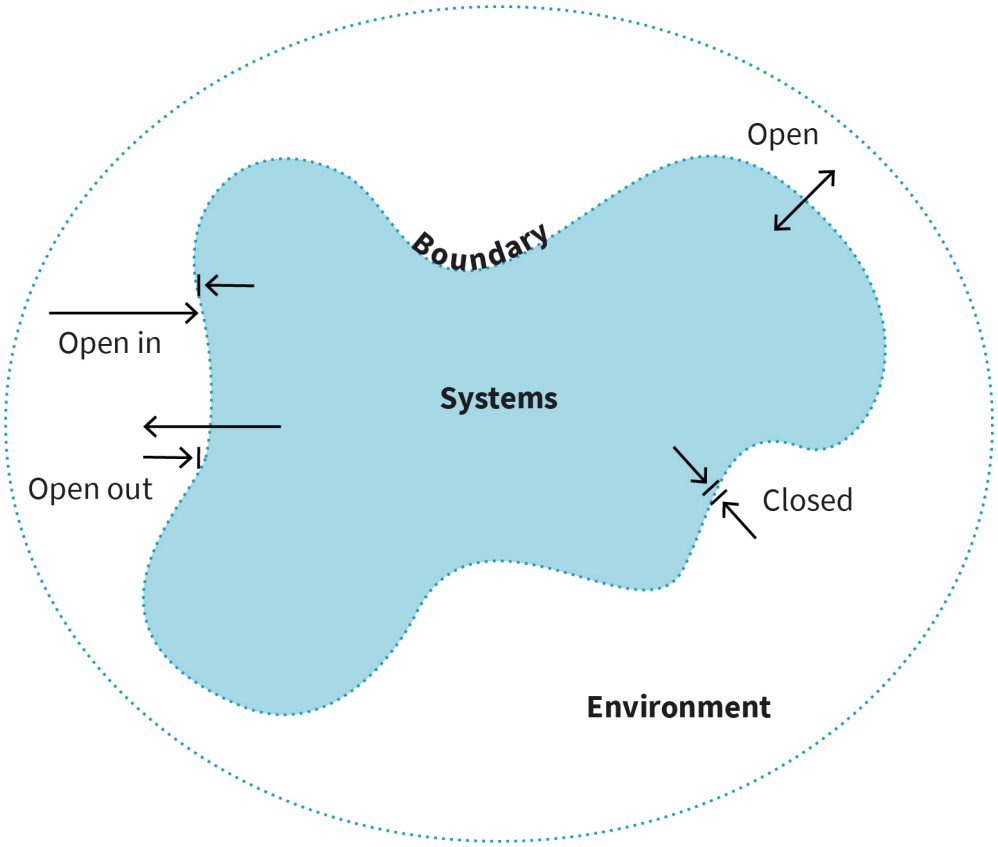
These characteristics, which are common to all systems, provide an initial overview and hopefully will serve as a conceptual guide to help get a deeper understanding of what a system is. One aspect that we have not yet fully explored has to do with the nature of the boundaries. These can be open or closed, and if open, allow movement in various directions. The question concerning how any given system's boundaries are structured is quite relevant because this strongly influences the kinds of interdependencies the system in question has.

Open and Closed Systems

In essence, there are two possible ways that the boundaries of a system can function: They can either be open to the environment or be closed (i.e., serve to obstruct input from outside the system). However, open boundaries can also be designed to allow movement in only one direction. This can mean they may allow output from the system into the environment but not permit input from outside to access the system. Alternatively, the boun-

daries may be open for input from outside the system but block any movement (output) from inside the system toward its environment. Below is a diagram that illustrates the four possibilities.

Figure 7: Systems and Their Boundaries



Source: John Stanley (2023), based on McLean (2006, p. 67).

As we will see in the next subsection, most organizations that an OD practitioner might deal with have boundaries open in both directions. Yet, as McLean (2006) points out, there are examples of organizations that exhibit all other forms of boundaries. Evangelical groups often have open-out systems because that want to influence people outside their system but not be influenced from the outside. Contrarily, the Amish people might live in a completely closed system in as much as they neither wish to influence others outside their system (i.e., “closed-out”) nor be influenced by individual foreign to their system (i.e., “closed-in”; p. 67).

Open systems and organizations according to Katz and Kahn

Historically, Katz and Kahn (1978) had a strong influence on the way those working in the field of OD used systems theory to inform the way they conceptualized organizations. This paradigmatic influence is strongly reflected in Meyer and O’Brien-Pallas’s (2010) analysis of healthcare organizations. They offer a succinct summary of the view of organizations

that builds upon Katz and Kahn's systems theory. In their synopsis, an organization is a social system. It has open boundaries with movement across the boundaries in both directions. In order to ensure survival, the organization has to combat entropy, which is the "process of disorder and dissolution caused by the loss of inputs or the inability to transform energies." As a system of energic exchange via input and output, an organization "depends on its supporting environment for continued inputs" (p. 2830).

Large-scale organizations are comprised of subsystems that reflect the befitting division of labor. One primary subsystem (or set of subsystems) is responsible for production, but there are other subsystems that deal with a variety of tasks, including production, support, maintenance. These subsystems import "people, materials, and energies through transactions at organizational boundaries" (p. 2831), and, likewise, the products or services generated in the organization are exported as output via the organization's boundaries.

The coordination of the activities in and between the different subsystems is the task of management, which reconciles the internal functions and activities with the demands originating in the external environment. Meyer and O'Brien-Pallas (2010) wrap up their summary with the concluding comment that the "subsystems do not operate in isolation but rather are interdependent and interact dynamically as part of a greater, complex whole" (p. 2831). This concise summary is instructive for two reasons:

1. It provides us with an excellent structural overview that can serve as an initial framework for analyzing structures, processes, individual units, workflow, communication, and managerial procedures in any given organization.
2. It is complete alignment with our first definition of systems theory and, as such, is dated (i.e., it embodies an approach that was prevalent in the 1950s and 1960s).

This more traditional approach is highlighted by the focus on (1) how the interrelated, interdependent elements interact; (2) how the system interacts with smaller units, its subsystems, and its environment; (3) how the boundaries of the system are structured; and (4) how movement across the boundaries takes place. If one looks at Meyer and O'Brien-Pallas' (2010) suggestions on how to use this model for research on nursing organizations, the suspicion arises that their model is informed by the metaphor of a machine. They recommend using their theory "to examine how variations in inputs, throughputs, and organizational characteristics result in optimal outputs" (p. 2836). They are examining causal relationships to see how these can be improved (i.e., causality is the underlying force that keeps the organization – the machine – moving). By "tweaking" elements in the system, its performance can be optimized.

This approach is, without a doubt, still valid and useful for analytical purposes. Nevertheless, we saw with Laloux that using the machine as the guiding metaphor belongs to an era that humanity may well be on the way out. You may recall that many managers working in teal organizations described them as "living organisms" or "living systems" when talking to Laloux (2014, p. 56). This concept is a guiding metaphor in Senge's theoretical approach. So, we will turn now to Senge's work in the way of an introduction to a more contemporary understanding of systems theory.

Quasi-system determinism and systems thinking

Although all the evidence suggests that Senge and Laloux developed their theories independently of one another, there are some striking similarities. Like Laloux, Senge (2006) suggests at several places in his book *The Fifth Discipline* that a fundamental shift in the way that organizations are structured and function is imminent: "As I look at these all together [i.e., recent developments in businesses, schools, and various organizations], it seems to me that something wholly new is emerging" (p. 364). Senge often uses the metaphor of living systems as a model for human learning organizations as an indication what is emerging (p. 365, 382). This raises an important question for us: What follows from this for his systems theory?

Senge suggests that using complex living systems as a model for understanding how modern organizations function has profound implications for management. Instead of a top-down, centralized approach in which managers see their tasks as "setting numerical targets and driving results," Senge suggests that many very highly successful companies – such as Toyota, Plug Power, and Sustainable Food Lab – use an approach that embodies "nature's patterns." These companies are "engaged in continually building and deploying locally embedded know-how and then trusting frontline workers to manage and improve cost performance" (p. 365).

Senge's interest in fostering autonomous learning on behalf of employees and his skepticism regarding the efficiency of top-down management reflects his understanding of systems. For many years, Senge used a so-called "beer game" in classes and management training seminars to illustrate the dependency of human beings on the economic system they work in: "Every time the game is played, the same crisis ensues" even though the game has been played by "people of all ages, nationalities, cultural origins, and vastly varied business backgrounds" (p. 41). Senge lists as one of the lessons of the beer game a quasi-system determinism. More often than not, "systems cause their own crises, not external forces or individuals' mistakes" (p. 40). This is because structure and systems strongly human influence behavior. However, these structures do not exert external control over people. Rather, the power exerted on people is there because "we are part of that structure." When Senge talks about "systemic structure," he is referring to "key interrelationships that influence behavior over time." Moreover, by "key relationships," he means key variables such as "population, natural resources," or "engineers' product ideas and technical and managerial know-how in a high-tech company" (p. 44). Due to the strong interdependency between these systemic structures and individual persons, these structures "generate particular patterns of behavior" (p. 45), and in effect, we find ourselves "feeling compelled to act in certain ways" (p. 44).

Senge's theory is very relevant to the practice of OD because it addresses the interdependency between systems and the behavior of members in an organization. The relevance is heightened by the fact that Senge (2006) offers suggestions on how to affect change in the system: The dependency of the individual on the system is not absolute – it is a "quasi-system determinism." Because members in an organization are part of the structure, they also have the ability "to alter structures within which we are operating" (p. 44). This proc-

ess rests upon our ability to exert leverage at crucial points in the system. To grasp where these crucial points are, we first have to understand the origins of individual actions made by members in an organization. Senge offers the following diagram.

Table 5: Senge's Diagram

Systemic structure (generative)
Patterns of behavior (responsive)
Events (reactive)

Source: John Stanley (2023), based on Senge (2006, p. 52).

The basic assumption made by Senge is that what we usually experience as the behavior of organizational members are events, and these events are instances of behavior that have a habitual character, which means that they rest on patterns. To change those patterns of behavior, one has to get to the root (i.e., one has to the structure that is generating the patterns of behavior). Here is where we get to the more modern approach to systems theory. The interest has shifted from short-term analyses of certain units or subsystems in an organization toward the principles and processes that describe and govern system behavior.

This is where Senge (2006) introduces his "systems thinking." The goal is to provide "a language the begins to restructure how we think" (p. 69), and the overarching interest is in trying to understand the system as a whole. Instead of concentrating on the particular "events," the emphasis shifts to the generative level. Systems thinking is a discipline "for seeing wholes. It is a framework for seeing interrelationships rather than things, for seeing patterns of change rather than static 'snapshots'" (p. 68). Once those working in management begin to go through this shift in mind, they slowly learn to grasp dynamic complexity. With this new understanding they can identify "where the high leverage lies" (p. 64) and apply that leverage to bring about long-term change.

Senge makes it very clear that it is these areas of high leveraging are frequently difficult to identify. Nevertheless, an inexperienced OD practitioner might be inclined to develop and cling to a somewhat exaggerated optimism based on the systems theory as explicated either by Meyer and O'Brien-Pallas or by Senge (i.e., they may feel encouraged about fostering and guiding productive change within an organization). In the next subsection, we will look at another approach to systems theory that originated outside of OD and business consulting: cybernetics. Because this approach to systems theory and information processing has a strongly mathematical nature and does not focus solely on human systems, it sheds an entirely different light on inter- and intra-organizational communication. Ultimately, it has a bit of a sobering effect with respect to this optimism.

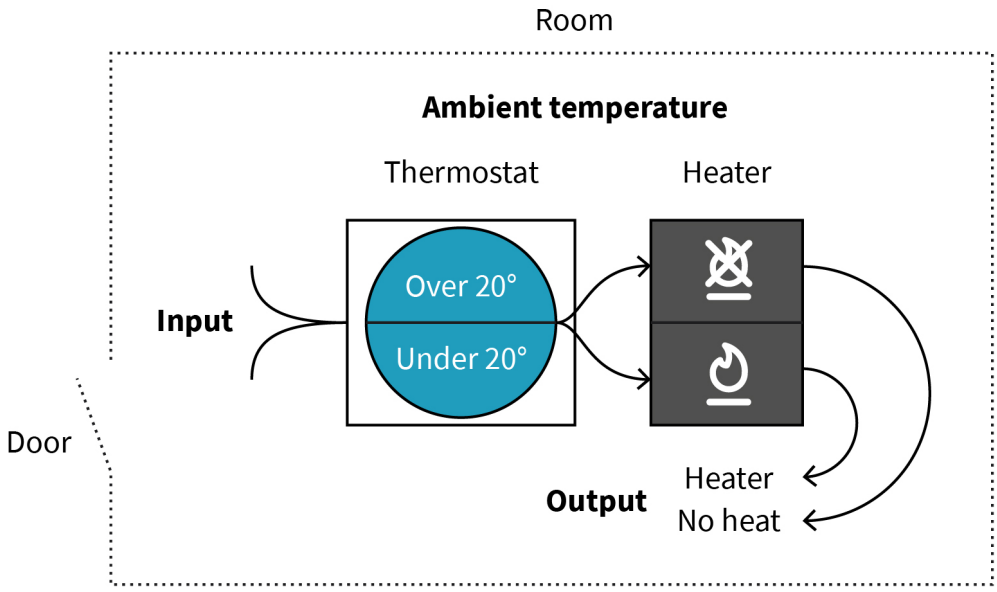
Cybernetics - Communicating Within and With Systems

Cybernetics is a transdisciplinary approach to studying systems, including the communication in and control of systems. The term “cybernetics” was first used with this meaning by Norbert Wiener (1948) in his book *Cybernetics: Or Control and Communication in the Animal and the Machine.* This book was – in spite of its technical nature – very well received and has influenced a wide range of disciplines, including computer science, biology, sociology, psychology, and human medicine. The approach is highly mathematical, with a strong interest in describing control systems and communication via computational models and mathematical functions and formulas. Cybernetics has strongly impacted the development of artificial intelligence, robotics, and IT.

For our purposes, we are going to focus on the issue of communication. In an effort to provide a mathematical model explaining communication between different systems, Heinz von Foerster (2002) introduced the concepts of “trivial” and “non-trivial” machines. In this context, the term “machines” does not simply refer to a mechanical device. Rather, it refers to an assemblage of parts or conceptual units that can bring about a transformation of force, matter, or intellectual abstractions (e.g., numbers) in a specified way. Von Foerster was interested in providing a mathematically founded explanation for how symbols can be used in communication. This explanation needed to encompass two fundamental functions of communication: (1) the transfer of information according to predefined rules as well as (2) the creative ability to generate new symbols and to interpret new and old symbols in a variety of new combinations and according to new rules.

Here, a trivial machine is a system that operates according to a fixed set of rules without the capacity to modify those rules. Following von Foerster (2002), such systems are “independent of the past, analytically determined and predictable” (p. 309). In a nutshell, a trivial machine is characterized by the fact that “it always bravely does the very same thing that it originally did” (p. 309). This kind of machine is a very common occurrence in our daily lives. Cars, hairdryers, and light switches are all trivial machines. Below is a diagram of a common trivial machine: a thermostat.

Figure 8: Trivial Machine



Source: John Stanley (2023).

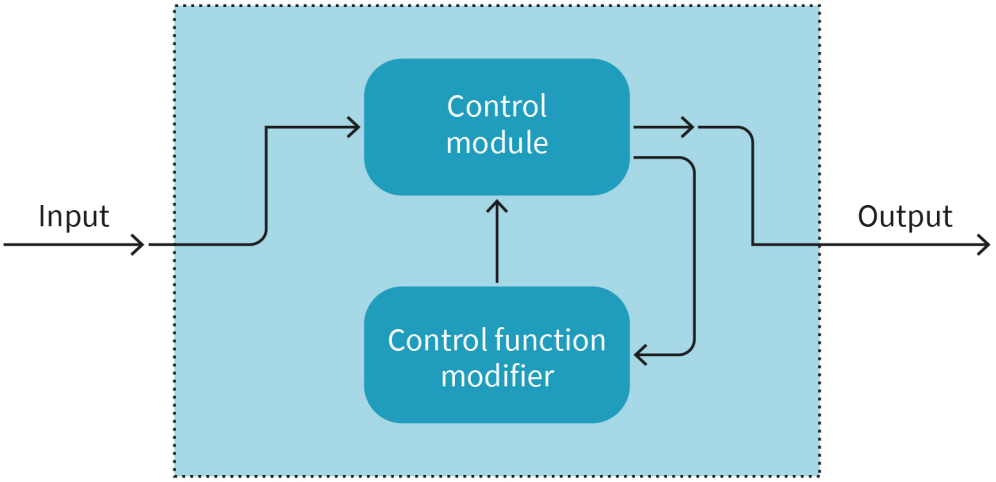
The temperature in the room is the information that is communicated to the system. If the heating unit uses natural gas for energy and thermostat is set to 20°C, then the control unit sends signals to the furnace to emit gas if the temperature drops below 20°C. It also sends a signal to ignite the gas so that it will burn. Once the temperature reaches a predetermined level, the control unit sends a signal to the furnace to cut the gas off. The thermostat functions as it is programmed to, meaning it cannot change its programming. Furthermore, the "language" used in the communication is preset, the number of symbols is limited, and the language cannot be changed by the system.

Communication in a relatively simple system can be easily described by mathematical formulas. However, a trivial machine is much too limited to account for more complicated systems, especially for human communication. That is why von Foerster introduces the nontrivial machine, a complex system that can adapt and learn from its environment and modify its functions and "behavior." A nontrivial machine has the following characteristics:

- It is "dependent on the past, analytically indeterminate, [and] unpredictable" (von Foerster, 2002, p. 311).
- According to von Foerster, these types of systems have "inner states" (p. 311), and every time the system performs an operation, these internal states are changed. Thus, "the previous operation is not repeated, but rather another operation can take place" (p. 312).

Examples of such systems are biological organisms, social systems, and highly complex computer programs. Below is a highly simplified representation of a basic nontrivial system.

Figure 9: Nontrivial Machine



Source: John Stanley (2023).

What is important about this diagram is that every time the nontrivial machine receives a new signal (i.e., new input), the control module processes this input and sends out the corresponding output. Yet, it simultaneously sends a signal to the control function modifier. The control function modifier responds by changing the function executed by the control module. This is why the nontrivial system is dependent on history; these systems respond to their environment by changing and growing. Because the way they change is unpredictable, this makes planning the system's future difficult at best.

