

## Organization Development & Change

Thomas G. Cummings University of Southern California

Christopher G. Worley University of Southern California Pepperdine University





## brief contents

Preface CHAPTER 1	xv	CHAPTER 14 Restructuring Organizations	315
General Introduction to Organization Development	1	CHAPTER 15 Employee Involvement	350
PART 1 Overview of Organization Development	22	CHAPTER 16 Work Design	376
CHAPTER 2 The Nature of Planned Change CHAPTER 3	23	PART 5 Human Resource Management Interventions	419
The Organization Development Practitioner	46	CHAPTER 17 Performance Management	420
PART 2 The Process of Organization Development	74	CHAPTER 18  Developing Talent	451
CHAPTER 4 Entering and Contracting	75	CHAPTER 19 Managing Workforce Diversity and Wellness	473
CHAPTER 5 Diagnosing Organizations	87	PART 6 Strategic Change Interventions	504
CHAPTER 6  Diagnosing Groups and Jobs  CHAPTER 7	107	CHAPTER 20 Transformational Change	505
Collecting and Analyzing Diagnostic Information	121	CHAPTER 21 Continuous Change	535
CHAPTER 8 Feeding Back Diagnostic Information	139	CHAPTER 22 Transorganizational Change	561
CHAPTER 9  Designing Interventions  CHAPTER 10	151	PART 7 Special Applications of Organization Development	613
Leading and Managing Change CHAPTER 11	163	CHAPTER 23  Organization Development in Global	
Evaluating and Institutionalizing Organization Development Interventions	189	Settings CHAPTER 24	614
PART 3 Human Process Interventions	252	Organization Development in Nonindustrial Settings: Health Care, School Systems, the Public Sector, and Family-Owned Businesses	651
CHAPTER 12 Interpersonal and Group Process Approaches	253	CHAPTER 25 Future Directions in Organization Development	693
CHAPTER 13 Organization Process Approaches	276	Glossary	746
PART 4	_, _	Name Index	756
Technostructural Interventions	314	Subject Index	760

## contents

Preface	xv
CHAPTER 1	
General Introduction to Organization Development	1
Organization Development Defined	1
The Growth and Relevance of Organization Development	4
A Short History of Organization Development	6
Laboratory Training Background	6
Action Research and Survey Feedback Background Normative Background	8 9
Productivity and Quality-of-Work-Life Background	11
Strategic Change Background	12
Evolution in Organization Development	12
Overview of The Book	14
Summary	17
Notes	17
PART 1	
Overview of OrganizationDevelopment	22
CHAPTER 2	
The Nature of Planned Change	23
Theories of Planned Change	23
Lewin's Change Model Action Research Model	23 24
The Positive Model	27
Comparisons of Change Models	29
General Model of Planned Change	29
Entering and Contracting	29
Diagnosing	30 30
Planning and Implementing Change Evaluating and Institutionalizing Change	31
Different Types of Planned Change	31
Magnitude of Change	31
Application 2-1 Planned Change at the San Diego County	
Regional Airport Authority  Degree of Organization	<b>32</b> 35
	37
Application 2-2 Planned Change in an Underorganized System  Domestic vs. International Settings	40
Critique of Planned Change	41
Conceptualization of Planned Change	41
Practice of Planned Change	42
Summary	43
Notes	44

