

Organization Development in Global Settings

This chapter describes the practice of organization development in international settings. It presents the contingencies and practice issues associated with OD in organizations outside the United States, in worldwide organizations, and in global social change organizations. The applicability and effectiveness of OD in countries and cultures outside of the United States are the subject of intense debate, however. Because OD was developed predominantly by American and Western European practitioners, its practices and methods are heavily influenced by the values and assumptions of industrialized cultures. Thus, the traditional approaches to planned change may promote management practices that conflict with the values and assumptions of other societies. Will Chinese cultural values, for example, be preserved or defended as an increasing number of European and American organizations establish operations in that country? How should OD be conducted in an Indian firm operating in the United States? On the other hand, some practitioners believe that OD can result in organizational improvements in any culture.¹ Despite different points of view on this topic, the practice of OD in international settings can be expected to expand dramatically. The rapid development of foreign economies and firms, along with the evolution of the global marketplace, is creating organizational needs and opportunities for change.

In designing and implementing planned change for organizations operating outside the United States, OD practice must account for two important contingencies: alignment between the cultural values of the host country and traditional OD values, and the host country's level of economic development. Preliminary

research suggests that failure to adapt OD interventions to these cultural and economic contingencies can produce disastrous results.² For example, several OD concepts, including dialogue, truthfulness, and performance management, do not always work in all countries.³ Dialogue assumes that "all differences can be bridged if you get people together in the right context." However, mediation, arbitration, or traditional negotiations are more acceptable in some cultures. Similarly, truthfulness, a very North American notion, is culturally relativistic and as a value depends on whether you are American, Asian, Middle Eastern, or from some other culture. Finally, the process and content of performance evaluation can also depend on culture.⁴

In worldwide organizations, managers can use OD to help firms operate in multiple countries. Referred to as international, global, multinational, or transnational corporations, these firms must fit their organizational strategies, structures, and processes to different cultures. OD can help members gain the organizational skills and knowledge needed to operate across cultural boundaries, enhancing organizational effectiveness through better alignment of people and systems with international strategy.

Finally, OD is playing an increasingly important role in global social change. Practitioners using highly participative approaches are influencing the development of evolving countries, providing a voice to underrepresented social classes, and bridging the gap between cultures facing similar social issues. The application of planned change processes in these settings represents one of the newest and most exciting areas of OD.

ORGANIZATION DEVELOPMENT OUTSIDE THE UNITED STATES

Organization development is being practiced increasingly in organizations outside of the United States.⁵ Survey feedback interventions have been used at Air New Zealand and at the Air Emirates (United Arab Republic); work design interventions have been implemented in Gamesa (Mexico); large-group interventions have been used in Vitro (Mexico); structural interventions have been completed at Neusoft Corporation (China); and merger and acquisition integration interventions have been used at Akzo-Nobel (The Netherlands).⁶ This international diffusion of OD derives from three important trends: the rapid development of foreign economies, the increasing worldwide availability of technical and financial resources, and the emergence of a global economy.⁷

The dramatic restructuring of socialist and communist economies and the rapid economic growth of developing countries are numbing in scope and impact. The U.S. government estimates that world gross domestic product will grow an average of about 3.1% between 2005 and 2017, from \$36.1 trillion to \$52.2 trillion. Projected growth rates in East Asia and Pacific and South Asia remain strong. The European Union continues its push for integration through fiscal policies, the admission of new countries, and the rationalizing of economic standards. Political transformations in the Middle East, China, Russia, and South Africa will produce both uncertainty and new growth-oriented economies.

Organizations operating in these rejuvenated or newly emerging economies are increasingly turning to OD practices to embrace opportunities and improve effectiveness. In China, for example, economic reforms are breaking up the "work units"—operational business units organized with housing, health care, education, food service, and other infrastructure organizations—that used to dominate the Chinese economy. As these work units are disbanded so that the operational unit can address "market facing" issues, the social fabric of China is severely shocked. A variety of nongovernmental organizations (NGOs) have formed to help China develop a "civil society." Many of these organizations, such as Global Village of Beijing, Friends of the Earth, and the Green Earth Volunteers, are using appreciative inquiry interventions to identify best practices and capacity-building processes. Ways of working together are being developed and networks of these NGOs are coming together to assist the homeless, build environmental awareness, and deliver childcare. Other interventions, including work design, survey feedback, and leadership development, represent efforts to increase ownership, commitment, and productivity in Chinese organizations.

The second trend contributing to OD applications in global settings is the unprecedented availability of technological and financial resources on a worldwide scale. The development of the Internet and e-commerce has increased foreign governments' and organizations' access to enormous information resources and fueled growth and development. The increased availability of capital and technology, for example, was cited as a primary reason for the rise of Chilean firms in the 1980s.⁸ Information technology, in particular, is making the world "smaller" and more interdependent. As organizations outside the United States adopt new technology, the opportunity increases to apply techniques that facilitate planned change. OD interventions can smooth the transition to a new reporting structure, clarify roles and relationships, and reduce the uncertainty associated with implementing new techniques and practices.

The final trend fueling international OD applications is the emergence of a global economy.⁹ The continued growth of China's economy, the spread of terrorism on a worldwide basis, and the impact of global warming aptly demonstrate how interdependent the world's markets have become. Many foreign organizations are maturing and growing by entering the global business community. Lowered trade barriers, deregulation, and privatization aid this international expansion. The established relationships

and local knowledge that once favored only a small number of worldwide organizations no longer are barriers to entry into many countries.¹⁰ As organizations expand globally, they are faced with adapting structures, information systems, coordinating processes, and human resources practices to worldwide operations in a variety of countries. This has led to OD interventions geared to planned change across different cultures and economies.

The success of OD in settings outside the United States depends on two key contingencies: cultural context and economic development. First, OD interventions need to be responsive to the cultural values and organizational customs of the host country if the changes are to produce the kinds of positive results shown in the United States.¹¹ For example, team-building interventions in Latin American countries can fail if there is too much emphasis on personal disclosure and interpersonal relationships. Latin Americans typically value masculinity and a devotion to family, avoid conflict, and are status conscious. They may be suspicious of human process interventions that seek to establish trust, openness, and equality, and consequently they may resist them actively. The more a country's cultural values match the traditional values of OD, the less likely it is that an intervention will have to be modified. Second, a country's economic development can affect the success of OD interventions.¹² For example, organizations operating in countries with moderate levels of economic development may need business-oriented interventions more than OD kinds of changes. Indeed, little may be gained from addressing interpersonal conflict in a top-management team if the organization has difficulty getting products shipped or delivering service.

Cultural Context

Researchers have proposed that applying OD in different countries requires a "context-based" approach to planned change.¹³ This involves fitting the change process to the organization's cultural context, including the values held by members in the particular country or region. These beliefs inform people about behaviors that are important and acceptable in their culture. Cultural values play a major role in shaping the customs and practices that occur within organizations as well, influencing how members react to phenomena having to do with power, conflict, ambiguity, time, and change.

There is a growing body of knowledge about cultural diversity and its effect on organizational and management practices.¹⁴ Researchers have identified five key values that describe national cultures and influence organizational customs: context orientation, power distance, uncertainty avoidance, achievement orientation, and individualism (Table 23.1).¹⁵

Context Orientation This value describes how information is conveyed and time is valued in a culture. In low-context cultures, such as Scandinavia and the United States, information is communicated directly in words and phrases. By using more specific words, more meaning is expressed. In addition, time is viewed as discrete and linear—as something that can be spent, used, saved, or wasted. In high-context cultures, on the other hand, the communication medium reflects the message more than the words, and time is a fluid and flexible concept. For example, social cues in Japan and Venezuela provide as much, if not more, information about a particular situation than do words alone. Business practices in high-context cultures emphasize ceremony and ritual. For example, knowing how to exchange business cards, participate in a reception, or conducting a banquet in China honors the client and facilitates business relationships. How one behaves is an important signal of support and compliance with the way things are done. Structures are less formal in high-context cultures; there are few written policies and procedures to guide behavior. Because high-context cultures view time as fluid, punctuality for appointments is less a priority than is maintaining relationships.

[Table 23.1]

Cultural Values and Organization Customs

VALUE	DEFINITION	ORGANIZATION CUSTOMS WHEN THE VALUE IS AT ONE EXTREME	REPRESENTATIVE COUNTRIES
Context	The extent to which words carry the meaning of a message; how time is viewed	Ceremony and routines are common. Structure is less formal; fewer written policies exist. People are often late for appointments.	<i>High:</i> Asian and Latin American countries <i>Low:</i> Scandinavian countries, United States
Power distance	The extent to which members of a society accept that power is distributed unequally in an organization	Decision making is autocratic. Superiors consider subordinates as part of a different class. Subordinates are closely supervised. Employees are not likely to disagree. Powerful people are entitled to privileges.	<i>High:</i> Latin American and Eastern European countries <i>Low:</i> Scandinavian countries
Uncertainty avoidance	The extent to which members of an organization tolerate the unfamiliar and unpredictable	Experts have status/authority. Clear roles are preferred. Conflict is undesirable. Change is resisted. Conservative practices are preferred.	<i>High:</i> Asian countries <i>Low:</i> European countries
Achievement orientation	The extent to which organization members value assertiveness and the acquisition of material goods	Achievement is reflected in wealth and recognition. Decisiveness is valued. Larger and faster are better. Gender roles are clearly differentiated.	<i>High:</i> Asian and Latin American countries, South Africa <i>Low:</i> Scandinavian countries
Individualism	The extent to which people believe they should be responsible for themselves and their immediate families	Personal initiative is encouraged. Time is valuable to individuals. Competitiveness is accepted. Autonomy is highly valued.	<i>High:</i> United States <i>Low:</i> Latin American and Eastern European countries

Power Distance This value concerns the way people view authority, status differences, and influence patterns. People in high power-distance regions, such as Latin America and Eastern Europe, tend to accept unequal distributions of power and influence, and consequently autocratic and paternalistic decision-making practices are the norm. Organizations in high power-distance cultures tend to be centralized, with several hierarchical levels and a large proportion of supervisory personnel. Subordinates in these organizations represent a lower social class. They expect to be supervised closely and believe that power holders are entitled to special privileges. Such practices would be inappropriate in low power-distance regions, such as Scandinavia, where participative decision making and egalitarian methods prevail.

Uncertainty Avoidance This value reflects a preference for conservative practices and familiar and predictable situations. People in high uncertainty-avoidance regions, such as Asia, prefer stable routines over change and act to maintain the status quo. They do not like conflict and believe that company rules should not be broken. In regions where uncertainty avoidance is low, such as in many European countries, ambiguity is less threatening. Organizations in these cultures tend to favor fewer rules, higher levels of participation in decision making, more organic structures, and more risk taking.

Achievement Orientation This value concerns the extent to which the culture favors the acquisition of power and resources. Employees from achievement-oriented cultures, such as Asia and Latin America, place a high value on career advancement, freedom, and salary growth. Organizations in these cultures pursue aggressive goals and can have high levels of stress and conflict. Organizational success is measured in terms of size, growth, and speed. On the other hand, workers in cultures where achievement is less of a driving value, such as those in Scandinavia, prize the social aspects of work, including working conditions and supervision, and typically favor opportunities to learn and grow at work.

Individualism This value is concerned with looking out for oneself as opposed to one's group or organization. In high-individualism cultures, such as the United States and Australia, personal initiative and competitiveness are valued strongly. Organizations in individualistic cultures often have high turnover rates and individual rather than group decision-making processes. Employee empowerment is supported when members believe that it improves the probability of personal gain. These cultures encourage personal initiative, competitiveness, and individual autonomy. Conversely, in low individualism countries, such as China, Japan, and Mexico, allegiance to one's group is paramount. Organizations operating in these cultures tend to favor cooperation among employees and loyalty to the company.

