

Future Directions in Organization Development

The field of organization development continues to grow. New methods and interventions are being applied, more complex and rigorous research is being conducted, and organizations from more diverse countries and cultures are becoming involved. Because so much change has occurred in a relatively brief period, predicting the future of OD is risky if not foolhardy. On the other hand, the field is also maturing and it is useful to look at the forces influencing how OD is likely to evolve. This knowledge

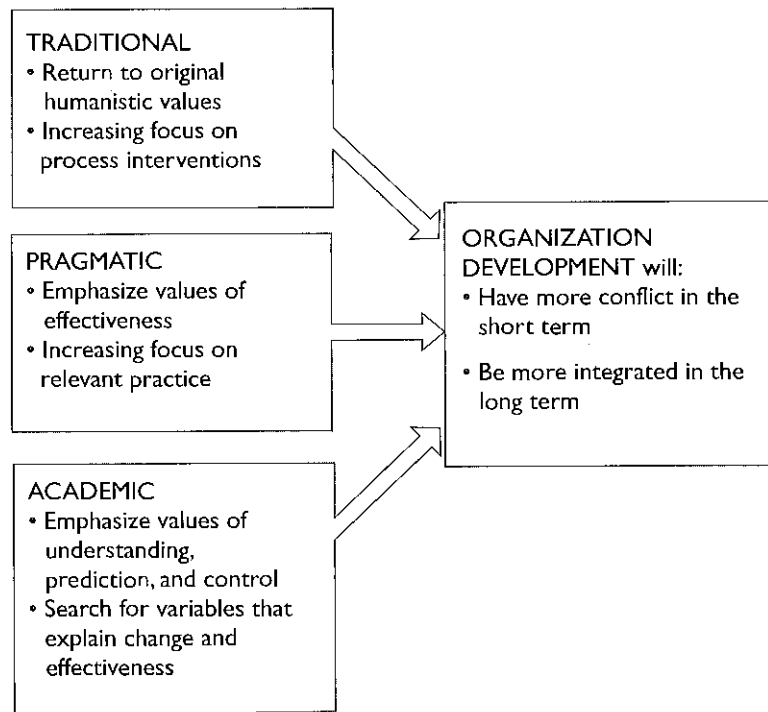
can enable OD practitioners, researchers, and managers to more readily affect a relevant OD future. The chapter first identifies three trends within the OD field that are pushing it toward different futures. The implications of these trends are discussed. The chapter then describes trends in the larger context within which OD operates, including economic, workforce, technology, and organization trends. It concludes with a discussion of how these trends are likely to influence future OD practice.

TRENDS WITHIN ORGANIZATION DEVELOPMENT

In updating his OD bibliography (http://www.cba.bgsu.edu/mod/html/od_bibliography.html) for 2005, Glenn Varney noted that much of the recent writings in OD had focused more on the status of the field than on evaluations of practice or research on the processes of change.¹ In support of that observation, reviews of the literature, conversations within Internet listservs, and the diversity in OD education and training opportunities suggest three trends occurring within OD—characterized as traditional, pragmatic, and scholarly.² Each trend has a different vision of what OD can and should be, and although they are presented separately, they are not mutually exclusive or independent. On the contrary, the future of OD will no doubt emerge from their integration. Figure 25.1 summarizes the trends and their likely implications for the future of OD.

Traditional

The first trend has to do with increasing calls for a return to OD's traditional values and practices. Championed by the National Training Laboratories (NTL) and others, traditionalists argue that OD should be driven by long-established values of human potential, equality, trust, and collaboration. The major objective of OD should be to promulgate these root values through interventions that humanize work, organizations, and society; help employees balance work and family life; promote diversity and spirituality at the workplace; and champion the self-actualization of organization members.³ Thus, traditionalists propose that OD should do what is "right" by assuring that organizations promote positive social change and corporate citizenship.

[Figure 25.1]**Trends Within OD and Their Impacts on OD's Future**

A strong focus on process interventions also characterizes the traditional trend. OD's key purpose, according to this view, is to ensure that organizational processes are transparent, possess integrity, treat people with dignity, and serve diverse stakeholders. Thus, OD's primary goal is to help organizations create such processes; whether they subsequently lead to performance outcomes is of secondary importance.

Pragmatic

The second trend within OD is related to increasing demands for professionalization of the field and an emphasis on relevance. Championed by the change management practices at large consulting firms and some OD professional associations, pragmatists argue that OD practitioners should be certified like most other professionals.⁴ This drive to professionalize OD is in response to a growing number of people marketing themselves as OD practitioners without any formal training or education in the field, as well as a lack of consistency in applying OD's core theories, skills, and interventions. As a result, distinguishing between qualified and unqualified OD practitioners can be a difficult challenge for organizations, and professionalization of the field can help to remedy that problem.⁵

To become a profession, according to pragmatists, OD should require certification of members, create a common body of knowledge, define minimum levels of competencies, and institute other regulatory infrastructure. Certification would create boundaries between who is (and is not) an OD professional and what is (and is not) OD practice.

The pragmatic trend is also distinguished by an emphasis on change technologies, typically under the banner of “change management.” In contrast to OD’s “soft” reputation, change management is viewed as a highly relevant and applied practice, much like medicine, engineering, or accounting.⁶ It focuses on helping organizations implement change and adapt to turbulent environments. Relevance, a minor chord among traditionalists, is a major theme among pragmatists, who value the performance outcomes of OD work. Thus, process interventions are not seen as ends in themselves but as means for implementing change and achieving the desired results.