			דת	_	п	~
C	П	А	Р.	ı –	к	3

The Or	ganization Development Practitioner	46
,	Nho is the Organization Development Practitioner?	46
(	Competencies of an Effective Organization Development Practitioner	48
ī	The Professional Organization Development Practitioner Role of Organization Development Professionals	<b>53</b>
	Application 3-1 Personal Views of the Internal and External  Consulting Positions  Careers of Organization Development Professionals	<b>56</b> 59
,	Professional Values	60
i	Professional Ethics Ethical Guidelines Ethical Dilemmas	<b>61</b> 61 62
,	Application 3-2 Kindred Todd and the Ethics of OD	65
9	Summary	66
1	Votes	67
,	Appendix	70
PART 2 <b>The Proc</b>	ess of Organization Development	74
CHAPT <b>Enteri</b> n	ER 4 ng and Contracting	75
	Entering into an OD Relationship Clarifying the Organizational Issue Determining the Relevant Client Selecting an OD Practitioner	<b>76</b> 76 76 77
1	Developing a Contract  Mutual Expectations	<b>79</b> 79
,	Application 4-1 Entering Alegent Health Time and Resources Ground Rules	<b>80</b> 81 81
1	nterpersonal Process Issues in Entering and Contracting	81
,	Application 4-2 Contracting with Alegent Health	82
:	Summary	86
1	Notes	86
CHAPT <b>Diagno</b>	ER 5 sing Organizations	87
1	What is Diagnosis?	87
•	The Need for Diagnostic Models	88
•	Open Systems Model Organizations as Open Systems Diagnosing Organizational Systems	<b>89</b> 89 92
•	Organization-Level Diagnosis Organization Environments and Inputs Design Components Outputs Alignment Analysis	<b>94</b> 94 96 99 99
,	Application 5-1 Steinway's Strategic Orientation	100
:	Summary	105
	Notes	105

CHAPTER 6 Diagnosing Groups and Jobs	107
Group-Level Diagnosis Inputs	<b>107</b> 107
Design Components	108
Outputs	109
Fits	110
Analysis	110
Application 6-1 Top-Management Team at Ortiv Glass Corporation	111
Individual-Level Diagnosis	113
Inputs	113
Design Components Fits	114 115
Analysis	115
Application 6-2 Job Design at Pepperdine University	116
Summary	119
Notes	120
	120
CHAPTER 7	404
Collecting and Analyzing Diagnostic Information	121
The Diagnostic Relationship	121
Methods for Collecting Data	123
Questionnaires	124
Interviews Observations	126 127
Unobtrusive Measures	127
Sampling	129
Techniques for Analyzing Data	130
Qualitative Tools	130
Application 7-1 Collecting and Analyzing Diagnostic Data at Alegent Health	132
Quantitative Tools	133
Summary	137
Notes	138
CHAPTER 8	
Feeding Back Diagnostic Information	139
Determining the Content of the Feedback	139
Characteristics of the Feedback Process	141
Survey Feedback	142
What Are the Steps?	142
Application 8-1 Training OD Practitioners in Data Feedback Survey Feedback and Organizational Dependencies	<b>143</b> 145
Application 8-2 Operations Review and Survey Feedback at	
Prudential Real Estate Affiliates	146
Limitations of Survey Feedback	147
Results of Survey Feedback	148
Summary	149
Notes	149
CHAPTER 9	
Designing Interventions	151
What are Effective Interventions?	151
How to Design Effective Interventions	152
Contingencies Related to the Change Situation	152
Contingencies Related to the Target of Change	154

Overview of Interventions  Human Process Interventions	<b>156</b> 156
Summary	161
Notes	162
CHAPTER 10	4
Leading and Managing Change	163
Overview of Change Activities	163
Motivating Change	165
Creating Readiness for Change Overcoming Resistance to Change	165 166
Application 10-1 Motivating Change in the Sexual Violence Prevention	100
Unit of Minnesota's Health Department	168
Creating a Vision	169
Describing the Core Ideology  Constructing the Envisioned Future	170 171
Developing Political Support	171
	171
Application 10-2 Creating a Vision at Premier Assessing Change Agent Power	174
Identifying Key Stakeholders	175
Influencing Stakeholders	175
Managing the Transition	176
Application 10-3 Developing Political Support for the Strategic Planning Project in the Sexual Violence Prevention Unit	177
Activity Planning	178
Commitment Planning	179
Change-Management Structures	179 179
Learning Processes  Sustaining Momentum	180
Application 10-4 Transition Management in the HP–Compaq Acquisition	181
Providing Resources for Change	182
Building a Support System for Change Agents	183
Developing New Competencies and Skills Reinforcing New Behaviors	183 183
Staying the Course	184
Summary	184
Notes	185
Application 10-5 Sustaining Transformational Change at	
the Veterans Health Administration	187
CHAPTER 11	
Evaluating and Institutionalizing Organization	
Development Interventions	189
Evaluating Organization Development Interventions Implementation and Evaluation Feedback	<b>189</b> 189
Implementation and Evaluation Feedback  Measurement	192
Research Design	197
Institutionalizing Organizational Changes Institutionalization Framework	<b>200</b> 200
Application 11-1 Evaluating Change at Alegent Health	201
Organization Characteristics	203
Intervention Characteristics Institutionalization Processes	204 205
Indicators of Institutionalization	206
Application 11-2 Institutionalizing Structural Change at Hewlett-Packard	208
Summary	210