Economic Development

In addition to cultural context, an important contingency affecting OD success internationally is a country's level of industrial and economic development. For example, although long considered an industrial economy, Russia's political and economic transformation, and the concomitant increases in uncertainties over infrastructure, corruption, cash flow, and exchange rates, has radically altered assumptions underlying business practices. Thus, economic development can be judged from social, economic, and political perspectives.¹⁶ For example, it can be reflected in a country's management capability as measured by information systems and skills; decision-making and action-taking capabilities; project planning and organizing abilities; evaluation and control technologies; leadership, motivational, and reward systems; and human selection, placement, and development levels. The United Nations' Human Development Programme has created a Human Development Index that assesses a country's economic development in terms of life expectancy, educational attainment, and adjusted real income.

Subsistence Economies Countries such as Pakistan, Nepal, Nigeria, Uganda, and Rwanda have relatively low degrees of development and their economies are primarily agriculture-based. Their populations consume most of what they produce, and any surplus is used to barter for other needed goods and services. A large proportion of the population is unfamiliar with the concept of "employment." Working for someone else in exchange for wages is not common or understood, and consequently few large organizations exist outside of the government. In subsistence economies, OD interventions emphasize global social change and focus on creating conditions for sustainable social and economic progress. These change methods are described in the last section of this chapter.

Industrializing Economies Malaysia, Venezuela, India, Turkey, the Philippines, Iran, and the People's Republic of China are moderately developed and tend to be rich in natural resources. An expanding manufacturing base that accounts for increasing amounts of the country's gross domestic product fuels economic growth. The rise of manufacturing also contributes to the formation of a class system including upper-, middle-, and low-income groups. Organizations operating in these nations generally focus on efficiency of operations and revenue growth. Consequently, OD interventions address strategic, structural, and work design issues.¹⁷ They help organizations identify domestic and international markets, develop clear and appropriate goals, and structure themselves to achieve efficient performance and market growth.

Industrial Economies Highly developed countries, such as Sweden, Japan, France, and the United States, emphasize nonagricultural industry. In these economies, manufactured goods are exported and traded with other industrialized countries; investment funds are available both internally and externally; the workforce is educated and skilled; and technology is often substituted for labor. Because the OD interventions described in this book were developed primarily in industrial economies, they can be expected to have their strongest effects in those contexts. Their continued success cannot be ensured, however, because these countries are advancing rapidly to postindustrial conditions. Here, OD interventions will need to fit into economies driven by information and knowledge, where service outpaces manufacturing, and where national and organizational boundaries are more open and flexible.

How Cultural Context and Economic Development Affect OD Practice

The contingencies of cultural context and economic development can have powerful effects on the way OD is carried out in various countries.¹⁸ They can determine whether change proceeds slowly or quickly; involves few or many members; is directed by hierarchical authority or by consensus; and focuses on business, organizational, or human process issues. For example, planned change processes in Russia require more clarity in roles, the development of common understandings, changes in how an organization's vision is communicated, and the insightful use of symbols and signals.¹⁹ When the two contingencies are considered together, they reveal four different international settings for OD practice, as shown in Figure 23.1. These different situations reflect the extent to which a country's culture fits with traditional OD values of direct and honest communication, sharing power, and improving their effectiveness and the degree to which the country is economically developed.²⁰

In Figure 23.1, the degree of economic development is restricted to industrializing and highly industrialized regions. Subsistence economies are not included because they afford little opportunity to practice traditional OD; in those contexts, a more appropriate strategy is global social change, discussed later in this chapter. In general, however, the more developed the economy, the more OD is applied to the organizational and human process issues described in this book. In less developed situations, OD focuses on business issues, such as procuring raw materials, producing efficiently, and marketing successfully.²¹ On the other hand, when the country's culture supports traditional OD values, the planned change process can be applied to organizational and human process issues with only small adjustments.²² The more the cultural context differs from OD's traditional values profile, the more the planned change process will need to be modified to fit the situation.

Low Cultural Fit, Moderate Industrialization This context is least suited to traditional OD practice. It includes industrializing economies with cultural values that align poorly with OD values, including many Middle East nations, such as Iraq, Iran, and the United

[Figure 23.1]
The Cultural and Economic Contexts of International OD Practice

		CULTURAL FIT WITH OD VALUES	
		Low	High
LEVEL OF ECONOMIC DEVELOPMENT	Moderate	South Pacific South America Middle East	India South Africa
	High	Central America Eastern Europe Asia	United Kingdom Scandinavia USA

Arab Republic; the South Pacific region, including Malaysia and the Philippines; and certain South American countries, such as Brazil, Ecuador, Guatemala, and Nicaragua. These regions are highly dependent on their natural resources and have a relatively small manufacturing base. They tend to be high-context cultures with values of high power distance and achievement orientation and of moderate uncertainty avoidance. They are not a bad fit with OD values because these cultures tend toward moderate or high levels of collectivism, especially in relation to family.

These settings require change processes that fit local customs and that address business issues. As might be expected, little is written on applying OD in these countries, and there are even fewer reports of OD practice. Cultural values of high power distance and achievement are inconsistent with traditional OD activities emphasizing openness, collaboration, and empowerment. Moreover, executives in industrializing economies frequently equate OD with human process interventions, such as team building, training, and conflict management. They perceive OD as too soft to meet their business needs. For example, Egyptian and Filipino managers tend to be autocratic, engage in protracted decision making, and focus on economic and business problems. Consequently, organizational change is slow paced, centrally controlled, and aimed at achieving technical rationality and efficiency.²³

These contextual forces do not influence all organizations in the same way. A recent study of 20 large-group interventions in Mexico suggests that culture may not be as constraining as has been hypothesized.²⁴ Similarly, in an apparent exception to the rule, the president of Semco S/A (Brazil), Ricardo Semler, designed a highly participative organization.²⁵ Most Semco employees set their own working hours and approve hires and promotions. Information flows downward through a relatively flat hierarchy, and strategic decisions are made participatively by companywide vote. Brazil's cultural values are not as strong on power distance and masculinity as in other Latin American countries, and that may explain the apparent success of this high-involvement organization. It suggests that OD interventions can be implemented within this cultural context when strongly supported by senior management.

High Cultural Fit, Moderate Industrialization This international context includes industrializing economies with cultures that align with traditional OD values. Such

settings support the kinds of OD processes described in this book, especially technostuctural and strategic interventions that focus on business development. According to data on economic development and cultural values, relatively few countries fit this context. India's industrial base and democratic society are growing rapidly and may fit this contingency. Similarly, South Africa's recent political and cultural changes make it one of the most interesting settings in which to practice OD.²⁶

South Africa is an industrializing economy. Its major cities are the manufacturing hubs of the economy, although agriculture and mining still dominate in rural areas. The country's values are in transition and may become more consistent with OD values. South Africans customarily have favored a low-context orientation; relatively high levels of power distance; and moderate levels of individualism, uncertainty avoidance, and achievement orientation. Organizations typically have been bureaucratic with authoritarian management, established career paths, and job security primarily for Caucasian employees. These values and organizational conditions are changing, however, as the nation's political and governance structures are transformed. Formerly, apartheid policies reduced uncertainty and defined power differences among citizens. Today, free elections and the abolishment of apartheid have increased uncertainty drastically and established legal equality among the races. These changes are likely to move South Africa's values closer to those underlying OD. If so, OD interventions should become increasingly relevant to that nation's organizations.

A study of large South African corporations suggests the directions that OD is likely to take in that setting.²⁷ The study interviewed internal OD practitioners about key organizational responses to the political changes in the country, such as the free election of Nelson Mandela, abolishment of apartheid, and the Reconstruction and Development Program. Change initiatives at Spoorntel, Eskom, and Telkom, for example, centered around two strategic and organizational issues. First, the political changes opened up new international markets, provided access to new technologies, and exposed these organizations to global competition. Consequently, these firms initiated planned change efforts to create corporate visions and identify strategies for entering new markets and acquiring new technologies. Second, the political changes forced corporations to modify specific human resources and organizational practices. The most compelling change was mandated affirmative action quotas. At Spoorntel, Eskom, and Telkom, apartheid was thoroughly embedded in the organizations' structures, policies, and physical arrangements. Thus, planned change focused on revising human resources policies and practices. Similarly, organizational structures that had fit well within the stable environment of apartheid were outmoded and too rigid to meet the competitive challenges of international markets. Planned changes for restructuring these firms were implemented as part of longer-term strategies to change corporate culture toward more egalitarian and market-driven values.

Low Cultural Fit, High Industrialization This international setting includes industrialized countries with cultures that fit poorly with traditional OD values. Many countries in Central America, Eastern Asia, and Eastern Europe fit this description. Reviews of OD practice in those regions suggest that planned change includes all four types of interventions described in this book, although the change process itself is adapted to local conditions.²⁸ For example, Mexico, Venezuela, China, Japan, and Korea are high-context cultures where knowledge of local mannerisms, customs, and rituals is required to understand the meaning of communicated information. To function in such settings, OD practitioners must know not only the language but the social customs as well. Similarly, cultural values emphasizing high levels of power distance, uncertainty avoidance, and achievement orientation foster organizations where roles, status differences, and working conditions are clear; where autocratic and paternalistic decisions are expected; and where the acquisition of wealth and influence by the powerful is

accepted. OD interventions that focus on social processes and employee empowerment are not favored naturally in this cultural context and consequently need to be modified to fit the situations.

Japanese and Korean organizations, such as Matsushita, Nissan, Toyota, Fujitsu, NEC, and Hyundai, provide good examples of how OD interventions can be tailored to this global setting. These firms are famous for continuous improvement and TQM practices; they adapt these interventions to fit the Asian culture. Roles and behaviors required to apply TQM are highly specified, thereby holding uncertainty to a relatively low level. Teamwork and consensus decision-making practices associated with quality improvement projects also help to manage uncertainty. When large numbers of employees are involved, information is spread quickly and members are kept informed about the changes taking place. Management controls the change process by regulating the implementation of suggestions made by the problem-solving groups. Because these interventions focus on work processes, teamwork and employee involvement do not threaten the power structure. Moreover, TQM and continuous improvement do not alter the organization radically but produce small, incremental changes that can add up to impressive gains in long-term productivity and cost reduction.

In these cultures, OD practitioners also tailor the change process itself to fit local conditions. Mexican companies, for example, expect OD practitioners to act as experts and to offer concrete advice on how to improve the organization. To be successful, OD practitioners need sufficient status and legitimacy to work with senior management and to act in expert roles.²⁹ Status typically is associated with academic credentials, senior management experience, high-level titles, or recommendations by highly placed executives and administrators. As might be expected, the change process in Latin America is autocratic and driven downward from the top of the organization. Subordinates or lower-status people generally are not included in diagnostic or implementation activities because inclusion might equalize power differences and threaten the status quo. Moreover, cultural norms discourage employees from speaking out or openly criticizing management. There is relatively little resistance to change because employees readily accept changes dictated by management.

In Asia, OD is an orderly process, driven by consensus and challenging performance goals. Organizational changes are implemented slowly and methodically, so trust builds and change-related uncertainty is reduced. Changing too quickly is seen as arrogant, divisive, and threatening. At the China Association for the International Exchange of Personnel, the move from a government bureau to a "market-facing" organization has been gradual but consistent. Managers have been encouraged to contact more and more foreign organizations, to develop relationships and contracts, and to learn marketing and organization development skills. Because Asian values promote a cautious culture that prizes consensus, dignity, and respect, OD tends to be impersonal and to focus mainly on work-flow improvements. Human process issues are rarely addressed because people are expected to act in ways that do not cause others to "lose face" or to bring shame to the group.

