

Organization Development and Its Relevance in the VUCA World

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ABSTRACT

In today's dynamic VUCA (Volatile–Uncertain–Complex–Ambiguous) World, there is a growing need for the formulation and implementation of the most effective organization development (OD) strategies and techniques for enhancing both the individual and organizational productivity. OD is an applied behavioral science domain that deploys an ever-evolving strategy used to develop the employees and functions of an organization. It is a specific, planned and continuous process that aims to increase organizational effectiveness. The pertinent area to probe is the viability and consequence of the planned OD process in an unplanned and unpredictable VUCA environment. This paper is an attempt to study the concept, significance and impact of OD in the flickering and ever transforming VUCA World.

Keywords: organizational culture, organization development, organizational effectiveness, VUCA World.

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INTRODUCTION

The Inception and Concept of Organization Development

The study of organization development (OD) can be traced back to the year 1930 when human relations study became prominent [1]. This was the era which emphasized on the influence of organizational structures and processes on worker behavior and motivation. Kurt Lewin, the founding father of OD, proposed various OD theories and practices based on group dynamics and action research that transformed OD into the influential field of Organizational Human Resource Management; it is today. Burke (1994) defined OD as a planned process of change that is brought about in an organization's culture through the utilization of behavior science technologies, research and theory [2]. Also, Beckhard (1969) points out four most significant characteristics of an OD process, namely:

- A process that is long term and thoroughly planned

- To be carried out on an organization-wide scale
- Managed from the top
- Aimed to enhance organization effectiveness through systematic interventions and techniques
- Beer (1980) talks about three primary goals of the O.D process:
- Aims to strengthen the conformity between the organization structure, processes, strategy, people and culture. For instance, a bureaucratic organization with a rigid work culture and process differs from an organization with a flexible outlook with respect to its processes, strategy and culture.
- Formulating and implementing innovative organizational solutions
- Enhancing the organization's self-renewing capacity

EVOLUTION OF ORGANIZATION DEVELOPMENT

Beginning from the year 1898 to 1947, OD was introduced as a well-established

concept by its founding father Kurt Lewin. He started the Research Centre for Group Dynamics (RCD) at Massachusetts Institute of Technology (MIT) that furthered to the development of OD techniques such as T training (where participants learn from their interactions with one another). In the late 1960s, OD was implemented in organizations through consultants and the name Organization Development emerged as a resounding name in the human relations and organization domain [3].

This concept further picked up pace with **Douglas Mc Gregor's** OD work with Union Carbide in 1957, which recognized him as the first behavioral scientist to implement a structured OD program. On the other hand, French and Bell suggested management sensitivity training, work teams which enhance human and social relations between supervisor and subordinates as key to bring about effective OD and productivity. Recently, in 1990s and 2000, OD has redefined its importance through techniques such as total quality management (TQM), team building, job enrichment and reengineering [4].

OD CHARACTERISTICS

OD is an application of the various behavioral science streams to bring about a planned change in the organization. It focuses on improving the organizational culture. Resources that bring about OD can be internal as well as external to the organization depending on the need, intensity and goals of the OD process. They are referred to as internal and external OD consultants or OD practitioners, respectively. The hallmark of an effective OD program in an organization is delegation of authority, empowerment and a good quality of work life. It primarily focuses on an overall development of the entire organization and the employees with a Win-Win Strategy. OD has a problem-solving and contingency orientation. This signifies that

actions implemented through OD are selected and adapted to fit the need.

OD PROCESS

Generally, the OD process, also known as the action research process, encompasses of five integral steps in the order given below:

Step 1: Collection of Data

This is the foundation of any OD process and significant for an effective development process. An OD plan can be formulated only on the basis of the specific organizational data collected pertaining to the organizational challenge faced, organization culture, structure and processes.

Step 2: Data Feedback and Analysis

In this step, the data collected is analyzed by work groups with an aim to identify and tackle areas of non-conformity along with identifying priorities for organizational change and development.

Step 3: Action Planning and Proposing Specific Problem-Solving Techniques

Relevant inferences drawn from the analyzed data will be further utilized by the work groups in this step to device organization-specific plan, processes and techniques for effective change in the organization by targeting the actual problem identified in Step 1. The time frame within which the formulated action plan must be completed is also determined in this step [5].

Step 4: Use of Correct OD Interventions

This step is characterized by the selection of appropriate OD intervention techniques that ought to be implemented in the action plan which is devised in Step 3. Factors such as nature of the key problem, teams, interdepartmental relation, etc. impact the selection of the same.

THE CONCEPT OF THE VUCA WORLD

The term VUCA was first coined and utilized by the US Army War College to

elaborate on the more volatile, uncertain, complex and ambiguous world in the post-cold war era. Subsequently, this term was adopted by the business world to talk about the rapidly changing business environment, marked by globalization of markets, restructuring of the global economy, progression of technology, evolving demographic trends, new customer needs and disruption of existing business models [6].