	Notes	210
	Selected Cases	212
	Kenworth Motors	212
	Peppercorn Dining	217
	Sunflower Incorporated	239
	Initiating Change in the Manufacturing and Distribution Division of PolyProd	241
	Evaluating the Change Agent Program at Siemens Nixdorf (A)	247
PART 3 Human	Process Interventions	252
	PTER 12 Dersonal and Group Process Approaches	253
•	Process Consultation	253
	Group Process	254
	Basic Process Interventions	255
	Results of Process Consultation	257
	Application 12-1 Process Consultation at Action Company	258
	Third-Party Interventions	259
	An Episodic Model of Conflict	260
	Facilitating the Conflict Resolution Process	261
	Application 12-2 Conflict Management at Balt Healthcare Corporation	262
	Team Building	263
	Team-Building Activities	264
	Activities Relevant to One or More Individuals	267
	Activities Oriented to the Group's Operation and Behavior	268
	Activities Affecting the Group's Relationship with the Rest of the Organization	268
	Application 12-3 Building the Executive Team at Caesars Tahoe	269
	The Manager's Role in Team Building	270
	The Results of Team Building	271
	Summary	273
	Notes	273
CHAP	PTER 13	
	nization Process Approaches	276
3	Organization Confrontation Meeting	276
	Application Stages	276 276
	Results of Confrontation Meetings	277
	Application 13-1 A Work-Out Meeting at General	
	Electric Medical Systems Business	278
	Intergroup Relations Interventions	279
	Microcosm Groups	279
	Application Stages	280
	Resolving Intergroup Conflict	281
	Large-Group Interventions	284
	Application 13-2 Improving Intergroup Relationships	
	in Johnson & Johnson's Drug Evaluation Department Application Stages	<b>285</b> 287
	Application 13-3 Using the Decision Accelerator to Generate	
	Innovative Strategies in Alegent's Women's and Children's Service Line	290
	Results of Large-Group Interventions	294
	Summary	295
	Notes	295
	Selected Cases	297
	Lincoln Hospital: Third-Party Intervention	297
	Ben & Jerry's (A): Team Development Intervention	304

PART 4 Technostructural Interventions	314
CHAPTER 14	
Restructuring Organizations	315
Structural Design The Functional Structure The Divisional Structure The Matrix Structure The Process Structure The Customer-Centric Structure	315 316 318 319 322 324
Application 14-1 Healthways' Process Structure The Network Structure	<b>325</b> 328
Downsizing	331
Application 14-2 Amazon.com's Network Structure Application Stages Results of Downsizing	<b>332</b> 334 337
Application 14-3 Strategic Downsizing at Agilent Technologies	338
Reengineering Application Stages	<b>340</b> 341
Application 14-4 Honeywell IAC's Totalplant™ Reengineering Process Results from Reengineering	<b>344</b> 346
Summary	346
Notes	347
CHAPTER 15	
Employee Involvement	350
Employee Involvement: What Is It?  A Working Definition of Employee Involvement The Diffusion of Employee Involvement Practices How Employee Involvement Affects Productivity	<b>350</b> 351 352 352
Employee Involvement Applications Parallel Structures	<b>354</b> 354
Application 15-1 Using the Al Summit to Build Union-Management Relations at Roadway Express Total Quality Management	<b>356</b> 359
Application 15-2 Six-Sigma Success Story at GE Financial High-Involvement Organizations	<b>365</b> 367
Application 15-3 Building a High-Involvement Organization at Air Products and Chemicals, Inc.	370
Summary	373
Notes	373
CHAPTER 16 Work Design	376
The Engineering Approach	376
The Motivational Approach	377
The Core Dimensions of Jobs Individual Differences Application Stages Barriers to Job Enrichment	378 379 380 382
Application 16-1 Enriching Jobs at the Hartford's Employee Relations Consulting Services Group Results of Job Enrichment	<b>383</b> 385
The Sociotechnical Systems Approach Conceptual Background Self-Managed Work Teams	<b>386</b> 387 388