Application 23.1 describes an action research project in China designed to increase the capacity of human resource and training departments. The OD practitioners, who were from Switzerland, and the participants report on the learnings they had as a result of the program. As you look at the design and implementation of the program, what do you see as the pros and cons of their work?³⁰

High Cultural Fit, High Industrialization This last setting includes industrialized countries with cultural contexts that fit well with traditional OD values. Much of the OD practice described in this book was developed in these situations, particularly in the United States.³¹ To extend our learning, we will focus on how OD is practiced in other nations in this global setting, including the Scandinavian countries—Sweden, Norway,

Modernizing China's Human Resource Development and Training Functions

The economic, political, and cultural changes sweeping through the People's Republic of China (PRC) are complex in both scope and breadth. China has evolved from an isolated and underdeveloped country to an economic growth engine. Since 1979, China's GDP has more than quadrupled as a result of its transition to a "market-facing" economy. Despite clear intentions to conduct the transition in ways that honor, support, and reinforce the Chinese culture, balancing these changes has not been easy. For example, the 70,000 state-owned enterprises have been forced to reinvent themselves through financial restructuring, massive downsizings, and upgrading the competencies of their employees. In the mid-1990s, the capability to manage the human resource consequences of breaking up the old work units, downsizing various parts of the organization, and developing managers just didn't exist inside the country. China's training and human resource development departments were ill prepared to respond to these demands. As a context for OD, China represents a set of cultural values that are very different from Europe and North America.

In an effort to assist in the development of China's human resource development capacity, OD practitioners from the Center for Socio-Eco-Nomic Development (CSEND) in Switzerland were called in to act as technical advisors to a unit of the Chinese Communist Party's (CCP) Organization Department. A separate training institute called the China Training Centre for Senior Personnel Management Officials (CTCSPMO) was established and initial institution building efforts were financed by the United Nations Development Program (UNDP).

One output of the CTCSPMO was the Sino-Swiss bilateral project (SSBP), a program designed to increase the institutional capacity of Chinese public administrators to manage change. The strategy was to work with a small group of experienced training managers and trainers to apply the concepts and techniques of modern management training and organization development. The Chinese participants were to form the vanguard of a new generation of Chinese public management trainers and HRD managers and to act as a catalyst

in bringing about the institutional development of their respective organizations.

In designing the program, the Chinese and Swiss partners had to ensure that the skills and knowledge of human resource and organization development would be transferred not only to the participants but also to the administrative systems and training institutions involved in the program. Based on observations and interviews with Chinese government officials, communist party members, faculty members at different Chinese educational institutions, and training and human resource managers in Chinese organizations, the OD practitioners recommended a combination of *action learning* (AL) and *action research* (AR) methods. AR and AL were seen as appropriate techniques because they had not been tried before in China, offered viable tools for developing internal capacity for continuous improvement and for systemwide multilevel intervention, and were centrally concerned with transferring capacity to the client system. These action-based approaches constituted a pioneering attempt of international know-how transfer.

During the initial preparatory phase between September 1993 and March 1994, the 60 selected participants were given intensive English-language courses. Then, beginning in March 1994, the program began with a series of "programmed learning" workshops followed by a "workplace application" experience. The cycle of programmed learning and workplace application was then repeated. Following each workplace application period, a conference was organized to review the project work and its findings, to exchange experiences, and to reflect on the learnings generated. The two cycles were completed in December 1996.

The programmed learning workshops covered 10 different topic areas, such as comparative public administration, human resource management, organizational theory and development, adult learning theories and methods, and training management. These topics were taught in the classrooms by foreign experts in Beijing. The workplace application projects involved creating groups of participants from similar provincial areas or functional responsibilities to address actual human resource, training and

development, or organizational change issues. The project organization consulted with the Chinese partner organization, CTCSPMO, to approve a variety of learning projects, including the redesign of a management development program for senior party officials in Beijing, developing a training program for managers guiding large infrastructure projects, and research on human resources and motivation practices in state-owned enterprises.

In addition to the project work, the workplace application groups were instructed to meet every two weeks either face-to-face or by phone. Practically, most of the meetings were by phone due to physical distance. The purpose of these meetings was to reflect on the project's progress, review how topics from the learning workshop were being applied, and to capture personal learnings. The participants were also asked to keep a journal and the group was assigned a facilitator to work with them.

In reviewing the first two rounds of learning and action, several observations were made. First, the Chinese participants learned:

- to participate actively in the learning process and take responsibility for the relevance of their learning;
- to redefine the role of a "good" trainer/teacher;
- to question each other and the trainer/teacher's statements as "facts," "opinion," or "truth";
- to challenge the widely held belief that "the bird who raise its head will be shot first"; and
- to perceive the social process and group dynamics of learning as beneficial, not chaotic or lacking discipline.

In addition, the OD practitioners learned:

- to question and to reflect on their own assumptions concerning Chinese culture, organizations, human relations, and management theories;

- to confront their own cultural biases in a foreign environment that had its own logic in getting things done;
- to find ways to work as a team with the Chinese facilitators, who had different ways of relating;
- to refrain from assuming responsibility for the Chinese partners;
- to facilitate rather than dominate; and
- to sustain the interest and commitment of the CTCSPMO and facilitators to the action research and action learning approach.

Reactions from different stakeholders, including the Deputy Directors of the provincial organization department of the CCP, the Deputy Commissioner of the State Commission of the Nationalities, the Academic Dean of the Central Party School, and the Directors of Training of the Ministry of Personnel and the State Economic and Trade Commission, were in general positive. They found the results of the action research informative and the recommended solutions helpful. A reportedly high rate of project recommendation implementation was later verified by a team of international independent reviewers, and a final project evaluation conducted in October 1997 confirmed the initial positive assessment.

The SSBP program allowed the Chinese government and the CCP to acquire cutting edge know-how in management development and training. At the same time, they were able to review the various training programs being provided for senior government officials, enterprise executives, and party officials in China. Based on the findings from action learning projects, the training department of the CCP revised their training requirements, adjusted their training approach, and added more skill-based topics to the curriculum.

Finland, and Denmark—and countries with a strong British heritage, such as Great Britain, Northern Ireland, Australia, and New Zealand.

Scandinavians enjoy a high standard of living and strong economic development. Because their cultural values most closely match those traditionally espoused in OD, organizational practices are highly participative and egalitarian. OD practice tends to mirror these values. Multiple stakeholders, such as managers, unionists, and staff

personnel, actively are involved in all stages of the change process, from entry and diagnosis to intervention and evaluation. This level of involvement is much higher than that typically occurring in the United States. It results in a change process that is heavily oriented to the needs of shop-floor participants. Norwegian labor laws, for example, give unionists the right to participate in technological innovations that can affect their work lives. Such laws also mandate that all employees in the country have the right to enriched forms of work.

Given this cultural context, it is not surprising that Scandinavian companies pioneered sociotechnical interventions to improve productivity and quality of work life. Sweden's Saab and Volvo restructured automobile manufacturing around self-managed work groups. Denmark's Patent Office and Norway's Shell Oil demonstrated how union-management cooperative projects can enhance employee involvement throughout the organization. In many cases, national governments were involved heavily in these change projects by sponsoring industrywide improvement efforts. The Norwegian government, for example, was instrumental in introducing industrial democracy to that nation's companies. It helped union and management in selected industries implement pilot projects to enhance productivity and quality of work life. The results of these sociotechnical experiments were then diffused throughout the Norwegian economy. In many ways, the Scandinavian countries have gone further than other global regions in linking OD to national values and policies.

Countries associated with the United Kingdom tend to have values consistent with a low-context orientation, moderate to high individualism and achievement orientation, and moderate to low power distance and uncertainty avoidance. This cultural pattern results in personal relationships that often seem indirect to Americans. For example, a British subordinate who is told to think about a proposal is really being told that the suggestion has been rejected. These values also promote organizational policies that are steeped in formality, tradition, and politics. The United Kingdom's long history tends to reinforce the status quo, and consequently resistance to change is high.

OD practice in the United Kingdom parallels the cultural pattern described above. In Great Britain, for example, sociotechnical systems theory was developed by practitioners at the Tavistock Institute of Human Relations.³² Applications such as self-managed work groups, however, have not readily diffused within British organizations. The individualistic values and inherently political nature of this culture tend to conflict with interventions emphasizing employee empowerment and teamwork. In contrast, the Scandinavian cultures are far more supportive of sociotechnical practice and have been instrumental in diffusing it worldwide.

The emergence of the European Union has served as a catalyst for change in many organizations. Companies such as Akzo Nobel, Unilever, BMW, and Credit Lyonnais are actively engaged in strategic change interventions. At L'Oreal, CEO Lindsay Owen-Jones implemented an aggressive strategy of acquiring and integrating cosmetic firms, driving the international business, and building its brand.³³ More limited interventions, such as team building, conflict resolution, and work redesign, are being carried out in such organizations as Carrefour and British Telecom.

WORLDWIDE ORGANIZATION DEVELOPMENT

An important trend facing many business firms is the emergence of a global marketplace. Driven by competitive pressures, lowered trade barriers, and advances in information technologies, the number of companies offering products and services in multiple countries is increasing rapidly. The organizational growth and complexity associated with managing worldwide operations is challenging. Executives must choose appropriate strategic orientations for operating across cultures and geographical

locations, and under diverse governmental and environmental requirements. They must be able to adapt corporate policies and procedures to a range of local conditions. Moreover, the tasks of controlling and coordinating operations in different nations place heavy demands on information and control systems and on managerial skills and knowledge.

Worldwide organization development applies to organizations that are operating across multiple geographic and cultural boundaries. This contrasts with OD in organizations that operate outside the United States but within a single cultural and economic context. This section describes the emerging practice of OD in worldwide organizations, a relatively new but important area of planned change.

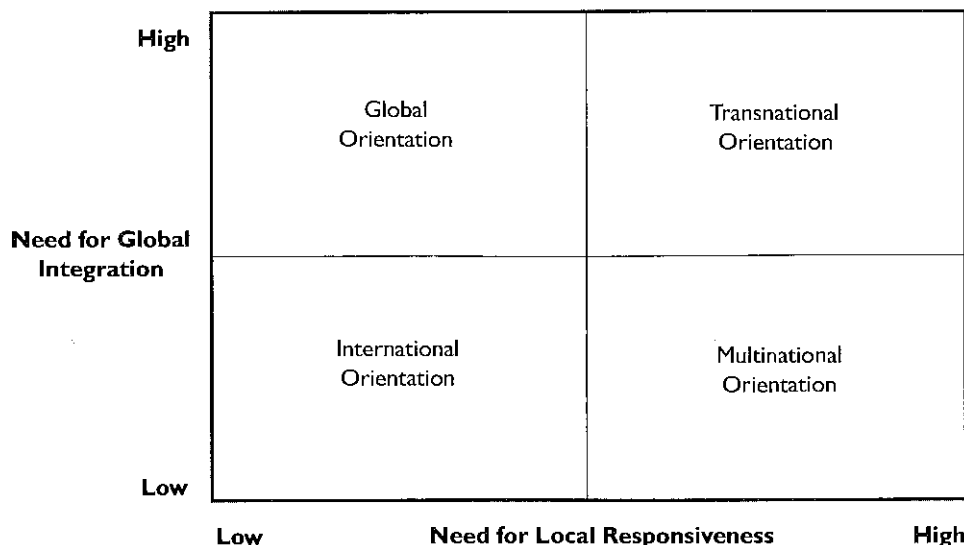
Worldwide Strategic Orientations

Worldwide organizations can be defined in terms of three key facets.³⁴ First, they offer products or services in more than one country and actively manage substantial direct investments in those countries. Consequently, they must relate to a variety of demands, such as unique product requirements, tariffs, value-added taxes, governmental regulations, transportation laws, and trade agreements. Second, worldwide firms must balance product and functional concerns with geographic issues of distance, time, and culture. American tobacco companies, for example, face technological, moral, and organizational issues in determining whether to market cigarettes in less-developed countries, and if they do, they must decide how to integrate manufacturing and distribution operations on a global scale. Third, worldwide companies must carry out coordinated activities across cultural boundaries using a wide variety of personnel, including expatriates, short-term and extended business travelers, and local employees. Workers with different cultural backgrounds must be managed in ways that support the overall goals and image of the organization.³⁵ The company must therefore adapt its human resources policies and procedures to fit the culture and accomplish operational objectives. From a managerial perspective, selecting executives to head foreign operations is an important decision in worldwide organizations.

