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HISTORY OF ORGANIZATION DEVELOPMENT

LEARNING OBJECTIVES

In this chapter you will learn how to

- 2.1 Describe the importance of early approaches to OD such as laboratory training, action research, management practices, and quality programs.
- 2.2 Describe the difference between first-generation and second-generation OD practices.
- 2.3 Explain second-generation OD practices including organizational culture, change management, organizational learning, organizational effectiveness, and agility.
- 2.4 Explain how organization development's evolution shapes current practice.

If you have just heard the term *organization development* (OD) used recently, you may be surprised to learn that the practice of OD is now in its ninth decade (even though the term itself first began to be used in the 1960s; see Sashkin & Burke, 1987). Like the business and organizational environments where it is practiced, OD has grown and changed significantly during this time. This chapter highlights different strands of research and practice to illustrate how each of these traditions of OD can be seen, explicitly and implicitly, in how it is practiced today. Nine major traditions of OD research and practice are described here, though these blend together and intersect one another, and the themes in these nine traditions can be seen throughout later chapters. These trends follow one another more or less historically, though there is significant overlap and influence among each of them.

By becoming aware of the history of OD, you will be more aware of how it has been defined throughout its life, as well as the changes that the field has undergone from its historical roots. In addition, you will better understand how today's practice of OD has undergone many years of research and practice to reach its current state.

HISTORY OF OD: EARLY YEARS

The nine strands of OD research and practice discussed in this chapter are as follows:

1. Laboratory training and T-groups
2. Action research, survey feedback, and sociotechnical systems

3. Management practices
4. Quality and employee involvement
5. Organizational culture
6. Change management, strategic change, and reengineering
7. Organizational learning
8. Organizational effectiveness and employee engagement
9. Agility and collaboration

Laboratory Training and T-Groups

By most accounts, what has come to be known as organization development can be traced back to a training laboratory effort that began in 1946–1947 in Bethel, Maine, at what was then known as the National Training Laboratory (NTL) in Group Development. The laboratory's founders, Kenneth Benne, Leland Bradford, and Ronald Lippitt, were inspired to develop the NTL by the dedicated work of a fourth scholar and their predecessor, Kurt Lewin. In 1945, Lewin had established a Research Center for Group Dynamics (a phrase Lewin invented; see L. P. Bradford, 1974) at the Massachusetts Institute of Technology (MIT).

In the summer of 1946, the practices that eventually became known as the T-group were discovered by Lewin and his students. The Connecticut Interracial Commission had asked Kurt Lewin to develop a workshop for community leaders. The objective of the workshop was to assist community leaders in developing solutions to problems that they faced in their communities, specifically addressing problems in the implementation of the Fair Employment Practices Act. Participants included not only community leaders but also businesspeople, social workers, teachers, and other interested citizens. Instead of making attendees passively sit through lengthy lectures, speeches, and presentations by experts, which many of them had been expecting, organizers developed a workshop in which participatory group discussion, role playing, and teamwork would be the primary activities (Hirsch, 1987).

Each evening, following the discussion session, the researchers convened to discuss the day's events to document observations, code interaction, and interpret group behavior. A few of the participants in the day workshops learned of these researcher meetings and asked if they could sit in and observe. The researchers continued their process of reflecting on and interpreting the participants' actions during the day while the participants listened. At one point, one of the researchers stated that he had seen one woman, who had been a cautious and quiet participant earlier, become a livelier contributor that day as a result of being assigned to a leadership role during a role-playing activity. Rather than allowing this observation to pass without comment, the researchers invited the woman (who was present at that evening's discussion, listening to the observation being shared) to discuss the hypothesis and to share her own interpretation. The woman agreed that, yes, it had been more enjoyable to participate as a result of being assigned to the leadership role. She found herself surprised by how much she was energized by the discussion and how much she changed from initially being uncomfortable participating to being disappointed when the discussion came to an end (Lippitt, 1949). This exchange led to a promising new pattern in which researchers reported on their observations and the participants listened, reflected, and shared their own interpretations of their own behavior.

Attendance at the evening sessions soared in subsequent days, with almost all participants attending, and this led to the researchers' conclusion:

Group members, if they were confronted more or less objectively with data concerning their own behavior and its effects, and if they came to participate nondefensively in thinking about these data, might achieve highly meaningful learnings about themselves, about the responses of others to them, and about group behavior and group development in general. (Benne, 1964, p. 83)

Lewin seemed to know instinctively that this was a potentially powerful finding, remarking that “we may be getting hold of a principle here that may have rather wide application in our work with groups” (quoted in Lippitt, 1949, p. 116). The training group (or T-group) was born.

The following year, 1947, the first T-group session took place at the National Training Laboratory in Bethel, Maine. T-group sessions were designed to last 3 weeks and comprised approximately 10 to 15 participants and one or two trainers. In open and honest sessions in which authenticity and forthright communication were prized, group members spent time analyzing their own and others' contributions, as well as the group's processes. Regardless of whatever process the groups followed, the common objective of each T-group was to create interpersonal change by allowing individuals to learn about their own and others' behavior, so that this education could be translated into more effective behavior when the participants returned home. As the word spread about the effectiveness of the T-group laboratory method, managers and leaders began to attend to learn how to increase their effectiveness in their own organizations. Attendance was aided by a *BusinessWeek* article in 1955 that promoted “unlock[ing] more of the potential” of employees and teams (“What Makes a Small Group Tick,” 1955, p. 40). By the mid-1960s, more than 20,000 businesspeople had attended the workshop (which had been reduced to a 2-week session), in what may be considered one of the earliest fads in the field of management (Kleiner, 1996).

The research that Lewin began has had a significant influence on OD and leadership and management research. His research on leadership styles (such as autocratic, democratic, and laissez-faire) profoundly shaped academic and practitioner thinking about groups and their leaders. The fields of small-group research and leadership development owe a great deal to Lewin's pioneering work in these areas. Though the T-group no longer represents mainstream OD practice, we see the roots of this method today in team-building interventions (a topic addressed in detail in Chapter 11). Lewin's research also influenced another tradition in the history of organization development—action research and survey feedback.

