Organizational Change? Organizational Development? Organizational Transformation?: Why Do We Care What We Call It?

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Abstract: This paper represents a literature review on the topic of organizational change. It argues that how we label a specific type of organizational change has an impact on how we both view the change and the potential outcome. The focus here is on transformational change—a change that occurs at the center core of the organization and results in substantial change to the center core of the organization, impacting the currently held beliefs and assumptions.

Purpose

In the literature, examples of the terms *organizational change*, *organizational development*, and *organizational transformation* can be found to mean a unique set of organizational sequences or events. More often, however, the terms can also be found in the literature to be used almost interchangeably. The use of these terms in a confusing way can be explained by several observations: 1) those educators writing about these events often fail to agree completely on the definition of the terms and thus, both the definition and meaning of the individual terms differs from author to author; 2) furthering this quandary is the evolution of the organizational change field and the alteration of the meaning of the terms as the field has developed; 3) personal choice or preference by the author; and 4) the purpose of the change sometimes influences the phrase chosen to describe it. In this paper I argue that the language of change matters. There exists evidence that to some extent the way that change is labeled has a direct impact on how the change is implemented and most importantly the ultimate result of the initiative.

As a result of my literature review, I have characterized *organizational change* as an umbrella term for all types of change including that of organizational development and transformation. Organizational change has been around a long time, perhaps since the inception of an organization. The literature frequently discusses organizational change as an umbrella term for all types of change.

I have used the terms *organizational development* to describe change that is initiated by the management within an organization or by a management consultant at the invite usually of the senior management staff. The term *organizational development* (OD) is a much more specific term which merged during the 1960s as organizational development consultants became popular when they claimed to be able to "fix" or solve organizational problems, mostly through changes in mission statements, organizational structures, and by using other organizational processes or methods (Chapman, 2002). OD consultants tend to see organizations as closed systems and their role as a change agent who both introduces and manages the change process. Much focus is on structure versus people or culture. Embedded in this definition is the power associated with management position or the ability to assign a management consultant for the purpose of organizational change. For these reasons, much of the change that is a result of these types of interventions I view as planned change and often forced structural change. In addition, inherent in this process is often the use of power 'over' strategies and practices resulting in little or no buy-in or participation from the workers in the organization. As a result of this more focused definition, the term organizational development tends to be used in the literature in a more

specific way. Saying this however, there are still examples of misuse or confusion (See for example, Cacioppe & Edwards, 2004 or Goodstein & Burke, 1990).

The term *organizational transformation* (OT) is more elusive. I have chosen to label *organizational transformation* as that change that may be initiated by senior management but takes on a life of its own, spins out of control, and creates its own destiny (Kegan, 1994; 2002). The term organizational transformation is found in some of the early organizational change literature referring most often to the vastness of a change such as mega change, or changing the center or core of an organization (Rhodes & Scheeres, 2004). Later literature uses words such as frame bending, second order, Model II, and others to describe changes to an organization which impact its foundational structure and culture in a profound way. In more recent literature, more often then not, transformation of an organization tends to deal with both structure and people aspects of change, is seen as a more radical form of change, and is often a product of organizational survival initiated from either an internal or external source (Fletcher, 1990). While the transformation may be initiated by the management staff of the organization or a management consultant assigned by the management staff, power is often given to those who create or make the change happen, namely the workers. In many cases these employees must be empowered to do so. At times the only organizational result is a change in how power is distributed and how decisions are made. This type of change has a chance at changing the existing worldview of the organization affecting the organization's core.

Robert Marshak (1990) offers metaphors and language as a way to categorize different the types of change. For example, he argues that most organizational development interventions use language such as machine metaphors and words that describe fixing the machine to run smoother and be more productive. The change agent is seen as the repair man. Resistance comes phrased as, "If it ain't broke, don't fix it." Conversely, transformational change talks about moving an organization from one state to another using language such as *headed in the right direction*. Words of encouragement take the form of phrases such as *breaking out of the box*, or words such as *reinventing*, *becoming*, and *liberating*. The change agent is seen as the visionary or creator (pp. 48-49). The words organizational change are used throughout his discussion in more of an umbrella manner.