How these three facets of products/services, organization, and personnel are arranged enable firms to compete in the global marketplace.³⁶ Worldwide organizations can offer certain products or services in some countries and not in others; they can centralize or decentralize operations; and they can determine how to work with people from different cultures. Despite the many possible combinations of characteristics, researchers have found that two dimensions are useful in guiding decisions about choices of strategic orientation.

As shown in Figure 23.2, managers need to assess two key success factors: the degrees to which there is a need for global integration or for local responsiveness. *Global integration* refers to whether or not business success requires tight coordination of people, plants, equipment, products, or service delivery on a worldwide basis. For example, Intel's "global factory" designs chips in multiple countries, manufactures the chips in a variety of locations around the world, assembles and tests the finished products in different countries, and then ships the chips to customers. All of this activity must be coordinated carefully. *Local responsiveness*, on the other hand, is the extent to which business success is dependent on customizing products, services, support, packaging, and other aspects of operations to local conditions. Based on that information, worldwide organizations generally implement one of four types of strategic orientations: international, global, multinational, or transnational. Table 23.2 presents these orientations in terms of the diagnostic framework described in Chapter 5. Each strategic orientation is geared to specific market, technological, and organizational requirements. OD interventions that support each orientation are also included in Table 23.2.

[Figure 23.2]

The Integration-Responsiveness Framework**The International Strategic Orientation**

The international orientation exists when the key success factors of global integration and local responsiveness are low. This is the most common label given to organizations making their first attempts at operating outside their own country's markets. Success requires coordination between the parent company and the small number of foreign sales and marketing offices in chosen countries. Similarly, local responsiveness is low because the organization exports the same products and services offered domestically. When an organization has decided to expand internationally, it has most often determined that:

- other country-markets appear to offer specific advantages large enough to exceed the tangible and intangible costs of implementing a new strategy,
- the organization's products, services, and value propositions are sufficiently powerful to counteract the initial disadvantages of operating in a foreign location, and
- the organizational capabilities exist to extract value from the foreign operations in excess of simpler contracting or licensing of the organization's technology, products, or services in the foreign location.³⁷

Characteristics of the International Design The goal of the international orientation is to increase total sales by adding revenues from non-domestic markets. By using existing products/services, domestic operating capacity is extended and leveraged. As a result, most domestic companies will enter international markets by extending their product lines first into nearby countries and then expanding to more remote areas. For example, most U.S.-based companies first offer their products in Canada or Mexico. After a certain period of time, they begin to set up operations in other countries.

To support this goal and operations strategy, an "international division" is given responsibility for marketing, sales, and distribution, although it may be able to set up joint ventures, licensing agreements, distribution territories/franchises, and in some cases, manufacturing plants. The organization basically retains its original structure

[Table 23.2]

Characteristics and Interventions for Worldwide Strategic Orientations

WORLDWIDE STRATEGIC ORIENTATION	STRATEGY	STRUCTURE	INFORMATION SYSTEM	HUMAN RESOURCES	OD INTERVENTIONS
International	Existing products Goals of increased foreign revenues	Centralized international division	Loose	Volunteer	Cross-cultural training Strategic planning
Global	Standardized products Goals of efficiency through volume	Centralized, balanced, and coordinated activities Global product division	Formal	Ethnocentric selection	Career planning Role clarification Employee involvement Senior management team building Conflict management
Multinational	Tailored products Goals of local responsiveness through specialization	Decentralized operations; centralized planning Global geographic divisions	Profit centers	Regiocentric or polycentric selection	Intergroup relations Local management team building Management development Reward systems Strategic alliances
Transnational	Tailored products Goals of learning and responsiveness through integration	Decentralized, worldwide coordination Global matrix or network	Subtle, clan-oriented controls	Geocentric selection	Extensive selection and rotation Cultural development Intergroup relations Building corporat vision

and operating practices. The information system governing the division is typically looser, however. While expecting returns on its investment, the organization recognizes the newness of the venture and gives the international division some "free rein" to establish an international presence.

Finally, roles in the new international division are staffed with volunteers from the parent company, often with someone who has appropriate foreign language training, experience living overseas, or eagerness for an international assignment. Little training or orientation for the position is offered as the organization is generally unaware of the requirements for being successful in international business.

Implementing the International Orientation Changing from a domestic to an international organization represents an incremental shift in scope for most firms, and is typically handled as a simple extension of the existing strategy into new markets. Despite the logic of such thinking, the shift is neither incremental nor simple and OD can play an important role in making the transition smoother and more productive.

Strategic planning, technostructural, and human resource interventions can help to implement an international orientation. Managers can use integrated strategic change or an organization redesign process to design and manage the transition from the old strategic orientation to the new one. Environmental scans, competitor analyses, and market studies can be done to calibrate expectations about revenue goals and determine the levels of investment necessary to support the division. Team building and large-group interventions, such as search conferences, can aid the process through which senior executives gather appropriate information about international markets, distinctive competencies, and culture, and then choose a strategic orientation. Similarly, managers can apply technostructural interventions to design an appropriate organization structure, to define new tasks and work roles, and to clarify reporting relationships between corporate headquarters and foreign-based units. Based on these decisions, OD interventions can help the organization to implement the change.

Managers and staff can also apply human resources management interventions to train and prepare managers and their families for international assignments and to develop selection methods and reward systems relevant to operating internationally.³⁸ Since these are the organization's first experiences with international business, OD practitioners can alert key managers and potential candidates for the international assignments to the need for cultural training. Candidates can be directed to out-sourced offerings on cross-cultural skills, local country customs, and legal/regulatory conditions. OD practitioners can also assist the human resource organization to design or modify existing compensation and benefits packages, or set up policies around housing, schooling, and other expenses associated with the relocation.

This initial movement into the international arena enables domestic organizations to learn about the demands of the global marketplace, thus providing important knowledge and experience with the requirements for success in more sophisticated strategies. OD practitioners should help the organization set up learning practices and communication systems so that information about international experiences are shared with others, especially senior managers.

The Global Strategic Orientation

This orientation exists when the need for global integration is high but the need for local responsiveness is low. The global orientation is characterized by a strategy of marketing standardized products in different countries. It is an appropriate orientation when there is little economic reason to offer products or services with special features or locally available options. Manufacturers of office equipment, consumer goods, computers and semiconductors, tires, and containers, for example, can offer the same basic product in almost any country.

Characteristics of the Global Design The goal of efficiency dominates this orientation. Production efficiency is gained through volume sales and a small number of large manufacturing plants, and managerial efficiency is achieved by centralizing product design, manufacturing, distribution, and marketing decisions. Global integration is supported by the close physical proximity of major functional groups and formal control systems that balance inputs, production, and distribution with worldwide demand. Many Japanese firms, such as Honda, Sony, NEC, and Matsushita, used this strategy in the 1970s and early 1980s to grow in the international economy. In Europe, Nestlé exploits economies of scale in marketing by advertising well-known brand names around the world. The

increased number of microwave and two-income families, for example, allowed Nestlé to push its Nescafé coffee and Lean Cuisine low-caloric frozen dinners to dominant market-share positions in Europe, North America, Latin America, and Asia. Similarly, a Korean noodle maker, Nong Shim Company, avoided the 1999 financial crisis by staying focused on efficiency. Yoo Jong Suk, Nong Shim's head of strategy, went against recommendations to diversify and stated, "All we want is to be globally recognized as a ramyon maker."³⁹

In the global orientation, the organization tends to be centralized with a global product structure. Presidents of each major product group report to the CEO and form the line organization. Each of these product groups is responsible for worldwide operations. Information systems in global orientations tend to be quite formal with local units reporting sales, costs, and other data directly to the product president. The predominant human resources policy integrates people into the organization through ethnocentric selection and staffing practices. These methods seek to fill key foreign positions with personnel from the home country where the corporation headquarters is located.⁴⁰ Key managerial jobs at Volvo, Siemens, Nissan, and Michelin, for example, are often occupied by Swedish, German, Japanese, and French citizens, respectively. Ethnocentric policies support the global orientation because expatriate managers are more likely than host-country nationals to recognize and comply with the need to centralize decision making and to standardize processes, decisions, and relationships with the parent company. Although many Japanese automobile manufacturers have decentralized production, Nissan's global strategy has been to retain tight, centralized control of design and manufacturing, ensure that almost all of its senior foreign managers are Japanese, and have even low-level decisions emerge from face-to-face meetings in Tokyo.

Implementing the Global Orientation OD interventions can be used to refine and support the global strategic orientation as well as assist in the transition from an international orientation.

1. ***Planned Change in the Global Orientation.*** Several OD interventions support the implementation of this orientation. Career planning, role clarification, employee involvement, conflict management, and senior management team building help the organization achieve improved operational efficiency. For example, role clarification interventions, such as job enrichment or goal setting, and conflict management can formalize and standardize organizational activities. This ensures that each individual knows specific details about how, when, and why a job needs to be done. As a result, necessary activities are described and efficient transactions and relationships are created. Similarly, Intel has used training interventions to ensure consistent implementation of a variety of company-standard business practices, such as meeting protocols, performance management processes, and reporting accountability.

Senior management team building can improve the quality of strategic decisions. Centralized policies make the organization highly dependent on this group and can exaggerate decision-making errors. In addition, interpersonal conflict can increase the cost of coordination or cause significant coordination mistakes. Process interventions at this level can help to improve the speed and quality of decision making and improve interpersonal relationships.

Career planning can help home-country personnel develop a path to senior management by including foreign subsidiary experiences and cross-functional assignments as necessary qualifications for advancement. At the country level, career planning can emphasize that advancement beyond regional operations is limited for host-country nationals. OD can help here by developing appropriate

career paths within the local organization or in technical, non-managerial areas. Finally, employee empowerment can support efficiency goals by involving members in efforts at cost reduction, work standardization, and minimization of coordination costs.

2. **The Transition to a Global Orientation.** In addition to fine tuning this strategic orientation, OD can help the organization transition from an international to a global strategic orientation. The organization's experience with the international strategic orientation has helped to build basic knowledge and skills in international business. The successful transition to a global strategy assumes that managers believe global integration is more important than local responsiveness and that the organization has strong centralized operating capabilities. If either the assessment of key success factors or the organization's competencies are inaccurate, implementation will be more difficult and performance will suffer.

The decision to favor global integration over local responsiveness must be rooted in a strong belief that the worldwide market is relatively homogenous in character. That is, products and services, support, distribution, or marketing activities can be standardized without negatively affecting sales or customer loyalty. This decision should not be made lightly, and OD practitioners can help to structure rigorous debate and analysis of this key success factor.