Action Research, Survey Feedback, and Sociotechnical Systems

Lewin's objective at MIT was to develop research findings and translate them into practical, actionable knowledge that could be used by practitioners to improve groups and solve their problems. Lewin called this model *action research* to capture the idea that the research projects at their core always had both pragmatic and theoretical components and that rigorous scientific methods could be used to gather data about groups and to intervene in their processes (Cunningham, 1993). Two important developments during this time were a survey feedback process and the field of sociotechnical systems.

Survey Feedback

While Lewin and his colleagues were developing the T-group methodology, an effort was taking place at the University of Michigan, where a Survey Research Center was founded in 1946 under the direction of Rensis Likert. The Survey Research Center's goal was to create a hub for social science research, specifically with survey research expertise. Some organizations, sensing an opportunity to improve their operations, derive economic success, and develop a competitive advantage, proposed survey research projects to the center but were denied because their focus was too narrow. The center aimed to concentrate on larger projects of significant importance beyond a single organization and to share the results publicly. These two criteria—addressing questions of larger significance and making the results known to other researchers and practitioners—formed the core of the action research process. One such project that met these criteria was a survey feedback project at Detroit Edison.

Members of the Survey Research Center conducted a 2-year study at Detroit Edison from 1948 to 1950. The survey of 8,000 employees and managers was administered to understand perceptions, opinions, and attitudes about a variety of aspects of the company, such as career progression and opportunities for advancement, opinions about managers and colleagues, and the work content and work environment itself. The survey also asked supervisors specifically about their opinions about managing at the company, and invited senior leaders and executives to offer additional perceptions from the perspective of top management. The researchers sought to understand not only how employees at Detroit Edison felt about the organization but also how the results of this project could be used to understand, instigate, and lead change in other organizations.

Following the initial data collection, feedback was given to leaders and organizational members about the survey results. Mann (1957) described the process of sharing this feedback as an “interlocking chain of conferences” (p. 158) in which initially the results were shared with top management, assisted by a member of the research team. At this meeting, participants discussed the results, possible actions, and how the results would be shared with the next level of the organization. Next, each of those participants led a feedback discussion with his or her team about the research results, also conducting action planning and discussing how the results would be shared with the next level. This pattern continued throughout the organization. At each level, the data relevant to that specific group were discussed. Through subsequent rounds of surveys and action planning, managers developed action planning programs that differed significantly from one another. Some programs took as long as 33 weeks, while others took 13; some departments met as frequently as 65 times, while others met as few as 9. Some department action programs involved all employees, while others were limited to the management team.

The researchers found that among the groups that had taken action based on the survey results, employees reported a positive change in perceptions about their jobs (such as how important it was and how interested they were in the job), their supervisors (such as the manager's ability to supervise and give praise), and the company work environment (such as opportunities for promotion or the group's productivity) compared to the groups that had taken no action. Moreover, Mann (1957) reported,

Employees in the experimental departments saw changes in (1) how well the supervisors in their department got along together; (2) how often their supervisors held meetings; (3) how effective these meetings were; (4) how much their supervisor understood the way employees looked at and felt about things. (p. 161)

Mann added that the change was even stronger in groups that involved all levels and employees in the action planning process. The researchers concluded that the conference feedback model they had developed was an effective one, in which data were collected and fed back to organizational members who took action to initiate changes based on the data and discussion of the findings.

Today, action research, following a model similar to what was done at Detroit Edison, is the foundation and underlying philosophy of the majority of OD work, particularly survey feedback methodologies. This model forms the basis of the OD process that we will discuss in greater detail in Chapter 5. Employee surveys are now a common strategy in almost all large organizations, and action research feedback programs have become one of the most prevalent OD interventions (Church, Burke, & Van Eynde, 1994). We will discuss the use of survey methodologies specifically as a data gathering strategy again in Chapter 7.

Sociotechnical Systems

The concept of sociotechnical systems (STS) is generally traced to a study of work groups in a British coal mine reported by Trist and Bamforth (1951), and was further pioneered at the Tavistock Institute of Human Relations in London by Fred Emery (1959). The Trist and Bamforth study outlined social and psychological changes in work groups that occurred during a transition to more mechanized (versus manual) methods of extracting coal. They write that the study of coal workers shows that there is both a technological system (the mechanics) and a social system (relationships in work groups) in organizations that exert forces on an individual worker, and that the health of the system must take into account these two factors. The technological system consists of not just information technology as we might think of it today, but the skills, knowledge, procedures, and tools that employees use to do their jobs. The social system consists of the relationships between coworkers and supervisors, communication and information flow, values and attitudes, and motivation. In STS, OD interventions examine more than the social system, but in addition “arrangements of people and technology are examined to find ways to redesign each system for the benefit of the other in the context of the organizational mission and needs for survival” (Pasmore, Francis, Haldeman, & Shani, 1982, p. 1182).

Clearly, the technological system and social system interact with each other. Thus, an important principle of STS is that of joint optimization, which explains that “an organization will function optimally only if the social and technological systems of the organization are designed to fit the demands of each other and the environment” (Pasmore et al., 1982, p. 1182). One method by which joint optimization can be achieved is through an autonomous or semiautonomous work group, where members have some degree of ownership, control, and responsibility for the tasks that need to be performed.

Once a thorough diagnostic stage is completed to understand the social and technical systems, the practitioner might propose interventions that could include “restructuring of work methods, rearrangements of technology, or the redesign of organizational social structures” (Pasmore & Sherwood, 1978, p. 3). As we will learn about more in the next section, findings of studies conducted at the time provided empirical evidence that involvement and participation in both the social and technical systems contributed to employee motivation and productivity.