Application Stages Results of Self-Managed Teams	391 393
Application 16-2 Moving to Self-Managed Teams at ABB	394
Designing Work for Technical and Personal Needs	397
Technical Factors	398
Personal-Need Factors  Meeting Both Technical and Personal Needs	399 400
	401
Summary	
Notes	402
Selected Cases City of Carlsbad, California: Restructuring the Public Works Departm	<b>405</b> ent (A) 405 408
C&S Wholesale Grocers: Self-Managed Teams	408
PART 5 Human Resource Management Interventions	419
CHAPTER 17	
Performance Management	420
A Model of Performance Management	421
Goal Setting	422
Characteristics of Goal Setting	422
Establishing Challenging Goals	423
Clarifying Goal Measurement	423
Application Stages Management by Objectives	424 424
Effects of Goal Setting and MBO	426
Performance Appraisal	426
Application 17-1 The Goal-Setting Process at Siebel Systems	427
The Performance Appraisal Process	428
Application Stages	430
Effects of Performance Appraisal	431
Reward Systems	431
Application 17-2 Adapting the Appraisal Process at Capital	100
One Financial Structural and Motivational Features of Reward Systems	<b>432</b> 434
Skill- and Knowledge-Based Pay Systems	437
Performance-Based Pay Systems	438
Gain-Sharing Systems	440
Promotion Systems	442 443
Reward-System Process Issues	
Application 17-3 Revising the Reward Systemat Lands' End	444
Summary	447
Notes	447
CHAPTER 18  Developing Talent	451
	451
Coaching and Mentoring What Are the Goals?	452
Application Stages	452
The Results of Coaching and Mentoring	453
Career Planning and Development Interventions	453
What Are the Goals?	454
Application Stages The Results of Career Planning and Development	455 463
Management And Leadership Development Interventions	463
Application 18-1 PepsiCo's Career Planning and Development Frame What Are the Goals?	work 464 466
Application Stages	466

Application 18-2 Leading Your Business at Microsoft Corporation  The Results of Development Interventions	<b>468</b> 469
Summary	469
Notes	470
CHAPTER 19	
Managing Workforce Diversityand Wellness	473
Workforce Diversity Interventions What Are the Goals? Application Stages The Results for Diversity Interventions	<b>473</b> 473 475 478
Employee Stress and Wellness Interventions What Are the Goals?	<b>479</b> 479
Application 19-1 Embracing Employee Diversity at Baxter Export Applications Stages The Results of Stress Management and Wellness Interventions	<b>480</b> 481 486
Summary	487
Notes	488
Application 19-2 Johnson & Johnson's Health and Wellness Program	490
Selected Cases Employee Benefits at HealthCo Sharpe BMW	<b>492</b> 492 497
PART 6	
Strategic Change Interventions	504
CHAPTER 20	
Transformational Change	505
Characteristics of Transformational Change Change Is Triggered by Environmental and Internal Disruptions Change Is Aimed at Competitive Advantage Change Is Systemic and Revolutionary Change Demands a New Organizing Paradigm Change Is Driven by Senior Executives and Line Management Change Involves Significant Learning	<b>505</b> 506 506 507 508 508
Integrated Strategic Change	509
Organization Design	512
Application 20-1 Managing Strategic Change at Microsoft Canada Conceptual Framework	<b>513</b> 515
Culture Change	518
Application 20-2 Organization Design at Deere & Company Concept of Organization Culture Organization Culture and Organization Effectiveness Diagnosing Organization Culture The Behavioral Approach The Competing Values Approach The Deep Assumptions Approach	519 520 521 523 523 524 525
Summary	528
Notes	529
Application 20-3 Culture Change at IBM	533
CHAPTER 21	
Continuous Change	535
Self-Designing Organizations  The Demands of Adaptive Change  Application Stages	<b>535</b> 536 536
Learning Organizations Conceptual Framework	<b>538</b> 538