In addition to information about the market, organizations must take into account their distinctive competencies when choosing a global strategy. The key organizational and operational competence necessary for success in a global strategy is the ability to coordinate a complex, worldwide organization. The global strategy is facilitated when culture and core competencies are more suited for centralized decision making, when the organization has experience with supply-chain management, and when it is comfortable with enterprise resource and material resource planning processes. Centralization favors a global orientation because the orientation favors tight, global coordination.

Once companies develop a strategic orientation for competing internationally, they create an organization design to support it. Information like that found in Table 23.2 is useful for designing structures, information systems, and personnel practices for specific strategic orientations. OD practitioners can help to design change management programs to implement these features.

Application 23.2 describes how one organization faced the challenges of implementing a global strategy.⁴¹ They tried to find the right balance between strong headquarters control and local responsiveness. The OD practitioner in the case describes her data, actions, and results. Would you do things differently?

The Multinational Strategic Orientation

This strategic orientation exists when the need for global integration is low, but the need for local responsiveness is high. It represents a strategy that is conceptually quite different from the global strategic orientation.

Characteristics of the Multinational Design A multinational strategy is characterized by a product line that is tailored to local conditions and is best suited to markets that vary significantly from region to region or country to country. At American Express, for example, charge card marketing is fitted to local values and tastes. The "Don't leave home without it" and "Membership has its privileges" themes seen in the United States had to be translated to "Peace of mind only for members" in Japan because of the negative connotations of "leaving home" and "privilege."⁴²

The multinational orientation emphasizes a decentralized, global division structure. Each region or country is served by a divisional organization that operates autonomously

Implementing the Global Strategy: Changing the Culture of Work in Western China

China has a strong culture, but one that allows it, paradoxically, to assimilate other ideas and philosophies. For example, Buddhism was added to Confucianism during the heydays of the Silk Road and China has adapted to globalization quickly since it began market reforms in the early 1990s. For many firms entering China, the question is, Will China assimilate Western cultural ways from the multinational corporations that enter, or will they insist on a Chinese cultural process of doing business? This application describes the process one American technology company utilizing a global worldwide strategy used in opening a manufacturing plant in a western Chinese province. The story is told from the perspective of the internal OD consultant who was charged with plant start-up support.

In 2003, a major U.S. multinational broke ground for a new set of factories in the "second tier" Chinese city of Chengdu. A city of more than ten million people in Western China, Chengdu is correctly considered the heartland of Chinese culture with a strong tradition of Taoism and a relaxed, friendly culture. In contrast, the multinational technology company came to western China with a strong business-centered, "just get results," U.S. culture. While the organization had facilities all over the world, and several in China, it had not started-up a true greenfield plant as the first MNC in a city in more than ten years. In keeping with the firm's global strategy, the corporate headquarters expected each plant to integrate seamlessly with other plants in the supply chain. Low costs and meeting the technical specifications of the product were the key measures of performance.

The first time I saw the factory site in Chengdu it was bare dirt with the wind blowing dust over what had been a farmer's field. Even as the buildings came out of the ground—an office building, one factory and then another, a large warehouse, and a training center—the local culture of Chengdu was being challenged in the way it thought about safety. In China, construction projects have a traditional algorithm for safety: the millions of Yuan (the local currency) spent in construction was

proportionate to the number of deaths resulting from it. This project was different. Not only were there no deaths, there were no injuries more serious than cut fingers. Subcontractors were required to wear hard hats, steel-toed shoes, goggles, and the like, and not everyone liked it. One subcontractor walked off the job believing the safety equipment was too burdensome.

About 30 expatriates were brought in to manage the site. They were experienced company employees from four different cultures: Malaysia, Philippines, Costa Rica, and the United States. Most were Malaysian; very few were American. The first local employees hired were support personnel in human resources, accounting, and purchasing. They were trained in their jobs in the way that the company expected them to work. The first Chinese factory workers were part of the Early Involvement Team (EIT), and they were sent to another of the company's factories to learn the correct processes and behaviors necessary to run the production lines. When the EIT returned, they were to teach the next generation of employees. While this training could be considered just learning the job, it was also a culture change for people who had never worked in a Western high-tech factory. Ramping up this factory to production required that we hire and integrate 100 to 200 people per month; 70% of those hired were recent college graduates.

As the OD manager, my job was to set up systems to transmit the culture and develop leaders, managers, and teams. I began with the site's Vision, Mission, and Guiding Principles. To help the team begin the process, I defined the Vision as "the best we could be," the Mission as "our marching orders—what the corporation expected of us" and Guiding Principles as "how we make decisions and treat each other." We utilized two off-site sessions with the "whole system in the room." Inclusive processes employing exercises and conversations about what was important to people were used to formulate beginning statements. After we had a set of draft statements, I formed small teams of Chinese leaders who debated the elements of Vision, Mission, and Guiding Principles. The teams came to consensus for each statement to ensure that both the English and

Chinese words we used reflected Chinese culture and spoke in a way that fit the Chinese thought processes. We unpacked each statement using Chinese metaphors to provide depth of meaning. Essentially, we were defining the site's specific culture, which while congruent with the corporation, was specific to this site and its chosen values. When completed, these statements went back to the site leadership for ratification. To disseminate the Vision, Mission, and Guiding Principles, each leader, whether expatriate or local Chinese, took responsibility to waterfall the message to their team using dialogues to explore the meaning of the statements for the team. It was not enough to have posters on the wall, or simply tell people what they were. People needed to talk through the meaning and come to some conclusion for themselves as to their own belief. Additionally, people needed to see that leadership practiced what they espoused. So, when an important site decision was made, its fit with the Guiding Principles was publicly communicated. When certain initiatives were begun, such as management training, it was tied to the site Vision. Only because people could see the Vision, Mission, and Guiding Principles in practice did they become real.

Before the first building was under construction, I came to Chengdu to do the initial cultural research for the site. I interviewed university students, business leaders, and Chinese cultural experts in Chengdu. I found a disparity between how the middle managers viewed management and leadership and what the young, university students wanted in a manager. As this was the first multinational organization in Chengdu, most of the middle managers we hired were from state-owned enterprises with a very top-down, hierarchical culture. The university students expected Western-style, consensual decision-making—a clear mismatch even within the Chinese culture. Management training and coaching would be required to help middle managers learn to work in a consensual way.

To accomplish that, we engaged the expatriate site leaders as teachers and mentors in a nine-month management development program that included two outdoor "adventure-style" sessions. The first program placed the initial outdoor session after four months of activities. I found that in the classroom, Chinese managers could "talk the talk," but when we put them in the team decision-making situations of the outdoor sessions, they were unable to make productive decisions. In the second management

development program, I placed the outdoor session earlier so that the Chinese managers would understand the required managerial behaviors right away. We eventually graduated more than 50 managers with two-thirds of them receiving promotions within a year of completion.

The organization had a number of key espoused values in its culture, including quality, safety, and business practice excellence. These were primary and nonnegotiable values. While that may seem the arbitrary hubris of a foreign multinational, I found that the Chinese employees appreciated these three values, especially safety. As mentioned above, China has a poor record of workplace safety. When asked about this value, many people responded that "the company cares for my life." Rather than seeing it as an imposition of a foreign cultural value, they found it fit the Chinese value of *renqing* or human heartedness.

The company also employed six values as basic to its culture. However, these values were really expected behaviors, such as discipline, risk taking, and being open and direct. In my work in Chengdu, I designed and implemented a process to develop those values as part of the expected behaviors of the site. I had learned that "telling-teaching," or putting posters on the wall, was not very effective in this culture, so I engaged a cadre of volunteer "ambassadors" for each value. They used a positive approach of catching people "doing it right" and rewarding them in a public ceremony with a "Star of Chengdu Culture" award. To create a common understanding of each value, we again used an interactive and participative process. We provided materials that allowed and encouraged every manager to have a conversation with their team as to the meaning of that particular value. We endeavored to make the materials relevant to a Chinese audience using Chinese stories and situations to illustrate the meaning of the value.

However, not all these values fit within Chinese culture, and this created cultural dilemmas for Chinese employees. Being open and direct was one example of a value that did not fit. Generally, the organization talked about being open and direct in terms of "constructive confrontation," which the Chinese employees shortened to "con con." In my interviews, I found that this value was both the most difficult and the least practiced. The Chinese employees related con con to a lack of harmony rather than a method of solving problems directly and easily. It was antithetical to Chinese culture.

Chinese employees who learned to practice *con con* in the workplace found themselves out of step when those behaviors were used with their family and friends outside of the factory. Essentially they had to bifurcate their life, learning to be one way inside the organization and another way outside. When I asked people what they lost by coming to work at the factory, employees often noted that they had lost some friends because they were now different from the Chinese culture at large. Practicing *con con* was a big part of that. They also told me of many instances in which they appeared to the expatriates as though they were practicing *con con*, when in fact they were practicing harmony. They felt that harmony was a better long-term solution to the problem at hand than creating a situation in which fellow workers lost "face." They talked about finding a "middle way" to do business that allowed problem solving while still maintaining harmonious relationships.

If real cultural differences can keep people from assimilating into an organization, the question becomes, "Did these skilled Chinese workers actually assimilate into the factory culture, or did they simply appear to apply the organization's value

system while maintaining traditional Chinese values?" While much of the work on Values, Mission, and Guiding Principles was well accepted and understood, the Chinese workers in this situation had difficulty placing *con con* into a usable framework that worked in their social setting because it did not align with the Chinese value of harmony. Since *con con* was a foundational behavior/value for the company, such a misfit reveals a lack of real assimilation into the corporate culture.

Some Chinese lament that China is losing her cultural traditions as the country becomes part of the global economy. At least in Chengdu, I did not find that to be true. People described themselves as traditional Chinese who practiced their own culture and struggled with those organizational processes that did not fit Chinese culture. They continued to look for the middle way that allows them to maintain their Chinese cultural values while moving into a capitalistic future. Just as China assimilated Buddhism into their Confucian practices millenniums ago, they see the value of assimilating some Western practices into their way of doing business, but it will still be capitalism with a Chinese face—a middle way.

and reports to headquarters. This results in a highly differentiated and loosely coordinated corporate structure. Operational decisions, such as product design, manufacturing, and distribution, are decentralized and tightly integrated at the local level. For example, laundry soap manufacturers offer product formulas, packaging, and marketing strategies that conform to the different environmental regulations, types of washing machines, water hardness, and distribution channels in each country. On the other hand, planning activities are often centralized at corporate headquarters to achieve important efficiencies necessary for worldwide coordination of emerging technologies and of resource allocation. A profit-center control system allows local autonomy as long as profitability is maintained. Examples of multinational corporations include Hoechst and BASF of Germany, IBM and Procter & Gamble of the United States, and Fuji Xerox of Japan. Each of these organizations encourages local subsidiaries to maximize effectiveness within their geographic region.

People are integrated into multinational firms through polycentric or regiocentric personnel policies because these firms believe that host-country nationals can understand native cultures most clearly.⁴³ By filling positions with local citizens who appoint and develop their own staffs, the organization aligns the needs of the market with the ability of its subsidiaries to produce customized products and services. The distinction between a polycentric and a regiocentric selection process is one of focus. In a

polycentric selection policy, a subsidiary represents only one country; in the regiocentric selection policy, a slightly broader perspective is taken and key positions are filled by regional citizens (that is, people who might be called Europeans, as opposed to Belgians or Italians).

Implementing the Multinational Orientation The decentralized and locally coordinated multinational orientation suggests the need for a complex set of OD interventions. When applied to a subsidiary operating in a particular country or region, the OD processes described earlier in the chapter for organizations outside the United States are relevant. The key is to tailor OD to fit the specific cultural and economic context where the subsidiary is located.