Sociotechnical systems theory and practices are followed today by OD practitioners. Several global versions or variants have been developed as North American STS,

Scandinavian STS, Australian STS, and Dutch STS, all with foundationally similar yet distinct approaches and philosophies (van Eijnatten, Shani, & Leary, 2008). Despite the fact that early studies of STS may have concentrated on manufacturing or physical production environments, there is increasing recognition that STS concepts have an important role to play today in our understanding of knowledge work, or how information technology and automation combine with social collaboration practices to affect our work environments.

Management Practices

Based in part on findings from survey feedback and sociotechnical systems projects, several research programs in the 1960s prompted researchers and practitioners to adopt different ways of thinking about management practices. The aim of these research programs was to offer alternative ways of managing in contrast to the dominant methods of the time. Four notable research programs include (1) MacGregor's Theory X and Theory Y, (2) Likert's four systems of management, (3) Blake and Mouton's managerial grid, and (4) Herzberg's studies of worker motivation.

Douglas MacGregor, a scholar at MIT and a colleague of Lewin's during his time there, significantly affected thinking about management practices in 1960 with the publication of his book *The Human Side of Enterprise*. He believed that managers held implicit and explicit assumptions (or "espoused theories") about people, their behavior, and the character of work, and he noted that it was quite easy to hear how those theories influenced managers. In fact, he gave each of his readers an assignment:

Next time you attend a management staff meeting at which a policy problem is under discussion ... jot down the assumptions (beliefs, opinions, convictions, generalizations) about human behavior made during the discussion by the participants. Tune your ear to listen for assumptions about human behavior, whether they relate to an individual, a particular group, or people in general. The length and variety of your list will surprise you. (MacGregor, 1960, pp. 6–7)

MacGregor argued that managers often were not conscious of the theories that influenced them, and he noted that in many cases these theories were contradictory. He categorized the elements of the most commonly espoused assumptions about people and work and labeled them Theory X and Theory Y.

Theory X can be summarized as follows:

1. The average human being has an inherent dislike of work and will avoid it if [possible].
2. Because of this human characteristic of dislike of work, most people must be coerced, controlled, directed, threatened with punishment to get them to put forth adequate effort toward the achievement of organizational objectives.
3. The average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition, wants security above all. (MacGregor, 1960, pp. 33–34)

In contrast to the assumptions about personal motivation inherent in Theory X, Theory Y articulates what many see as a more optimistic view of people and work:

1. The expenditure of physical and mental effort in work is as natural as play or rest.
2. External control and the threat of punishment are not the only means for bringing about effort toward organizational objectives. [People] will exercise self-direction and self-control in the service of objectives to which [they are] committed.
3. Commitment to objectives is a function of the rewards associated with their achievement.
4. The average human being learns, under proper conditions, not only to accept but to seek responsibility.
5. The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely, not narrowly, distributed in the population.
6. Under the conditions of modern industrial life, the intellectual potentialities of the average human being are only partially utilized. (MacGregor, 1960, pp. 47–48)

MacGregor wrote that adopting the beliefs of Theory Y was necessary to bring about innovative advances in products, technologies, and solutions to existing problems, and that managers would need to shed some of their existing assumptions about controlling people in favor of a more expansive and humanistic orientation to human behavior in organizations. His work went on to recommend several ways to put Theory Y assumptions into practice, including documenting job descriptions, restructuring the performance appraisal process, and more effectively managing salary increases and promotions.

At about the same time as MacGregor was arguing for a new set of assumptions about management, Likert (1961, 1967) studied four alternative ways of managing, the foundations of which correlate strongly with MacGregor's work. Likert conducted a study in which he asked managers to think of the most productive and least productive divisions in their organizations and to place them on a continuum reflecting their management practices, which he labeled as Systems 1 through 4:

System 1: Exploitative authoritative. Managers use fear, threats, and intimidation to coerce employees to act. Information flow is downward and comprises orders being issued to subordinates. Upward communication is distorted due to fear of punishment. Decisions are made at the top of the organization. No teamwork is present.

System 2: Benevolent authoritative. Managers occasionally use rewards but also punishment. Information flow is mostly downward. Most decisions are made at the highest levels, but some decision making within a narrow set of guidelines is made at lower levels. Some teamwork is present.

System 3: Consultative. Managers use rewards and occasional punishment. Information flow is both downward and upward. Many decisions are made at the top but are left open for decision making at lower levels. Teamwork is frequently present. Goals are set after discussion of problems and potential solutions.

System 4: Participative group. Managers involve groups in setting and measuring goals. Information flow is downward, upward, and horizontal. Decision making is done throughout the organization and is characterized by involvement and participation. Teamwork is substantial. Members take on significant ownership to set rigorous goals and objectives.

Likert (1961, 1967) found that managers reported that the most productive departments were run using a participative group management style, and that the least productive departments were led by managers who modeled an exploitative authoritative style. Despite this finding, Likert reported that most managers adopted the latter, not the former, style. To stress the point more forcefully, Likert (1967) followed up this perception data with quantitative data that showed a rise in productivity after a manager began to increasingly adopt the System 4 behaviors of participative management.

A third research program attempting to demonstrate a new set of management values and practices was that of Blake and Mouton. In *The Managerial Grid*, Blake and Mouton (1964) noticed that management practices could be plotted on a chart where the manager demonstrated a degree of “concern for production” and a degree of “concern for people.” Each of these could be mapped on a grid, with a score from 1 (*low*) to 9 (*high*). A high concern for production but a low concern for people was referred to as a “9,1 style.” A manager adopting this style would demonstrate behaviors such as watching and monitoring employees, correcting mistakes, articulating policies and procedures, specifying deadlines, and devoting little time to motivation or employee development. Blake and Mouton advocate a 9,9 approach to management in which managers demonstrate both a high concern for production and a high concern for people, noting that one value of this style is that there is no inherent conflict between allowing the organization to reach its goals and demonstrating a concern for people at the same time. The 9,9 style, they argue, creates a healthier environment, because “people can work together better in the solutions of problems and reach production goals as a team or as individuals when there is trust and mutual support than when distrust, disrespect, and tensions surround their interactions” (Blake & Mouton, 1964, pp. 158–159). Blake and Mouton’s grid OD program, detailed in subsequent volumes (Blake & Mouton, 1968, 1978), defined a five-phase intervention program in which managers are trained on the grid concept and complete team-building activities, work on intergroup coordination, and build and implement the ideal organization.