For von Foerster, the relevance of these two systems is that more complex forms of communication need some characteristics of both. Without a certain amount of constancy that is provided by trivial machines, communication is impossible. However, without the **emergent** qualities of the nontrivial machine, the language is static and limited concerning what it can communicate, and it cannot adequately adapt to changes in the environment. But how can we obtain the proper mix of the two systems?

Emergent
This term describes the process of developing new preprocesses, processes, and functions through the interaction with other components of a system aggregate or with other systems. Emergent properties are not inherent in the individual system but arise through external interaction.

To deal with this mathematically and theoretically, von Foerster adds recursion to the systems. He uses only nontrivial systems. The output from one nontrivial system becomes the input for the other nontrivial systems, and the communication happens in closed loops. This limits both the amount of variation in symbols and the fluctuation in meaning or functions associated with those symbols. By limiting the scope of the emergent processes through recursion, von Foerster is able model the development and acquisition of both natural and machine languages. Linguistic communities perform this recursive function for natural languages, and "training" artificial intelligence systems, such as computer translation programs or chatbots, is based in part on recursive processes.

Von Foerster was also able to show how these recursive processes can be depicted in mathematical formulas, providing a high level of abstraction. This is the strength of this mathematical approach to systems theory. Due to the high level of abstraction, the model of communication can be applied in a wide variety of disciplines, such as biology (see Ivanovas, 2005), architecture (see Gage, 2006), and musicology (see Chandra, 2007). Mathe-

matical systems theory fulfills a dual purpose: It provides a framework to think about a large variety of structurally similar processes and systems, and it provides mathematical formulas and functions to model their behavior.

There is one further concept developed in part by von Foerster that is relevant for the OD practice and, therefore, warrants a short treatment here: second-order cybernetics. In her address to the inaugural meeting to the American Society for Cybernetics in 1967, Margaret Mead (1968) pointed out that cybernetics embodied a new and distinctively different way of looking at things and was developing a new language for describing things perceived within that framework. Her call for those working in the field of cybernetics to assume responsibility for the social consequences of this new language and the development of cybernetic systems led to von Foerster`s development of second-order cybernetics. This brought about a strong shift in basic assumptions within cybernetics: Instead of assuming that scientists working with these mathematical formulas and models were describing a completely independent system or set of circumstances from an objective standpoint, the assumption underlying second-order cybernetics is that the scientist become a part of the system they are investigating. This leads to an interdependence between the scientist (i.e., between the observers and designers of the experiments) and the systems they are investigating. As a result, the claim to objectivity gave way to the realization that objectivity and subjectivity are fused in second-order cybernetics, paving the way for intersubjectivity as the epistemological foundation. Furthermore, this links cybernetics both to constructivism and to action research, an approach often taken in the practice of OD. In particular, there is a strong affinity between second-order cybernetics and double-loop learning, a theoretical construct developed by Chris Argyris that we will look at in Unit 5.

The last concept developed in cybernetics that warrants a short treatment here is the notion of a “black box.” This notion designates a category of systems that evade analysis. Scientists are able to observe the inputs that stimulate the system and the outputs produced by the system. As von Foerster (2002) points out, the human brain is also such a system, and “no one knows” how the brain works, one “can’t even make a comparison” (p. 312). The assumption is usually made that the internal functions follow the principles of cause and effect, and causality is the interpretive schema used to explain why the inputs are different from the outputs, but the inner workings are “black” (i.e., cannot be observed).

Implications of Systems Theory for the OD Practitioner

The theoretical framework of systems theory when applied to organization development has far reaching implications for the practitioners in particular. The most important implications have to do with a heightened awareness of the roles played by ambiguity, interpretation, and personal responsibility in the practice of OD.

The ambiguity results from a lack of certainty concerning how to interpret certain phenomena or aspects of the organization. When dealing with such a complex system, with its intricate structure, different processes, and members as well as its official and unofficial forms of communication, there will be components that combine the character of a “black box” with the emergent functions of non-trivial systems. This means that although the

practitioner may have some general idea of how that component usually functions, there is a degree of unpredictability involved, as there no way to know with certainty how a certain intervention will be received or how it will play out in the system.

Furthermore, the implications of second-order cybernetics combined with the assumption of constructivism heightens the practitioner's awareness of their responsibility. First off, the assumption that interventions could be designed based on an objective assessment of the situation is weakened at best. The practitioner is keenly aware that their suggestions concerning what would be "right," "healthy," or "good" for the organization is based in part on value judgments that are clearly subjective. Moreover, the assessment of the situation the organization finds itself in is the practitioner's interpretation, one that intertwined with their involvement with the organization.

Being intertwined with an organization implies codependency. This also heightens the practitioner's responsibility. The goal of the OD practitioner is to foster the growth of a healthy, autonomous organization. The very purpose of the measures taken is to develop the internal capacity of the organization to continue the process of productive change and emergence after the measures introduced by the OD practitioner have been completed. Therefore, OD practitioner has to plan their exit from the outset such that the codependency can be disentangled.

The role of interpretation is accentuated by two considerations. First off, the fusion of constructivism with second-order cybernetics heightens one's awareness of the interdependency between the perception of reality and the interpretative structures used by the practitioner. The beliefs, historically developed assumptions, and theoretical constructs that the practitioner uses in their analysis mold to a good extent the findings, and these in turn dictate which interventions are needed. Thus, not only is interpretation the key to delineating the current status of an organization, but interpretations ultimately guide the interventions and the actual concrete growth and development of the organization.

To exemplify this, think for a minute about the consequences of approaching an organization from the systems theoretical approach suggested by Katz and Kahn (1978), Senge (2006), and von Foerster (2002):

- If we follow the understanding of Katz and Kahn, we will tend to rely on the overriding metaphor of a machine (in the sense of a mechanical apparatus) and focus more on individual elements and processes in the organization. The goal of the interventions will be geared toward "tweaking" individual elements to improve long-term productivity and member happiness.
- If we follow the theoretical approach proposed by Senge, we will focus on the whole of the organization with an interest in understanding underlying generative structures. The goal of the interventions will be to leverage the system and crucial points to change generative structures. By following either Katz and Kahn or Senge, the practitioner will likely operate under the assumption that the organizational structure and system are generally stable in nature.
- Finally, if we follow the approach embodied by von Foerster, we will tend to focus on the "functions" (i.e., the activities and processes) and then group the units and subunits according to the functions that they are involved in. The interpretation of these func-

tions would be driven by an interest in abstraction (i.e., an interest in modeling these functions with mathematical formulas). Furthermore, due to the emergent character of the nontrivial machines, we will most likely expect to find inconsistency (i.e., that change is built into the system). This requires a stronger focus on the current situation and context as distinctive and possibly unique.

Hermeneutics
This term refers to the study and practice of interpretation, particularly of fixed forms of communication, such as texts, images, and audio or video recordings.

The upshot of all of this is that the work of the OD practitioner is a highly **hermeneutical** activity. It demands a high degree of "self-reflectivity": In other words, the practitioner must constantly reflect on (1) their own convictions and biases and (2) how these may influence their perception. Due to the pragmatic nature of the OD practice, this self-reflection must extend to the link between perception, their assessment of the current situation, and those suggestions concerning a plan of action.

SUMMARY

The theoretical framework for OD and the fundamentals informing its practice were forged by a group of collaborating scientist, scholars, and business consultants in the U.S. in the mid-20th century as a countermovement to the prevailing management style, Taylorism, and the then-prevailing theories of human learning and development. Methodologically, it draws upon constructivism. The human side of its dual purpose is informed by humanism. OD draws upon a wide range of human behavior theories, such as those from Maslow, McGregor, and Herzberg.

Phase models play a role in helping to design OD interventions. Due to the structural or systemic similarity between the model and the entity it represents, these conceptual tools help the OD practitioner visualize how a certain planned long-term strategy might play out in an organization. Lewin's three-step model describes a practical approach to implementing long-term change. Laloux's teleological model has a more of a descriptive character, with the emphasis on outlining a natural evolution in organization structures that mirrors human development at a psychological and intellectual level.

OD has been strongly influenced by systems theory. Originally, theoretical approaches, such as the one from Katz and Kahn, were quite formative. These models emphasize organizational structures, processes, units, and subsystems and endeavor to describe the interconnections and interactions between these elements. More recent approaches, such as the approach developed by Senge, focus more on the connection between deeper, generative structures, and human behavior. In contrast, there are also system theories that are highly mathematical in their approach. Mathematical approaches, such as in cybernetics, are

characterized by a high level of abstraction. In particular, the fusion of second-order cybernetics with constructivism is important for the OD practitioner, especially because it fosters critical self-reflection.

UNIT 4

ORGANIZATIONS AND CORPORATE CULTURE

STUDY GOALS

On completion of this unit, you will be able to ...

- define the term “corporate culture.”
- explain the relevance of corporate culture for the organization development (OD) practice.
- differentiate between the “critical variable approach” and the “root metaphor approach” to studying corporate culture.
- explain what an “artifact” is and what role artifacts play in cultural studies.
- distinguish between the material and ideational side of cultural manifestations.

4. ORGANIZATIONS AND CORPORATE CULTURE

Introduction

Think about the juxtaposition of the concepts “organization” and “corporate culture” in the title of this unit for a minute. Does it strike you as bit odd, perhaps? If you were asked to quickly explain what the two concepts have in common and what separates them, would that be an easy task? Probably not!

Obviously, when we talk about “culture” in this context, we do not mean “high culture,” which pertains to artistic achievements, such as paintings, symphonies, theatrical plays, and literature. Rather, culture is being used here to refer to the way that people in a certain society live together. It refers to things like language, religion, the way these people dress, how they prepare food, and so on. In part, culture in this context refers to the way that societies are structured and organized so that their members can interact and work together in a productive way. However, that is also what an organization does – it structures and organizes the way its members interact and work together so they can be productive. Clearly, an organization is not a culture, but they seem to have a lot in common. What do they have in common? How can we distinguish between an organization and its organizational culture or between a corporation and corporate culture? How does a corporate culture influence the corporation? What methods do we have to analyze culture? In what ways can corporate culture be influenced? These are the kinds of issues and questions that we will be dealing with in this unit.

4.1 Theoretical Basics

Defining “culture” is a challenging task. This has to do with several aspects of the concept. First off, the phenomena that the concept refers to are very complex, and they encompass many facets of human life, such as beliefs, values, customs, ways of working and interacting, traditions, language, arts, and social norms. Furthermore, it is not always easy to decide where one culture stops and another starts: The boundaries are often blurred, especially due to ethnic diversity within larger cultural groups. This is an issue due to the influence of colonialism, imperialism, and, more recently, globalism. Finally, culture is linked to meaning, ways of understanding, and, therefore, to the way that “reality” is interpreted. For this reason, it is very difficult to reach an “objective” interpretation of any culture, given that the perspective of the person doing the analysis and interpretation is influenced by their own cultural perspective. There is often a tension between an “etic” (i.e., outsider) and “emic” (i.e., insider) perspective. What follows is a short *résumé* of some of the key definitions of culture and some of the more important social phenomena that those studying culture try to understand.

What is Culture?

As Engelen and Tholen (2014) point out, those working in various academic and scientific fields have never been able to provide a unified definition of culture (p. 17). Nevertheless, it is possible to delineate some theoretical basics that are crucial for an understanding of the term. The word "culture" is derived from the Latin "*colere*," meaning either "to live in, inhabit" or "to till, cultivate (plants), foster growth" (Engelen & Tholen, 2014, p. 17). The etymology of the term is helpful because it points out that cultures evolve around the basic activities that any given group of people regularly performed to sustain life. These activities necessarily take place in a certain environment, meaning that roots of culture are found in the way groups deal with their specific surroundings. Those methods that worked well are repeated, establishing customs and shared practices. Because it is more efficient, these activities are done in an organized way, and, thus, culture implies organization. It refers to the ways groups of people (i.e., societies) are organized. People talk about their work when doing it or when they pass the methods used on to younger generations. Thus, the organization of society that culture represents is reflected in the languages used by those groups.

Because culture is meshed with language, it is also intricately bound up with concepts. The link between language, concepts, and the daily activities in life (work) also means that culture provides the individual with an intellectual framework for interpreting their experience. In essence, it provides a foundation for shared meaning. Because culture is so intrinsically linked to daily activities and human labor, the artifacts resulting from these activities directly reflect the culture they were produced in and can be used to study that culture. Finally, as a way of stabilizing the practices and the way individuals in the groups interact with each other, the basic assumptions (values) and structures found in societal organization are reflected in corresponding religions and/or political institutions.

These reflections on the roots of culture lead to a few basic assumptions that are commonly shared by those working in cultural studies. Because culture is developed and continues to develop in a specific environment, it is dependent on and reflects to some extent that specific environment (or environments). Culture is not innate. Rather, it is learned in (large) part from other members in a society or group of people and in part by way of interacting as a member of that group with the environment. Finally, while culture is a relatively stable system of organization, it is also dynamic and changes as elements in the environment require (see Engelen & Tholen, 2014, pp. 18–19; see also Trompenaars & Hampden-Turner, 2020, pp. 30–37).

This overview of theoretical basics and assumptions is meant to provide an introduction, but it is not a definition. To get some sense of how diverse the definitions and their common denominators are, we will now have a look at the definitions from prominent scientists working in culturally sensitive fields. These are numbered to ease reference.

Table 6: Definitions of Culture

Author	Definition
1. Kroeber & Kluckhohn (1952, p. 181)	"Culture consists of patterns of behavior acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiments in artifacts; the essential core of culture consists of traditional … historical … ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other as conditioning elements of further action."
2. Marvin Bower quoted in Deal & Kennedy (1982, p. 4)	"The way we do things around here."
3. Usunier & Lee (2013, p. 10)	"Culture is a collective fingerprint of our identity. Furthermore, there are no good or bad elements of a particular cultural group; it all depends on our subjective view."
4. Schein (2009, p. 26)	"Culture is a pattern of shared tacit assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems."
5. Hofstede et al. (2010, p. 5)	Culture is "patterns of thinking, feeling, and acting (...) or software of the mind." It includes "not only activities supposed to refine the mind, but also ordinary and menial things in life: greeting, eating, showing or not showing feelings, keeping a certain physical distance from others, making love, and maintaining body hygiene."
6. Trompenaars & Hampden-Turner (2020, pp. 28–30)	"Culture encompasses three layers: • the outer layer: explicit products • the middle layer: norms and values • the core: assumptions about existence"
7. Geertz (1973, p. 89)	"It (culture) denotes an historically transmitted pattern of meanings embodied in symbols, a system of inherited conceptions expressed in symbolic forms by which men communicate, perpetuate, and develop their knowledge about and attitudes toward life."

Source: John Stanley (2023), based on Deal & Kennedy (1982, p. 4), Geertz (1973, p. 89), Hofstede et al. (2010, p. 5), Kroeber & Kluckhohn (1952, p. 181), Trompenaars & Hampden-Turner (2020, pp. 28–30), Schein (2009, p. 26), and Usunier & Lee (2013, p. 10).

What are some of the common denominators that we find in these definitions? Let's consider this together:

1. First off, there is the obvious link of culture to pragmatics (i.e., to action, behavior, and how to do things). We see this in definitions 1, 2, 4, and 5. Especially in Definition 1, the interdependency between action and culture is stressed – culture informs how to perform certain tasks, but how a group does various tasks also forms their culture.
2. The second common denominator has to do with the mental aspect of culture, with the intellectual and emotional side of culture. We see this in definitions 1, 4, 5, 6, and 7, in which terms like "ideas" and "values," "patterns of assumptions," "thinking" and

"feeling," and "meanings" are used. This is relevant, since these underlying assumptions and values guide both actions and how humans interpret their "world." The significance of this aspect of culture is exemplified in Hofstede's conspicuous metaphor "software of the mind" (Definition 5).

3. The third common denominator is explicated mentioned in only one definition, but it is implied in all: Namely, the patterns of meaning or core assumptions of a culture are "shared" by members of the culture. While only Schein (Definition 4) says this explicitly, it is implied by expressions such as "we" in "The way we do things" (Definition 2) or "collective fingerprint" (Definition 3).
4. The last common denominator that needs mentioning is the "layeredness" of cultures. Drawing upon an earlier model developed by Schein, Trompenaars and Hampden-Turner explicitly mention the layers of culture (Definition 6), with a clear distinction between those elements of culture found on the surface (e.g., artifacts, products, ordinary things, and actions) and the mental elements that lie deeper (e.g., meaning, ideas, and assumptions.). This is quite relevant for anyone working in culturally sensitive fields, for it implies that to understand those elements of culture that can be perceived by the senses, we have to access the deeper intellectual structures that cannot be directly experienced. Thus, the aim of scientists working in culture is to move beyond appearances (e.g., behavior and artifacts) to disclose "deeper" patterns of meaning so that cultures can be interpreted correctly (see Definitions 1, 4, 5, 6, and 7).

With this short summary, you should have a more precise understanding of what culture is and what issues may well be involved in studying culture. However, this summary is of culture, not of corporate culture, and in this unit, we are concerned with corporate culture. That is the next topic on our agenda.

Why is Corporate Culture Important for OD?

In the discussion of the concept "organization" in Unit 1, we made a reference to "corporate culture." This reference is made in the discussion of the members of an organization, and this is precisely the interface where culture – as an organizing principle – influences the organizational activity. Culture guides how communication takes place, including how members interact, express themselves, and what body language they use. It also includes patterns of behavior and values, which is important both for motivational issues and for emerging phenomena and processes, for members have to draw upon past pragmatic behavior and their values when "creatively" adapting to the environment in these unofficial areas.

While it should be clear by now that culture is relevant in particular for the members working in an organization, we have not yet distinguished between culture in general and corporate culture. That is the next step, but we first need to discuss a few conceptual issues that determine how the concept of "corporate culture" is defined.

Issue of culture as a variable or as a metaphor

In the late 1900s, Smircich (1983) explored how the concept of culture was used to analyze organizations. She showed how most of the research on organizational culture could be grouped into two categories: (1) those that treat organizational culture as a critical varia-

ble and (2) those that treat organizational culture as a metaphor. These two conceptions of culture "give rise to different research questions and interests" (Smircich, 1983, p. 339), and, thus, this distinction is relevant to the OD practice.

The critical variable approach rests upon the assumption that "the social world expresses itself in terms of general and contingent relationships among its more stable and clear-cut elements" (p. 347). These elements are what is meant by the term "**variables**." The approach has its roots in the "field of comparative management" (p. 343), and it tends to view culture as a phenomenon that can be grasped and described objectively. The basic idea is that there are different aspects that play a role in management, and modifying any given element (i.e., variable) influences the effectiveness of the management. One way of using this conception is to define culture as an independent variable and study it as a background factor. Here, the concern is with how a general culture (e.g., that of a country) influences the organization as a whole or how the general culture influences the "attitudes of managers" (p. 343).