1. **Planned Change in the Multinational Orientation.** When OD is applied across different regions and countries, interventions must account for differences in cultural and economic conditions that can affect its success. Appropriate interventions for multinational corporations include intergroup relations, local management team building, sophisticated management selection and development practices, and changes to reward systems. Team building remains an important intervention. Unlike team building for the senior management team in global organizations, the local management teams require attention in multinational firms. This presents a challenge for OD practitioners because polycentric selection policies can produce management teams with different cultures at each subsidiary. Thus, a program developed for one subsidiary may not work with a different team at another subsidiary, given the different cultures that might be represented.

Intergroup interventions to improve relations between local subsidiaries and the parent company are also important for multinational companies. Decentralized decision making and regiocentric selection can strain corporate–subsidiary relations. Local management teams, operating in ways appropriate to their cultural context, may not be understood by corporate managers from another culture. OD practitioners can help both groups understand these differences by offering training in cultural diversity and appreciation. They can also smooth parent–subsidiary relationships by focusing on the profit-center control system or other criteria as the means for monitoring and measuring subsidiary effectiveness.

Management selection, development, and reward systems also require special attention in multinational firms. Managerial selection for local or regional subsidiaries requires finding technically and managerially competent people who also possess the interpersonal competence needed to interface with corporate headquarters. Because these people may be difficult to find, management development programs can teach the necessary cross-cultural skills and abilities. Such programs typically involve language, cultural awareness, and technical training; they can also include managers and staff from subsidiary and corporate offices to improve communications between the two areas. Finally, reward systems need to be aligned with the decentralized structure. Significant proportions of managers' total compensation could be tied to local profit performance, thereby aligning reward and control systems.

2. **The Transition to Multinational.** Organization development activities can also help to facilitate the transition from an international to a multinational orientation. Much of the recommended activity in transitioning to a global orientation applies here as well, except that it must be customized to the issues facing a multinational strategy. For example, the successful transition to a multinational strategy assumes that managers believe local responsiveness is more important than global integration and that the organization is comfortable with the ambiguity of managing decentralized operations.

The decision to favor local responsiveness over global integration must be made with the same analytic rigor described earlier. In this case, the analysis must support the belief that the worldwide market is relatively heterogeneous in character. That is, that products and services, support, distribution, or marketing activities must be customized and localized to drive overall sales. Similarly, the organization must have the managerial, technical, and organizational competence to achieve profit margins from businesses operating around the globe. The multinational strategy is facilitated when culture and core competencies are more suited for decentralized decision making, and when the organization can manage high amounts of ambiguity and complexity.

Once companies develop a strategic orientation for competing internationally, they create an organization design to support it. Information like that found in Table 23.2 is useful for designing structures, information systems, and personnel practices for specific strategic orientations. OD practitioners can help to design change management programs to implement these features.

The Transnational Strategic Orientation

This orientation exists when the need for global integration and local responsiveness are both high. It represents the most complex and ambitious worldwide strategic orientation and reflects the belief that any product or service can be made anywhere and sold everywhere.⁴⁴

Characteristics of the Transnational Design The transnational strategy combines customized products with both efficient and responsive operations; the key goal is learning. This is the most complex worldwide strategic orientation because transnationals can manufacture products, conduct research, raise capital, buy supplies, and perform many other functions wherever in the world the job can be done optimally. They can move skills, resources, and knowledge to regions where they are needed.

The transnational orientation combines the best of global and multinational orientations and adds a third attribute—the ability to transfer resources both within the firm and across national and cultural boundaries. Otis Elevator, a division of United Technologies, developed a new programmable elevator using six research centers in five countries: a U.S. group handled the systems integration; Japan designed the special motor drives that make the elevators ride smoothly; France perfected the door systems; Germany created the electronics; and Spain produced the small-gear components.⁴⁵ Other examples of transnational firms include General Electric, Asea Brown Boveri (ABB), Motorola, Electrolux, and HP.

Transnational firms organize themselves into global matrix and network structures especially suited for moving information and resources to their best use. In the matrix structure, local divisions similar to the multinational structure are crossed with product groups at the headquarters office. The network structure treats each local office, including headquarters, product groups, and production facilities, as self-sufficient nodes that coordinate with each other to move knowledge and resources to their most valued place. Because of the heavy communication and logistic demands needed to operate these structures, transnationals have sophisticated information systems. State-of-the-art information technology is used to move strategic and operational information throughout the system rapidly and efficiently. Organizational learning and knowledge management practices (Chapter 21) gather, organize, and disseminate the knowledge and skills of members who are located around the world.

People are integrated into transnational firms through a geocentric selection policy that staffs key positions with the best people, regardless of nationality.⁴⁶ This staffing practice recognizes that the distinctive competence of a transnational firm is its capacity to optimize

resource allocation on a worldwide basis. Unlike global and multinational firms, which spend more time training and developing managers to fit the strategy, the transnational firm attempts to hire the right person from the beginning. Recruits at any of HP's foreign locations, for example, are screened not only for technical qualifications but for personality traits that match the company's cultural values.

Implementing the Transnational Orientation There are two perspectives on change in a transnational strategy.

1. ***Planned Change in the Transnational Orientation.*** Transnational companies require OD interventions that can improve their ability to achieve efficient global integration under highly decentralized decision-making conditions. These interventions include extensive management selection and development practices in support of the geocentric policies described above, intergroup relations, and development and communication of a strong corporate vision and culture. Knowledge management interventions help develop a worldwide repository of information that enables members' learning.

Effective transnational firms have well-developed vision and mission statements that communicate the values and beliefs underlying the firm's culture and guide its operational decisions. ABB's mission statement, for example, went through a multicultural rewriting when the company recognized that talking about profit was an uncomfortable activity in some cultures.⁴⁷ OD processes that increase member participation in the construction or modification of these statements can help members gain ownership of them. Research into the development of corporate credos at the British computer manufacturer ICL, SAS, and Apple Computer showed that success was more a function of the heavy involvement of many managers than the quality of the statements themselves.⁴⁸

Once vision and mission statements are crafted, management training can focus on clarifying their meaning, the values they express, and the behaviors required to support those values. This process of gaining shared meaning and developing a strong culture provides a basis for social control. Because transnationals need flexibility and coordination, they cannot rely solely on formal reports of sales, costs, or demand to guide behavior. This information often takes too much time to compile and distribute. Rather, the corporate vision and culture provide transnational managers with the reasoning and guidelines for why and how they should make decisions.

This form of social control supports OD efforts to improve management selection and development, intergroup relationships, and strategic change. The geocentric selection process can be supplemented by a personnel policy that rotates managers through different geographical regions and functional areas to blend people, perspectives, and practices. At such organizations as GE, ABB, Coca-Cola, and Colgate, a cadre of managers with extensive foreign experience is being developed. Rotation throughout the organization also improves the chances that when two organizational units must cooperate, key personnel will know each other and make coordination more likely. The corporate vision and culture can also become important tools in building cross-functional or interdepartmental processes for transferring knowledge, resources, or products. Moreover, they can provide guidelines for formulating and implementing strategic change, and serve as a social context for designing appropriate structures and systems at local subsidiaries.

2. ***The Transition to the Transnational Orientation.*** In addition to implementing planned changes that support the development of the transnational orientation, OD can help firms make the complex transition to a transnational strategy. Although many firms take on the international orientation, a much smaller

number of firms are large enough to become global or multinational. The requirements for successfully operating a transnational orientation—global integration and local responsiveness—are sufficiently restrictive and demanding that only a small fraction of organizations should pursue this strategy. As a result, knowledge about the transition to transnational is still being developed.

Global and multinational organizations tend to evolve into a transnational orientation because of changes in the organization's environment, markets, or technologies.⁴⁹ In the global orientation, for example, environmental changes can challenge the logic of centralized and efficient operations. For example, the success of Japanese automobile manufacturers employing a global strategy caused employment declines in the U.S. auto industry and overall trade imbalances. Consumer and government reactions forced Japanese firms to become more responsive to local conditions. Conversely, consumer preference changes can reduce the needs for tailored products and locally responsive management that are characteristic of the multinational strategy. The typical response is to centralize many decisions and activities.

Thus, the evolution to a transnational orientation is a complex strategic change effort requiring the acquisition of two additional capabilities. First, global organizations need to learn to trust distant operations, and multinational organizations need to become better at coordination. Second, both types of organizations need to acquire the ability to transfer resources efficiently around the world. Much of the difficulty in evolving to a transnational strategy lies in developing these additional capabilities.

In the transition from a global to a transnational orientation, the firm must acquire the know-how to operate a decentralized organization and learn to transfer knowledge, skills, and resources among disparate organizational units operating in different countries. In this situation, the administrative challenge is to encourage creative over centralized thinking and to let each functional area operate in a way that best suits its context. For example, if international markets require increasingly specialized products, then manufacturing needs to operate local plants and flexible delivery systems that can move raw materials to where they are needed, when they are needed. OD interventions that can help this transition include training efforts that increase the tolerance for differences in management practices, control systems, performance appraisals, and policies and procedures; reward systems that encourage entrepreneurship and performance at each foreign subsidiary; and efficient organization designs at the local level.

The global orientation strives to achieve efficiency through centralization and standardization of products and practices. In the case of organizational systems, this works against the establishment of highly specialized and flexible policies and resists the movement of knowledge, skills, and resources. Training interventions that help managers develop an appreciation for the different ways that effectiveness can be achieved will aid the global organization's move toward transnationalism.

Changes in reward systems can also help the global firm evolve. By changing from a highly quantitative, centralized, pay-for-performance system characteristic of a global orientation, the organization can reward people who champion new ideas and provide incentives for decentralized business units. This more flexible reward system promotes coordination among subsidiaries, product lines, and staff groups. In addition, the transition to a transnational orientation can be aided by OD practitioners working with individual business units, rather than with senior management at headquarters. Working with each subsidiary on issues relating to its own structure and function sends an important message about the importance of decentralized operations.

Finally, changing the staffing policy is another important signal to organization members that a transition is occurring. Under the global orientation, an ethnocentric policy supported standardized activities. By staffing key positions with the best people, rather than limiting the choice to just parent-country individuals, the symbols of change are clear and the rewards for supporting the new orientation are visible.

In moving from a multinational to a transnational orientation, products, technologies, and regulatory constraints can become more homogeneous and require more efficient operations. The competencies required to compete on a transnational basis, however, may be located in many different geographic areas. The need to balance local responsiveness against the need for coordination among organizational units is new to multinational firms. They must create interdependencies among organizational units through the flow of parts, components, and finished goods; the flow of funds, skills, and other scarce resources; or the flow of intelligence, ideas, and knowledge. For example, as part of Ford's transition to a transnational company, the redesign of the Tempo automobile was given to one person in the UK. He coordinated all features of the new car for both sides of the Atlantic and used the same platform, engines, and other parts. Ford used teleconferencing and computer links, as well as extensive air travel, to manage the complex task of meshing car companies on two continents.⁵⁰

In such situations, OD is an important activity because complex interdependencies require sophisticated and nontraditional coordinating mechanisms.⁵¹ OD interventions, such as intergroup team-building or cultural awareness and interpersonal skills training, can help develop the communication linkages necessary for successful coordination. In addition, the inherently "matrixed" structures of worldwide firms and the cross-cultural context of doing business in different countries tend to create conflict. OD interventions, such as role clarification, third-party consultation, and mediation techniques, can help to solve such problems.

The transition to a transnational firm is difficult and threatens the status quo. Under the multinational orientation, each subsidiary is encouraged and rewarded for its creativity and independence. Transnational firms, however, are effective when physically or geographically distinct organizational units coordinate their activities. The transition from independent to interdependent business units can produce conflict as the coordination requirements are worked through. OD practitioners can help mitigate the uncertainty associated with the change by modifying reward systems to encourage cooperation and spelling out clearly the behaviors required for success.

