

Organizational development thinking and practices for global businesses settings ...

[Sociology](#)



Globalization has forced an environment of tight resources and new challenges in which dynamic companies are exploring and creating new capabilities and opportunities overseas. Large international organizations are increasingly turning to organizational development practices to solve problems of inefficiency. However, they often face challenges when operating in the international context, especially when difficulties arise when companies combining international business, organization development and inter-cultural communication, fail to address the complexity and agility needed in today's global business arena.

This paper will attempt to assess the strategies organizational development (OD) consultants can use to design and implement planned organizational changes for international companies and help them fit their organizational procedures and practices to the different cultures in which they operate. These will include introducing new strategies for building structures and systems, as well as types of interventions used to building high performing global teams. Other topics discussed will also include strategies and OD interventions in global settings and the relationship between OD and international cultures including conflicts and interests.

The practice of organizational development in global settings is fairly new and there is much debate on the applicability and effectiveness of traditional OD practices in cultures and organizations outside of the United States. This is because, according to Cummings and Worley, OD was " developed and practiced predominately by American and Western European practitioners and its practices and methods are heavily influenced by the values and assumptions of industrialized countries. " (1) As a result, traditional OD

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practices that promote management practices often tend to conflict with the cultural and economic values of the different societies. 3) However, despite differing opinions, OD practices, when implemented in the correct manner, most often result in organizational improvement in any culture. The rapid development of foreign economies and the increasing availability of technical resources have resulted in the development of a global economy in which organizational development practices have already been developed to implement planned changes across cultures. In *Organizational Change and Development*, Cummings and Worley also state that when implementing planned changes for International companies, OD practitioners must account for two important factors. 1) These are, the alignment between the cultural values of the host country and traditional OD values and the host countries level of economic development. As a change agent, both of these factors are an essential part of defining and understanding of the client company's international needs and requirements. Different countries have different values, customs, and styles of interacting and therefore the types of interventions OD practitioners employ must be anticipated to vary with the cultures in which they are practiced.

It is of critical importance that traditional OD practices are geared to be responsive of the cultural values of the country in which practitioners implement changes in. Many OD practices are often culture bound and will be ineffective in certain cultures. (2) Hofstede, with his research on dimensions of culture, offered empirical evidence that demonstrated the importance of national culture on management practices and organizations.

(4) After a series of research projects, Hofstede classified the cultural contexts of national cultures along five dimensions.

The first four were found by comparing the values of employees and managers in fifty-three different national subsidiaries of the IBM Corporation. They are as follows: 1. Context Orientation, or how information is conveyed and whether time is values in a culture. 2. Power distance, or the degree of inequality among people which the population of a country considers as normal: from relatively equal to extremely unequal. Refers to how people view and respond to authority. 3.

Individualism, or the degree to which people in a country have learned to act as individuals rather than as members of cohesive groups: from collectivist to individualist. Are people more concerned with looking out for themselves or their group or organization? 4. Achievement Orientation / Masculinity, or the degree to which “ masculine” values like assertiveness, performance, success and competition prevail over “ feminine values” like the quality of life, maintaining warm personal relationships, service, caring, and solidarity: from tender to tough. . Uncertainty Avoidance, or the degree to which people in a country prefer structured over unstructured situations: from relatively flexible to extremely rigid. Whether people reflect a preference for conservative and familiar situations. All these differences affect ways of management in these countries. Large power distances favor centralization, while small power distances favor decentralization. Collectivism favors group rewards and family enterprises, while individualism favors easy job-hopping and individual rewards.

Masculinity favors competition and survival of the fittest while femininity favors solidarity and sympathy for the weak. Uncertainty avoidance favors strict rules and principles, while its opposite favors opportunism and tolerance of deviant behavior. (4) & (5) As a result of this and many more studies, researchers proposed a technique known as the "context-based" approach to planned change in which traditional OD practices are modified as much as possible to resemble the country's cultural practices so as to lessen the likelihood that modifications in the intervention process will be needed. 1) Jaeger, (5) also suggested that when deciding to practice a specific OD technique, consideration should always be given to the cultural context; interventions that clash least with the deepest values of a culture should always be chosen. In addition to the organization's cultural contexts, a country's industrial and economic stage of development will also have a critical effect on the success of a planned change. A country's economic development can be assessed from a number of social, economic and political indicators. 9) The economic development of a nation will influence an organization's management project planning and organizing capabilities and the prevailing economic situation will strongly influence the type of intervention chosen by OD practitioners. (1) In subsistence economies such as Bangladesh and Nepal, where there is a low level of economic development and most societies are agrarian based, OD interventions in organizations that operate there will often tend to emphasize elements of social change and focus on creating conditions for sustainable social and economic growth. 6) Industrializing / Emerging economies such as China and the UAE have a moderate level of economic development and their

economies are focused around the manufacturing sectors. Organizations operating in such countries tend to focus on promoting efficiency and revenue growth in these sectors. OD interventions in these countries therefore work on addressing “ strategic, structural and work design” issues. (7) Developed / Industrial countries such as the UK and Japan have educated, skilled workforces and technology is major part of the labor force.