Variables
In this context, a variable is a factor or element that can influence corporate functions, practices, or performance.

The other way of conceiving of culture as a variable is to view it as an internal variable. Here, organizations are recognized to be "culture producing phenomena," meaning that the wider cultural context may be included in the research, but the focus is placed on the "socio-cultural qualities that develop within organizations." What the internal variable conception studies, then, is precisely corporate culture (i.e., values, beliefs, social ideals, and practices that have developed in and are peculiar to a certain corporation). The approach usually rests on a systems theory framework, and the research is designed to disclose "patterns of contingent relationships among collections of variables" important to a corporation's survival, including "structure, size, technology and leadership patterns" (p. 344).

Common to both types of variable approaches is the assumption that the social sphere can be analyzed in light of relationships among relatively distinct, durable elements. One of these elements is the culture, either the general culture or the corporate culture. The organization is analyzed with the framework of systems theory, and it is often viewed as an organism.

The other broad category that Smircich outlines is culture as a "root metaphor." While those working within the critical variable approach see culture as something an organization has, those working within the root metaphor approach see "culture as something an organization is." Those working in this tradition see organizations as an "expressive form," as "manifestations of human consciousness" (p. 347). Since it is not intuitively obvious what this might mean, let us take a quick look at what is meant by "metaphor" in this context.

In general, we distinguish between a literal and metaphorical use of language. When a language is used literally, the person speaking adheres to the ordinary or primary meaning of the words, so that the objects or states of affairs designated remains in the common denotative intensional range. If you say, "That skillet is hot," such a statement is typically used to refer to a cooking utensil that currently has a high temperature. By contrast, if you were

to speak "metaphorically," this means that a given word is used as a designation for an object or state of affairs that generally lies outside the usual denotative intensional range of the word.

This brings up the common topic of "figurative use." This means that a set of properties designated by a word is transferred to an unfamiliar state of affairs. Usually, the metaphor offers an easily understood, visual illustration of the state of affairs referred to and provides an intellectual structure that fosters comprehension. If you say, "The conflict is a ticking time bomb," this avoids any detailed description of what is causing the conflict or who might be involved. Critically, however, the listener understands immediately that the situation is highly volatile and potentially dangerous.

When introducing the concept of a "root metaphor," Smircich (1983) refers to the book *Metaphors We Live By* by Lakoff and Johnson (p. 340). Lakoff and Johnson (1999) explain the relevance of metaphors to their theoretical approach as follows:

> In *Metaphors We Live By*, we gave evidence that conceptual metaphors are mappings across conceptual domains that structure our reasoning, our experience, and our everyday living. We pointed to the existence of experientially grounded mappings, for example, More Is Up, as in 'Prices rose' and 'Stocks plummeted.' In More Is Up, a subjective judgement of quantity is conceptualized in terms of the sensorimotor experience of verticality. (p. 47)

Drawing upon a theory developed Friedrich Nietzsche (1988), the idea here is that metaphors develop out of the use of language when describing experiences. The metaphors serve to structure that experience, and when used repeatedly, they are the foundations of concepts that we use when reasoning and which structure our thinking. To illustrate this, think about the word "sheet." Following the literal usage, you will most likely think of a sheet of paper or a sheet on a bed. Yet, we also might know what a "cookie sheet" is and have heard the expression "the rain came down in sheets" before. Also, the expression "sheets of ice" is not that rare. In all these examples, the flat structure of a sheet, whether cloth or paper, is transposed onto other substances (e.g., rain, metal, or ice). The metaphor fosters our understanding by providing a conceptual structure and imagery that we use as a pattern when thinking about and experiencing a variety of different kinds of phenomena.

How can this be applied to the study of organizations? The claim that "culture as something an organization is" is itself a metaphor. It is designed to associate organizations with a conceptual structure and imagery that defines the way that those working in that organization (1) perceived their "reality;" (2) organize their thoughts, events, and emotions; and (3) behave and work. Within this paradigm, research is focused on disclosing individual experience – on "investigating patterns that make organized action possible" (Smircich, 1983, p. 238). Because the organization is seen as providing these patterns of meaning, it is seen as an "expressive form," as "manifestations of human consciousness" (p. 347).

We have seen an approach somewhat like this in Laloux's theories. He depicted various organizational forms as expressions of a reigning worldview, of a worldview that is reflected in human consciousness, cognitive capabilities, values, and morals. According to

Laloux, human beings are involved in a process of cognitive evolution, and the shift between the different stages in development calls forth new organizational forms (i.e., the organizational forms are "manifestations of human consciousness").

Laloux's interest is in describing how organizations in general develop as a response to human development. The core metaphor approach to analyzing corporate culture is concerned with a different correlation: how human culture develops within the framework of an organization. While the link between a given organization and human consciousness is still there, it is restricted in two substantial ways in the core metaphor approach:

1. The relationship being investigated is between an individual organization and that organization's members' consciousness.
2. It is not human consciousness in general that is of interest, but rather the way members of the organization perceive, how they arrange and classify their thoughts, events, and construe meaning, how they behave and work, and the way they construe meaning.

This last restriction has strong implications for research methods. When working under the core metaphor paradigm, a scholar will analyze social action and try to tap into individual consciousness in an effort to disclose patterns of symbolic relationships or patterns of meaning.

Smircich (1983) describes three different conceptual foundations within the core metaphor approach. Two of these are fairly common and worthy of mention here, given that we will encounter them again in Units 5 and 6. The first is called the "cognitive perspective." Within this framework, scholars assume that culture is a "system of share cognitions of a system of knowledge and beliefs" (p. 348). Argyris and Schon are two scholars noted for their work done within the perspective. They see organizations as "cognitive enterprises" (Smircich, 1983, p. 349), and this has figured significantly in their pioneering work on "learning organizations." The second perspective worthy of mention is the "symbolic perspective." Within this framework, the organization is conceived of as a "pattern of symbolic discourse," and research is geared toward disclosing the "way experience becomes meaningful for those in a setting" (Smircich, 1983, p. 350). This approach is one that has informed Clifford Geertz's (1973) research, and it has much in common with methodology employed by Marshak and Bushe in their dialogic OD approach, which we will look at in Unit 6.

Corporate culture: Our working definition

Due to the relevance of systems theory and the understanding of the organization as an organism, the astute reader will have noticed that the approach to analyzing culture that has been most relevant to the historical development of OD is the "critical variable approach." However, the root metaphor approach is gaining significance in OD, as evidenced by the work done by Argyris and Schon and, more recently, Marshak and Bushe. As Smircich (1983) points out, different approaches lead to significant differences in how corporate culture is defined and analyzed. For example, according to the critical variable approach, the production of cultural artifacts is guided to a large extent by assumptions and belief structure. In contrast, according to the root metaphor approach, many "arti-

facts," such as "symbols, myths, stories, and rituals," are interpreted to be "generative processes" (p. 353). The point of this is that we have to develop a working definition of corporate culture broad enough to encompass both approaches. What follows is our working definition.

OUR WORKING DEFINITION OF "CORPORATE CULTURE"

Corporate culture refers to the values, beliefs, norms, and practices common to the members employed by a corporation. There is a direct, reciprocal relationship between (1) the values, beliefs, and norms and (2) practices, meaning the way work is executed, behavior, and patterns of interaction. Corporate culture is usually an identifying characteristic of a corporation, and it is influenced by the organization's mission, vision, leadership style, history, industrial sector, and member demographics. A well-defined, powerful, and sanguine corporate culture usually has a positive impact on the organization, leading to motivated employees and higher productivity.

For the OD practitioner working within the framework of constructivism, their understanding of a certain corporation's culture guides to a large extent their interpretation of "how they (i.e., employees of a corporation) do things around here," and this interpretation is one essential cornerstone informing the measures and interventions geared toward fostering organizational growth.

4.2 Analysis of Culture

In a recent article, Cheung-Judge (2020) laments the fact that there is a "lack of consensus" on what competencies and methods an OD practitioner must be taught to do their job. She goes on to say this problem is reflected in "certificate/degree programs," in as much as there is "too much diversity in skill sets" (p. 11) being taught. As we saw in Unit 2, this lack of consensus is a result of the eclectic roots of OD. The eclectic roots offer a wide breath of intellectual resources, but it often leads to common criticism that OD does not have a solid scientific basis. This skepticism can lead to the suspicion that any measures taken in an OD intervention could be ineffective or even harmful.

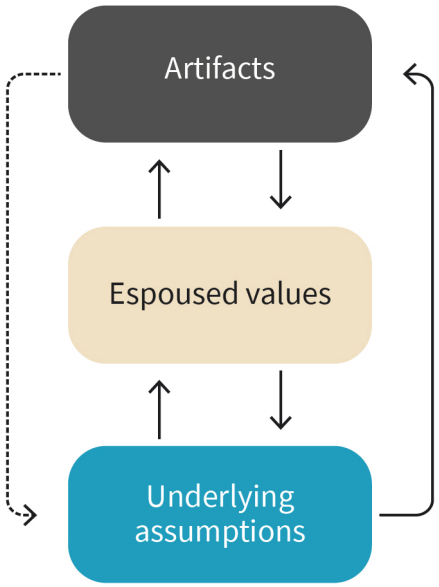
To counter this criticism, an OD practitioner has to be quite familiar with the methods and approaches that they have to draw upon, constantly monitor scientific activities in the field of OD, and seek out those methods that seem most fitting for the task at hand. These methods have to then be communicated to the members of an organization before starting any interventions, and there should be some way to evaluate the effectiveness of those methods which is also clearly formulated in advance. The ability to find fitting methods and also choose the wording and terminology to communicate these methods to the members in the organization rests upon the capacity to intuit what the members are intellectually able grasp and psychologically appreciate.

To give you some idea of what is involved in this process, a well-established approach to cultural analysis will be presented below. In addition, a variety of theoretical issues that have to be contemplated when planning an OD intervention will be discussed in brief. The approach to cultural analysis that we will look at is the one developed by Edgar Schein, who, as you saw in Unit 2, was one of the pioneers of OD.

Schein's Levels of Culture

Schein developed a visual representation of culture meant to foster an understanding of what culture is, as well as how it functions in society or a corporation. In Schein's model, culture is represented as having three layers, as depicted below.

Figure 10: Schein's Model



Source: John Stanley (2023), based on Schein (2004).

Schein (2004) describes the first level as the one of "artifacts," meaning any product made by human skill or handicraft. This category encompasses those phenomena accessible by sense perception, meaning what one can see, hear, smell, taste, or feel. These include things such as architecture, language, style (clothing), myths, and stories. It also includes elements of corporate climate (i.e., visible behavior and ways of interacting). This level is easy to observe but difficult to decipher. It presents a real problem for the OD practitioner because it is easy to project one's own interpretive structure (feelings and reactions) onto these phenomena and, thereby, misinterpret them (Schein, 2004, pp. 25–27).

The second level encompasses "espoused values." This level included the beliefs, norms, and rules of behavior that members of a certain group or employees in a corporation are conscious of. This is how members and employees depict their culture to themselves and to others. These values are open to discussion, and one can consciously agree or disagree with them (Schein, 2004, pp. 28–30).

The third level is comprised of “fundamental assumptions.” These are the basic beliefs and presumptions that are fundamental to the culture and which ultimately guide group members’ or employees’ perceptions, their thought processes, and how they feel about different things. This level usually remains below the threshold of consciousness. These assumptions usually only become conscious when they are challenged. There is little variation within a social unit, and they are difficult to change. Usually, when these assumptions are challenged, it causes anxiety. Frequently, those who disagree with these assumptions are labeled as “foreign” or even “not rational” (Schein, 2004, p. 25). One of the greatest challenges to the OD practitioner is how to foster change at this level, and we will look at this issue when we discuss “double-loop learning” in the next unit.

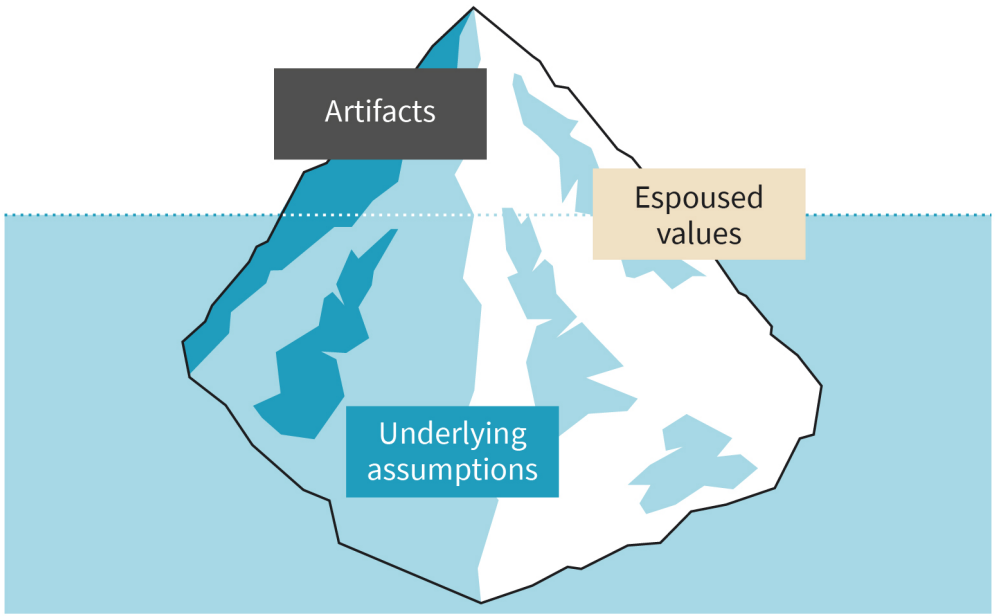
These different levels influence each other. The artifacts are usually produced based upon the espoused values, but the espoused values can be influenced by the artifacts, such as, for example, when a new joke or story is introduced into the scene that is persuasive enough to cause conscious reflection about the corporate values and then to modify them. Furthermore, while the underlying assumptions should inform the espoused values, the espoused values sometimes contradict the underlying assumptions. When this contradiction is raised to the level of consciousness, it can bring about a shift in the underlying assumptions. For example, even though the management is predominately male, it may be a part of company policy to treat women and men equally. If female employees confront management about this issue, the (mostly) male management may feel threatened by the confrontation. If they honestly reflect on their feeling of being threatened, they may discover that there is some kind of latent, unconscious assumption about gender that has played a role in their recruiting process. This self-reflection can bring about a change in that underlying assumption. The fundamental supporting structure of the culture is the level of underlying assumptions. That is what the wide arrow going from the basic assumptions to the artifacts in the image above is meant to illustrate.

Schein’s theory was clearly influenced by the critical variable approach. This is apparent in the weighting of these three levels in cultural analysis. Ideally, the underlying assumptions form the espoused values, and the production of artifacts is based on the espoused values. Yet, according to Schein (2009), in those cases where the espoused values are not in alignment with the underlying assumptions, the latter determine the decision-making process and the activities in the corporation (p. 80). That is why the underlying assumptions are given the most weight: In order to truly understand and evaluate the validity of the espoused values, one must disclose the underlying values. Likewise, one must access underlying assumptions to decipher the artifacts.

This brings us to the issue of interpretation. Even if there is much disagreement about how to define culture, how many “levels” it might have, or even how to model it, there is a veritably unanimous agreement among scholars that (1) reaching an adequate understanding of any given culture requires high level of interpretation and (2) the interpretive work can only be done successfully if one has an adequate interpretive framework. As Stanley (2018) points out, understanding is a highly complex process, one which not only includes associating a word or artifact with the appropriate concepts. Rather, it entails framing “a given experience or elements of that experience in a larger sensible/meaningful context” in addition to “disclosing the meaning of something goes hand in hand with discovering pragmatic options” (p. 261). Understanding something means, then, trying to put a small

bit of experience into a larger, coherent context, as well as trying to determine what practical consequences this new bit of information implies. Furthermore, there are values associated with pragmatics, and these values are linked to emotional responses. Most of the elements involved in understanding and interpreting various aspects of cultural life (i.e., with grasping the meaning of cultural phenomena) are not given directly to sense perception. The image below, which is based upon Schein's model, illustrates this issue.

Figure 11: Iceberg Based on Schein's Model



Source: John Stanley (2023), based on Schein (2004).

The whole of culture is represented here as an iceberg. The waterline separates those elements of culture that can be perceived by the senses from those that cannot. This line runs through the espoused values. These values are espoused using artifacts like language or other media (e.g., visual imagery), but at the level of consciousness, this distinction becomes blurred. Ultimately, the correct interpretation of all aspects of culture rests upon the unconscious level, which is the deepest and hardest to access. In Unit 6, we will look not only at Schein's method for raising these elements to consciousness. Instead, we will also explore briefly the hermeneutical task of interpreting culture in general.

Underlying Theoretical Questions Guiding Analytical Approaches

Joanne Martin (2002) outlines a series of issues in her book, *Organizational Culture: Mapping the Terrain*, that are relevant for the OD practitioners. These issues have to do with basic questions concerning the nature of things in the world (reality), what humans can know about the world, and how to approach studying culture. These issues are relevant to the OD practitioner for two reasons:

1. The OD practitioner needs to grapple with these issues long enough to reach an opinion on each issue and develop their methodology based upon those opinions.
2. The OD practitioner must take into account diverging opinions on these issues when communicating with members in organizations.

The second concern is of paramount importance when justifying measures they deem necessary to members of a corporation. Frequently, employees and managers in a corporation share opinions on some of these issues which differ significantly from the OD practitioner's position, and the ability to communicate effectively in the face of these differing opinions rests upon a sound understanding of what is at stake in these issues. We are going to briefly discuss five of these issues.

The first issue concerns a fundamental philosophical question dealing with **ontology** and **epistemology** (i.e., with the nature of reality or the things in the world and with what we can know about them). The position one takes on this issue has far-reaching consequences, for these assumptions guide the methodology for doing cultural research. Drawing upon research done by Robert Chia, Martin (2002) distinguishes between two approaches to this issue: "being-realism" (p. 30) and "becoming-realism" (p. 32). Those who adhere to the "being-realism" approach tend to see reality as relatively independent from perception and human processes of gaining knowledge about the world. That means that language and the world are fundamentally distinct. Moreover, the world is made up of discrete and discernable entities that humans can represent accurately in their intellects. Due to the split between the world and language, humans can use language to describe entities and relationships in the world without linguistic structures strongly affecting the mental representations.

Ontology
This term refers to the philosophical enquiry into the nature of being, existence, and reality.

Epistemology
This term refers to the philosophical examination of knowledge, including its limits and scope. It is concerned with what we can know and how we can be sure that we know.