GLOBAL SOCIAL CHANGE

The newest and perhaps most exciting applications of organization development in international settings are occurring in global social change organizations (GSCOs).⁵² These organizations generally are not for profit and nongovernmental. They typically are created at the grassroots level to help communities and societies address such important problems as unemployment, race relations, sustainable development, homelessness, hunger, disease, and political instability. In international settings, GSCOs are heavily involved in the developing nations. Examples include the World Conservation Union (IUCN), the Hunger Project, the Nature Conservancy, the Mountain Forum, International Physicians for the Prevention of Nuclear War, and the Asian Coalition for Agrarian Reform and Rural Development (ANGOC). Many practitioners who help create and develop these GSCOs come from an OD background and have adapted their expertise to fit highly complex, global situations. This section describes global social change organizations and how OD is practiced in them.

Global Social Change Organizations

Global social change organizations are part of a social innovation movement to foster the emergence of a global civilization.⁵³ They exist under a variety of names, including development organizations (DOs), international nongovernmental organizations (INGOs), social movement organizations (SMOs), international private voluntary organizations, and bridging organizations.⁵⁴ They exist to address complex social problems, including overpopulation, ecological degradation, the increasing concentration of wealth and power, the lack of management infrastructures to facilitate growth, and the lack of fundamental human rights. The efforts of many GSCOs to raise awareness and mobilize resources toward solving these problems culminated in the United Nations' Conference on Environment and Development in Rio de Janeiro in June 1992, where leaders from both industrialized and less-developed countries met to discuss sustainable development.⁵⁵ More recently, the Kyoto Protocol and the Global Compact have focused attention on global warming and social responsibility and how countries and organizations can cooperate to address these concerns.

GSCOs have the following characteristics:⁵⁶

- They assert, as their primary task, a commitment to serve as an agent of change in creating environmentally and socially sustainable world futures; their transformational missions are articulated around the real needs of people and the earth.
- They have discovered and mobilized innovative social-organizational architectures that make possible human cooperation across previously polarizing or arbitrarily constraining boundaries.
- They hold values of empowerment, or people-centered forms of action, in the accomplishment of their global change mission, emphasizing the central role of people as both means and ends in any development process.
- They are globally and locally linked in structure, membership, or partnership and thereby exist, at least in identity and practice (maybe not yet legally), as entities beyond the nation-state.
- They are multiorganizational and often cross-sectoral. They can be business, governmental, or not for profit. Indeed, many of the most significant global change organizing innovations involve multiorganization partnerships bridging sectoral boundaries in new hybrid forms of business, intergovernmental, and private voluntary sectors.

GSCOs therefore differ from traditional for-profit firms on several dimensions.⁵⁷ First, they typically advocate a mission of social change—the formation and development of better societies and communities. “Better” typically means more just (Amnesty International, Hunger Project), peaceful (International Physicians for the Prevention of Nuclear War), or ecologically conscious (Nature Conservancy, the Global Village of Beijing, the Mountain Forum, IUCN, World Wildlife Fund). Second, the mission is supported by a network structure. Most GSCO activity occurs at the boundary or periphery between two or more organizations.⁵⁸ Unlike most industrial firms that focus on internal effectiveness, GSCOs are directed at changing their environmental context. For example, World Vision coordinated the efforts of more than a hundred organizations to address the human consequences of Ceausescu's Romanian government. Third, GSCOs generally have strong values and ideologies that justify and motivate organization behavior. These “causes” provide intrinsic rewards to GSCO members and a blueprint for action.⁵⁹ The ideological position that basic human rights include shelter has directed Habitat for Humanity to erect low-cost homes in a wide variety of underdeveloped communities. Fourth, GSCOs interact with a broad range of external and often conflicting constituencies. To help the poor, GSCOs often must work with

the rich; to save the ecology, they must work with developers; to empower the masses, they must work with the powerful few. This places a great deal of pressure on GSCOs to reconcile pursuit of a noble cause with the political reality of power and wealth. Fifth, managing these diverse external constituencies often creates significant organizational conflict. On the one hand, GSCOs need to create specific departments to serve and represent particular stakeholders. On the other hand, they are strongly averse to bureaucracy and desire collegial and consensus-seeking cultures. The conflicting perspectives of the stakeholders, the differentiated departments, and the ideological basis of the organization's mission can produce a contentious internal environment. For example, the International Relief and Development Agency was created to promote self-help projects in Third World countries using resources donated from First World countries. As the agency grew, departments were created to represent different stakeholders: a fund-raising group handled donors, a projects department worked in the Third World, a public relations department directed media exposure, and a policy information department lobbied the government. Each department adapted to fit its role. Fund-raisers and lobbyists dressed more formally, took more moderate political positions, and managed less participatively than did the projects departments. These differences were often interpreted in political and ideological terms, creating considerable internal conflict.⁶⁰ Sixth, GSCO membership often is transitory. Many people are volunteers, and the extent and depth of their involvement varies over time and by issue. Turnover is quite high.

Application Stages

Global social change organizations are concerned with creating sustainable change in communities and societies. This requires a form of planned change in which the practitioner is heavily involved, many stakeholders are encouraged and expected to participate, and "technologies of empowerment" are used. Often referred to as "participatory action research,"⁶¹ planned change in GSCOs typically involves three types of activities: building local organization effectiveness, creating bridges and linkages with other relevant organizations, and developing vertical linkages with policymakers.

Building the Local Organization Although GSCOs are concerned primarily with changing their environments, a critical issue in development projects is recognizing the potential problems inherent in the GSCO itself. Because the focus of change is their environment, members of GSCOs are often oblivious to the need for internal development. Moreover, the complex organizational arrangements of a network make planned change in GSCOs particularly challenging.

OD practitioners focus on three activities in helping GSCOs build themselves into viable organizations: using values to create the vision, recognizing that internal conflict is often a function of external conditions, and understanding the problems of success. For leadership to function effectively, the broad purposes of the GSCO must be clear and closely aligned with the ideologies of its members. Singleness of purpose can be gained from tapping into the compelling aspects of the values and principles that the GSCO represents. For example, the Latin American Division of the Nature Conservancy held annual two-day retreats. Each participant prepared a white paper concerning his or her area of responsibility: the issues, challenges, major dilemmas or problems, and ideas for directions the division could take. Over the course of the retreat, participants actively discussed each paper. They had broad freedom to challenge the status quo and to question previous decisions. By the end of the retreat, discussions produced a clear statement about the course that the division would take for the following year. People left with increased clarity about and commitment to the purpose and vision of the division.⁶²

Developing a shared vision can align individual and organizational values. Because most activities occur at the boundary of the organization, members are often spread out geographically and are not in communication with each other. A clearly crafted vision allows people in disparate regions and positions to coordinate their activities. At the Hunger Project, for example, OD practitioners asked organization members, "What is your job or task in this organization?" The GSCO president responded, "That is simple. My work is to make the end of hunger an idea whose time has come." A receptionist answered, "My task in this organization is to end hunger. I don't just answer phones or set up meetings. In everything I do, I am working to end hunger."⁶³ Because of the diverse perspectives of the different stakeholders, GSCOs often face multiple conflicts. In working through them, the organizational vision can be used as an important rallying point for discovering how each person's role contributes to the GSCO's purpose. The affective component of a GSCO vision gives purpose to members' lives and work.

Another way to manage conflict is to prevent its occurrence. At the Hunger Project, the "committed listener" and "breakthrough" processes give GSCO members an opportunity to seek help before conflict becomes dysfunctional. Every member of the organization has a designated person who acts as a committed listener. When things are not going well, or someone is feeling frustrated in their ability to accomplish a goal, they can talk it out with this colleague. The role of the committed listener is to listen intently, to help the individual understand the issues, and to think about framing or approaching the problem in new ways. This new perspective is called a "breakthrough"—a creative solution to a potentially conflictual situation.

Finally, a GSCO's success can create a number of problems. The very accomplishment of its mission can take away its reason for existence, thus causing an identity crisis. For example, a GSCO that succeeds in creating jobs for underprivileged youth can be dissolved because its funding is redirected toward organizations that have not yet met their goals, because its goals change, or simply because it has accomplished its purpose. During these times, the vital social role that these organizations play needs to be emphasized. GSCOs often represent bridges between the powerful and powerless, between the rich and poor, and between the elite and oppressed, and as such may need to be maintained as legitimate parts of the community.

Another problem can occur when GSCO success produces additional demands for greater formalization. New people must be hired and acculturated; greater control over income and expenditures has to be developed; new skills and behaviors have to be learned. The need for more formal systems often runs counter to ideological principles of autonomy and freedom and can produce a profound resistance to change. Employees' participation during diagnosis and implementation can help them commit to the new systems. In addition, new employment opportunities, increased job responsibilities, and improved capabilities to carry out the GSCO's mission can be used to encourage commitment and reduce resistance to the changes.

Alternatively, the organization can maintain its autonomy through structural arrangements. The Savings Development Movement (SDM) of Zimbabwe was a grassroots effort to organize savings clubs, the proceeds of which helped farmers buy seed in volume. Its success in creating clubs and helping farmers lower their costs caused the organization to grow very rapidly. Leaders chose to expand SDM not by adding staff but by working with the Ministry of Agriculture to provide technical support to the clubs and with the Ministry of Community Development and Women's Affairs to provide training. The savings clubs remained autonomous and locally managed. This reduced the need for formal systems to coordinate the clubs with government agencies. The SDM office staff did not grow, but the organization remained a catalyst, committed to expanding participation rather than providing direct services.⁶⁴

Creating Horizontal Linkages Successful social change projects often require a network of local organizations with similar views and objectives. Such projects as creating a civil society in China, turning responsibility for maintenance and control over small irrigation systems to local water users in Indonesia, or teaching leadership skills in South Africa require that multiple organizations interact. Consequently, an important planned change activity in GSCOs is creating strong horizontal linkages to organizations in the community or society where the development project is taking place. The China Brief (<http://www.chinadevelopmentbrief.com>), for example, publishes a newsletter describing the activities of different NGOs focused on environmental, child welfare, and other issues. Like-minded NGOs can then contact each other and support common interests. Similarly, GSCOs aimed at job development not only must recruit, train, and market potential job applicants but also must develop relationships with local job providers and government authorities. The GSCO must help these organizations commit to the GSCO's vision, mobilize resources, and create policies to support development efforts.

The ability of GSCOs to sustain themselves depends on establishing linkages with other organizations whose cooperation is essential to preserving and expanding their efforts. Unfortunately, members of GSCOs often view local government officials, community leaders, or for-profit organizations as part of the problem. Rather than interacting with these stakeholders, GSCOs often "protect" themselves and their ideologies from contamination by these outsiders. Planned change efforts to overcome this myopia are similar to the transorganizational development interventions discussed in Chapter 2. GSCO members are helped to identify, convene, and organize these key external organizations. For example, following the earthquakes in Mexico City in 1985, the Committee of Earthquake Victims was established to prevent the government and landlords from evicting low-income tenants from their destroyed housing. The committee formed relationships with other GSCOs concerned with organizing the poor or with responding to the disaster. The committee also linked up with local churches, universities, charitable organizations, and poor urban neighborhood organizations. It bargained with the government and appealed to the media to scuttle attempts at widespread eviction proceedings. This pressure culminated in agreement around a set of principles for reconstruction in Mexico City.⁶⁵

Developing Vertical Linkages GSCOs also must create channels of communication and influence upward to governmental and policy-level decision-making processes. These higher-level decisions often affect the creation and eventual success of GSCO activities. For example, the Global Village of Beijing (GVB) is a nongovernmental organization that raises the environmental consciousness of people in China. GVB leveraged its relationships with journalists and the government to produce a weekly television series on government channels to discuss and promote environmentally friendly practices, such as recycling, and to expose the Chinese people to environmental projects in different countries. When the Chinese government proposed new environmental regulations and policies as part of the World Trade Organization admission process, GVB helped assess the proposals.⁶⁶ More recently, GVB's founder, Liao Xiaoyi, sat on Beijing's successful 2008 summer Olympics Committee and drafted a "green Olympics movement" proposal that addressed concerns about Beijing's pollution.⁶⁷

Vertical linkages can also be developed by building on a strong record of success. The Institute of Cultural Affairs (ICA) is concerned with the "application of methods of human development to communities and organizations all around the world." With more than 100 offices in 39 nations, ICA trains and consults with small groups, communities, organizations, and voluntary associations, in addition to providing leadership training for village leaders, conducting community education programs, and running ecological preservation projects. Its reputation has led to recognition and credibility:

It was given consultative status by the United Nations in 1985, and it has category II status with the Food and Agriculture Organization, working relation status with the World Health Organization, and consultative status with UNICEF.