Scholarly

The third trend within OD is connected with the increasing number of people making research contributions to our understanding of change. Championed by universities and applied research centers, such as USC’s Center for Effective Organizations and MIT’s Society of Organization Learning, scholars propose a “research agenda” for OD that includes (1) how multiple contexts and levels of analysis affect organizational change; (2) the inclusion of time, history, process, and action in theories of change; (3) the link between change processes and organization performance; (4) the comparative analysis of international and cross-cultural OD interventions; (5) the study of receptivity, customization, sequencing, pace, and episodic versus continuous change processes; and (6) the partnership between scholars and practitioners in studying organizational change.⁷

The scholarly perspective focuses on understanding, predicting, and controlling change. It is far less concerned about how OD is defined, what its values are, how it is practiced, or whether an OD practitioner is involved except as potential explanations for change success. OD is just one of several ways organizations can be changed. Unlike traditionalists and pragmatists, scholars are concerned with creating valid knowledge, and with generalizing conclusions about how change occurs, how it is triggered, under what conditions it works well, and so on. Similar to the traditional and pragmatic trends, however, the scholarly trend is connected to the actors involved in change; its favored methodology is action research but from a more distant and detached perspective than the other two trends.

Implications for OD’s Future

Those three trends are likely to have important consequences for OD’s future. In the short term, advocates of each view will likely continue on their separate paths with periodic and perhaps intense conflicts among them. In the longer term, however, there should be increasing attempts at reconciling these differences and generating a more integrative view of OD.

OD Will Have More Conflicts in the Short Term Current views and debates about OD values and professionalization are likely to continue at least in the near term. The traditional and pragmatic trends hold different and often-conflicting views of how the field should evolve. Traditionalists fear that OD is becoming too corporate and may unwittingly collude with powerful stakeholders to promote goals that are inconsistent with OD’s social responsibility and humanistic values. For example, corporate strategies can concentrate wealth and ignore cultural diversity. Technology can isolate people and alienate them. The traditionalists, therefore, advocate for a stronger focus on the central values of the field. Pragmatists, on the other hand, worry that relying too heavily on traditional values will reinforce OD’s “touchy-feely” orientation. They argue that focusing on human potential exclusively will doom OD to irrelevance in today’s highly competitive organizations. Thus, in the short term, the battle over values within the field is likely to continue.

Symbolic of the struggle, no fewer than three formal projects are under way to clarify OD's values. Each effort is championed by a different institutional sponsor, relies on a different set of OD practitioners, and argues that their results will clarify this important issue for the field. The ongoing conflict in the field is therefore likely to continue and may become even more intense as additional values, such as ecological sustainability and economic equality, enter the OD field.

OD is also likely to face more disagreement over professionalization. The debate over values discussed above demonstrates how difficult it will be to gain agreement about standards, competencies, enforcement mechanisms, and oversight. Unless a groundswell of support for a common set of OD values emerges, judgments about qualifications will likely become caught up in conflicts between the traditional and the pragmatic perspectives. Several prior attempts to professionalize the field or to accredit practitioners have had limited success, and provide ample evidence of the difficulty of resolving such differences.

OD Will Become More Integrated in the Long Term Despite the conflicts likely to continue in the short run, there is considerable common ground among the diverse trends within OD, and the emergence of a more integrated view of the field seems likely in the long term. For example, both the traditional and the pragmatic trends agree that applying behavioral science to organizations can improve effectiveness and increase member satisfaction. Both trends believe that knowledge and skill should be transferred to a client system, and all three trends believe that a body of theory and practice underlie the process of change in organizations.

Given OD's history, its long-term future is likely to be some blend of practitioner values in use (traditional trend), professional change practice (pragmatic trend), and change theory (scholarly trend). The field is not likely to be completely pragmatic and ignore its values base; there is little likelihood that it will return to its purely traditional roots and be irrelevant to business; and the subject of change is too important and personal to be left to research alone. A more limited integration is also problematic. A pragmatic and research-driven OD would be cold and impersonal; a traditional and research-driven field would be naïve and irrelevant to economic realities; and a traditional and pragmatic-driven OD would be intuitive and non-cumulative. An integration of the three trends, on the other hand, will assure that OD has moral purpose, drives sustainable bottom lines, and represents a healthy balance of art and science.

A set of integrated values, including participation and effectiveness but recognizing the tension between them, will drive the traditional and pragmatic trends to exploit the common ground in theory and practice. For example, the theories of change underlying traditional action research; positive scholarship and practice; contemporary approaches to change, such as network models, complexity, and chaos theories; and the evolution of underorganized systems can be integrated. The practical benefits of traditional objective approaches and the traditional values reflected in a social constructionist view hold promise for a new view of OD.

This integrated view will challenge the field to redefine existing views of work, competition, culture, and organizations. OD cannot view systems only as objects with inertia, structure, resistance, and permanence, but as social processes produced, maintained, and changed through conversations that are flexible, aspirational, and changeable.⁸ A positive view of organizations and their members' potential aligns well with the traditional trend, and it supports values of basic human rights, social responsibility, democracy, and ecological sustainability. This view of organizations also supports the pragmatic trend; it recognizes the importance of economic viability, the time value of activity, and the opportunities that growth conveys. If carefully applied, an integrated objective and socially constructed perspective can be an influential voice in OD's future.