As a fourth example of research into management practices, in a research program beginning in the late 1950s, Frederick Herzberg began to explore the attitudes that people had about their jobs in order to better understand what motivates people at work. A number of studies had sought to answer the question “What do workers want from their jobs?” throughout the previous decades, with contradictory results. In interpreting the studies, Herzberg suspected that job satisfaction was not the opposite of job dissatisfaction. In other words, he believed that different factors might be at play when workers were satisfied with their jobs than when they reported being dissatisfied with their jobs.

Through a series of in-depth interviews, Herzberg and a team of researchers set out to investigate. They asked people to reflect on important incidents that had occurred to

them in their jobs—both positive and negative—and asked participants to explain what it was about that event that made them feel especially good or bad about the job.

The results showed that people are made *dissatisfied* by bad environment, the extrinsics of the job. But they are seldom made satisfied by good environment, what I called the *hygienes*. They are made satisfied by the intrinsics of what they *do*, what I call the *motivators*. (Herzberg, 1993, pp. xiii–xiv)

In the initial 1959 publication and through subsequent studies, Herzberg explained the key motivators that contributed to job enrichment, in what has been called his motivation-hygiene theory:

- Achievement and quality performance
- Recognition for achievement and feedback on performance
- Work itself and the client relationship
- Responsibility
- Advancement, growth, and learning

At the same time, Herzberg, Mausner, and Snyderman (1959) point out that hygiene factors will not necessarily contribute to job satisfaction, but can cause job dissatisfaction. “When feelings of unhappiness were reported, they were not associated with the job itself but with conditions that *surround* the doing of the job” (p. 113), such as

- Supervision
- Interpersonal relationships
- Physical working conditions
- Salary
- Company policies and administrative practices
- Benefits
- Job security

Herzberg et al. (1959) explain that their research on motivation illustrates why contemporary managers had such a difficult time motivating employees. Then-popular management programs for supervisors and wage incentive programs addressed hygiene factors of supervision and monetary compensation, but did little to address the factors such as achievement and work itself that truly motivated employees.

The work of MacGregor, Likert, Blake and Mouton, and Herzberg is illustrative of an era of research in which scholars and practitioners began to rethink commonly held assumptions about management and human behavior. In many ways it is remarkable how MacGregor’s optimistic views of human nature and motivation in Theory Y, in contrast to what he saw as the dominant view of managerial control articulated in Theory X, continue to be as relevant to conversations today as they were more than 60 years ago. At that time, OD had not yet made significant inroads into organizations. Managers strongly held negative assumptions about human behavior characteristic of MacGregor’s Theory X

or Likert's exploitative authoritative style, and while there was already evidence that alternative styles worked more effectively, executives continued to seek proof of OD's effectiveness (Mirvis, 1988). Consequently, these writers sought to persuade the practitioner community that there was a more optimistic and humanistic alternative to management. Some of the assumptions inherent in these research programs have become dominant values in OD. The foundational values inherent in the humanistic orientation articulated in Likert's participative management style and Blake and Mouton's 9,9 style strongly influenced the field of OD. These values remain as hallmarks of OD practice today, and they are discussed in greater detail in the next chapter.

Quality and Employee Involvement

A fourth historical tradition in the development of the field of OD evolved as organizations began to increasingly adopt some of the management styles described in the previous section, involving employees more in the management and operations of the organization, beginning particularly in manufacturing and industrial environments. This development appeared to be more strongly embraced in the late 1970s and 1980s, when industry firms realized a growing competitive threat to the U.S. manufacturing industry as a result of developments in Japan (G. S. Benson & Lawler, 2003). As firms realized that the quality of the product strongly impacted the profitability and competitiveness of the organization, they began to pay attention to management styles that would increase workers' ability and motivation to improve quality. As a result, they began to involve employees in noticing defects and taking action to prevent them or to correct them.

After World War II, Japan began to invest in increasing its manufacturing capabilities and quality programs (Cole, 1999). Two important authors who were instrumental in the development of quality practices in Japan (and subsequently the United States) were W. Edwards Deming and Joseph M. Juran. Partly inspired by the work of Deming and Juran, Japanese manufacturing firms created the *quality circle* in the 1950s and 1960s as a method to involve employees in improving quality in their organizations. P. C. Thompson (1982) explains:

A quality circle is a small group of employees and their supervisor from the same work area, who voluntarily meet on a regular basis to study quality control and productivity improvement techniques, to apply these techniques to identify and solve work-related problems, to present their solutions to management for approval, and to monitor the implementation of these solutions to ensure that they work. (p. 3)

The assumption is that typically employees understand the work in their immediate area best and have the most knowledge about how it can be improved. Quality circles involve employees in improving the work environment and the quality of the output by making suggestions to upper management for areas of improvement. Upper management then is free to accept or decline the suggestions. The use of quality circles in American companies reflected an interest in increasing quality, motivation, and participation through employee involvement (Manchus, 1983).

Also taking a cue from Japan's success, in 1981, after studying and observing Japanese management styles that appeared to result in higher productivity and greater quality, William Ouchi proposed Theory Z (a concept modeled after MacGregor's Theories X and Y) in which he suggested that "involved workers are the key to increased productivity"

(Ouchi, 1981, p. 4). Ouchi's book described to Americans how the Japanese style of management worked, with long-term or even lifetime employment for workers, performance reviews and promotions or career movement after only a very lengthy observation period, and shared decision making and responsibility.