xiii

	Application 21-1 Self-Design at American Healthways Corporation Organization Learning Interventions Knowledge Management Interventions	<b>539</b> 542 547
	Outcomes of OL and KM	550
	Application 21-2 Implementing a Knowledge Management System at Motorola Penang	551
	Built-To-Change Organizations Design Guidelines	<b>553</b> 553
	Application Stages	554
	Summary	556
	Notes	556
	Application 21-3 Creating a Built-to-Change Organizationat Capital One Financial	559
	TER 22	
Transc	organizational Change	561
	Transorganizational Rationale  Mergers and Acquisitions  Application Stages	<b>562</b> 563 564
	Strategic Alliance Interventions	568
	Application Stages	568
	Application 22-1 The Sprint and Nextel Merger: The First Two Years	569
	Network Interventions	571
	Application 22-2 Building Alliance Relationships Creating the Network Managing Network Change	<b>572</b> 574 577
	Application 22-3 Fragile and Robust—Network Change in Toyota Motor Corporation	580
	Summary	582
	Notes	583
	Selected Cases Fourwinds Marina	<b>586</b> 586
	Leading Strategic Change at DaVita: The Integration of the Gambro Acquisition	597
PART 7		
_	Applications of Organization Development TER 23	613
	nization Development in Global Settings	614
	Organization Development Outside the United States	615
	Cultural Context	616
	Economic Development  How Cultural Context and Economic Development Affect OD Practice	618 619
	Application 23-1 Modernizing China's Human Resource Development and Training Functions	623
	Worldwide Organization Development	625
	Worldwide Strategic Orientations	626
	The International Strategic Orientation The Global Strategic Orientation	627 629
	The Multinational Strategic Orientation	631
	Application 23-2 Implementing the Global Strategy: Changing the Culture	
	of Work in Western China	632
	The Transnational Strategic Orientation	636
	Global Social Change Organizations	<b>639</b> 640
	Global Social Change Organizations Application Stages	641
	Change Agent Roles and Skills	644

	Application 23-3 Social and Environmental Change at Floresta	645
	Summary	647
	Notes	647
CHAP	TER 24	
	nization Developmentin Nonindustrial Settings: Health Care,	
_	l Systems, the Public Sector, and Family-Owned Businesses	651
	Organization Development in Health Care	651
	Trends in Health Care	652
	Opportunities for Organization Development Practice Success Principles for OD in Health Care	655 657
	Conclusions	658
	Organization Development in School Systems	659
	Education: Industrial-Age Roots	659
	Changing Conditions Cause Stress	659
	Disappointing Reform Efforts	660
	A New Metaphor for Schools Future Opportunities for OD Practice	662 664
	Technology's Unique Role in School OD	665
	Conclusions	667
	Organization Developmentin the Public Sector	667
	Comparing Public- and Private-Sector Organizations	669
	Recent Research and Innovations in Public-Sector	
	Organizational Development	674
	Conclusions	675
	Organization Development in Family-Owned Businesses	675
	The Family Business System Family Business Developmental Stages	676 679
	A Parallel Planning Process	680
	Values	680
	Critical Issues in Family Business	681
	OD Interventions in Family Business System	684
	Summary	688
	Notes	689
	TER 25	
Future	e Directions in Organization Development	693
	Trends within Organization Development	693
	Traditional	693 694
	Pragmatic Scholarly	695
	Implications for OD's Future	695
	Trends in the Context of Organization Development	697
	The Economy	697
	The Workforce	700
	Organizations	701 702
	Implications for OD's Future	
	Summary	708
	Notes	709
	Integrative Cases	712
	B. R. Richardson Timber Products Corporation Building the Cuyahoga River Valley Organization*	712 728
	Black & Decker International: Globalization of the Architectural Hardware Line	738
	Glossary	746
	Name Index	756
	Subject Index	750