TRENDS IN THE CONTEXT OF ORGANIZATION DEVELOPMENT

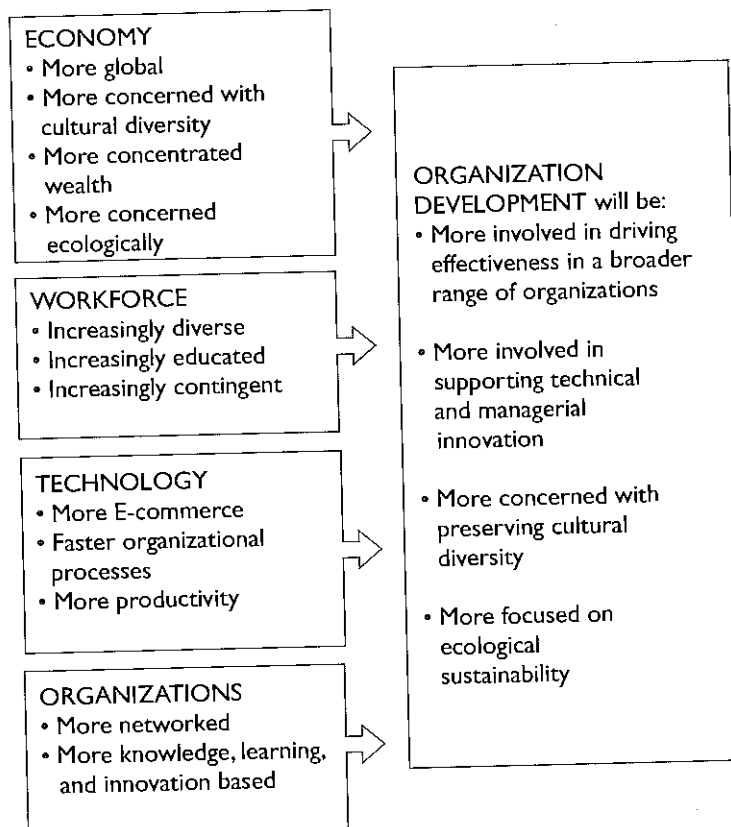
The field of OD is evolving, but so too is the context within which OD is applied. As summarized in Figure 25.2, several interrelated trends are affecting the context within which OD will be applied in the near future. They concern various aspects of the economy, the workforce, technology, and organizations. In some cases, the trends will directly affect OD practice. Technology trends, such as Internet portals, voice over the Internet, and wireless networks, will no doubt influence how OD practitioners communicate with organization members, facilitate teams, and manage change. Other trends, such as the increasing concentration of wealth, represent important contextual forces that will indirectly affect OD through their interaction with other trends.⁹

The Economy

Researchers and futurists have described a variety of economic scenarios, and there is substantial agreement that the world's economy is in the midst of a transition from the industrial age that characterized much of the twentieth century.¹⁰ Although these scenarios differ in their particulars, they all fit under the rubric of *globalization*, and many of the same trends are identified as drivers, including technology, workforce, and organization, which will be discussed separately.

[Figure 25.2]

Contextual Trends and Their Effects on OD's Future



The fall of the Berlin Wall, the end of Apartheid, the breakup of the former Soviet Union, the creation of the European Union, terrorist attacks in many different countries, and the emergence of the Chinese and Indian economies are key events in the transition to a global economy. Organizations from around the world are increasingly able to shift their manufacturing from high- to low-labor-cost countries, execute international mergers and acquisitions, and build worldwide service businesses. Today, almost any product or service can be made, transported, and bought anywhere in the world. Globalization can help companies reduce costs, gain resources, expand markets, and develop new products and practices more quickly.

The emergence of a global economy is well under way, but the promise and rationalization of that process is far from complete.¹¹ The initial steps toward globalization have fueled real price decreases in many consumer products, provided employment for people in less-developed nations, and driven revenue growth in a variety of industries. However, the transition to a global economy is for the most part unmanaged, and there is increasing concern over its social and ecological consequences.¹² This raises troublesome questions about three key issues: *cultural diversity*, *income distribution*, and *ecological sustainability*.

First, transitioning to a global economy is a complex and daunting process that involves organizations, technology, people, and governments. The role and function of national governments and the importance of cultural diversity in the process is not well understood. There are few generally accepted guidelines. On the one hand, some economists argue that globalization is good for countries and cultures.¹³ They cite numerous examples of how music, art, political thought, technology, and other artifacts of culture have crossed boundaries and enriched people's experiences.

Others argue that governments must face the difficult choice of preserving or sacrificing their culture. Friedman notes that cultural preservation may come at the expense of participation in the global economy while greater economic success may depend on cultural sacrifices.¹⁴ For example, the Chinese government is trying diligently to preserve its cultural and political underpinnings while facing a rapid influx of capitalist goods and services,¹⁵ and many other developing nations face pressures to move to a Western capitalism model despite questions as to whether it is appropriate for their cultures.¹⁶ Organizations implementing global strategies (Chapter 23), for example, prefer standardized approaches because the economic logic of this strategy admits to little practical incentive to account for cultural or governmental differences. Pursuing both cultural preservation and economic participation is possible, but it is a complex task. The short-term financial benefits often appear much larger than the long-term social consequences, and the required leadership and management capabilities are not widely available. The decisions governments make to resolve this dilemma will dramatically shape the character of the global economy.

Second, globalization of the economy is closely related to an increasing concentration of wealth in relatively few individuals, corporations, and nations. The CIA's report, *Global Trends, 2015*, concluded that globalization will create "an even wider gap between regional winners and losers than exists today. [Its] evolution will be rocky, marked by chronic volatility and a widening economic divide ... deepening economic stagnation, political instability, and cultural alienation. [It] will foster political, ethnic, ideological, and religious extremism, along with the violence that often accompanies it."¹⁷ Consider the following:

- U.S. Census data confirms that the share of total income accounted for by the top 20% of households increased from about 43% to over 51% between 1975 and 2005, while the bottom 20% of households saw their share drop from 4% to 3%.¹⁸

- Using a conservative measure of CEO pay, the Economic Policy Institute estimates that in 2005 the average CEO in the United States earned 262 times the pay of the average worker, the second highest ratio in the 40 years of their data collection. (Other estimates have put the ratio as high as 431:1 for 2004.) To put this in perspective, a CEO earned more in a day than the average worker did in a year.¹⁹
- The 793 billionaires in 2006 represent an increase of 103 people between 2005 and 2006. Representing about 0.00001% of the world's population, their net worth of \$2.6 trillion accounts for about 19.5% of the U.S. gross domestic product.²⁰
- Of the world's 6.2 billion, 5.2 billion live in low- and moderate-income countries and survive on about \$3 a day.²¹

The concentration of wealth may be a natural outcome of capitalism facing imperfectly competitive markets, but it can also contribute to misallocation of resources, environmental degradation, and short-term thinking.²² For example, the financial markets' focus on quarterly earnings can skew decision-making criteria to delay preventive maintenance or safety initiatives, to postpone implementation of necessary environmental-protection equipment, or to forego important long-term capital investments. The concentration of wealth can also contribute to social conflict driven by fears that the wealthy will act in their own self-interest at the expense of those who are financially less fortunate. The recent history of the WTO provides visible examples, such as the cancellation of the 2003 meetings in Cancun, Mexico, because developing nations banded together against developed countries who were accused of not listening to requests for modifications in trade agreements.