Quality circles are part of a family of approaches known as *employee involvement* practices. Employee involvement generally describes any attempt to include workers in order to develop greater commitment, productivity, and quality by granting them decision-making authority, giving them information about the organization (such as goals and finances), and providing incentives (Cotton, 1993).

The quality tradition continued throughout the 1980s and 1990s, manifested in quality programs such as ISO 9000; Total Quality Management; and in the late 1990s and early 2000s, Six Sigma. Quality programs such as these, while not always characterized as OD programs, are important to the OD practitioner as they almost always involve some degree of personal and organizational cultural change and often involve an OD practitioner or change agent to help facilitate this change. Today we see evidence of this trend in OD through the pervasive use of self-managed work teams that are given control and ownership of their work as well as how the team functions and is managed. We will discuss some of these programs in Chapters 11 and 12.

History of OD: Second-Generation Approaches

Up to this point in its history, OD focused on solving internal problems in the organization, centered on change first and foremost at the individual level. Seo, Putnam, and Bartunek (2004) contrast this phase, which they call *first-generation OD*, with *second-generation OD*, which they argue consisted of approaches that gave “explicit attention to the organizational environment and the organization's alignment with it” (p. 85). Beginning in the 1980s, with an increasingly global and more frequently and rapidly changing environment, along with advances in technology, organizations were forced to more quickly adapt to new market conditions. As a result, OD interventions became more highly focused on systemwide concerns rather than on those of individuals. Seo et al. write that first-generation OD approaches assumed that changing the individual (through T-groups, survey feedback mechanisms, changing a manager's assumptions or behaviors, or increasing employee involvement in teams) would gradually mushroom into change at a system level.

Even in the 1970s, some writers began to criticize the “soft” T-group model as the foundation for OD work, and OD became more focused on applications in business settings to further business objectives (Mirvis, 1988). With the challenges prompted by a new environment in the 1980s, second-generation OD approaches began to target changes at the level of the entire system. Increasingly, OD practitioners began to look externally at the organization's connection to its environment and to conduct transformative change at the structural and system level. This trend toward using OD efforts to result in strategic change and increased productivity became most evident in the early 1980s in a popular tradition of work called organizational or corporate culture.

Organizational Culture

A 1980 *BusinessWeek* article brought the concept of corporate culture into the popular vocabulary of managers and executives searching for a competitive advantage.

It reviewed such well-known companies as AT&T, IBM, and PepsiCo, highlighting the corporate values that drove their success and promoting the idea that a company's strategy and culture must be in alignment for the organization to succeed, directly linking corporate results with organizational culture. The article concluded that if strategy and culture were not in alignment, either the strategy or the corporate culture must change ("Corporate Culture," 1980).

The concept of a "culture" predominantly originates from the field of anthropology and conjures images of social scientists observing distant countries and social groups. As a result, OD practitioners and those who study corporate or organizational cultures have been called "organizational anthropologists" (Smircich, 1985, p. 65), whose task it is to decipher not only "how things are done around here" (a common definition of culture) but also the hidden meanings and assumptions that characterize how organizational members interpret and make sense of what is happening, or "how people think around here."

Culture has been defined in various ways, but most agree that a shorthand definition of culture is "the shared attitudes, values, beliefs, and customs of members of a social unit or organization" (Walter, 1985, p. 301). Schein (2004) provides a more detailed definition:

A pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valued and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. (p. 17)

Culture consists of symbols and the shared rules and norms that comprise a collective mind-set within an organization. For example, an announcement that a senior vice president is leaving the company ostensibly to "pursue other opportunities" could be interpreted by organizational members as a sign that the company's future is questionable or that the division led by the senior vice president is not meeting its goals, or it could instill confidence that senior leaders are held accountable, bolstering morale in the division. What may appear to be a bizarre interpretation from an outsider's point of view often makes perfect sense to those well versed in the cultural norms and interpretive patterns that have been adopted by someone inside the organization. These cultural patterns become easier to identify and read the longer the time spent in the organization. Cultures perpetuate themselves through socialization, particularly when new members of the culture are reprimanded for violating cultural norms or rewarded for assimilation (Schein, 2004).

The commonsense culture perspective as a lens on organizational life began to dominate practitioner and academic literature in the 1980s as managers and consultants became interested in strategies to intervene in and change organizational culture. Managers began to search for the magical elements of the "right" culture that would be the key to success. Among academic audiences, the culture perspective, as it came to be known, spread quickly because it resonated with those researchers dissatisfied with quantitative and experimental methods and who were interested in alternative ways of understanding organizations (Eisenberg & Riley, 2001; Ott, 1989). Some critiqued the organizational culture concept, arguing that conceiving of an organization as a single, monolithic culture ignores organizational subcultures that have their own shared meanings.

Nevertheless, to the OD consultant, symbolic and cultural observations about an organization remain a powerful source of data (we will consider the role of culture in data gathering in Chapter 7). Honing one's skill in observing and understanding

organizational culture allows the OD consultant to better understand potential obstacles and areas of resistance to any change. It focuses the practitioner on underlying assumptions and implicit meanings that organizational members cannot always articulate explicitly. We will discuss the concept of culture change in organizations in more detail in Chapters 12 and 13.

Change Management, Strategic Change, and Reengineering

A sixth strand of organization development practice grew rapidly in the 1980s and 1990s. It went by several labels, such as *strategic change* and *change management*, and manifested in part in the practice of transformational change, or reengineering. OD practitioners began to connect their work to larger, organizationwide goals, with a firm foundation in theories and research in organizational change. Change has always been a central theme in OD, but it was in the 1980s that academic research and practice increasingly began to adopt the language of strategic change. It was at this time that practitioners began to realize that change was at the center of organizations. The ability to effectively adopt change became the difference between successful and mediocre organizations.