By contrast, those who adhere to the "becoming-realism" approach see reality as something that is developed in the process of gaining knowledge (i.e., reality is shaped in the interactive process of learning about the world). In this view, language influences our thinking about the world by predetermining the concepts that humans work with. In this approach, much attention is directed toward the processes of "how we order, codify, frame, and classify our perceptions, our data, and our theoretical abstractions" (Martin, p. 32). As Schein (2009) puts it, the assumption here is that the languages you speak determine "to a great degree your thought processes and how you perceive the world (p. 80). According to the "being-realism" approach, then, human activity affects knowledge only nominally, whereas according to the "becoming-realism" approach human activity shapes to a significant degree "reality" and our knowledge of that reality. It is not uncommon that OD practitioners adhere to the "becoming-realism" approach, while their clients frequently follow tacitly the "being-realism" approach.

The next issue is one directly related to the "being-realism" versus "becoming-realism" issue, namely, the issue of how much can be known objectively and, in contrast, what is subjugated to the realm of subjectivity. For someone working in the "being-realism" framework, objectivity can be reached as long as the researcher remains unbiased and impartial, meaning that no personal feelings or opinions get in the way of perception. For those working in the "becoming-realism" framework, almost all perception involves categorization and, therefore, cannot be "objective" in the sense common to the literature found in the natural sciences. For these scientists, culture is not "a 'thing' out there that

can be objectively perceived and measured" (Martin, p. 34). From this perspective, it follows that examining the "subjective meanings" that material manifestations of a culture have for those in that culture is an integral part of doing cultural research (p. 35).

Eoyang and Holladay (2013) suggest another category that is situated between objectivity and subjectivity: one that rests on consensus. They term this category "normative truth," and it refers to perceptions and descriptions of reality that are shared by a group. This is "when any group comes to agreement about what is true," which leads to the assertion that "much of what we call culture is made up of what we call normative truths" (p. 48). Assuming that a culture's members share a common perspective on any given issue, disclosing these "normative truths" can make up much of an OD practitioners work.

The last three issues to be discussed here are less philosophical. They deal more directly with methodological issues. The first has to do with how easy it is to generalize the findings resulting from cultural research. There are those, such as Geertz (1973), who advocate an approach which focuses on a specific culture and develops a "thick description." The goal is to provide a very detailed, accurate description of one culture, not to provide a "general theory of cultural interpretation" with "abstract regularities" that can be generalized across different cultures (p. 26). The assumption here is that each culture has strongly idiosyncratic characteristics that can be easily misrepresented and misconstrued if compared in a rough and ready fashion to other cultures.

Hofstede et al. (2010) follow an antithetical approach. Their highly popular study of dimensions of cultures assumes that there are "aspects of culture that can be measured relative to other cultures" (p. 31). They developed precisely these "abstract regularities" (i.e., "dimensions of cultures") with the conviction that all societies "face the same basic problems; only the answers differ" (p. 29). While Hofstede et al.'s approach may well miss some cultural details, it does provide a framework that makes it possible to predict possible behavior of members of different (corporate) cultures, which can be quite relevant to the OD practitioner.

The penultimate issue to be discussed here has to do with the focus and breath of cultural studies: Should we study one aspect of a given culture in detail, or does it make more sense to examine a wide range of artifacts and cultural phenomena? There are arguments to be made for both approaches. If a researcher is interested in exploring a limited set of cultural traits, such as the use of authority by management in a certain corporation, then it makes sense for them to use a narrowly focused approach. They might use questionnaires that address only management style, for example. Usually those who use this narrow approach assume that studying only one kind of cultural manifestation is valid because broader conclusions about the culture as a whole can be made based upon those results. Broader studies, by contrast, deal with a variety of cultural manifestations; these studies provide "thick descriptions" (Geertz 1973, p. 26), meaning they provide much more detailed information about the culture. However, as Martin (2002) points out, it "takes time to build a rich understanding of the relationships among a wide variety of cultural manifestations" (p. 45), and the researcher has to decide if their research question warrants that kind of temporal and financial investment.

The last issue has to do with the level of depth needed in cultural research. The experience of cultural manifestations always includes two sides: the material and ideational sides. There is the artifact given to sense perception, but we have to have the appropriate interpretive framework to understand that cultural manifestation. The question raised here is how well does a person doing cultural research need to understand the intellectual side (i.e., ideational aspect) to produce the results needed for the task at hand? Related to this is the question of whether an etic (i.e., outsider) or an emic (i.e., insider) approach is needed. If, for example, an OD practitioner wants to ascertain how content the employees of a corporation are, then a simple **Likert questionnaire** would serve the purpose. An etic approach with little depth would be all that is needed. If, on the other hand, a consultant team is trying to understand why employees at a corporation are highly unmotivated after a merger with a foreign company, a much deeper level of understanding would be needed, and it would most likely make sense to have an emic approach, meaning to have some members of the native culture on the consultant team.

Likert questionnaire
This is a type of questionnaire that is designed to measure people's attitudes, opinions, and beliefs on a certain topic.

What Aspects of Culture Should be Analyzed?

Ideally, the way an OD practitioner or cultural researcher designs their research should be an operationalization of their definition of culture. Moreover, the artifacts or manifestations of culture that will be studied should reflect the aspects of culture – in particular, the patterns of meaning or the ideation – that are under investigation. But what artifacts or manifestations might that be? The following lists – one proposed by Schein and derived from Martin's analysis – offer an overview of the kinds of artifacts and manifestations that are frequently investigated.

Table 7: Cultural Manifestations That Lend themselves to Analysis

Schein (2009) – Corporate culture	Martin (2002) – Generic approach
1. Dress codes 2. Level of formality in authority relationships 3. Working hours 4. How are decisions made? 5. Communication: How do you learn stuff? 6. Social events 7. Jargon, uniforms, and identity symbols 8. Rites and rituals 9. Disagreements and conflicts: How are they handled? 10. Balance between work and family	1. Cultural forms a) Rituals b) Organizational stories c) Jargon d) Humor e) Physical arrangements (architecture, interior decor, or dress codes) 2. Formal and informal practices 3. Content themes

Source: John Stanley (2023), based on Schein (2009, p. 84) and Martin (2002, pp. 65–88).

The suggestions made by Schein are geared toward use in a group meeting, and they are intended to be discussed by corporate employees in an effort to solve organizational problems. As such, these categories are more or less self-explanatory. The categorization offered by Martin is tailored more for general usage by anyone doing cultural research, but, with the exception of content themes, her categories are also rather common and easily understood. The category of content themes warrants a short explanation, since it can be a quite productive source of information and is less common.

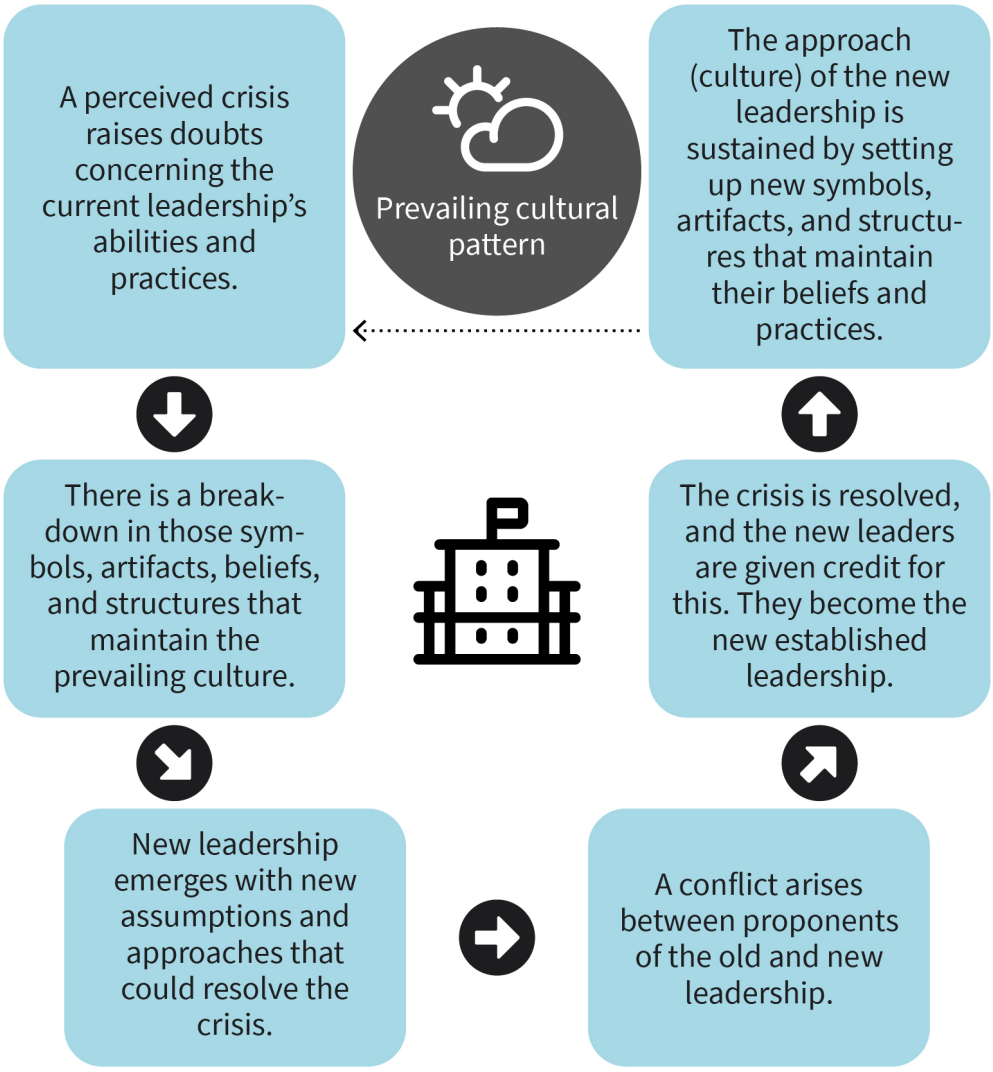
Content themes are recurring or dominant topics that come up in cultural artifacts. These topics can be either explicitly addressed, or they may remain implied in the artifacts and require exegetical work to draw them out. An example of an explicitly addressed theme could be the espoused values that Schein draws attention to in his levels of culture. In contrast, an example of an inferred theme might be gender equality in a corporation. Suppose that you notice how female models wearing trousers and suit jackets figure predominately in the imagery shown around the company. Likewise, there may be a high number of women in management positions. While the issue of equal rights for women is not addressed explicitly in the company's espoused values, you may assume based upon the visual imagery and unusually high number of women in leadership positions that is a relevant content theme. One of the interesting things about content themes from a research perspective is that a certain theme can be used to analyze a wide variety of artifacts from one given (corporate) culture, or it can be uses to analyze artifacts from different cultures in order to make a comparison.

The purpose of this short overview of cultural manifestations that can be analyzed when doing cultural research is to provide a general orientation. The choice of artifacts or cultural manifestations that one might study, as well as the methods used to do so, are context dependent.

4.3 Models of Cultural and Organization Change

Any fundamental change in an organization entails a change in the mindset of its members. For this reason, any substantial organizational change entails modifying organizational culture. During the latter half of the 20th century, quite a few studies were done to describe how organizational and corporate cultural change took place. Based upon these studies, several models were developed which were designed to facilitate understanding of these complicated processes and to make predictions. One model that is easily understood and frequently used as an example is that of W. Gibb Dyer (1985). Based upon empirical studies of the companies General Motors, Levi Strauss, National Cash Register, the Balfour Company, and the Brown Corporation (p. 201), Dyer came up a model displayed in the figure below.

Figure 12: Dyer's Cycle of Cultural Evolution



Source: John Stanley (2023), based on Dyer (1985, p. 211).

Dyer's model rests upon the assumption that corporate cultural change is instigated by a crisis or at least by a perceived crisis. In the figure above, each of the conditions listed in the boxes above are a prerequisite for the condition in the following box to actually occur. If, for instance, there is a perceived crisis but no new leadership emerges with proposals on how to deal with the crisis, then no conflict between old and new leadership can develop.

Robert Mannion and a team of researchers were commissioned to do a report on changing management cultures by the National Institute of Health Research in the United Kingdom. In their report, they analyzed Dyer's model, as well as models put forth by Lundberg, Schein, Gagliardi, and, finally, a compilation of Lewin's, Beyer and Trice's, and Isabella's models. Mannion et al. (2010) concluded that all models have some basic characteristics in common. First off, a crisis is seen as a necessary catalyst for change. Secondly, the need

for change has to be recognized by a strong leader or leaders, and this leader or these leaders must foster and direct change. Thirdly, the measures introduced by the new leadership have to be successful, and this success stabilizes the implementation of the measures. Fourthly, these new structures and procedures become a part of the new company policies, and the consolidation of the new policies is mediated by relearning and reeducation (p. 41).

As Marrion et al. (2010) point out, the "models show that understanding cultural change is difficult owing to the complexity of both organizational culture and organizational change" (p. 41). All of the models Marrion et al. analyzed were developed in the last half of the 20th century. Most were developed in the 1980s. Today, as Martin (2002) points out, the emphasis on strong leadership, put forth especially by Deal and Kennedy (1982) and figuring predominantly in all of these models, has fallen into disrepute. Many of the claims put forth in this era "were oversimplified," and frequently the "managerial fads (...) failed to deliver on their promises" (Martin, 2002, p. 8). Obviously, the pressure from management to improve corporate performance has not let up, but researchers have become more aware of the complexity of organizational culture and organizational change. As a result, the research today is producing more nuanced, more highly complex results and fewer methods with clear-cut promises to improve corporate performance.

SUMMARY

The concept of culture is multifaceted because it encompasses a wide variety of phenomena displayed by members of a given society or employees in a certain corporation when they live, work, and interact with one another. Because culture manifests itself at different "levels," some of which can be perceived and others which cannot, it is a highly interpretive task to analyze culture. Understanding any culture requires approaching cultural phenomena with an adequate interpretive framework, including the patterns of meanings, tacit values, and implicit assumptions that lie at the foundation of culture.

The way a researcher or an OD practitioner analyzes any given corporate culture is strongly influenced by basic assumptions that they hold. Many of these assumptions are philosophical in nature and deal with how reality is construed (ontology) and what one can know (epistemology). Furthermore, the question concerning to what extent corporate culture can be actively altered, which is one of the issues underlying the variable versus root metaphor approach to studying culture, influences the approach taken. When doing corporate cultural research, decisions concerning which methods to use and which manifestations to focus on are always context-specific and motivated by specific interests.

UNIT 5

ORGANIZATIONAL LEARNING

STUDY GOALS

On completion of this unit, you will be able to ...

- define the terms “organizational resilience” and “organizational learning.”
- differentiate between exploitation and exploration.
- explain key elements of single- and double-loop learning.
- describe at least four hurdles hindering the development of organizational learning.
- formulate at least four possible strategies that organizations can follow to foster organizational learning.

5. ORGANIZATIONAL LEARNING

Introduction

There is a widespread (and justifiable) perception that the global business environment is becoming more volatile and unpredictable. One factor is, of course, globalization. Significant geopolitical tensions have recently developed, as in the case of Brexit. There have been frequent economic fluctuations, as demonstrated by the 2008 Global Financial Crisis, and recurrent regulatory changes, many of which have been initiated to prevent such crises from happening again. In addition, we are dealing with rapid technological advancements, with the most recent being the introduction of ChatGPT. There are significant cybersecurity threats. Also, climate change is bringing about more frequent and unpredictable fluctuations in the weather. Geopolitical tensions, coupled with the need to combat global warming, has led to significant disruptions in the supply of energy, especially since traditional sources, such as fossil fuels, are no longer tenable. As Eoyang and Holladay (2013) put it, those working in the current business environment realize that they are "playing an infinite game in which the boundaries are unclear or nonexistent, the scorecard is hidden, and ... the rules can change without notice" (p. 4).

As an indication of how volatile the economic environment has become, the great majority of startups "fail prematurely" (Giardino et al. 2014, p. 28), with a failure rate of roughly 60% in the first five years. To survive, organizations and corporations must constantly and accurately assess the market situation, make rapid decisions, and, despite their high agility and flexibility, remain effective and reliable both for their customers and their own employees or members. This clearly requires an adaptive learning process that goes beyond educating individual employees, meaning we need cooperative teamwork and an interface with organizational technologies that exceeds what individual erudition can achieve. Hence, the concept of a "learning organization" is now in vogue.

The idea that an organization itself can "learn" and successfully adapt to the volatile economic environment might provide agile, cooperative teamwork. But what might this mean, "organizational learning"? Can an "organization" really "learn," or is that one of those new "managerial fads" that Martin (2002, p. 8) warned us about? In this unit, we are going to explore this concept, see what it promises, and determine if it can deliver on them.

5.1 Basic Ideas and Definitions

The development of the volatile economic environment just referred to has given rise to a relatively young field of research called "organizational resilience." We will delve into this briefly, given that (1) highly resilient organizations are better able to deal with such highly dynamic, uncertain, and adverse economic settings and (2) one of the goals of learning organizations is developing organizational resilience.

Organizational Resilience

Some of the first research on organizational resilience was conducted on high-reliability organizations (HRO), which are organizations that carry on their business activities in particularly risky environments but nevertheless must maintain a high level of reliability. Airlines, nuclear power plants, ocean carriers, and hospitals are typical examples of such HROs. HROs are frequently characterized as organizations that have a "preoccupation with failure" (Sawyerr & Harrison, 2020, p. 84), meaning that their strategy for maintaining reliability focuses to a large extent on avoiding devastating problems or functional ruptures.

An early study done on organizational resilience dealt with precisely such a rupture in a HRO: namely, the response of the airline industry to the attacks made on the World Trade Center on September 11, 2001 (9/11). Gittell et al. (2005) shift the line of argumentation away from reliability and refocus on resilience. Their implicit argument is that a narrow fixation on avoiding failure has to be augmented by measures to foster organization resilient, and they argue explicitly that focusing on human relations is one key factor in fostering resilience: "The role of relationships is especially important when considering how individuals and organizations respond to crises" (p. 4). The upshot of the study is that changes in the economic environment at that time called for a shift in strategy from reliability to organizational resilience.