Third, there are increasingly clear warnings that the ecosystem can no longer be treated as a factor of production, and that success cannot be defined as the accumulation of wealth and material goods at the expense of the environment. There are strong pressures to fuel economic growth, for example, by exploring and developing oil fields in sensitive and protected areas such as the Arctic National Wildlife Refuge. Yet, sport-utility vehicle (SUV) demand remains strong despite concerns over safety and low gas mileage. If SUVs complied with the same fuel-economy standards as ordinary cars, the United States would save 1 million barrels of oil a day, more than the Arctic National Wildlife Refuge could produce at peak volumes.²³ These concerns arise in part from the proliferation of capitalism, but also from the growing realization that free and open markets can have negative unintended consequences for the global ecosystem.

The conclusions from the Intergovernmental Panel on Climate Change suggest that industrialization is not a controversial but a probable cause of global warming.²⁴ Several traditional organizations, such as BP and Royal Dutch/Shell, are reversing long-held opinions about their contribution to environmental decay by setting aggressive goals to reduce greenhouse gases.²⁵ Unfortunately, many developing economies, including China, the Philippines, and Mexico, continue to operate with loose environmental controls. As a result, there are more calls for change in the values underlying capitalism—from consumption to investment, from open to mindful markets, and from wealth accumulation as an end in itself to an examination of the return on living capital.²⁶ Some observers note that such value shifts are already under way in many nations and organizations. For example, traditional business models that assume labor scarcity and natural resource abundance are being tempered by models that emphasize the abundance of knowledge and the scarcity of natural resources. A handful of companies, including IKEA, Interface, Honda, S. C. Johnson, and Hewlett-Packard, have altered their operations and practices radically to reduce emissions, waste, and environmental degradation and to increase sustainability, profits, and customer satisfaction.

The Workforce

The workforce is becoming more diverse, educated, and contingent. Chapter 18 documented the diversity trend and suggested that organizations, whether they operate primarily in their home country or abroad, will need to develop policies and operating styles that embrace the changing cultural, ethnic, gender, and age diversity of the workforce.

The workforce is also becoming more educated. The 2006 U.S. Census data, for example, report that 84.1% of adults over 25 years of age have completed high school and that 27% have a bachelor's or higher degree. Both numbers represent similar proportions compared to 2002 but significant increases compared to 2000. A more educated workforce is likely to demand higher wages, more involvement in the decision-making process, and continued investment in knowledge and skills. For example, the rate of change in information systems technology requires IT professionals to continually update their knowledge and skills to remain competent. In response, organizations are increasing their training and management development budgets significantly.²⁷ Many organizations, such as Motorola, Capital One, Boeing, and Harley Davidson, have invested in corporate universities and corporate-university partnerships, and many others have policies outlining the minimum hours of technical and managerial training that each employee will receive yearly.

Finally, the continued high rate of downsizings, reengineering efforts, and mergers and acquisitions described in Chapters 14 and 19 is forcing the workforce to become more contingent and less loyal. The Bureau of Labor Statistics reports that contingent and "alternative arrangement" workers, including temporary and contract employees, freelancers, independent professionals, and consultants, made up between 12.4% and 14.8% of the workforce in 2005.²⁸ The implicit psychological contract that governs relationships between employers and employees is being rewritten with new assumptions about long-term employment and rewards in exchange for commitment and loyalty. For example, a study by the National Association of Temporary and Staffing Services found that 90% of companies use temporary help.²⁹ Other studies have suggested that the personnel supply services industry, about 90% of which is involved in providing contingent employees, will be among the top five fastest-growing industries. One article noted that the contingent staffing industry doubled in size between 2002 and 2007 and would grow to about \$200 billion in 2010.³⁰

Technology By almost any measure, information technology is a significant and increasingly common fact of life. An estimated 150.9 million worldwide Internet users in 1998 grew to 605.6 million in 2002.³¹ In 2007, according to an Internet World Stats estimate, more than 1.24 billion people were on the Internet, and of those, 37% were in Asia.³² The Internet is the backbone of a global economy, and although the technology sector has suffered financial setbacks, few people doubt its future importance.

At the core of information technology is E-commerce, an economy that knows no boundaries.³³ E-commerce involves using automated teller machines, buying games on your cell phone, buying and selling products and services over the Internet, and selling advertising space. This range of activities makes estimating the size of the E-commerce market difficult. For example, one study estimated that worldwide online retail sales grew 22% to \$143.2 billion for 2005 while the U.S. Census Bureau estimated that U.S. online retail sales for 2006 grew about 20% to \$119 billion.³⁴

Two types of E-commerce seem particularly relevant to OD's future: business-to-consumer and business-to-business. The business-to-consumer market garners much attention and awareness because it is how the public participates in E-commerce. This market, which includes E-tailers such as Amazon.com, eBay.com, and Fandango.com, is expected to grow in the United States from \$172 billion in 2005 to over \$329 billion by 2010.³⁵ In these businesses, OD must help to create and implement

novel business models. Dell Computer, for instance, sells custom-made computers to consumers and businesses, but it started out as a mail-order company advertising in the back of magazines. More than 25% of its computer sales come through the Internet. The shift in organization structures, labor skill sets, work designs, and work processes in the transformation from a mail-order business to an E-commerce leader represents the kind of change that many organizations will face and the challenges OD practitioners must meet.