The use of OD theories and concepts made sense to those involved in strategic change efforts. Not only do organizations need to focus attention on such external issues as market conditions, customer needs, competitive positioning, and financial concerns, they also must manage change internally. Traditionally, strategic planning has a history in economics and finance, and it is focused on the organization and its environment. With a history in the social sciences, OD has been more focused on people. In the 1990s and 2000s, practitioners increasingly saw that the two fields had much to offer each other. When a corporation must shift its strategy to better position itself competitively, the change required is both external and internal, as employees must be informed, involved, and motivated to help make this shift (Worley, Hitchin, & Ross, 1996). Many writers see that the field of OD offers the field of strategic planning the ability to address the human and personal aspects of organizational change, while a focus on strategy requires OD practitioners to better understand the business, internally and externally, and the context for change.

The change management movement encouraged practitioners to address the organization's vision, mission, goals, and strategy. Practitioners connected this vision and goals to the organization's social, political, technological, and cultural elements to ensure consistency, remove barriers, and involve multiple levels of the organization. This has had a significant influence on how OD is done today, as it has required that OD practitioners understand the environment and its challenges to the organization (whether it be a business, educational system, nonprofit organization, or government entity). Models and theories of organizational change are such a foundation of organization development work and such an important background for the OD practitioner that we devote our entire attention to them in Chapter 4, and we discuss the reengineering movement more specifically in Chapter 12.

Organizational Learning

Arguably, the major contributor to the field of organizational learning has been Chris Argyris. Argyris (2008) writes that organization learning is defined as “the detection and correction of error” (p. 53), which many people erroneously define as problem solving. To truly be learning, Argyris (1991) argues,

managers and employees must also look inward. They need to reflect critically on their own behavior, identify the ways they often inadvertently contribute to the organization's problems, and then change how they act. In particular, they must learn how the very way they go about defining and solving problems can be a source of problems in its own right. (p. 100)

To help understand the process of organizational learning, Argyris introduces the concepts of single-loop learning (correcting mistakes as they occur) and double-loop learning (in which we question or modify policies, objectives, or practices to prevent errors the next time; Argyris & Schön, 1978). Still a third kind of learning, deutero-learning, occurs when organizational members understand how and when they learn, and develop an environment in which learning can occur (Argyris & Schön, 1978). Argyris notes that many professionals are skilled and rewarded for single-loop learning but that these same skills often inhibit them from double-loop learning. When solutions to problems fail, our defensive mechanisms prevent us from stopping to question, analyze, and therefore learn.

To illustrate why organizations often fail to learn and explain the defensive mechanisms that inhibit learning, Argyris defines two implicit models of managerial thinking, called Model I and Model II (Argyris & Schön, 1996). Managers who adopt Model I thinking set their objectives and work at them, strive to win and curtail losses, reduce the expression of feelings (particularly negative ones that would be embarrassing to oneself), and take an objective, rational stance. Such thinking, Argyris and Schön point out, encourages the manager to behave as an individual in a self-protective manner, resulting in defensiveness and blame of others in a competitive, political environment. When this behavior is widespread, managers (and the organization as a whole) fail to explore issues at any deeper level, insulating the manager from information that contradicts beliefs already held and promoting a failure to learn from mistakes. By contrast, managers adopting Model II thinking promote "valid information, free and informed choice, and internal commitment" (p. 117). That is, they take a stance of inquiry from a cooperative standpoint rather than a stance of advocacy from a competitive one. This results in a less defensive position and creates a spirit of joint problem solving where learning can take place.

In the 1990s, organizational learning became popularized with practitioner audiences with the publication of Peter Senge's (1990) book *The Fifth Discipline*. Reflecting the trend in thinking about larger, systemwide concerns in organizations, Senge (1990) wrote that many organizations fail to think systemically about problems. He argued that learning could occur more quickly if individuals in organizations were to build capacity in the following five areas:

1. *Systems thinking*. The ability to see the organization as a system, to see how parts interrelate and affect one another, and to see how structures and systems influence behavior
2. *Personal mastery*. The choice to engage in and commit to a personal vision, goals, and development
3. *Mental models*. Learning to recognize the unarticulated ideas and ideologies that comprise our worldviews and color our interpretations
4. *Building shared vision*. The leadership ability and responsibility to rally organizational members around a single vision that motivates action

5. *Team learning.* The ability to engage in a dialogue among team members so that the team can recognize patterns that hinder their productivity

Researchers and writers quickly picked up on organizational learning as interest in the concept blossomed after publication of Senge's book. As the concept of organizational learning became more well known and adopted among OD practitioners, several techniques were developed to promote organizational learning. One of the most commonly used has been a learning history (Roth & Kleiner, 1998), in which organizational members discuss and document problems, choices, solutions, and thinking in a narrative document. In addition, Argyris and Schön (1996) advocate an exercise in which managers write down a conversation in two columns: on the right side they write what was said, and on the left they write what they were thinking during the conversation. The result is a rich intervention in which managers can see the ways in which they might more effectively move to Model II thinking and behavior.

The concept of organizational learning gained a following in OD because its primary concern, growth and development of individuals and teams, resonated strongly with the founding rationale and values of the field. Organizational learning has now become both an evaluation mechanism of OD effectiveness and an intervention in itself. An international academic and practitioner community now comprises the Society for Organizational Learning, which evolved from a center founded in the early 1990s by Senge. Organizational learning plays a major part in both the values of OD and the practices that we will discuss in later chapters on values and intervention strategies.

Organizational Effectiveness and Employee Engagement

Many practitioners are directing their attention toward conceiving of OD as organizational effectiveness, although the academic literature does not appear to be making this same shift. In some practitioner circles, *organizational effectiveness* is supplanting *organization development* as a preferred term, perhaps because of the continued perception today that OD is a “soft” practice not connected to the organization's business objectives. The term *organizational effectiveness* (OE) is not a new one, clearly, as you will recall its inclusion in Beckhard's (1969) well-known definition of organization development. Indeed, academic researchers have been working to define the characteristics, precursors, and determinants of OE for many years (see Cameron & Whetten, 1981). Many early studies of OE concentrated on quantitative and objective measures of outcomes as to what constitutes an effective organization.