Development Opportunities in the VUCA World

The VUCA World has opened doors for innovation and leadership. Senior leadership teams in organizations tend to succeed in and navigate around highly complex business scenarios. Also, HR has an integral role to play with respect to OD and change both from short-term and long-term perspectives. The short-term perspective is specific to the change event [8]. It includes championing the execution of change management by managing the internal change initiatives. The long-term perspective of OD in the VUCA environment needs to be organization-specific. The process ought to align all internal HR systems, processes, plans and frameworks in order to structure a change-capable workforce. For this reason, institutionalizing a center of excellence or change management in the organization is also significant. Thus, managing organizational change effectively is the key to surviving in the VUCA World.

Adversities in the VUCA World

Businesses are highly complex today as they function across multiple markets, disruptive business models and tax jurisdictions. Integrated by a web of technologies and having a diverse selling profile of varied products and services to offer a diverse pool of customers can also be challenging in the VUCA World. The various development and change initiatives undertaken by organizations in

the VUCA environment impact multiple departments and could fall prey to organizational politics, where departments are quick to compete internally for the credit rather than collaborating to lead the change [7].

OD Practices in the VUCA Environment

One of the major components of the environment are competitors. This approach the organization adopts to stay above its competition can make or break it. Classic and recent examples of how OD brought about a massive change and tackled the issue of a deteriorating organization culture in the VUCA World is depicted and analyzed in the below cases.

Case 1: Organization Development in Microsoft

Even post the success of the Windows operating system, Microsoft struggled to innovate as its competitors Google and Apple forged further with a dominant online presence and mobile products market, respectively [9]. The challenge Microsoft faced was to bring about innovation that was being thwarted owing to its competitive and toxic organizational culture (VUCA environment).

When Satya Nadella was appointed the CEO in February 2014, he brought about a major restructuring in the company by eliminating separate groups and uniting the Microsoft employees with a common set of goals. These goals included:

1. Innovation in business processes and productivity.
2. Enhanced personal computing and constructing intelligent Cloud platform.

Nadella brought about an effective OD program in Microsoft by firstly diagnosing the problem correctly and then implementing customized measures to eliminate the same. He

instilled a sense of purpose within the employees by incorporating a new mission to innovate, initiated mergers with Bing, Cortana, and Information Platform Group teams to bring about innovation in Artificial Intelligence (AI).

Case 2: Restructuring in British Airways

British Airways faced a major setback in the year 1970 due to the Oil Crises which led to massive financial loss followed by a bad reputation for terrible services. An OD intervention of restructuring its processes was brought about by the newly appointed chairperson Lord King. He started with identifying the primary problem which after data analysis was found to be inefficient operation and waste of valuable processes [10].

Lord King deployed two crucial strategies. First, he reduced the workforce from 59,000 to 39,000 by eliminating the non-profit routes. Second, he modernized the work culture and staff and brought in an expert marketing strategist to up the company's brand game in the market. His key strategy was transparency and efficiency. Communicating clearly about the layoffs to the employees saved the company from negative remarks from the employees. Within a span of 10 years, British Airways reported the highest profits in the industry of about 284 million dollars.

This was a classic example of the impact of a highly unstable and volatile environment that impacted the organization negatively. However, with the right formulation and implementation of the OD intervention, British Airways was able to triumph over the VUCA environment.

FUTURE SCOPE

In the coming future, work on OD could expand extensively keeping its focus mainly on aligning organizations with its

rapidly evolving and complex environments. The domains that should be tapped for the same are organizational learning, knowledge management, and transformation of organizational norms and values. Key concepts of OD theory such as organizational climate, analysis of attitudes and beliefs that influence collective behavior, organizational culture, norms, values and behaviors and organizational strategies are also crucial in the VUCA World.

CHALLENGES THAT REMAIN

There are certain barriers that exist in the VUCA environment that need to be addressed to ensure optimum OD soon. These challenges encompass the Lack of leadership support and commitment toward the OD. One of the most crucial reasons for failure of an OD program in the VUCA times is the lack of properly defined goals and objectives of the programs implemented. Neglect toward organizational culture could be a downfall too. When the culture outside is volatile, the internal culture must be strengthened to survive. Lack of focus on cultural alignment for change adoption is a major drawback that requires primary attention. A long-term and frequent OD process could lead to change fatigue in an already changing VUCA environment. Employees must be given adequate time to adjust to the development process. Other challenges could be untimely and ineffective communication of the development plan and process. Inadequately defined measures of the program's success and ineffective transition planning and support could also be a challenge to the development process in the VUCA World. Thus, there exists a need to keep these challenges within purview while formulating and implementing the OD process specific to an organization.

CONCLUSION

Though OD has supplemented massively to mitigate the consequences of the VUCA

World on the organizational level, there are certain factors that still need to be tapped on for absolute organizational productivity. Since OD is a long-term, continuous, planned and specific process that caters effectively to the particular organizational problem, OD interventions are an apt measure to transform the negative effects of the VUCA environment to positive outcomes for the organization. The primary need for the same is a thriving organization culture, effective leadership, innovation, transparent communication and correct diagnosis of the problem. These factors, if not considered with a serious perspective, could pose as major setbacks. Organizations must consider these factors crucial to accelerate organizational productivity toward success in the VUCA World.

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