The organizational issues in the business-to-business market are even more complex. A good example of the implications and potential of this market is the global automobile industry's creation of an online store. In February 2000, the major automakers jointly addressed escalating costs and gross inefficiencies of their supply chain to create Covisint, a new business that leveraged the power and potential of the Internet to solve industry-specific business problems in real time. Today, Covisint supports over 266,000 users, representing more than 30,000 organizations in over 96 countries in the global automotive industry. In addition, Covisint has moved into the health care industry and supports over 15,000 users, representing more than 450 North American health systems, commercial payers, physician groups/practices, home health agencies, third-party administrators, extended care facilities and home medical equipment providers. Covisint migrates an entire industry's supply chain onto the Internet and reengineers radically the way businesses interact with each other. Web-based transactions are replacing the inefficient phone, mail, and face-to-face sales call processes that dominated these industries.

In addition to providing the infrastructure for E-commerce, technology is also changing and enabling a variety of organizational processes. New technologies, such as SAP or PeopleSoft, drive changes in how information and work processes are coordinated and managed; they also require modification in the way productivity is measured. For example, the implementation of enterprise resource systems and supply-chain management programs must integrate with existing work processes and the competencies of organization members. This requires adjustments in the entire sociotechnical system and how it interfaces with customers, suppliers, regulators, and other stakeholders.

Finally, we are gaining a clearer picture of the way technology affects productivity. For example, for years, economists were puzzled by a "productivity paradox." Despite a 30-year, \$2 trillion investment in computers and technology, productivity rose very slowly during the 1980s and early 1990s. But in 1999, productivity rose 2.9% in the United States (and 5% in the last six months of 1999), nearly twice the 1.5% average annual gains seen since the early 1970s. The biggest gains were in manufacturing, but service businesses such as transportation, trade, and finance also started to see a payoff from new technology investments. This productivity lag apparently resulted from the relatively long time it took for organizations to adopt the new technology and to learn how to apply it.³⁶ For example, Countrywide Home Loans, one of the largest mortgage lenders in the United States, began experimenting with technology solutions in the late 1980s. The benefits of technology investment did not pay off until a 1997 implementation of an automated information system in its customer service center helped reduce the average cost per call from \$4 to less than \$0.60 on more than 20,000 calls per day. The increased productivity has not cost jobs; Countrywide nearly doubled its workforce between 1996 and 1999.

Organizations

The final trend likely to shape OD's future involves the increasingly networked and knowledge-based nature of organizations. The interventions described in this book help organizations become more streamlined and flexible, more capable of improving themselves continuously in response to economic and other trends, and more effective.

A large proportion of organizations are not aware of these practices, however, and still others resist applying them.³⁷ Despite the attention to them in the business press, only a small percentage of organizations use self-managed work teams, are organized into networks, successfully manage strategic alliances, or have organization learning programs. But these organizations are harbingers of the future, and they will invent entirely new, entrepreneurial structures capable of exploiting new ideas and technologies quickly.

Clearly, organizations are becoming more networked. As explained in Chapters 14 and 19, network structures rely on collaborative strategies and allow single organizations to partner with other organizations to develop, manufacture, and distribute goods and services.³⁸ More than any other organization form, networks hold the promise of realizing the economic opportunities presented by globalization without the negative social consequences of large multinational corporations.³⁹ Large organizations that gain economies of scale in manufacturing, distribution, and marketing can also become rigid and slow, and indifferent to unintended social and ecological consequences. These latter outcomes can be disastrous in today's rapidly changing environments and cannot be easily remedied in the future. Networks, on the other hand, enable small organizations to access the advantages of scale and scope traditionally reserved for large firms. Small, focused firms that perform particular tasks with excellence can align with organizations that have complementary resources and expertise. These networks are highly adaptable and can disband and reform along different task or market lines as the circumstances demand. To succeed, organizations are learning how to assess quickly whether they are compatible with network partners and whether the joint product/service is successful. They are gaining competence to form and end networks swiftly, thus enabling them to exploit product/market opportunities rapidly and to "fail quickly" when the network is unproductive.⁴⁰ Because each network node (organization) is small and local, resident cultures and ecosystems are more likely to be preserved.

Finally, in an organizational world that is technically enabled, fast-paced, and networked, there will be a premium placed on learning and knowledge management. This increasingly important source of organizational capability and competitive advantage will require unprecedented amounts of innovation and coordination. Multiple stakeholders representing a diversity of interests will come together to envision a shared future and to learn how to enact it.

Because this process typically leads into uncharted waters, both organizational members and OD practitioners will be joint learners, exploring new territory together. Moreover, implementing new organizational innovations will require significant amounts of experimentation as members try out new ways of operating, assess progress, and make necessary adjustments. In essence, they will learn from their actions how to create a new strategy, organization, or product/service. Such collaborative learning is capable of implementing radically new possibilities and ways of functioning that could not be envisioned beforehand. It is a process of *innovation*, not of detection and correction of errors. In turn, the new structures and systems will increase feedback and information flow to the organization, thereby improving its capacity to learn and adapt to a rapidly changing environment. They will transcend both internal and external organizational boundaries, remove barriers to learning, and facilitate how employees acquire, organize, and disseminate knowledge assets.

Implications for OD's Future

The definition and practice of OD in the future will depend on the forces within OD as well as the economic, workforce, technology, and organization trends outlined above. Although a variety of scenarios are possible, we chose to present a likely and positive picture.⁴¹ Figure 25.2 summarizes this view.

OD played a powerful role in organization and social change in the 1960s and 1970s. A set of shared values, including involvement and participation, and a complimentary set of practices, such as team building and survey feedback, shaped the way leaders and managers designed and operated organizations. Together, these integrated values and practices improved both human and economic outcomes.⁴²

Recognizing the powerful influence that shared values and supportive practices can have, OD in the future will support a policy of "responsible progress." Responsible progress begins with an economist's definition of an effective system, integrates traditional OD and more recent effectiveness values, and promotes a set of practices to actualize those values. Economists traditionally define progress and economic health in terms of the development of products and services that make society better off, the ability to put scarce resources to their most efficient use, the capacity to support full employment, and the equitable distribution of rewards in relation to the risks people take in productive enterprise. Although few people would argue with these criteria, the trends discussed above suggest that there have been important unintended consequences of promoting those goals. For example, global warming and the concentration of wealth cannot be the metrics by which society is judged as "better off." The traditional criteria of progress either ignore the ecology and cultural diversity or make untenable assumptions about the market's ability to account for them.