To contrast with this organizationwide view of effectiveness, *employee engagement* is a second term that has been widely adopted by managers and OD practitioners. The term “refers to the individual's involvement and satisfaction with as well as enthusiasm for work” (Harter, Schmidt, & Hayes, 2002, p. 269). Literature on an individual's job satisfaction, productivity, and motivation is substantial. Some see engagement as a broader concept than these others, however, suggesting that “employees who know what is expected of them, who form strong relationships with co-workers and managers, or who in other ways experience meaning in their work, are engaged” (Luthans & Peterson, 2001, p. 378). The current interest in employee engagement may be reflective of a return to a concern with the health of the individual to complement the emphasis on organizational concerns and outcomes. Thus, the current reference to employee engagement may be a counter-response

to the quantitative movement in organizational effectiveness, resurrecting what is lost by substituting the bottom-line business connotation of OE for OD. Today, the Gallup organization conducts a widely used employee engagement survey called the Q12.

Agility and Collaboration

Today there is great interest in the field of organization development to improve organizational agility and collaboration. Driven by rapid changes in technology, new competitive environments, and business strategy trends, organizations have sought to improve agility. Consider that Netflix began as a DVD-by-mail service to compete with Blockbuster but subsequently reinvented itself to offer live streaming and eventually produce original content. Upstart competitors can invent a new iPhone app and suddenly compete in significant ways with long-established market leaders. New organizational models such as Airbnb and Uber, the gig economy, and the blurring of industries are all disrupting established enterprises (Anderson, 2019).

Agility “captures an organization’s ability to develop and quickly apply flexible, nimble and dynamic capabilities” (Holbeche, 2015, p. 11). It is also the “capability to make timely, effective, and sustained organization changes” (Worley, Williams, & Lawler, 2014, p. 26). More important, agility is an organization design capability “that can sense the need for change from both internal and external sources, carry out those changes routinely, and sustain above-average performance” (Worley & Lawler, 2010, p. 194). These definitions stress three key characteristics of agility (Horney, Pasmore, & O’Shea, 2010):

Fast: Agile organizations operate with speed, making rapid decisions and moving quickly.

Flexible: Agile organizations pivot as needed to take advantage of opportunities as they sense them.

Focused: Being fast and flexible is a recipe for whiplash and chaos unless the organization is also focused. Agile organizations do not pursue every idea, they “do a better job of selecting the ones that will deliver on environmental demands” (Worley et al., 2014, pp. 26–27).

Alongside the great interest in organizational agility has been the increasing capability of employees to collaborate with colleagues around the world. High-quality video streaming, instant messaging, and collaboration software allow for more rapid and substantive collaboration than ever before. Researchers have explored alternative organization designs that improve agility and collaboration through means such as alternative structures like holacracies (Robertson, 2015) and global collaborative networks and operating models (Kesler & Kates, 2016).

Moreover, this need for rapid change has changed the nature of organizational change itself. Rather than solely focus on top-down, leadership-driven, planned, and mandated change, OD practitioners increasingly focus on enlisting a wide range of stakeholders throughout the organization to build the organization’s capacity for responsive and adaptive change. This new view of change, called *generative change* or *dialogic organization development* (Marshak & Bushe, 2018), will be discussed in Chapters 5 and 12.

As you can see, threads of OD’s history remain with us in contemporary practice. Table 2.1 summarizes the strands of OD reviewed in this chapter and shows how OD’s

TABLE 2.1 ■ History of Organization Development

Period		Theme	Influence Today
1940s	First-Generation OD	Laboratory training and T-groups	Small-group research Leadership styles Team building
1950s		Action research, survey feedback, and sociotechnical systems	Employee surveys Organization development processes Sociotechnical systems theory and design
1960s		Management practices	Participative management
1970s		Quality and employee involvement	Quality programs such as Six Sigma, Total Quality Management, and self-managed or employee-directed teams
1980s	Second-Generation OD	Organizational culture	Culture work, specifically in mergers and acquisitions
1980s–1990s		Change management, strategic change, and reengineering	Systems theory, large-scale and whole-organization interventions
1990s		Organizational learning	Currently practiced; appreciative inquiry
2000s		Organizational effectiveness and employee engagement	Currently practiced
2010s–2020s		Agility and collaboration	Currently practiced; dialogic OD

history influences the field today. Throughout the book, we will see examples of these practices today and learn more about them in detail, and in Chapter 16, we will examine future trends in organization development.

SUMMARY

Organization development has evolved, adapted, and changed dramatically in the decades since the first T-groups were initiated. Early practitioners and researchers concentrated on individual growth and development through T-groups; action research, survey feedback activities, and sociotechnical systems; and emphases on management practices and employee involvement, whereas later approaches beginning in about the 1980s emphasized larger, systemwide concerns such as culture, change management, and organizational learning. Throughout its history, with new experiences and research programs, academics and practitioners have built on previous practices in order to develop the content and process of OD work to continue to change individuals and organizations. We see elements today of each of these trends in the history of OD. Consequently, OD is not a one-size-fits-all approach to organizational change, nor is it a methodical set of rigid practices and procedures, but it consists of multiple methods, perspectives, approaches,

and values that influence how it is practiced. Depending on what a client is trying to achieve, the OD consultant may adapt and adopt a number of practices and approaches, traditional and well tested or cutting-edge and less well known, in order to develop an appropriate intervention strategy that makes sense for the client organization. Many, perhaps most, of these approaches have their roots in the traditions of OD that we have discussed in this chapter. As we cover the process and content of OD throughout this book, you will see how the field retains traces of its history in contemporary practice.