Disciplinary Perspectives

Several perspectives on organizational transformation appear in the management, human resource development, and adult education literature. Most views are set in opposition and exist for individual educators, researchers, and other authors on a continuum. Some situate themselves on these continuums based on their understanding of the meaning of a specific type of change, some based on strategies or methods of investigating a change, some based on their philosophical positions, others appear to make a personal choice, and still others avoid insight into their rationale, and as a result, the reasons for their position remains unsaid and unknown. Some theorists believe that individuals who learn and transform, create organizations that learn and transform (Marsick & Neaman, 1996) while others believe that transformational learning is predominantly an individual endeavor (Mezirow, 1997). However, currently, emerging from the organizational science and management literature is the belief that organizational transformation occurs with similarity to individual transformation in that it: 1) has no scheduled time table, 2) exists within no change agent's control, and 3) with no guarantee that it will occur in any particular direction. There is evidence in the literature of "broad learners" who critically reflect on the meaning of their work in the broadest context and who strive to make a difference in their workplace and society at large (Woerkom, 2004).

Yorks and Marsick (2001) argue that organizations transform themselves in ways that are parallel to Mezirow's habits of the mind—namely in the areas of "sociolinguistic, epistemic,

psychological and philosophical" dimensions (p. 273). They also believe that organizations employ a process of reflection with questioning and change of assumptions, at the organizational level. Fletcher (1990) cites the use of "dialectical inquiry" in organizations as a method to assist in raising conflicting perspectives which inform each other but have no consensus agenda. Many researchers describe evidence of transformational learning in organizations (Yorks & Marsick, 1989; Marsick & Watkins, 2001; Senge, 1990), including increased critical reflections, changes in habits of the mind, and changes in worldview. After reviewing the various bodies of literature, it is apparent that practice and theory building and research could learn from one another.

Some of the founding authors and practitioners include: Elaine Romanelli, Michael Tuchman, David Nadler, Andrew Pettigrew, Karen Weick, Kurt Lewin, and many others. While authors often do not agree on the definition of terminology, most agree that the confusion in the terms is attributable, to many factors including: the types of change desired (evolutionary or incremental versus revolutionary or radical or frame bending); understanding the focus of change such as in individuals, groups or organization-wide, strategies or methods associated with the change; the desired outcomes of the change; meaning and understanding of the definition held by the author (Camden-Anders, 1999; Goodstein & Burke, 1990). According to Nutt and Backoff (1997) the problem with the overlap in definitions is centered on the "what" (definition) of the change often being confused with the "how" (strategies and purpose) of the change (p. 233). Another thing that makes the literature confusing is the analysis of change types is often presented free of context (Mitzberg & Westley, 1992). For this reason, Newhouse and Chapman (1996) argue that analysis of change should be conducted using process, context, and content. This is similar to Pettigrew (1985) who argued for a more holistic analysis of change using these same three elements.

Implications for Practice

Hedberg (1981) says that "organizations develop worldviews and ideologies as individuals develop personalities, personal habits, and beliefs over time. The questions that remains are, how do you transform them? And can you? After reviewing the literature, I argue that if we identify organizational change as organizational transformation and if we spend as much effort implementing strategies that set up conditions for transformation of people as well as strategies to change organizational structure, then we have a chance of creating more equitable organizations. Organizations that transform closer to emancipation and freedom from domination of the dominant few; organizations that question practices and belief structures such as those that create and maintain corporate culture; organizations that challenge, reflect on, and question the organizations worldview; and organizations in which diversity of workers and all voices can be heard are all can be transformational goals. Call it utopia. Call it optimistic. I believe that if you get the language right, it is a beginning towards organizational transformation.

Major Themes and Debates in the Field

Most views in this section are set in opposition and exist for individual educators, researchers, and other authors on a continuum. Some situate themselves on these continuums based on their understanding of the meaning of a specific type of change, some based on strategies or methods of investigating a change, some based on their philosophical positions, others appear to make a personal choice, and still others avoid insight into their rationale, and as a result, the reasons for their positioning remains unsaid and unknown.