The study done by Gittell et al. came on the cusp of a flurry of academic research concerned with the definition of, as well as the characteristics that seem to foster, organizational resilience. But what exactly does this mean, "resilience"? According to Merriam-Webster, resilience refers to the "ability of an elastic material (such as rubber or animal tissue) to absorb energy (such as from a blow) and release that energy as it springs back to its original shape that followed" (n.d.-a). When applying this concept to an organization, this would seem to suggest an ability to respond to some adverse economic situation and return to its previous state. Denyer (2017), citing the British Standards Institution, offers a more dynamic description. According to this definition, the term refers to the ability of an organization to "anticipate, prepare for, respond and adapt to incremental change and sudden disruptions in order to survive and prosper" (p. 8). The reference to "adapt" in order to "survive and prosper" is quite relevant, since it suggests that resilient organizations do not simply return to their previous state. Rather, they learn and change based upon experience. This is the link between resilience and learning organizations: A resilient organization is one that learns from the crisis and adapts strategies so that it can prosper in the future.

Matos et al. (2022) reviewed a significant number of articles published on resilient organizations from 2010 to 2022, and they came up with the following seven dimensions that are commonly thought to characterize resilient organizations (p. 293):

1. Adaptability
2. Reliability
3. Agility
4. Effectiveness
5. Flexibility

6. Level of recovery
7. Recovery time

The first category refers to an ability to modify organizational systems, structures, and processes in response to changes in the economic environment. The second category, "reliability," refers to a capacity to continue performing a certain set of functions and complete corresponding tasks in a specific time frame under varying adverse circumstances. "Agility" is the ability to adequately respond to changes in a reasonable amount of time, whereas "effectiveness" has to do with the success of those adaptations, meaning the ability to produce the results needed in a timely fashion. "Flexibility" refers not only to the speed at which organizations adapt to adverse circumstances, but also to an organization's ability to reorganize only those processes and structures needed to meet the changing circumstances. "Level of recovery" has to do with the "difference between the initial state of the system before the disturbance and the point of restoration," while "recovery time" relates to "the time required for the system and the organization to restore its normal state" (p. 294).

As we will see, the scope of a learning organization goes beyond these dimensions of resilience. In particular, the sixth and seventh categories – level of recovery and recovery time – are frequently not relevant for learning organizations, simply because the learning process moves the organization to a state beyond "initial" or "normal." Furthermore, the learning goals set by an organization frequently transcend the goal of achieving resilience. Nevertheless, the first five dimensions of the resilient organization listed here usually mark characteristics that a learning organization strives to achieve and maintain; they are frequently elements that lead to a healthy organization.

While this summary of organizational resilience provides us with a basic orientation concerning some typical goals a learning organization may strive to reach, it does not offer a strategy or method of how to reach those goals. How does an organization "learn"? How can we describe the process by which an individual learns? What might collective learning or group learning look like? How can we describe something that seems counter-intuitive? These are the questions we will explore next.

Models of Individual and Organizational Learning

In the following section, we are going to pick up on two theories of human learning that were addressed in Unit 3: determinism and cognitivism. Even though these two theoretical constructs were developed with a focus on individual learning, they have had a significant influence on approaches to organizational learning, and they provide an excellent theoretical framework for introducing the two models of organizational learning that will be covered here. The first is the model of "incomplete learning cycles" put forth by March and Olsen (1976, p. 56), while the second is the 4I model put forth by Crossan et al. (1999). Behaviorist theory provides the historical backdrop for March and Olsen's model, whereas Crossan et al.'s model will be framed by cognitivism.

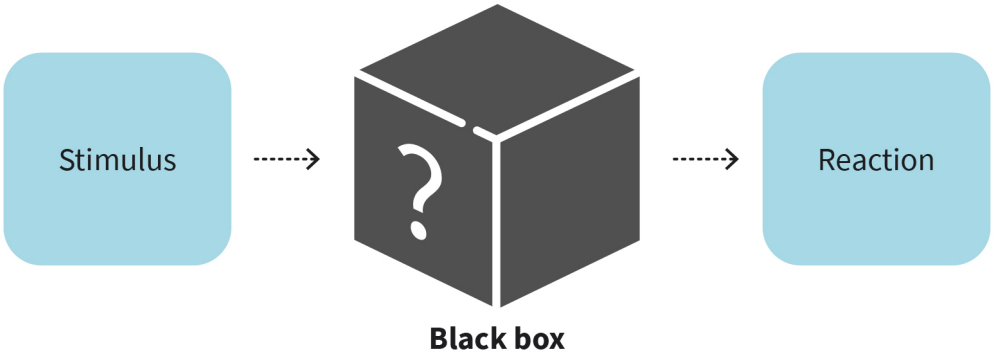
March and Olsen's model of incomplete learning cycles

March and Olsen (1976) do not explicitly refer to behaviorism in their explication of their model. However, they were researching and writing in a period in which behavioristic theories were very prevalent, and they themselves rely on concepts like "behavior" and a "trail-and-error" form of "decision-making" that is made under the "conditions of influence … of success and failure" (p. 55). Even if – as we will see – March and Olsen move distinctly beyond a purely behaviorist approach, the theory of behaviorism serves as a good starting point.

As the name suggests, "behaviorism" focuses on behavior: Due to an interest in dealing only with quantifiable data, mental processes, consciousness, emotions, affections, motives, and the "mind" are excluded from the realm of study. Because these areas of cognition are precluded from research, the inner workings of the intellect become a "black box." Theories of learning, then, concentrate on respondent and operant conditioning and how behavior could be reinforced or weakened by environmental factors or variables.

A short description of operant conditioning will suffice here in the way of an introduction to March and Olsen's model. The cognition of the individual is seen simply as a black box. To explain and describe learning processes, what is concentrated on are phenomena outside of the black box (i.e., the stimulus going into the black box and the reaction emanating from the black box). The basic model of the stimulus response mechanism underlying the behaviorist model looks something like this.

Figure 13: Stimulus Response Mechanism Underlying Behaviorist Model



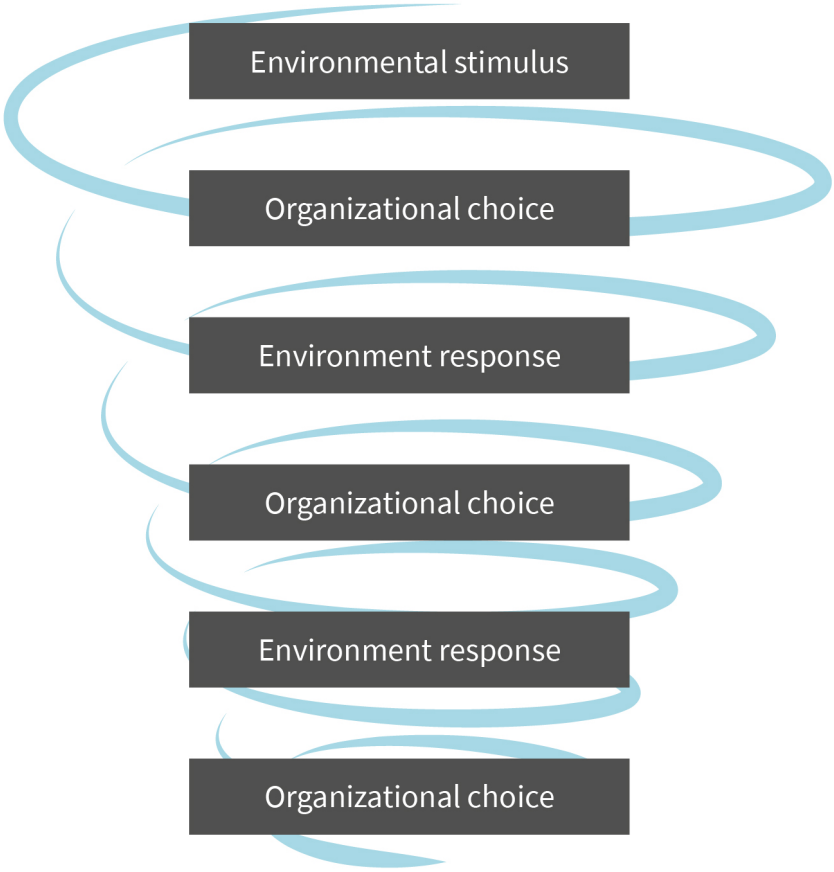
Source: John Stanley (2023).

Due to the restriction that the only valid data are measurable data, the reaction to the stimulus that is studied is, in fact, behavior. Unlike classic conditioning, which taps into stimulus and response mechanisms that are innate and, therefore, not learned, operant conditioning is concerned with genuine learning processes. The behavior here is voluntary, meaning that the individual makes decisions that dictate what the behavior – the reaction – is. The observer knows that the behavior is based upon volition because the behavior can be influenced by its consequences: If the behavior is rewarded by new, negative stimuli, then the response changes.

The resulting model, often referred to as the "Skinnerian model," sees learning as a process in which behavior is "conditioned" by positive or negative stimuli. Positive stimuli "reinforce" desired patterns of behavior, while aversive stimuli "punish" the individual for undesired behavior. Learning (as well as teaching) is seen as a process of reacting to (or providing) reinforcement or punishment for certain forms of behavior. This model of learning was widely accepted in the field of education during the 1950s and 1960s, and it is still widely used in education, parenting, and animal training.

Much of the terminology they used suggests that March and Olsen (1976) were influenced by the Skinnerian model of learning. They assume, for example, that "organizations adapt their behavior in terms of experience." As the simplified diagram below illustrates, the model that March and Olsen put forth resembles, in many ways, a stimulus response mechanism.

Figure 14: Simplified Diagram of the Stimulus Response Mechanism



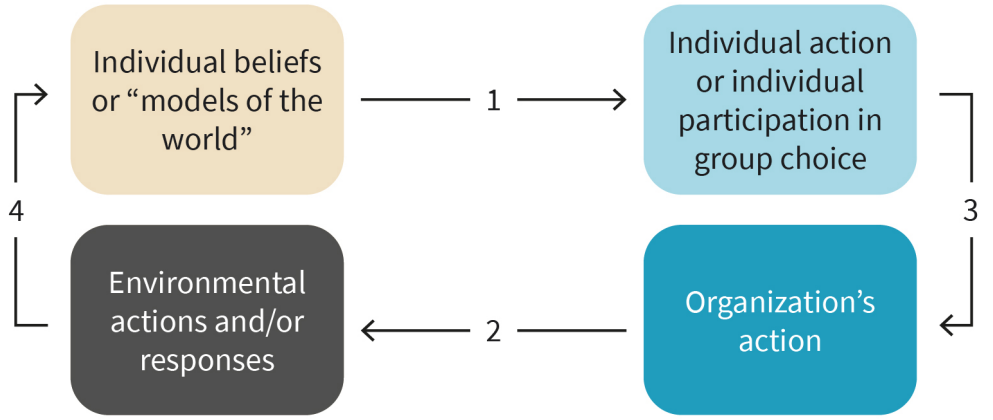
Source: John Stanley (2023).

In this diagram, the "organizational choice" replaces the black box, and the initial "environmental stimulus" and the subsequent "environmental responses" replaces the "stimulus" box and "response" box. Even if there is a cyclical process here, which is meant to illustrate the learning process, the basic mechanism remains stimulus and response. How-

ever, March and Olsen did not leave their description at this level. There was one problem in particular that made the behavioristic model problematic: The black box in the Skinnerian model depicts an individual, since learning is a process that individuals are involved in.

In the case of an organization, it is actually individuals that have "experiences," that learn and make decisions. Any model of organizational learning needs to account for individual action within the organization and provide for a mechanism that fuses the individual learning process with the communal group activities. In order to account for the link between individual and organizational learning, March and Olsen open up the "black box" and suggest the following mechanism.

Figure 15: The Mechanism of March and Olsen (1976)



Source: John Stanley (2023), based on March and Olsen (1976, p. 13, 58).

March and Olsen (1976) describe this model as follows: At the foundation are individuals' beliefs and "models of the world." These directly affect the behavior of the individuals. The behavior of the individuals feeds into the communal activities and are ultimately responsible for the organization's actions. The organization's actions call forth the environmental responses, which in turn should affect the individual belief structures and "models of the world" (p. 13).

The reference to "beliefs" and "models of the world" are clear indications that March and Olsen broke with the behaviorist paradigm. This break results from the link of experience with interpretation: "Experience requires interpretation" (p. 55), since interpretation is clearly a process that happens in the black box. Furthermore, the process of interpretation involves using rationality, including "planning, analysis, and forecasting" (p. 54). Both interpretation and rationality strongly influence the decision-making process, and this leads to the second fundamental shift away the behaviorist paradigm: Part of what changes in the decision-making process are "ideas, beliefs, and attitudes" (p. 55), simply because the processes of interpreting experience and providing a rationale for a decision involve ideas, beliefs, and attitudes; therefore, the learning process (i.e., the change in decisions made) includes a change in these ideas, beliefs, and attitudes. Thus, even if March and Olsen were working in a behaviorist setting, their model clearly moves beyond this framework.

The model is productive for another reason: It provides a framework to explain why organizational learning may not take place. In the ideal case, the environmental response should bring about a change in the individuals' belief structures, but we all know that this is frequently not the case. March and Olsen offer four cases, meaning four "incomplete learning cycles," that provide different explanations for why this learning may not happen.

First, they term "role-constrained experiential learning." This means that there is a rupture in the diagram above at junction one. The individual has altered their beliefs, but "role-definition and standard operating procedures" restricts the individual's actions. The second incomplete cycle occurs when there is a break at junction two. March and Olsen call this rupture "superstitious experiential learning" (p. 57), meaning that the organizational behavior "does not affect the consequences (i.e., environmental response) significantly." The third problem is called "audience experiential learning." In this case, the rupture occurs at junction three, meaning that the environmental response has changed the individual belief structures, and the change in belief structures has brought about a change in the individual action, but the individual action does not translate into a change in organizational decision-making. This kind of problem is often a result of "politics" (i.e., power struggles at the management level). The last problem occurs due to a break at Junction 4. This problem is one that March and Olsen refer to with the expression "experiential learning under ambiguity." In this case, the individual is open to changing their beliefs, the individual action would change, as would the organizational action and the environmental response, but the individual is unsure how to interpret the environmental response (p. 58).

This model is quite old but not outdated. The interesting aspect of this model is that it offers management or the OD practitioner an interpretive framework to guide enquiry: If organizational learning is not taking place, one can begin looking at the four junctions to see where communication, the information transfer, or the decision-making processes may be breaking down. Historically, this model is interesting because it includes cognition in its model and thereby invites future cognitivist approaches.

Crossan et al.'s 4I model

March and Olsen's approach confirms the basis assumption shared by cognitivists, namely that reducing learning to "stimulus and response" is far too simplistic. As we saw in Unit 3, according to the cognitivist approach, the individual is actively involved in the learning process; they draw upon knowledge and experiences of the past and incorporate new knowledge and experience into the old structures, whereby the "old" structures often go through a restructuring process during this activity. The process of acquiring new knowledge, hence, often entails developing new cognitive skills. Cognitive scientists explore mental processes involved in thinking, perceiving, using language, and memory.

A good example of how productive the cognitivist approach can be is given by Crossan et al. (1999). Toward the end of the last century, the issue of how to allocate resources to maintain adaptive change and strategic renewal became very prominent. The two terms "**exploration**" and "**exploitation**" were introduced in this context to describe two different approaches to this problem. James March (1991) describes these two concepts as follows: Exploration means "gaining new information about alternatives and thus improving future returns," whereas exploitation refers to "using the information currently available

to improve present returns" (p. 72). In essence, exploration involves basic research geared toward developing new technologies and procedures to innovate either products or services offered or processes within a corporation. In contrast, exploitation refers to a process of refining existing technologies and procedures to make them more efficient.

Exploration
This term refers to an innovative process in which new or unfamiliar approaches to solving problems with potentially better outcomes are explored.

Exploitation
This term refers to maximizing the utility and benefits from already existing approaches to problem-solving or from procedures and processes already in use.

Crossan et al. (1999) pick up on this issue and develop a model for organizational learning that is designed to show how explorative learning and exploitative learning interact in an organization. They postulate the four following premises as the foundation for their theory (p. 523):

1. There is a tension in organizational learning between assimilating new learning and exploiting old knowledge and procedures.
2. Organizational learning rests upon three levels, those of the individual, group, and organization.
3. These three organizational levels are fused together by the social and psychological processes of intuiting, interpreting, integrating, and institutionalizing.
4. There is a reciprocal relationship between cognition and action.

The 4I theory refers to the third premise, namely to the social and psychological processes of intuiting, interpreting, integration, and institutionalizing. The four processes are at the core of their cognitivist approach, and this will be the focus of our exegesis. Crossan et al. base their theory on the assumption that learning in the literal sense is something that individuals, not organizations, do. Therefore, individuals in an organization are the "motor" that push innovation and feed the organization with new ideas. This assumption is based upon the idea that cognition and action are linked and that ultimately individuals make decisions and initiate action. Unlike many in the field who think that learning is exclusively conscious process, Crossan et al. assume that an unconscious or subconscious process starts the learning process. An individual has an intuition – maybe a "hunch" or suspicion – that something new or different is going on. For Crossan et al. (1999), this involves a subconscious process of "perceiving similarities and differences – patterns and possibilities" (p. 526). At this initial stage, however, the individual is unable to fully grasp and describe their new intuition. Here, the use of "imagery and metaphor" (p. 526) is crucial, for these help the individual begin to articulate their hunches. As we have already seen, the metaphor is a conceptual tool that allows the transfer of information from the familiar to the unfamiliar and unknown. Recall that we used the example of "sheets" earlier. Crossan et al. describe this metaphorical stage as the "beginning of the interpreting process," one in which "we share literal language to that emerging insight for which language does not yet exist" (1999, p. 527).

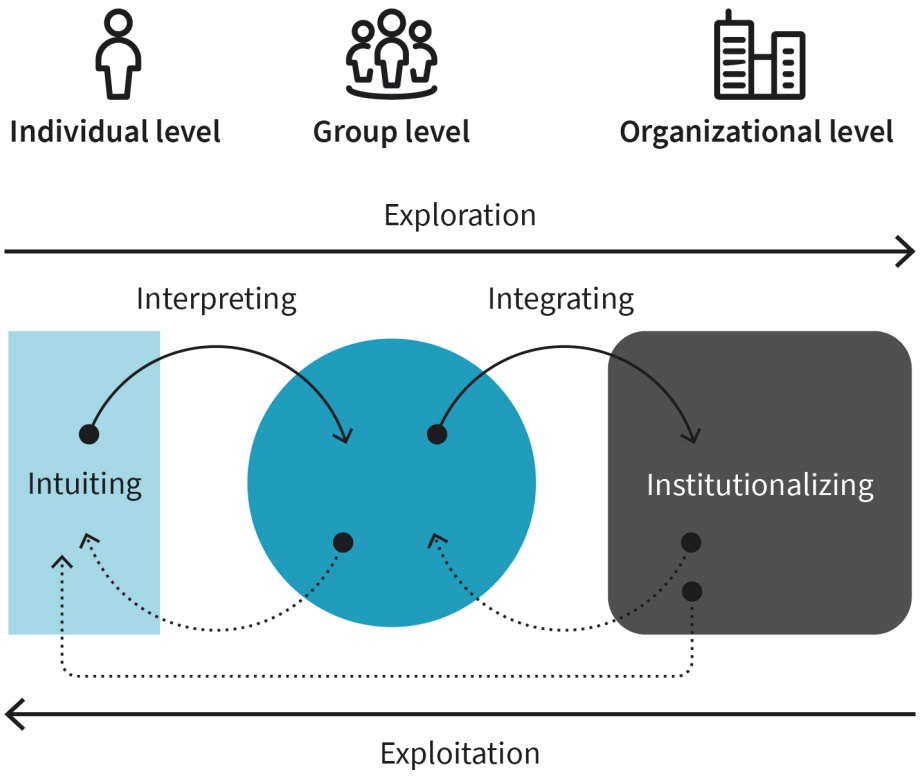
The interpretive process can take place at the individual level, but usually it involves group work. At this stage, the fitting conceptual language and "cognitive maps" are developed. The main vehicle used to develop and transmit this new language and cognitive maps is conversation and dialogue (p. 529), and in this process a "shared understanding" (p. 528) among members in the group is developed.