Responsible progress addresses that gap by defining a policy that supports economic success and innovation, that promotes efficiency and progress, but incorporates cultural diversity and ecological sustainability to produce a more balanced view of effectiveness. It supports a set of traditional and effectiveness-related values as well as practices that reflect today's and tomorrow's organizations. The responsible progress policy asserts that individuals, organizations, and countries can pursue economic and personal success through open innovation that leverages and nurtures cultural diversity and the ecology.⁴³ It defines a vision, strategy, and future path for OD.

OD will work to shape a global economy populated with flexible, innovative, networked, and ecologically responsible organizations that thrive on cultural diversity. As an important influence of this world vision, OD is more likely to develop interventions that drive effectiveness in a broader range of organizations, support technological and managerial innovation, preserve cultural diversity, and advocate ecologically sustainable practices.

OD Will Be More Involved in Driving Effectiveness in a Broader Range of Organizations Responsible progress affirms that all forms of organizations should have the opportunity to be successful. It suggests, however, that success cannot be achieved at the expense of cultural diversity and the ecology. When OD lacks the shared values and applied focus of responsible progress, success can lead to cultural assimilation and ecological damage. The changing context of OD, in particular the economic and organizational trends, suggest that planned change in the future should be as concerned with effectiveness as it is with traditional values of participation and workplace democracy. It will also be applied to a more diverse client base.

Traditionally, OD focused on large business organizations, but three other types of organizations increasingly will become targets of planned change: *small entrepreneurial start-ups*, *government organizations*, and *global social change organizations*. Small, entrepreneurial start-ups are an important and underserved market for OD. Many of these organizations are at the forefront of the technology trends cited earlier. Because they are operating on scarce, expensive, and finite venture capital, time is their most valuable asset and the one most critical to their success. As a result, entrepreneurial firms generally have a clear action orientation, little perceived need to reflect and learn, and few structures and systems to guide behaviors and decisions.⁴⁴ This is a context that can be well served by fast, flexible change processes orienting new people quickly to

the business strategy, integrating them rapidly into new work roles, increasing the efficiency of work processes, and helping founders and key managers think about how the market, competitors, and technology are changing. Entrepreneurs are not inclined to think about nor are they trained to examine these issues. OD can help them gain the needed competence to address such matters.

Chapter 24 described the differences between public- and private-sector organizations and the implications of those differences for the practice of OD. The economic, work-force, technology, and organization trends are also pushing government organizations to become more efficient, flexible, and networked. Consequently, government is increasingly applying OD interventions such as strategic planning, employee involvement, and performance management, and we expect that the demand for change management expertise in the public sector will grow. Moreover, governments will become more proactive in managing the effects of global economic development. Public-private partnerships, a form of collaborative strategy, are also likely to flourish. They will require the assistance of OD practitioners who are sensitive to the differences between these two types of organizations and to the demands the partnerships will be under, such as environmental protection, corporate citizenship, and taxation.

Similarly, Chapter 23 described the application of OD in global social change organizations. The increasing concentration of wealth and globalization of the economy will create a plethora of opportunities for OD to assist developing countries, disadvantaged citizens, and the ecology. In China, for example, as the government breaks up the old "work unit" structure and creates market-facing enterprises, the need for NGOs to take over delivery of social services is likely to increase. For example, the Global Village of Beijing has begun campaigns to involve the Chinese people in pro-environment practices and to develop leaders for other NGOs; the China Brief has cataloged NGOs and provided a forum for their communication; the Chinese Association for NGOs (CANGO) provides capacity-building services to help NGOs become more effective; and the World Wildlife Fund (WWF) is partnering with corporations to initiate environmentally friendly policies. OD can help these organizations achieve their objectives, manage their resources, and improve their functioning through such interventions as team building, strategic planning, and alliance building.

Not only will OD be applied to a broader range of organizations, it will also be more concerned with effectiveness than in the past. A large portion of the interventions described in this text were developed in the 1950s and 1960s with the primary aim of increasing participation in organizational processes. As the global economy and information technology enable and push for faster, more flexible organizations, the ability to manage change continuously will become a key source of competitive advantage in all types of organizations. This suggests that OD practices will become more embedded in the organization's normal operating routines. OD skills, knowledge, and competencies can and should become part of the daily work of managers and employees.⁴⁵ This will diffuse change capabilities throughout the organization rather than limit them to a special function or role. It will permit faster and more flexible reactions to challenges faced by the organization. In addition to embedding OD skills in managerial roles, OD interventions themselves will be integrated into core business processes, such as product development, strategic planning, and supply-chain management. This should provide a closer linkage between OD and business results.

This does not mean that the role of the professional OD practitioner will go away. Professionals will be needed to help organization members gain change management competencies. Small, entrepreneurial firms will need specialized assistance in bringing on new members rapidly and organizing their efforts. Organizations involved in strategic alliances, mergers, and acquisitions will need professional help managing interorganizational interfaces, integrating diverse corporate cultures, and coordinating business practices. OD professionals will also be needed to assist in the implementation

of new technologies, particularly knowledge management practices. As supported by the contingent workforce trends, the demand for skilled OD practitioners is likely to increase rather than decrease. For example, there is some anecdotal evidence to suggest that as line and senior managers learn more about the knowledge and skills associated with OD practice, their requests for assistance in formulating change processes increase. Managers will look more frequently for help in leading and facilitating organization change.