Planned Change versus Emergent Change

When *organizational development* was coined, the concept of planned change, arising from a system decision to improve its functioning, had been evolving for almost three decades. The planned change approach originated with social scientist Kurt Lewin (1947) who believed that successful change required 1) analysis and understanding of social group formation, motivation and maintenance using field theory and group dynamics and 2) behavior change in social groups through action research and a three-step change model (unfreezing, moving, refreezing). Lewin's planned change model used participative team strategies to improve the effectiveness of the human aspect of organizations (Burnes, 2004.) Over time organization development practitioners added the use of scientific knowledge and power sharing between the change agent and the client. The process was seen as clearly distinct from emergent or accidental change, acknowledging that planned change and emergent change exist on a continuum and research showed that more than 50% of initiatives of planned change failed. Interestingly, there is some evidence that many of the failures are due to relationship (human resistance) factors change which are typically not included in the studies.

Emergent change refers to the ongoing adaptations that produce fundamental change without intending to do so (Brown & Eisenhardt, 1997). This is what happens when people and organizations deal with contingencies and opportunities everyday and much of it goes unnoticed. This emergent approach assumes that key organizational decisions result from cultural and political processes which evolve over time, since culture is affected in this type of change and since it is not planned or controlled by OD professionals, it is most often described as a type of OT. Scholars debate the merits of emergent change and whether or not conditions can be created which encourage its occurrence.

Continuous versus Punctuated Equilibrium Change.

"Change comes in many shapes and sizes; sometimes change is incremental and hardly noticed, whilst at other times change is large and dramatic" (Burnes, 2004, p. 886). The punctuated equilibrium model (Romanelli & Tushman, 1994) posits long periods of organizational stability/equilibrium interrupted by burst of revolutionary and fundamental change. The assumption is that episodic change or punctuated equilibrium change is infrequent, discontinuous and intentional. OD consultants and other change agents can *manage* such as change (Miller, 1993). This model's source was the natural science's challenge to a Darwinian conception of evolution and was validated by Gersick's (1991) research on how organizations transform.

Continuous change, on the other hand, is described as evolving, uninterrupted, relentless, frequent, and simultaneous changes across the organization (Weick, 1991). This understanding of change is built on Darwin's model of evolution (Gersick, 1991). It tends to be more transformational kind of change. Rejecting the punctuated equilibrium approach, its proponents (Brown & Eisenhardt, 1995; Greenwald, 1996) argue that in a fast moving world continuous change is endemic and perhaps the sole way for successful organizations to compete. Organizational structures seem to be limited and the organization's culture is developed to be extensively interactive with much freedom to improvise; products are linked to needs as they evolve. The processes used strive to balance order with disorder, attend simultaneously to multiple time frames and linkages between them, and follow sequenced steps for creating the essence of the organization. Potential problems for some arise from this perspective, since there is no such thing as fully planning for or controlling these processes; they simply evolve as the organization transforms into something new.

First Order and Second Order Change

Organization theorists drew upon biology to develop definitions of first and second order change. First order change consists of minor adjustments that can arise naturally as a system develops and do not alter the system's core. These changes include changes to "activities, problems, issues, and circumstances" (Dirkx, Gilley & Gilley, 2004, p. 43). This is the type of change is most likely to require an OD intervention (Mink, Esterrhuysen, Mink, & Owen, 1993).

Second order change, which came to be linked with organizational transformation, is "multi-dimensional, multi-level, qualitative, discontinuous, radical organizational change involving a paradigmatic shift" (Levy & Merry, 1986, p.5). Numerous scholars of management, organizations, and change codified and described these two types of change, beginning with Lindbloom in 1959. Hemes (1976) brought systems theory to the two levels of change, using the term *transition* to label first-order change (two dimensional, output and values) and *transformation* to label second-order change (change in three dimensions, output, process, and values.) This perspective also appears in the business transformation strategies arising in the 1990s regarding reengineering—downsizing, right sizing, and so on. (Sethi, & King, 1997; McNulty & Ferlie, 2004). Currently researchers and practitioners alike are debating in the literature the purposes of First order and Second order change and their ability to manage and/or encourage either (Mink et al., 1993).

Open and Closed Systems

In the organizational psychology and behavioral literature has been the view of organizations as open systems for several decades. However, appearing in the business literature in the late 1980s was the debate over viewing organizations as either open or closed. Open systems view change as primarily due to external pressures rather than internal ones. This distinction is important because it very much is tied to change initiatives. If the pressures to change come internally, they can then perhaps be managed and control (O D efforts can be successful). However, if these changes come primarily from the environment, then planned change efforts can be of little value.

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