The process of interpreting is not isolated from the process of intuiting; similarly, the transition from interpreting to integration is without clear, distinct boundaries. What distinguishes the process of interpreting from integration is that in the latter stage, the empha-

sis is placed upon developing a shared understanding as the foundation of "collective, coherent action" (Crossan et al., 1999, p. 528). The focus is now on using tools, such as workshops and workgroups, to foster the evolution of shared meaning that serves as the foundation for collective group action. Crossan et al. are of the opinion that the common ground for coherent group action is formed in part by "stories told by community members," for the stories capture and promulgate the actual practice in its "complexity" (p. 529).

For Crossan et al. (1999), the process of institutionalization is one that has a somewhat different character than the other three processes. This difference has to do with the formal character of the process, since the shared understanding and coherent action at the group level is transformed into company policy at this stage. Those practices developed in the first three "I"s – intuiting, interpreting, and integrating – that prove to be viable solutions to the new emerging business environment are then "embedded in the systems, structures, strategy, routines and prescribed practices of the organization," and this in turn is reflected in its "information systems and infrastructure" (p. 529). The resulting formal rules and procedures are fed back into the organization at the group and individual levels, and this is the feedback process referred to earlier with the expression "exploitation." The following diagram illustrates the cognitive structure and processes in Crossan et al.'s model:

Figure 16: Cognitive Structure and Processes in Crossan et al.'s (1999) Model



Source: John Stanley (2023), based on Crossan et al. (1999, p. 532).

The dotted lines moving from the right to left illustrate the influence of the formal, institutional structures on group and individual activities, while the solid lines represent the organic development of new, innovative ideas moving from the individual level up to the organizational level. For clarity's sake, it should be mentioned that the different levels do not imply any association with hierarchical structures. It may well be the case that the individuals involved in an act of intuiting that leads to a new company policy are all in the upper management.

This model has been criticized for not paying enough attention to power structures in an organization, given that hierarchical structures rather frequently exert enough control over individuals and smaller groups that this kind of organic growth in response to the economic environment is not possible. Nevertheless, this model is quite interesting because it makes evident how productive it can be to "open up the black box" and try to peer into the social, psychological, and intellectual innerworkings of the learning process.

Organizational Learning – Our Working Definition

First off, it should be mentioned that the term "organizational learning" is a metaphor. Strictly speaking, individual living organisms learn, meaning that they acquire new knowledge and skills based on experience that feeds into new patterns of behavior. Yet, we have seen how productive metaphors can be in fostering the growth of new conceptual mappings, allowing for the transfer of a set of properties designated by the literal meaning to an unusual state of affairs, which in turn helps us understand a new phenomenon. With this in mind, we will turn to our working definition of the term.

OUR WORKING DEFINITION OF "ORGANIZATIONAL LEARNING"

Organizational learning refers to a process in which an organization acquires new knowledge, information, and ideas, and uses this knowledge to change organizational practices and processes. This process usually involves modifying an existing "mindset" among the members, and this change in the mindset is instrumental in bringing about change in organizational behavior. The process of organizational learning involves the sharing of knowledge and best practices across teams, departments, and business units. It is crucial that organizational infrastructure be modified to keep pace with the changes brought about by organizational learning.

5.2 How do Organizations Learn?

Even though they originate from two different historical frameworks (i.e., a behaviorist approach vs. a cognitivist approach), the models presented by March and Olsen (1976) and Crossan et al. (1999) have much in common. In the following general description of how organizations learn, we will draw out the common denominators of these two models.

The General Description

Both March and Olsen, as well as Crossan et al., describe in their respective models the organizational "problem area" that we described in Unit 1 using the expression "emerging phenomena and processes." This issue has to do with how organizations adapt to the ever-changing economic environment that it operates in. Common to both models is the assumption that organizational learning is instigated by individuals who are confronted with new experiences in their working environment. These individuals work out a new interpretation, which leads to innovative concepts and ideas. These bring about a change in beliefs and attitudes, which affect a change in the prevailing mindset. New organizational behavior usually results from a change in the mindset, and a change in organizational behavior is often seen as a criterion for establishing if organizational learning has actually taken place. The new organizational behavior is more often than not institutionalized in new company policies and practices, and this should be accompanied by alterations in organizational infrastructure.

While this model gives the appearance of an organic process with individuals taking the initiative themselves to foster the emergence of new processes, it is frequently the case that organizational management recognizes the need for change and instigates a process higher up in the organizational hierarchy to foster change. This may take the form of market research with new policies being suggested based upon the results, or this research may be based in more permanent organizational structures, such as a research and development (R&D) department. Even in such cases, however, most of the processes described in the working definition of organizational learning take place (but in a different hierarchical setting).

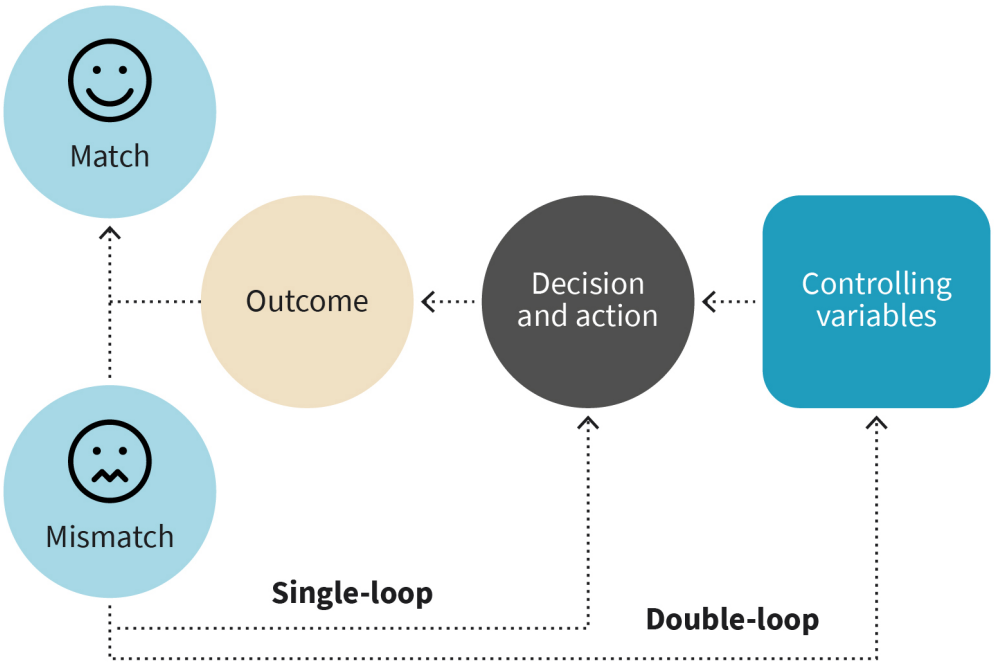
Single- and double-loop learning

On common criticism of our working definition is that experience does not always lead to a new interpretation and the needed innovation in ideas, beliefs, and attitudes does not occur. Because no new mindset develops, no changes in organizational behavior, policies, or procedures are made. Often, this inability to learn from experience is a consequence of static underlying assumptions: These do not change, and, therefore, the interpretation of the new experiences follows an older, inadequate pattern. As we saw in the last unit, Schein makes note of the fact that these underlying assumptions are difficult to change, and in his analysis of this kind of situation, Argyris (1999) suggests that there are social and psychological barriers at an individual level that inhibit learning at an organizational level (p. 231).

Argyris offers a model for organizational learning that delineates two possible pathways: single- and double-loop learning. Single-loop learning "asks a one-dimensional question," whereas the double-loop learning "turns the question back on the questioner" (1999, p. 230). Single-loop learning describes a process of problem-solving, and the one-dimensionality means that the individuals working on the problem make adjustments to the existing framework, rules, and strategies to achieve the desired outcomes.

In single-loop learning, the emphasis is on making corrective changes to the existing system without questioning the underlying assumptions and values of that system. Double-loop learning kicks in when the solutions developed in single-loop learning do not produce the desired outcomes. At this point, the underlying beliefs or values that lie deeper than those espoused, meaning "the variables that can be inferred by observing the actions" (Argyris, 1999, p. 68), are questioned. This is a much more arduous endeavor, for it entails personal reflection and then a transformative process at the organizational level. The following diagram illustrates the two levels of learning as described by Argyris.

Figure 17: Two Levels of Learning



Source: John Stanley (2023), based on Argyris (1999, p. 68).

As the term "variables" in the expression "controlling variables" suggests, Argyris works within the critical variable approach we examined in Unit 4. This indicates a certain optimism that the mindset of members of an organization can be changed that the culture is a variable that can be modified. Yet, even advocates of this perspective are in agreement that it is a complicated and sensitive issue. Not only is it difficult to instigate such double-loop learning, it is not always possible to steer and navigate the process after it gets started due to the psychological degree. Once the critical analysis of reasons and justifications for certain procedures is underway, a return to the former status quo is difficult at best. Often, the changes that follow are not exactly what the management expected.

5.3 Fostering Organizational Learning

At this point, the reasons for the popularity of organizational learning should be becoming clear. The idea that an organization can learn and quickly adapt to the volatile economic environment holds the promise of the agility and corporate resilience. While we now have some understanding of what "organizational learning" is and have seen some models explaining how it can work in practice, we have not yet explored how this ideal of an organization that learns can go from a metaphor to some semblance of reality. In this subsection, we will start by looking at some of the hurdles an organization faces when trying to instigate the ideal of a learning organization. We will close this unit with some suggestions on how this process can be fostered.

Limited Resources: Exploitation Versus Exploration

We have already encountered the concepts of exploitation and exploration. In their model, Crossan et al. (1999) describe the opposing processes of exploring and exploiting as organic, informal processes inherent in any organization. However, March (1991) explains how organizations make "explicit choices" about where to foster exploration in "calculated decisions about alternative investments and competitive strategies" (p. 71). The problem that March points to is that the resources available are limited: There are core processes in production, as well as operations and activities involved in invoicing, accounting, transportation, and communication, and these processes and activities need a high level of stability. Exploring new strategies and then introducing these changes into the system is not only time consuming and expensive, but it also threatens to rupture the flow in these processes and activities. Dealing with this trade-off (i.e., with the need for innovation on the one hand but the requirement of stability on the other) entails limiting the resources available to the organization for its learning processes, which hampers the process.

Basic Psychological Problem: Trust and Power

One fundamental practice required in all organizational learning is the sharing of knowledge and practical "know-how" at the individual level, meaning that each member makes their knowledge or practical skills available to other members in the organization. This is not always an easy step to take psychologically. For an individual to acquire special knowledge or practical skills, they have to invest time and money, expended, for example, at university or training programs. This investment is made so that the person can serve as an asset for a company or organization. Usually, having the knowledge and being able to execute a skill gives the individual a certain level of power (and perhaps even authority) in the organization, and it usually is instrumental in providing job security. Sharing this asset is often accompanied by a good deal of anxiety, simply because the individual loses the distinguishing characteristic that makes them singularly valuable for the organization. To counter this fear, organizations have to develop a culture of trust and develop organizational structures that foster a "give and take" among organizational members, such that each member gains knowledge and skills from the others, thereby making it in everyone's interest to share their specific knowledge.

Four Basic Organizational and Structural Issues

Müller-Stewens and Pautzke (1989) address the fundamental issue of how to structurally and systematically develop a foundation that allows for the transfer of knowledge and information between the organizational members. The model of learning that they base their suggestions on resembles, in many respects, the model of Crossan et al. that we examined earlier. Because Müller-Stewens and Pautzke assume that learning has to start with the individual, they are concerned with the process of "individualization," or, the process of giving the individuals in an organization enough intellectual freedom from organizational policies and set procedures to allow them to develop innovative ideas and solutions. Their primary interest is in providing a model that allows for a "dynamic equilibrium" (i.e., "*Fließgleichgewicht*"; p. 143) between the individuals in an organization and the collective. They come up with four basic key problems that any organization must address in order to foster organizational learning (pp. 144–145):

1. First is the issue of collecting and accumulating individual knowledge. Not only must the individuals be willing to generate and share new ideas, knowledge, and skills with other members of the organization, but the organization also has to provide structures and platforms that make it possible to discuss these new ideas collectively and reflect on how (and if) they can be put to use for the company.
2. Second is the issue of how to institutionalize new ideas, knowledge, and skills. This key issue is concerned with the mechanisms and structures needed to transform new knowledge, or suggestions about practices or procedures into company policy. At the same time, this process of institutionalization has to leave the individual enough leeway to adapt the procedures to the situation at hand.
3. The third key issue is how to foster acceptance of these new practices and procedures in the organization and, in particular, among the organizational members. The new organizational guidelines are not much use unless the members accept and use them, and this process of gaining acceptance is often time-consuming.
4. The last issue has to do with providing avenues for feedback from the different individuals involved in implementing the new policies and guidelines. The modern business environment, as well as the organizational structures and procedures, have become so complex that accurately predicting what repercussions the changes will bring about is often impossible. This means that it is imperative that communication in all directions flow quickly and accurately so that the organization can react to unexpected reactions from within the organization or from the economic environment.

Strategies to Foster Organizational Learning

Based upon the models of, as well as the hurdles to, organizational learning we have discussed in this unit, the following measures seem noteworthy as means to foster organizational learning.

1. **Develop an atmosphere of trust:** Due to the real risks and dangers associated with sharing individual knowledge and skills, organizational members have to learn that it is to their advantage to give this hard-earned asset to others in the organization. As Schein (2009) points out, achieving this organizational goal means shifting at least some of the "incentive, reward, and control systems" away from "individual accounta-

bility" (p. 62), and this shift toward teamwork and organizational learning often entails double-loop learning, since it frequently challenges deeper, long-held organizational assumptions.

2. **Encourage a learning culture**: Organizations should encourage a growth mindset and invest in learning and development. This can be fostered by offering training and development programs, especially when employees or organization members can share their own knowledge and experiences within those programs.
3. **Set up knowledge management systems**: This picks up on the first key issue addressed by Müller-Stewens and Pautzke. Establishing a knowledge management system helps an organization store, organize, and share information quickly and effectively. With today's modern digital tools, this is much easier to do now than even a decade ago. To illustrate how rapidly things are changing, reflect on two new options: (1) the option of using an in-house ChatGPT system that has been trained for member use only or (2) the option of using artificial intelligence learning platforms to personalize learning based upon individual learning needs and skill levels.
4. **Embrace experimentation and a positive error culture**: Organizations should encourage experimentation and risk-taking. To really encourage employees or organizational members to try new approaches and test new ideas, there has to be a tolerance for failure and mistakes. Having a positive error culture, meaning an environment in which making mistakes is seen as a part of the learning process, is crucial, for experimentation can only happen when members are allowed to make mistakes and talk about them openly without fear of reprisal.
5. **Establish feedback mechanisms**: This is the fourth key issue addressed by Müller-Stewens and Pautzke. As just explained, it is crucial that avenues and a platform be developed that allows for and fosters easy and free communication between the different parties working with new ideas and policies. Mechanisms like performance reviews, surveys, and employment feedback sessions have proven to be helpful in this regard.
6. **Create communities of practice**: Helping form groups with members who share common interests, use similar skill sets, or practice similar professions can go a long way in fostering collaboration and peer learning.
7. **Foster collaboration:** Encourage interaction and cooperation between departments and teams. This facilitates sharing knowledge and helps to break down silos.

SUMMARY

The highly volatile economic environment today requires a rapid decision-making process based upon both an accurate assessment of the current market situation as well as what is essential for organizational survival. This means that there is a need for an adaptive learning process that goes beyond educating the individual employees. For this reason, the ideal of organizational learning is one that many corporations wish to realize and embody.

The two models we looked at – those of March and Olsen as well as Crossan et al. – see the individual as the real motor behind organizational learning. Thus, the challenge for any organization is how to foster innovation at the individual level and then provide avenues for collecting and accumulating the new ideas, procedures, and processes at the institutional level.

There are significant hurdles that stand in the way of organizational learning. Not only is the allocation of resources (exploitation vs. exploration) an issue, but there are also psychological and social barriers that have to be addressed. However, the agility and organizational resilience that organizational learning has to offer justify the necessary temporal and financial investments.

UNIT 6

THE PRACTICE OF ORGANIZATION DEVELOPMENT

STUDY GOALS

On completion of this unit, you will be able to ...

- define the term “horizon” as used in hermeneutics.
- describe the hermeneutical approach to interpretation.
- delineate the approach to organization development (OD) practice as outlined by Lewin and Schein.
- name and briefly describe the five disciplines of the learning organization according to Senge.
- delineate the approach to the OD practice as outlined by Marshak.
- explain how the OD practice based upon the critical variable approach differs form that based upon the root metaphor approach.

6. THE PRACTICE OF ORGANIZATION DEVELOPMENT

Introduction

We have now reached the sixth and final unit in this course book, and if you reflect back what you have read so far, you will probably agree that we have covered a great deal of territory. We started with the definition of the term “organization” and went over some aspects of the historical development of organizations. We then covered the historical evolution of organization development. We spent a good bit of energy examining different approaches to studying human learning and cognition, examined systems theory, went through a slew of questions that need to be answered by anyone wanting to do cultural studies, and, finally, examined the “ideal” of organizational learning.

Up to this point, we have looked primarily at rather abstract, theoretical issues. You may well be wondering, “Okay, so what can I do with all of this?” How can an organization development (OD) practitioner put all this stuff together and make it useful if they wanted to actually get involved in helping some organization “develop”?