Traditional OD interventions that were developed in industrial nations are most successful in their implementation. (1) However, traditional OD interventions and practices need to be redeveloped to adapt to post-industrial conditions in which technology and information drive the economies and the service industry is outrunning the manufacturing industry. In addition to influencing the success of OD interventions, the cultural and economic conditions of a nation can determine the pace, the number of people involved in, the hierarchical structure and the focus issues (business, organizational or human process) of the change processes. 8) When the nations cultural fit with traditional OD values and its level of economic development are considered together, they reveal four international settings for OD practices. In general, if a country’s cultural values and economic development supports traditional OD values, the planned change process can be implemented with only minor changes to the organization structure. (10) However, if the opposite is true, the more a country’s cultural values and economic development differs, the planned change process will have to be modified.

In order for OD practitioners to design and implement planned changes for an international organization, they need to first fully understand its worldwide strategic orientation. They must focus on designing OD interventions that work to enhance its strategic orientation and enable them to perform better in global settings. The worldwide strategic orientations are discussed in terms of the comprehensive model for diagnosing organizational systems used by OD consultants and practitioners and discussed through the course of the class. (Class notes) Cummings and Worley describe worldwide organizations in terms of three facets.

The first one is a Global orientation, characterized by a “ strategy of marketing standardized products in different countries. ” (1)A Global Worldwide strategic orientation will have a strategy with the goal of optimizing production efficiency through volume. Such an organization will also have a centralized with a global product structure. Suitable interventions that can be used to support the global orientation of the organization will include Human Resource Management interventions such as career planning, role clarification and employee involvement. (Class Notes) Human Process interventions such as Senior management team building activities are also important. (Class Notes)Each of these interventions should be focused on improving operational efficiency. (1) Senior management team building will help improve the quality of strategic decision making which is very important in a centralized structure, which is highly dependant on this group. Human Process specific interventions such as coaching, training and development will also help improve the speed and quality of decision making processes and help improve inter-personal

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relationships. Class Notes)The second type of orientation is a multinational strategic orientation, which is characterized by the tailoring of products to suit local markets. The organization strategy is focused on a goal of local responsiveness through specialization. The multinational orientation has a de-centralized, global division structure, with a highly differentiated and loosely coordinated corporate structure, as well as “ poly centric or regiocentric personnel. ” (1) This means that OD practitioners will often be forced to use complex set of interventions since they need to be suited for a wide range of regions and countries. 11)Interventions, as discussed previously must account for different cultures and economic development conditions and therefore it is important to create a set of OD interventions for the different subsidiaries where the organization is located. Appropriate interventions for multinationals suggested include inter-group relations, to help improve relations between the local subsidiaries and the parent company that can become strained because of the decentralized structure and regio-centric personnel. 9) Team building exercises are important for local management; however, they need to be customized to suit the different cultures of each subsidiary. Designing a management selection and development process at a local level is also important. Such programs should involve teaching cross-cultural skills that are essential for communication with the parent company, as well as language and technical training. Lastly, the transnational orientation describes an organization that utilizes a strategy that involves offering specialized products and is characterized by efficiency and responsive operations.

It operates with a key goal of learning and has the attributes of both global and multinational organizations, as well as the unique ability to transfer skills and resources across national boundaries. Transnational firms are organized in a network structure that are suited for the optimal transfer and use of resources and operates under heavy demands for information and sophisticated information systems. (9) Transnational companies therefore require the use of OD interventions that have the potential to achieve efficient integration under highly decentralized decision making conditions. 12) Such interventions include extensive management selection and development training that support a geocentric selection process, inter group relations and the “ development and communication of a strong corporate vision. ” (1) Members participating in the development and clarification of a strong mission statement develop a clear understanding of the importance of the corporation’s ideology and values. Having a better understanding of the core ideology also means that management has a better understanding of the behaviors that are needed to support those values.

Cummings and Worley also believe that this process allows management to gain and “ develop shared meanings and a strong culture which provides the basis for social control. ” (1) Transnational companies need to be flexible and have good coordination and therefore management cannot afford to rely on just on sales reports to guide their behaviors. The corporate statement and vision provides managers of a transnational company the reasoning and guideline for decision making. 12) Developing a strong corporate vision and culture can also work to become an important tool in cross functional / inter

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departmental building processes used to transfer knowledge and resources. They can also provide useful guidelines for designing and implementing strategic change for subsidiary systems. Organizational development works to not only help support the current strategic orientations of the worldwide corporations, but also to help them transition from one orientation to another.

OD strategies can help organizations evolve to new orientations and develop the additional capabilities required for a new orientation. In most cases, domestic companies who want to expand to overseas markets, evolve to global or multinational companies. This change represents the most dramatic shift and success in terms of organizational development is determined by the company's ability to develop a strategic orientation for competing internationally and creating an organization design, structure and systems that support it. Team building and large group interventions are an important OD practices which help the transition from a domestic to a global or multinational company by improving the process by which executives can gather information on international markets and their respective competencies and cultures. Strategic interventions such as integrated strategic management training will help in the design and management of the transition from the old orientation to the new one, whilst technological intervention will help design appropriate structures and relationships between new foreign subsidiaries and headquarters.

Human resource management interventions are also important for managers to help train and prepare them for international assignments. (13)

Conclusion In a global economy, worldwide organizations must fit their organizational strategies, structures and processes to the different cultures and levels of economic development of the countries they are operating in. Organizational development can help companies gain the organizational skills and knowledge needed to operate across cultural and economic boundaries and enhance the organizational effectiveness through better alignment of global teams.

OD activities and interventions can help improve the current and evolving global, multinational and transnational orientations of companies using strategies that respond to the specific environmental, technological and economic conditions in which they operate. OD practitioners need to design and implement interventions that have a strategic and organizational perspective on the planned changes in order to align global teams, structures and systems. Sources 1.

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