OD's ability to influence responsible progress will grow as it becomes more concerned with effectiveness and more embedded in a broader range of organizations. As OD demonstrates its ability to solve problems or help the organization to be more agile and responsive to opportunities, it will become easier to suggest that leaders consider the ecological and cultural implications of their innovations. The promise and purpose of responsible progress encourages such a balanced view of success. Moreover, OD practitioners could begin influencing leaders to consider leveraging cultural and ecological resources to accelerate innovation and effectiveness. OD practitioners can help leaders make policy and implement actions that drive performance by leveraging cultural diversity and recognizing how the ecology can improve the long-term health of the organization, its people, and the planet.

OD Processes Will Be More Involved in Supporting Technological and Managerial Innovation According to the responsible progress policy, innovation is the primary driver of economic success. Innovation helps to create new products, services, and the processes to manufacture and distribute them (technological innovation) and the methods and activities necessary to govern and organize systems toward some goal (managerial innovation). Although technological innovation gets most of the attention in the research and business press, Hamel has recently argued that managerial innovation may be more important.⁴⁶ He argues that organizations are still managed and operated according to rules and principles laid down before World War I. If the future of organization effectiveness hinges more on managerial innovation than technological innovation, there is a clear opportunity for OD. The "open innovation" models of Chesbrough and the "built to change" (B2C) principles from Lawler and Worley (described in Chapter 21) represent two such sets of new management principles.⁴⁷ But there is much more that can be done. In the future, OD will be more involved in shaping technological and managerial innovation according to the principles of responsible progress.

There is little doubt about the pervasive influence of technological innovation on organizations. Increases in the speed with which data and information can be manipulated will drive the rate of new product and service development and the organizational changes needed to support those developments. The extent to which technology allows information to be shared within and between organizations will increase the speed and complexity of innovation, coordination, and other decision-making processes. The amount of information that can be stored and accessed greatly enhances the potential quality of decisions and actions, and the sheer amount of information that research, practice, and experience generates threatens to overwhelm our ability to make sense of it.

In general, these trends will shorten product, organization, and industry life cycles. Pressures to reduce the cycle time of innovation and the OD activities that support them are also likely to increase. OD practitioners must be mindful of opportunities to quicken the pace of innovation and to simultaneously remain aware of the practices and processes that cannot be hurried.

For example, innovation is likely to be more synchronous (anytime, anywhere) as well as more virtual and less face-to-face. In global organizations, innovation occurs in a variety of locations, cultures, and time zones. OD interventions that support

innovation, such as team building, employee involvement, and knowledge management, will have to be planned and implemented in ways that encourage contributions from a variety of stakeholders at times that are convenient or at times when creative ideas emerge. Social networking technology, such as instant messaging, Facebook, and Myspace, and knowledge management systems can enable organization members to make these contributions at any time they are ready. In addition, groupware technologies allow members to discuss issues in chat rooms and portals, in Web and video conferences, and in the more traditional telephone conference. IBM's CEO Lou Gerstner used these technologies to lead a vigorous discussion of corporate values, a process they called Values Jam, that involved organization members from around the world.

Using these technologies to exchange ideas, develop technologies, or discuss implementation will produce different types of group dynamics from those found in face-to-face meetings. OD practitioners will need to be comfortable with this technology and to develop virtual facilitation skills that recognize these dynamics. In many cases, a more structured and assertive approach will be necessary to ensure that all members have an opportunity to share their ideas. The effect of these technically mediated exchanges on work satisfaction, productivity, and quality is not yet known. In addition, processes of visioning, diagnosis, data feedback, and action planning will have to be reengineered to leverage new information technologies.

In addition, innovation processes will be adapted to ensure that members have more information at their fingertips. For example, organization intranets provide members with an information channel that is richer, more efficient, more interactive, and more dynamic than such traditional channels as newsletters and memos. Thus, intranets can provide a timely method to collect data on emerging technologies, to monitor progress on a development project or organization change, and to involve members in key decisions.

These same technologies can also support increased innovation speed by processing a wide variety of inputs in as little as a few hours. In coming years, technological advances in groupware and Web conferencing will increasingly be used to bring more people together faster than ever before. In short, there is real potential to reduce dramatically the time required to perform many OD practices.

Despite the enablement of increased innovation speed, there are physical, psychological, cultural, and ecological limits to reductions in the innovation and change cycle. It is not realistic to expect new product development and other forms of innovation to be instantaneous.⁴⁸ For example, managers often want product development to occur more rapidly or managerial innovations to be implemented more quickly. Announcing a technological breakthrough, drug formulation, or new method of operating is one thing, but its implementation often takes longer than expected because of cultural values, ecological concerns, or other unforeseen obstacles. A new organization chart or a new vision and values statement hung on members' office walls often gives the illusion that change has occurred, but the working relationships, process improvements, and other aspects of fully implementing new technologies or organizations often take longer than expected. Similarly, most organization members are not capable of dropping a well-known and understood set of behaviors one day and picking up a new set of behaviors the next with the same level of efficiency. Members can face a steep learning curve when they are asked to change their routines, and thus there are likely minimums with respect to the speed of change in individual behavior.

The impact that technical and managerial innovation can have on an organization's effectiveness is immense. They are key drivers in economic and social progress. Without the invisible hand of responsible progress to guide OD practitioners and the organizations they serve, however, they also contain the possibility of great harm to cultures and the ecology. To fulfill the promise of responsible progress, innovation must not only support economic success, but must do so in ways that do not standardize or

homogenize world cultures. Innovation must also unfold in ways that do not harm the ecology. OD practitioners can help organizations increase their innovative activity and raise the questions of diversity and ecology as the process unfolds.

OD Will Become More Concerned with Preserving Cultural Diversity As organizations and the economy become more global, it is clear that the recent growth of OD practice in international and cross-cultural situations will continue. This is a necessary but not sufficient step toward responsible progress.