This unit will give you an impression of how some of the theoretical issues covered in this book are relevant to the OD practice. We will start by describing the complex process facing any OD practitioner at the outset of an intervention: the task of gaining an adequate understanding of the organization and especially the organizational culture prior to suggesting any concrete measures. Following that, we will look at two concrete approaches to consulting that an OD practitioner might take: (1) one more traditional approach that fits nicely in the critical variable framework (Lewin and Schein) and (2) another more contemporary approach that fits more in the root metaphor framework (that of Senge and, especially, Marshak).

6.1 The Issue of Understanding and Communication for the OD Practitioner

While explicating systems theory in Unit 3 and examining the concept of culture in Unit 4, we emphasized the relevance of interpretation for the OD practice. In Unit 3, the fusion of constructivism with second-order cybernetics made us aware of how interconnected our perception of reality is with our interpretative structures. In Unit 4, especially in our analysis of Schein’s levels of culture, we made it clear how easy it is to misinterpret artifacts: It is easy to project one’s own interpretive structure (i.e., our feelings and reactions) onto the artifacts and misinterpret them. As Martin points out, interpreting cultural manifestations requires the appropriate understanding of the ideational side in order to interpret artifacts accurately.

Martin (2002) describes several approaches to analyzing cultural manifestations, including critical theory (p. 69) and deconstructionism (p. 76). Here, we are going to delve into the hermeneutical approach, since this method is more general in nature and well-suited for the tasks facing the OD practitioner. It provides a framework for understanding the complexities of meaning and the interpretive processes involved in engaging not only cultural manifestations but any form of human communication. The basic assumption of the hermeneutical approach is that a complex network consisting of concepts/conceptual mappings, language, culture, and (historical) context strongly influences human understanding, and the process of understanding is formative both when (1) actively communicating or producing artifacts involved in communication and when (2) receiving and interpreting communicative material or artifacts produced by others.

Hans-Georg Gadamer (1990), a prominent theoretician working in the field of hermeneutics, developed the notion of a "**horizon**" to describe the complex network of elements that form understanding. His basic idea is that texts, works of art, and other cultural artifacts are produced in a specific horizon. Let's refer to this horizon as the "productive" horizon. Likewise, any human being is also working from a certain horizon when they engage in a communicative act or an artifact. Let's call this horizon the "interpretive" horizon.

Horizon
In Gadamer's hermeneutics, the term "horizon" refers to the unique historical background, experiences, beliefs, values, and cultural emersion that shapes how an individual perceives and interprets their world.

What makes Gadamer's approach so interesting for the OD practice is that he does not suggest that the individual engaging cultural artifacts modify their interpretive horizon and incorporate the complex network from the productive horizon into their interpretive horizon so that they match. Rather, Gadamer (1990) suggests a "**fusion of horizons**" ("*Horizontverschmelzung*," p. 311), meaning that both sides involved adapt their own complex networks such that similarity needed for effective communication is present in the respective horizons. Given the fact that the OD practitioner is interested in fostering change and development, it makes sense that there is a conceptual "give and take" on behalf of all parties involved, and this makes the model of "fusing horizons" fitting for the task at hand.

Fusion of horizons
In Gadamer's hermeneutics, the "fusion of horizons" refers to a dynamic process in which the perspectives of two or more individuals are mutually transformed, allowing for a more comprehensive understanding the transcends the limits of either individual perspective.

The following interpretive process is one based upon hermeneutics and serves as suggestions for the OD practitioner:

1. **Begin by focusing on your own "pre-understanding":** OD practitioners constantly "emphasize the importance of self-knowledge" (McLean, 2006, p. 17). Be aware of your own values and underlying assumptions and reflect on how they might affect your interpretation.
2. **Consider the context:** Heighten your awareness of the historical, economic, cultural, and social situation that your clients are working in. Are there differences and similarities with your own pre-understanding (i.e., underlying assumptions)?
3. **Begin the process of analyzing the organizational artifacts:** These might include dress codes, architecture, artifacts, company jargon, narratives and stories, and communication style. Argyris (1999) speaks of "inferring" based upon "actions of individuals" (p. 68).
4. **Explore the possibility that there are different underlying assumptions and value systems at play in the organization:** Frequently, different professional groups and/or work units develop their own subcultures within one and the same organization. If you have evidence that that is the case in organization you are working in, you

may need to postulate different "horizons of meaning and language use." Consider the relationship between different artifacts, such as communication styles, jargon, and stories used in the different horizons of meaning, and look for allusions or references that might shed light on meaning or differences in underlying assumptions.

5. **Work to establish coherence in your interpretation:** The process of trying to establish a logically coherent interpretation may involve marking differences in the meaning of certain artifacts as used by different professional groups or work units (i.e., the underlying assumptions). Understanding these differences is often crucial to effective communication.
6. **Delve into the hermeneutical circle:** Interpretation as an iterative process. Try to evaluate different elements of your interpretation and see how they fit into the whole. Try to account for the different meanings of artifacts and dissimilar underlying assumptions present in different "horizons" in your interpretation.
7. **Use dialogue to refine your understanding:** Once you have developed a hypothetical interpretation, enter into a dialogue with some members in each horizon of meaning to refine your understanding.
8. **Consider what implications your interpretation has for organizational practice:** Does your interpretation of the patterns of meaning and underlying assumptions mesh well with current member behavior or organizational operative practice?

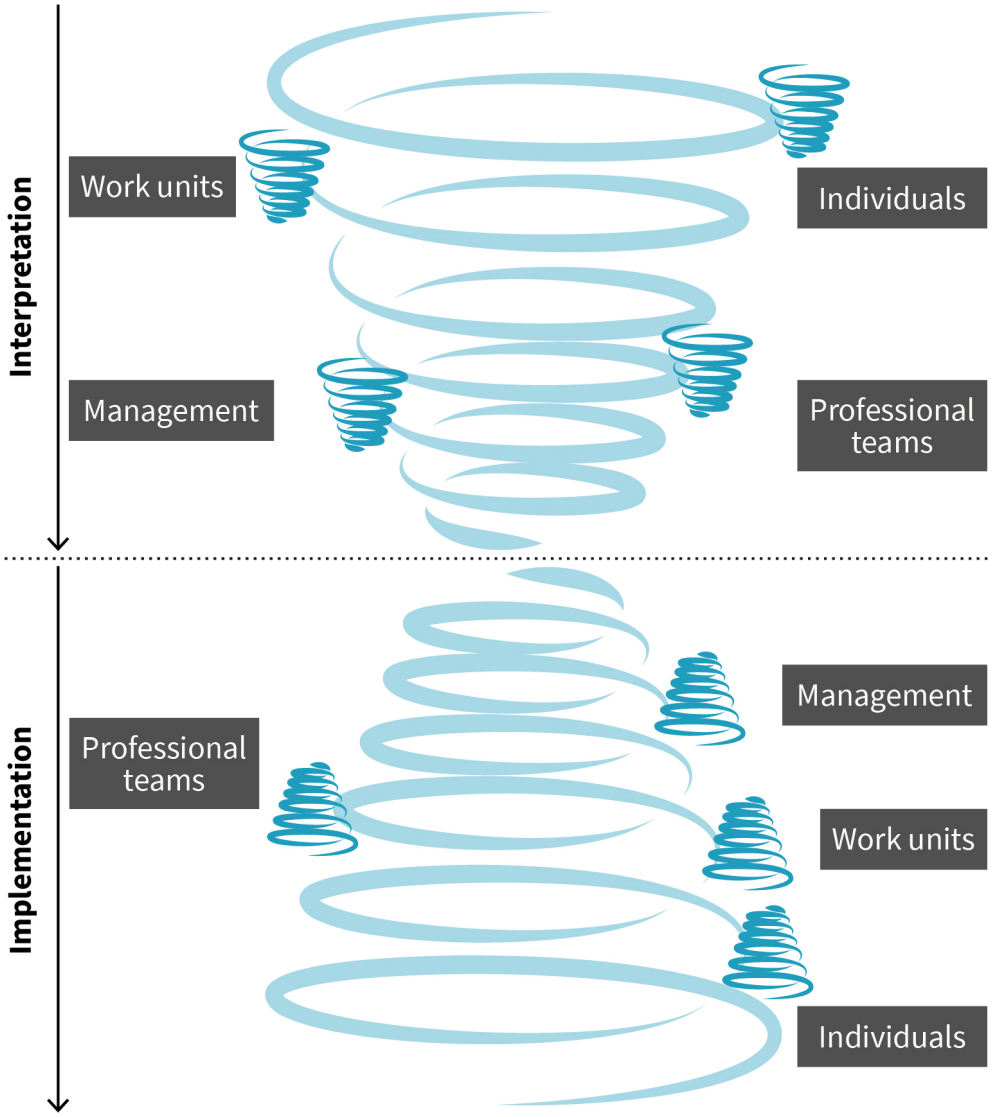
Ideally, suggestions concerning interventions and their objectives should be informed in part by a well-founded interpretation of the organizational patterns of meaning and underlying assumptions. However, the interpretive process is ongoing, and adjustments to the interpretation frequently have to be made as the interventions begin to take effect and the process of change develops.

A SIDE NOTE ON POWER

It is important that OD practitioners are sensitive to the issue of power in an organization. The founder of pragmatism, Peirce (1955), was insistent in pointing out the role of "bruteness" in defining our "sense of actuality" (p. 76). An OD practitioner does well to keep in mind that power is one of those brute forces. Often, economic realities (seemingly) justify the presence and use of power in an organizational setting.

While developing an adequate interpretation of organizational patterns of meaning and their underlying assumptions, an OD practitioner will simultaneously be reflecting on possible interventive measures. These can then be discussed with the appropriate organizational members (usually including the management). Next, decisions on how to proceed can be made. The following diagram illustrates the interpretive process just described.

Figure 18: Hermeneutical Circle



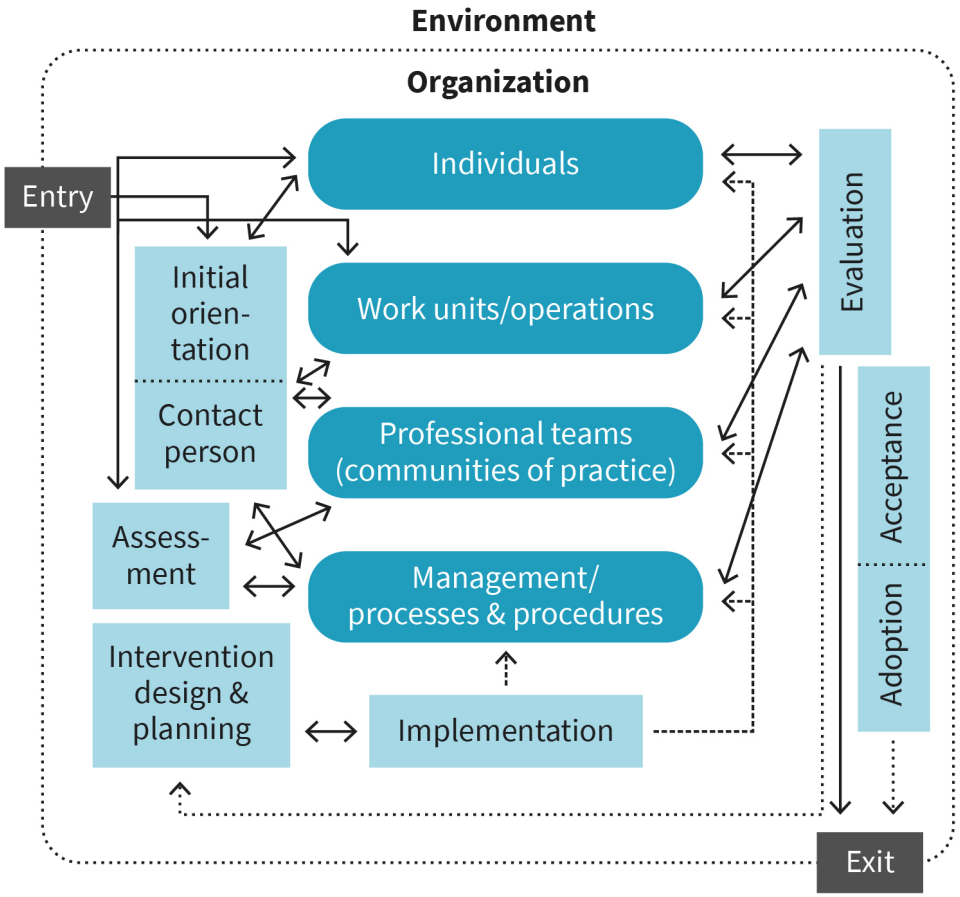
Source: John Stanley (2023).

The narrowing of the spiral is meant to illustrate the process of "weeding out" elements of an interpretation that do not stand up to the test of coherence. The consequent widening of the spiral structure is meant to illustrate the process of disseminating the conceptual content into the organization by way of the interventions. How that can be done depends on the approach to consulting, which is the next issue we will delve into. The smaller spirals moving in both directions is meant to illustrate the act of drawing different smaller circles into the interpretive or dissemination process. These smaller circles represent units that maintain, to a certain extent, their autonomous interpretive structures (i.e., "horizons of meaning and language use"), and this autonomy must be taken into account when planning communication strategies.

6.2 A Traditional Approach – Lewin and Schein

McLean (2006), a very seasoned OD practitioner, offers a model of the OD practice that can be depicted in a diagram that looks something like this.

Figure 19: Interpretation of McLean's Model (2006)



Source: John Stanley (2023), based on McLean (2006, p. vi).

This model assumes that there is an external practitioner who enters the scene from outside the organization. Frequently, an OD practitioner in such cases will be given a contact person who guides the practitioner in the initial stage of their work. During the initial orientation, the practitioner will usually tour the organization, make initial contacts with other organization members, and get some sense of the organizational culture. Often, this happens without the practitioner asking direct, pointed questions about issues they deem important. Rather, this is inferred from observing behavior and artifacts as well as analyzing organizational structure and communication. At this stage, it is usually important to pay attention to power relationships in the organization and develop a strategy for doing the official assessment.

The way the assessment is done depends on the orientation of the OD practitioner. We will look at Schein's approach shortly. What is important to point out about the diagram is that this assessment is usually done at a multitude of levels. The assessment of the use of technology, practices and operations, and processes and procedures is usually done in tandem with organization members who explain and describe these different aspects of the organization. This means that there is always a productive interpretational horizon involved in this depiction, and the OD practitioner – with their own interpretive horizon – is keenly aware of this when doing the analysis.

Once the assessment is done, an intervention plan is designed, ideally with organizational members making most of the suggestions and decisions about what will be implemented when. Once implemented, the process of evaluation is instigated, and the feedback from the evaluation serves as a guide in modifying future interventions. After a satisfactory situation has been reached, the process of solidifying acceptance and institutionalizing the changes begins, which is the process that Lewin called "refreezing." At some point, the OD practitioner exits the scene. Hopefully this happens once the organization has reached autonomy, meaning that it can continue to the process of self-renewal and maintaining resilience. However, the OD practitioner may leave for other reasons, such as if a dependent relationship develops. With this very brief overview, let's now turn to Lewin and Schein's approach.

Lewin's Model of Changing Group Life

We have already come across Kurt Lewin's name in our historical analysis of OD in Unit 2 and our discussion of phase models in Unit 3. At this point, only a short recapitulation is necessary to introduce Schein's method of analysis. As you may recall, Lewin passed away in 1947 at the relatively young age of 57. Due to his untimely death, many of his theories were not yet well-developed, and a methodological framework for implementing his theoretical approach had not yet been prepared. Thus, this work of unfolding and elaborating a methodology fell to his colleagues and students. Schein was one of those colleagues that extrapolated on Lewin's three-step model of change, and Schein's approach to analyzing corporate culture docks directly onto Lewin's theoretical framework.

Group dynamics and field theory

Lewin's interest in group dynamics stems from that fact that Lewin (1947) was convinced that it is "easier to change individuals formed into a group than to change any one of them separately" (p. 34; i.e., the way to bring about societal change is by working with group dynamics). We saw in Unit 3 that Lewin worked with the concepts of social fields and force fields both to analyze group dynamics and suggest methods for change.

Let's look at a metaphor often employed by Lewin to get an intuitive sense of how these concepts work in his theory. He frequently uses the example of water flowing in rivers. The course a river takes depends on a large variety of factors, such as the angle of slope in relation to the gravitational pull and the substances the ground is made of, which influences width and depth of the riverbed. In addition, the resistance in the bed, such as from rocks or fallen trees, influences how fast and where the river flows. If you want to alter the

course of a river, "the total circumstances have to be examined" (p. 32). Likewise, if you wish to influence group behavior, the "constellation of the social field as a whole has to be studied and so reorganized that social events flow differently" (p. 32).

Analyzing life space and fostering change in group life

As discussed in Unit 3, the ability to reorganize the constellation of social fields assumes that an analysis has been made of the force fields and the resulting "possibilities of locomotion," meaning those avenues available to change the "distribution of forces throughout the field" (Lewin, 1947, p. 14). One method Lewin suggests for analyzing the social fields and making predictions concerning individual behavior of members in a certain social field is the analysis of "life space" (p. 10). This analysis includes investigating all "relevant physical and social facts" in the surrounding field, including the way they are perceived by those in that social field.

This idea is relevant for Schein's approach simply because it points out that an analysis of "subjective" and "objective" elements is crucial. Only by changing both types of elements, including psychological aspects like "social values" (Lewin, 1947, p. 33) and "motivation," is there any real chance of bringing about the group or individual "decision" to change patterns of behavior. For Lewin, the voluntary decision to act differently is the primary way to bring about lasting change (i.e., "freezing"; p. 37). Thus, Lewin's model for changing group dynamics rests upon altering both psychological ("subjective") elements as well as physical and social facts. These changes bring about a new distribution of force fields in the social field, and this leads to a change in the direction human activity "flows."

Lewin was unable to develop his method fully. That is why Schein further expanded on this methodological impetus.

Schein's Approach to Cultural Analysis

In his book *The Corporate Culture Survival Guide*, Schein (2009) develops a detailed and comprehensive method for fostering "cultural learning, unlearning and transformative change" (p. 105). He refers explicitly to Lewin and makes it clear that his own approach is a further development of Lewin's model (see p. 106). Schein is very clear in delineating when it makes sense to get involved in a cultural analysis. In the "absence of a problem" or a "new strategic goal to be achieved," an analysis is usually "boring and often fruitless" (p. 77). Yet, if there are operational issues that need to be addressed or a strategic realignment is necessary, then the best place to start is by analyzing organizational culture.