Application 23.3 describes the work of Floresta and gives a brief account of how the organization operates, including the process of change and development.⁶⁸ The opening of Floresta's Mexico program provides important clues about the development of vertical and horizontal linkages and how GSCOs work within a clear vision.

Change Agent Roles and Skills

Planned change in global social change organizations is a relatively new application of organization development in international settings. The number of practitioners is small but growing, and the skills and knowledge necessary to carry out OD in these situations are being developed. The grassroots, political, and ideological natures of many international GSCOs require change agent roles and skills that are quite different from those in more formal, domestic settings.⁶⁹ GSCO change agents typically occupy stewardship and bridging roles. The *steward* role derives from the ideological and grassroots activities associated with GSCOs. It asks the change agent to be a co-learner or co-participant in achieving global social change. This type of change is "sustainable," or ecologically, politically, culturally, and economically balanced. Change agents must, therefore, work from an explicit value base that is aligned with GSCO activities. For example, change agents are not usually asked, "What are your credentials to carry out this project?" Instead, practitioners are asked, "Do you share our values?" or "What do you think of the plight of the people we are serving?" Stewardship implies an orientation toward the development of sustainable solutions to local and global problems.

The second role, *bridging*, derives from the grassroots and political activities of many GSCOs. Bridging is an appropriate title for this role because it metaphorically reflects the core activities of GSCOs and the change agents who work with them. Both are mainly concerned with connecting and integrating diverse elements of societies and communities toward sustainable change, and with transferring ideas among individuals, groups, organizations, and societies.

Carrying out the steward and the bridging roles requires communication, negotiation, and networking skills. Communication and negotiation skills are essential for GSCO change agents because of the asymmetrical power bases extant in grassroots development efforts. GSCOs are relatively powerless compared with governments, wealthy upper classes, and formal organizations. Given the diverse social systems involved, there often is no consensus about a GSCO's objectives. Moreover, different constituencies may have different interests, and there may be histories of antagonism among groups that make promulgation of the development project difficult. The steward and the bridging roles require persuasive articulation of the GSCO's ideology and purpose at all times, under many conditions, and to everyone involved.

The change agent must also be adept at political compromise and negotiation.⁷⁰ Asymmetrical power contexts represent strong challenges for stewardship and bridging. To accomplish sustainable change, important trade-offs often are necessary. The effective change agent needs to understand the elements of the ideology that can and cannot be sacrificed and when to fight or walk away from a situation.

Networking skills represent a significant part of the action research process as applied in GSCO settings. Networking takes place at two levels. First, in the steward role, practitioners bring to the GSCO specific knowledge of problem solving, technologies of empowerment using processes that socially construct and make sense of the surrounding conditions, and organization design.⁷¹ The participants bring local knowledge of political players, history, culture, and ecology. A "cogenerative dialogue" or "collective reflection" process emerges when these two frames of reference interact to produce new ideas,

Social and Environmental Change at Floresta

application 23.3

Floresta is a nongovernmental organization founded on the premise that many environmental and social problems can be addressed effectively by harnessing basic economic forces. Its mission is to attack the economic problems in developing countries that cause and are caused by deforestation. Deforestation can be stemmed if it is economically advantageous for people to change their practices and take care of their environment. Similarly, poverty can be addressed optimally by providing long-term opportunities for people to change their own situations.

Floresta brings hope and long-term opportunity to the people affected by these problems through technically appropriate, business-based programs that lead to self-sufficiency. This fundamental vision has remained unchanged for 17 years.

Originally developed to meet the environmental, economic, and spiritual needs of the rural people of the Dominican Republic, Floresta provides local farmers with a loan of several thousand dollars each over a seven-year period through the Agroforestry Revolving Loan Fund. These loans are used to establish agroforests consisting of fast-growing trees that are harvested for wood products, as well as fruit trees and more traditional short-term crops. The loans are not a handout. The farmers begin to pay back their loans with their first tree harvest. That money is used to enter more farmers in the program. This process offers significant economic gains to the farmers (often up to a 500% or 600% increase in income) while healing environmental scars.

Although the loan fund is the heart of Floresta's program, farmers also receive technical training and marketing assistance. For example, agroforestry is different from traditional farming, and involves much more than simply planting trees. Each farmer must learn to plant, care for, and eventually harvest his or her trees in a sustainable manner. In addition, farmers receive training in soil care, harvesting, and marketing as well as financial planning assistance for the first surplus money they earn. Finally, a common problem faced by subsistence farmers is market access. The individual beneficiary must have not only a market for his or her products but also an economical way to get those products to that market. Floresta provides services in both of those areas.

More than 300 families have benefited or are benefiting from Floresta's program in the Dominican Republic. Of these, 20 have completed repayment of their loans and now have self-sufficient, 6-acre agroforestry farms that are producing at several times the rate of their former subsistence farms. They no longer have any obligation to Floresta, and the money that was loaned to them is now available to other needy farmers. The farmers, however, frequently are eager to continue their relationship with Floresta because of Floresta's marketing services and the community spirit that Floresta engenders. The farmers' achievements validate the Floresta model, supporting it with real-life success.

Scott Sabin, executive director of Floresta, described his approach to social and environmental change as he brought the program into Mexico:

I first met the people in the Mixtec village of El Oro in 1996, and for the past year our team had been working closely with them to diagnose some of the economic and environmental problems of the region, and to begin to develop solutions. We have become quite comfortable with many of the local people and several of them typically accompany us as we visit some of the other villages in the municipality of Santo Domingo Nuxaa. The make up of the team varies, but usually consists of representatives from AMEXTRA, government forestry offices, local municipalities, and several other consultants. I represent Floresta. Over the past two years and many visits, we had built up quite a feeling of camaraderie.

Floresta partnered with the Mexican agency, AMEXTRA, to bring this team together and to ensure that Floresta's agroforestry program in Oaxaca would be well thought out and appropriate. Floresta has considerable experience in the Dominican Republic, but the mountains of Mexico are completely different ecologically, economically, and culturally. It is a big mistake to assume that the identical solution can work everywhere.

Working with the people of El Oro, we studied the local problems from both the

community and technical perspectives. We worked to incorporate the community itself into the data collection and the investigation. For example, the Mixtec people tend to be cautious around outsiders. They also tend to be very communal, and every step along the way they voted as to whether or not they wished to continue working with us. So far we have passed all the votes unanimously, but stories of other development workers who had not been so fortunate always made me uneasy. Now we are working on implementing solutions and with promoters from El Oro, sharing these ideas with other communities.

Firewood and charcoal are the biggest sources of income for most of the villages. For example, I once observed and interviewed five family members, ranging in age from the mid-60s to 6, making charcoal. It was the primary source of income for the family. They had crops, too, but in years when there was drought, they were forced to rely more on charcoal. They were able to sell 25-kilogram bags of charcoal for 14 pesos a bag, or less than two dollars each. They made 30 bags of charcoal at a time and they did it about three times a year. Roughly calculated, this family of five subsisted on about 160 dollars per year.

The problem faced by the family is one of poverty, and tragically, the solution that they have

chosen, the only solution they can choose, is leading toward their own ultimate demise and the destruction of the mountains around them. That is, an important cause of deforestation in the tropics is the subsistence farmer who must continually move to find fertile soil and who sells wood for fuel. Deforestation is a product of desperation and hunger, rather than of greed. Farmers are faced daily with the need to cut trees for their immediate survival. It quickly becomes a vicious cycle, as the treeless hillsides erode at an alarming rate and the topsoil pollutes rivers and streams. Without vegetation, the hills no longer hold water and quickly become unproductive. Rural families are often left with no alternative but migration to overcrowded cities. Any solution to deforestation must address their needs first.

In the Mixteca, Floresta has helped the community of El Oro to establish nine agroforestry demonstration farms, a community tree nursery, and an Agroforestry Development Committee. It is also establishing connections between the local church and churches in the United States. A sawmill and community-based reforestation and forest management plan is being implemented. This will replace the concessions that currently are being sold to large logging companies. Together with the Mixtec people, who already realize the precarious nature of the situation, Floresta is helping to diversify and improve the rural economy.

possibilities, and insights.⁷² When both the practitioner and the participants contribute to sustainable solutions, the stewardship role is satisfied.

Second, in the bridging role, networking skills create conditions that enable diverse stakeholders to interact and solve common problems or address common issues. Change agents must be able to find common ground so that different constituencies can work together. Networking requires the capability to tap multiple sources of information and perspective, often located in very different constituencies. Action becomes possible through these networks.

But bridging also implies making linkages among individual, group, GSCO, and social levels of thought. Ideas are powerful fuel in international grassroots development projects. Breakthrough thinking by individuals to see things in new ways can provide the impetus for change at the group, GSCO, social, and global levels. This was

demonstrated by U2's Bono and U.S. Treasury secretary Paul O'Neill during their 2002 visit to understand and develop solutions to poverty in Africa. The change agent in international GSCO settings must play a variety of roles and use many skills. Clearly, stewardship and bridging roles are important in facilitating GSCO accomplishment. Other roles and skills will likely emerge over time. Change agents, for example, are finding it increasingly important to develop "imaginal literacy" skills—the ability to see the possibilities, rather than the constraints, and the ability to develop sustainable solutions by going outside the boxes to create new ideas.⁷³

SUMMARY

This chapter has examined the practice of international organization development in three areas. In organizations outside the United States, traditional approaches to OD need to be adapted to fit the cultural and economic development context in which they are applied. This adaptation approach recognizes that OD practices may be culture-bound: What works in one culture may be inappropriate in another. The cultural contexts of different geographical regions were examined in terms of five values: context orientation, power distance, uncertainty avoidance, achievement orientation, and individualism. This approach also recognizes that not all OD interventions may be appropriate. The prevailing economic situation may strongly favor business-oriented over process-oriented interventions. The process of OD under different cultural and economic conditions was also described, although the descriptions are tentative. As OD matures, its methods will become more differentiated and adaptable.

OD activities to improve international, global, multinational, and transnational strategic orientations increasingly are in demand. Each of these strategies responds to specific environmental, technological, and economic conditions. Interventions in worldwide organizations require a strategic and organizational perspective on change to align people, structures, and systems.

Finally, the OD process in global social change organizations was discussed. This relatively new application of OD promotes the establishment of a global civilization. Strong ideological positions regarding the fair and just distribution of wealth, resources, and power fuel this movement. By strengthening local organizations, building horizontal linkages with other like-minded GSCOs, and developing vertical linkages with policy-making organizations, a change agent can help the GSCO become more effective and alter its external context. To support roles of stewardship and bridging, change agents need communication, negotiation, and networking skills.

NOTES

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