Responsible progress assumes that the practice of OD is capable of working effectively across cultures. However, we know relatively little about planned change processes in cross-cultural settings. Traditionally, OD has been practiced in organizations within specific cultures: British-trained OD practitioners helped British organizations in Great Britain; Mexican OD practitioners helped Latin American organizations; and so on. But the current trends clearly point to the need for OD applications that work across cultures. Team-building interventions need to be modified to help a team composed of Americans, Indians, Chinese, Koreans, and French Canadians who have never met face-to-face but are charged with developing a new product in a short period of time. The merger-and-acquisition process needs to be adapted to help a Japanese and a U.S. firm implement a new organization structure that honors both cultures. Because the number of organizations operating in multiple countries is growing rapidly, opportunities for OD in these situations seem endless: interorganizational and network relationships between subsidiaries, operating units, and headquarters organizations; team building across cultural boundaries; working out global logistic and supply-chain processes; implementing diversity-centric values in ethnocentric cultures; designing strategic planning exercises at multiple levels. Moreover, OD is likely to find increased opportunities in GSCQ organizations that are often part of an international network. Alliance development processes and network structure interventions adapted for cross-cultural contexts have yet to be developed and will have important applications in the future.

However, working across cultures or with multiple cultures is not the same as pursuing progress and innovation while preserving or even leveraging cultural diversity. Organizations today and in the future will operate in multiple countries, governments, and cultures. A single-minded pursuit of financial success can—consciously or unconsciously—undermine local cultures in service of greater efficiency, increased speed, or higher market shares. Developing and implementing business models and organization designs that operate globally but support local cultures will require significant managerial innovation. This is the promise and challenge of responsible progress. On the other hand, responsible progress does not suggest that preserving cultural diversity is an end in itself. If OD truly believes in diversity, then diversity must be a strategy that fuels innovation and economic progress. Biological diversity has always been the source of adaptation in nature, and the seeds of organizational responsiveness and successful change are in the innovative possibilities that exist when multiple viewpoints, values, and beliefs are heard and nurtured over time.

OD Will Focus More on Ecological Sustainability OD will become increasingly concerned with ecological sustainability. This will be true no matter the status of responsible progress. Limits to the world's ecosystem, including its capacity to absorb population growth, function with a depleted ozone layer, and operate with polluted waters, provide serious challenges to the traditional business model. New concepts, frameworks, and philosophies, including the Coalition for Environmentally Responsible Economics (CERES) principles, ISO 14000, The Natural Step, and natural capitalism, represent opportunities to make ecological sustainability a more deliberate and intentional value of OD. The natural capitalism model, for example, suggests that business strategies built around the productive use of natural resources can solve environmental problems at a profit.⁴⁹ Most sustainability models go beyond ecological concerns to promote a

multidimensional view called the *triple bottom line*. In line with responsible progress, the triple bottom line proposes that organization change and globalization should be guided by the economic, social, and ecological values that are added or destroyed. These three values provide a framework for measuring and reporting corporate performance. These values also guide how organizations go about minimizing harm or maximizing benefits through their decisions and actions to achieve innovation and effectiveness. This involves being clear about the company's purpose and taking into consideration the needs of all stakeholders—shareholders, customers, employees, business partners, governments, the ecology, local communities, and the public.

OD interventions to promote ecological sustainability are just being developed. The Natural Step, for example, proposes a set of guidelines for development and a process of change that aligns with an OD perspective.⁵⁰ It begins with a simple premise: Current economic models that are based on the assumption of growth cannot reconcile the increasing demand for and decreasing supply of finite and fundamental natural resources. The sooner this incompatibility is recognized and addressed, the larger the number of available and socially acceptable solutions. The Natural Step utilizes four "system conditions" to guide an organization's strategic decisions: (1) Substances from within the earth must not systematically increase in the ecosphere, (2) substances produced by society must not systematically increase in the ecosphere, (3) the physical ability of nature to renew itself must not be diminished, and (4) the basic human needs of all people need to be met with fairness and efficiency. Implementing these guidelines starts with building organizational awareness and knowledge of sustainability concepts and conducting a baseline assessment. Then a vision and strategic plan are created and necessary changes are supported one at a time.

Ecological sustainability interventions represent important and growing influences on global organizations. More and more organizations on the path to globalizing their business or rationalizing their existing worldwide strategy are including sustainability as one of their values. IKEA, Interface, and Motorola, among others, provide positive examples of alternative business models in practice. For example, Interface, a manufacturer of carpet products, has pioneered the idea of "leasing" its carpets. Under its "Evergreen Lease," they accept responsibility for keeping the carpet clean and fresh in exchange for a monthly fee. By installing carpet tiles instead of large rolls, and because only a small fraction of carpeting actually gets used, they can replace the tiles and save approximately 80% of the cost of carpeting materials. The model adds service revenues to the core business model and increases margins to its product line while radically reducing the organization's ecological footprint.

In the short run, ecological sustainability is likely to be a constraint on economic success and innovation. Most organization leaders and members hold assumptions about management and innovation that do not account for the ecology in decision making. Responsible progress challenges these beliefs and the largely uncontested value of growth. As demonstrated by models of natural capitalism, the trick will be to see sustainability not as a cost or constraint, but as an ingredient and opportunity. OD practitioners in the future will become well versed in helping organization members see this possibility and fostering innovation that honors the ecology.

SUMMARY

In this concluding chapter, we described three trends within OD and four trends driving change in OD's context. OD's future is likely to be the result of the interactions among the traditional, pragmatic, and scholarly trends as well as how the global economy evolves, technology develops, workforces engage, and organizations structure

themselves. To be relevant, OD practitioners and the field as a whole must act together to influence the future they prefer or adjust to the upcoming future. Moving OD toward rigor and relevance requires more than simple extensions of existing theory and practice. OD's ability to contribute to an organization's success, to shape globalization, or unite the trends within OD will depend on its ability to generate new and more powerful interventions that draw on new models and integrated values in pursuit of responsible progress. Our hope is that this text will be able to inform and equip the reader with the skills, knowledge, and value awareness necessary to shape the future.

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