Why, you might ask, should one start with "culture"? Above, we saw that Lewin proposed an analysis of "life space" as an introduction to interventions designed to bring about a change in group dynamics and behavior. While the analysis of "life space" includes the "relevant physical and social facts" in the surrounding field, it is crucial to Lewin that the perception of these "facts" be a major part of the analysis. Not only are physical and social "facts" dependent on the perception of the members of the group, so too are the decisions to change patterns of behavior. For Schein, this strong dependency of "reality" and human

decision-making processes on perception translates into giving culture (either corporate or organizational) the predominate position in both the analytical and implementation phases.

For Schein, culture surveys are not an adequate means to analyze and evaluate culture. Instead, he proposes a format in which a group of organizational members who represent relevant parts of the organization get involved in a structured discussion. Below we will outline an exercise that Schein (2009) suggests in his book, *The Corporate Culture Survival Guide*. This process, which Schein indicates should take roughly four hours, should be facilitated by someone who is acquainted with concepts of culture and understands the role culture plays in organizations. The representatives should meet in a room, sit in a circle, and have some means of taking notes in a large format so that all members can see the notes while they are being taken. The steps taken are as follows:

1. **"State the business problem (30 minutes)" (p. 83).** Schein suggests that the group concentrate on concrete needs and delineate how patterns of behavior need to change as a part of the solution.
2. **"Review the concept of culture and its levels (15 minutes)."** Here, Schein is using his own understanding of culture that we examined in Unit 4 to frame the discussion. The focus will be on the artifacts, espoused values, and underlying assumptions; how they are related to each other; and possible areas of tension need to be addressed.
3. **"Identify and list artifacts (60 minutes)."** This is where the discussion in Unit 4 concerning which cultural manifestations should be analyzed becomes relevant. The choice of artifacts to be analyzed should be guided in part by their relevance for the business problem. The artifacts must be noted down using the medium that all can see to foster discussion.
4. **"Identify your organization's espoused values (30 minutes)" (p. 84).** At this stage, the members need to name and explicate the values that, in their view, the company openly embraces and proclaims. These values can be a part of the company's vision or mission statement.
5. **"Compare values with artifacts (60 minutes)."** At this point, the discussion should start to get interesting: One main goal at this stage is to identify and name "inconsistencies and conflicts" between "overt behavior, policies, rules, and practices (the artifacts)" and the espoused values found in "vision statements, policies, and other managerial communications" (p. 85). The intention is to identify the shared, underlying assumptions that actually do drive patterns of behavior.
6. **"Assess the shared assumptions (45 minutes)" (p. 86).** At this stage, the guiding interest is to identify which underlying assumptions are involved directly or indirectly with the problems that were identified in step one. If there are basic, underlying assumptions that are restricting change and fostering the problem identified in the first step, measures need to be introduced to address the inconsistencies between Level 1 (artifacts) and Level 3 (underlying assumptions).
7. **"Decide next steps (45 minutes)" (p. 86).** Here, a range of options are possible. One step might be repeating this procedure with other groups to get more clarity about possible conflicts between the cultural levels from one to three. Another option could be instigating a "cultural change program" (p. 87) to modify some of those elements of culture that seem to be slowing down progress.

Schein moves on from this method of cultural analysis to a series of case studies designed to illustrate how his method works when put into practice. While he does describe some concrete programs developed for individual corporations, he does not go into much detail concerning possible intervention measures.

Mclean's Approaches to Possible Interventions

In contrast, McLean (2006) offers a very comprehensive list with 50 different possible approaches to intervention available at this stage. Due to the length of his list, we will only discuss a small fraction of his suggestions. McLean suggests that the interventions can be initiated at five different levels:

1. The individual level (p. 109)
2. The team level (p. 112)
3. The process level (p. 114)
4. The global level (e.g., for organizations expanding to international corporations; p. 115)
5. The organizational level (p. 115)

To provide an introduction, we will look at four different options: two that can be implemented at the individual level and two that are appropriate at the team level:

1. **Reflection** is a method for individuals in which organizational members get involved in a process of reflecting on "work, interactions, their successes, and their failures." The OD practitioner supports the self-reflective work of the organizational members by offering suggestions on how to foster the process, such as "mediation and journaling" (p. 110). The goal of this procedure is to improve their professional practice through self-reflection.
2. **360-degree feedback** is another method proposed for individuals. It is now a common tool used in the professional world. It involves offering a given individual feedback from a variety of sources, such as fellow employees, supervisors, subordinates, customers, and clients. This feedback is then compared with the individual's self-assessment in order to provide a more balanced appraisal. This can be used for developmental purposes (p. 111).
3. **Dialogue sessions** are to be used in teams. It is a "structured conversation" that is set up to explore a "topic that has potential for being conflictual" (p. 113). This is a good method to discuss tensions between espoused values and underlying assumptions, because it is designed to foster a deeper understanding of relevant issues.
4. **Conflict management** is a method designed to bring a latent, subliminal discord to the surface (p. 114). The idea is that if these problems and tensions can be addressed by those involved in a constructive setting, then solutions and compromises can be reached that help the team function in a more relaxed, productive way.

Of course, the intervention design has to fit the problem that the organization is trying to overcome. Apart from this obvious fact, there are two further factors that the OD practitioner should keep in mind when providing intervention options to the organization. First off, the OD practitioner should suggest only those methods that they are familiar enough

with to facilitate. Secondly, the decision about how to proceed with interventions needs to be one made primarily by the group involved in the cultural analysis, not by the OD practitioner. There are two reasons for this:

1. If the decision is not made democratically by the organizational members, it may well not be a match and, therefore, will only be a short-term "solution."
2. The OD practitioner is a facilitator who is working to foster the independence of the organization; if they have a strong guiding role, there is a significant danger that a dependency relationship will develop.

As one last theoretical note, we should emphasize that Lewin and Schein are working in the "critical variable" paradigm. This is apparent due to the assumption that culture develops in part as a consequence of "force fields" and group dynamics. If an OD practitioner can understand these different forces and foster critical reflection on behalf of those in the organization, there is a good chance that some elements of that culture can be changed, and this modification can be influenced and "guided" to a certain extent. We will now turn to an approach that is situated more in the "root metaphor" paradigm to offer an alternative understanding and approach to the OD practice.

6.3 A Contemporary Approach: Systems Thinking and Dialogic OD

Peter Senge originally published his book *The Fifth Discipline* back in 1990, and it was arguably one of the most influential books written in the last century on organizational learning. It is interesting for us in this context not primarily due to its strong influence but rather due to its theoretical underpinnings. What follows is a short recapitulation of his approach before we look at some of his methodological considerations on how to foster organizational learning.

Systems Thinking

Senge's approach serves as a transition from the typical approach of traditional OD to a more contemporary approach exemplified in this course book by Marshak and Bushe's dialogic OD. As we have seen, the traditional approach is designed – as Smircich (1983) describes it – to enhance "the adaptive mechanisms within organizations" (p. 345). According to Marshak (2015), the typical "diagnostic OD" shares three basic assumptions (p. 47):

1. "Organizational behavior results from an underlying objective reality," and an analysis of these factors "should precede any interventions."
2. "Organizational change can be envisioned, planned and managed."
3. The OD "consultant collaborates with members of the organization but stands apart from them."

We had a look at Senge's "quasi-system determinism" in Unit 3, but how does his approach signal a transition away from the traditional approach? First off, Senge (2006) sees the systemic structure of an organization as the generative unit, not the environment of an organization (p. 52). Also, Senge is primarily concerned with the second basic problem area of organizations as delineated by Schreyögg and Geiger (see Unit 1; i.e., the relationship between the individual and the organization). His interest in fostering a learning organization seems to stem primarily from an interest in fostering the individual's health, as evidenced by his analysis of alcoholism (p. 108). In other words, the motivation to foster change in an organization is not to enhance the adaptive mechanisms or performance of the organization. Rather, it is to improve the quality of life for the individuals who serve as members in the organization.

Furthermore, it is not the OD practitioner that plays a crucial role in change. Instead, it is the individual. Because members in an organization are part of the structure, they – and not so much the OD practitioner – have the ability "to alter structures within which we are operating" (p. 44). To achieve this goal, individuals have to undergo a "shift of mind," to go "from seeing people as helpless reactors to seeing them as active participants in shaping their reality." According to Senge, by perceiving structures and interrelationships instead of things, individuals are able to disclose crucial points in a system that allow for high "leverage change." Senge sees in his theory of systems thinking "a language" that fosters this change toward health "by restructuring how we think" (p. 69). The last point is quite relevant, given that Senge suggests language is not merely an "artifact." Instead, language is part of "generative processes…that are fundamental to the very existence of organizations" (Smircich 1983, p. 353). While the fact that Senge's approach rests upon the root metaphor of a system positions his thinking, to a certain extent, within the traditional approach, his explication of how and why an organization can effect change clearly moves him beyond the traditional approach.

How does an organization enter into the process of levering change? Senge's *The Fifth Discipline* does not offer method for change – that would be too close to the traditional approach. Senge (2006) does, however, delineate seven learning disabilities that stand in the way of organizational learning:

1. **"I am my position" (p. 18).** The problem with this attitude is that it encourages tunnel vision, meaning that the individual focuses only on their position and work rather than on the consequences and results outside the individual's area of responsibility.
2. **"The enemy is out there" (p. 19).** This perspective is related to the first learning disability: When the consequences of one person's own actions come back and are disadvantageous but the blame is placed elsewhere, this person does not try to see what they could do differently.
3. **"The illusion of taking charge (p. 20).** This is usually seen as a method for being proactive and nipping problems in the bud. According to Senge, however, the measures taken in such a context are usually reactive.
4. **"The fixation on events" (p. 21).** Instead of trying to grasp the whole and understand the system, individuals concentrate on individual events in their decision-making process.

5. **"The parable of the boiled frog" (p. 22).** Due to the fixation on events and individual things, one does not see a gradual progression until it is too late to change the situation and outcome.
6. **"The delusion of learning from experience" (p. 23).** Because of the long timespan and the physical space separating organizational decisions from their consequences, large organizations in particular have difficulty linking the consequences of specific decisions and policies with the policies that brought those consequences about.
7. **"The myth of the management team" (p. 24).** Management teams all too often get involved in political skirmishes and power struggles that reduce their effectiveness. They frequently work well until complex issues come up that demand quick, insightful action, in which case their cooperative solidarity is usually lost.

As a countermeasure, Senge suggests his five disciplines. These are summarized below:

1. **"Personal mastery."** Senge defines this as the discipline of continuing to clarify and develop one's "own personal vision," of focusing "energy, developing patience and seeing reality objectively" (p. 7).
2. **"Mental models."** These are the deep-seated assumptions and generalizations that "influence how we understand the world and take action." Senge suggests reflecting on these critically, exploring how they mesh with one's experience of reality, and discussing these openly with others in an organizational setting (p. 8).
3. **"Building shared vision."** This discipline is concerned with disclosing ideas about how the future could and should look, developing this into a vision, and then "fostering genuine commitment" on behalf of others in the organization (p. 9).
4. **"Team learning."** This is the ideal of fostering genuine supra-individual learning. By intense and open dialoguing with members of a team, groups can "discover insights not attainable individually" (p. 10).
5. **"Systems thinking."** This is the most important discipline, the one that underlies and fosters the other four disciplines. It involves a "conceptual framework" as well as "a body of knowledge and tools" that makes it possible to see the whole and not just the individual parts. It makes "full patterns clearer" and helps "to see how to change them effectively" (p. 7).

One of the most striking differences between the approach proposed by Senge and that of Lewin and Schein is the place of the OD practitioner. What role might the OD practitioner have for Senge? His suggestions for fostering a learning organization start with the individual. They have the character of "self-help" measures; they call for a shift of mind, one that starts with the individual. If individuals in an organization are effective in changing their mindset, they can initiate a generative process that fosters organizational learning and through this process the development of the organization itself. But what role does the OD practitioner play in this process? According to Senge, they seem to play a minor role, if any at all. This is where the dialogic OD model comes in.

Dialogic OD model

Marshak (2015) contrasts the basic assumptions that dialogic OD rest upon with those of diagnostic OD as follows:

1. Organizations and their patterns of behavior are "socially created realities resulting from the on-going interactions of members, stakeholders," etc. (p. 48). "Processes of inquiry, especially reflexive and generative inquiry, can disrupt the status quo (... and) transform the organization" (p. 48).
2. "Transformational change" can occur as a result of "shifts in language, conversations, and communication patterns." Due to the complexities involved in this generative process, "specific outcomes can be intended, but rarely controlled (p. 48).
3. The dialogic OD practitioner conjoins in this process. They "can never stand objectively apart from the system" (p. 48).

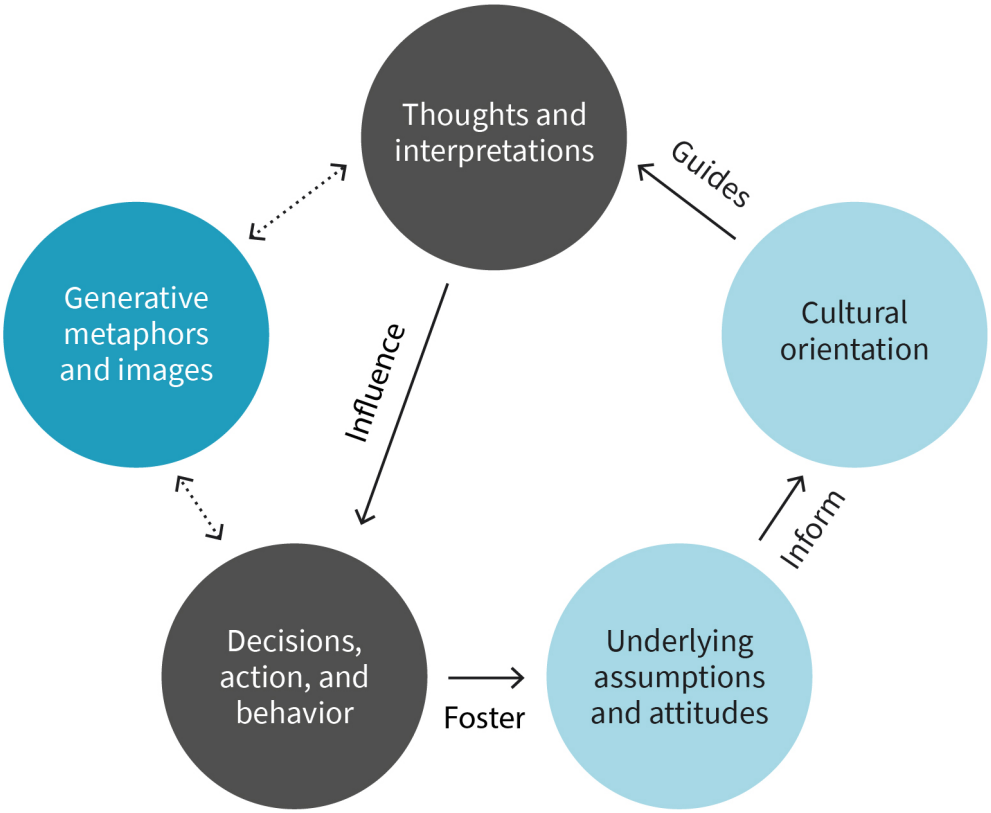
Early on in Marshak's career, he began reflecting on the role that metaphors play in in shaping consciously and subconsciously a "person's reality." Based upon this interest, he started observing how his client's used metaphors and language to describe their experiences in an organizational context, and he himself began to employ metaphors in his own consulting work. His approach was to offer "alternatives" (i.e., alternative metaphors and language) to challenge a "prevailing image or conception" in the hope that a "new image might and be adopted" (p. 49). This work has resulted in the following methodology:

- help members in an organization to understand each other's reality "by understanding their meanings or how they interpret events"
- encourage members to entertain other interpretations of reality by "helping the client and/or stakeholder create new meanings or interpretations" (p. 51)
- finally, fostering the acceptance of new realities by "inviting or suggesting re-framed meaning(s) and interpretations" (p. 52)

In essence, Marshak taps into Senge's fourth discipline (i.e., team learning). Marshak suggests the interventions on behalf of the OD practitioner take the form of helping to structure and guide the dialogue between the team members, and he suggests using the metaphorical power of language to draw attention to shared ways of interpreting reality and conceptualizing experience. Then, by offering alternative metaphors and interpretations, the OD practitioner can prompt change and growth. However, their ability to guide that conversation and development is limited at best.

What is interesting about his approach compared to the approach in traditional diagnostic OD is that he does not engage in a lengthy analysis of factors and forces in the organizational environment prior to starting the interventions. In Marshak's view, these "realities" (i.e., factors and forces) are dependent on perceptions of the organization's members. His approach is to gain access to these perceptions and interpretations in the generative processes that he addresses in dialogic interventions. Below is a diagram illustrating the dialogic OD practice.

Figure 20: Dialogic OD Practice



Source: John Stanley (2023), based on Cheung-Judge & Holbeche (2021, p. 49).

In this image, the interpretive circle goes from the thoughts and interpretation of the individual to their decisions, actions, and behavior. From there, it runs to the underlying assumptions and attitudes, which inform the cultural orientation. Although the generative metaphors and images interjected into this circular structure by the OD practitioner interface with the system primarily at the level of thinking on behalf of the individual, they are also involved in the decision-making process.

With this description of dialogic OD, you now have a good example of an organizational practice that is based on the root metaphor approach to cultural analysis. Unlike in the approach taken by Lewin and Schein, this approach emphasizes that the "artifacts" are not only products of culturally informed activities; rather, they also generate culture, and – with it – ways of interpreting reality and behavior patterns. Due to fundamental constitutive role played by culture in shaping organizational "reality," the process of addressing the formative function of the underlying assumptions that inform a cultural orientation figures more predominantly than in the more traditional forms of OD practice.

SUMMARY

In this unit, we examined the hermeneutical approach to interpretation. Due to its general analytical character and the fact that it aims at achieving a fusion of horizons, this approach is particularly well suited for the work of the OD practitioner.

We also explored the methodological underpinnings and the approach to OD practice as outlined by Lewin and Schein, two groundbreaking scholars in the field of OD. Senge's approach to fostering organizational development is outlined in his five disciplines of a learning organization. While he remains, to a certain extent, within the framework of the critical variable approach, his theoretical conception moves well beyond the foundational theorems put forth by Lewin and Schein. In particular, his emphasis on the role of the individual as the motor driving organizational change differentiates his approach from that of his predecessors.

The dialogic OD practice as developed by Marshak and Bushe is a good example of how the root metaphor approach to cultural analysis can be embodied by an OD practitioner, and the resulting method can be combined with Senge's approach.

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