QUESTIONS FOR DISCUSSION

1. What are the differences between first-generation OD and second-generation OD? What are the major changes between these two generations of OD practice? What do you think have been the losses or gains in the second generation of OD practice?
2. Think about any past work experiences you have had and analyze your experiences with the theories described in this chapter, such as the management styles as described by Likert, Theory X and Theory Y, or Blake and Mouton's managerial grid. Can you understand a former manager's behavior through the lens of one of these theories?
3. Think about the motivators and hygiene factors discussed in Herzberg's theory. Do the factors that motivate you reflect what Herzberg found? Has motivation changed since Herzberg's research? If so, how? Has what motivates you changed over time?

CASE STUDY 2: STICKER SHOCK IN AN ORGANIZATION THAT WILL NOT STICK TOGETHER

Barbara A. Ritter

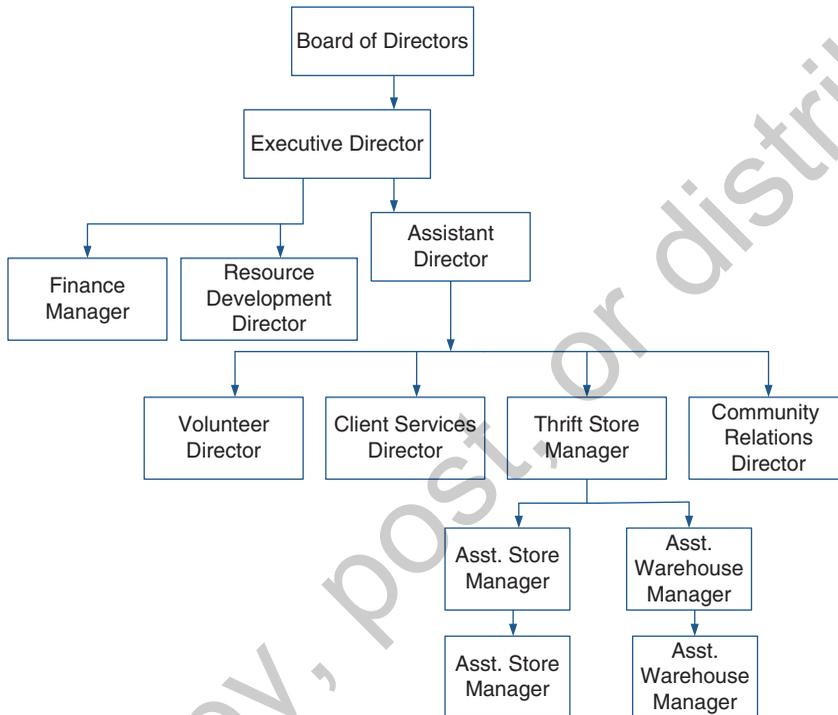
Read the case below and consider the following questions:

1. What is the main problem in this situation? What role does Chris play in the organizational problems? What role does Judy play in the organizational problems? If you were Judy, how would you handle the situation now?
2. Given what you know about OD at various points in its history, how might these problems have been solved historically?
3. What concepts from the chapter might help us understand what happened here and what to do about it?

Judy Thorson, executive director of a local not-for-profit organization called Helping Hands, sat in her office pondering the events that she expected to occur at the management meeting this afternoon. Recently, she had brought in an external consulting team to get a fresh perspective on some ongoing organizational problems regarding the internal conflicts at Helping Hands. The consulting team had indeed identified several underlying issues in specific departments, and Judy dreaded confronting her managers with the results of the report.

Helping Hands was established in the 1980s to assist people in poverty to manage their finances and work their way toward home ownership. The growing organization consisted of about 30 employees in six functional divisions (finance, resource development, community relations, volunteer coordination, client services, and thrift shop;

see figure below). Recently, Erin Moore, an employee at Helping Hands for 3 years as volunteer director, had been promoted to the job of assistant director in charge of four of these divisions (community relations, volunteer coordination, client services, and thrift store). Although Judy was technically in charge of the financial health of the organization (finance and resource development departments), she was still dealing with people issues on a daily basis. In fact, Judy felt that too much of her time was taken up with dealing with internal conflicts and interpersonal politics, which was why she hired an external consultant to examine the organizational dynamics.



Helping Hands Organizational Chart

The consulting team spent many months observing, surveying, and interviewing the employees at Helping Hands. At the end of this period, they provided a report to Judy with observations and recommendations in which she was largely in agreement. The report noted that most of the departments at Helping Hands operated according to a clan culture, in an environment that was friendly and family-like, and held together by loyalty. In fact, the culture operated so informally, based on the small size of the organization and principles of mutual trust, that no standard policies or procedures (e.g., discipline) existed regarding employees. The thrift shop employees, however, noted a culture that was based on fear, pressure, and a focus on short-term results. The consulting report showed that the cultural divide between the thrift shop and the rest of the organization was noted in every interview conducted at Helping Hands, with the exception of the thrift shop employees. When shown a picture of the organizational chart, for example, several employees drew a box around the thrift store employees to indicate that they were separate from the rest of the organization. Employees in the thrift store seemed to recognize a divide; however, they saw it as less important or impactful than the other employees. Further distinctions between the thrift store and other facets of the organization were noted in the report. That is, while most employees of Helping Hands indicated a greater preference for the Helping

Hands culture to be based on innovation and long-term planning, thrift shop employees indicated a lower preference for movement toward this type of culture (relative to their current standing).

The consulting report noted that a complacency regarding the differences between the thrift shop and other facets of the organization had developed over time, as well as a resentment toward parts of the organization that differed (i.e., an in-group-out-group orientation). Employees seemed to recognize the thrift shop as separate and not as a member of "the team," but did not know how to bridge the gap and begin working toward a common purpose or mind-set.

Judy knew that there were several factors contributing to the recognized divide between the thrift shop and the rest of the organization. The thrift shop, for example, had operated in a separate physical location from the other departments until 5 years ago. Not only was the store in a separate location, it also operated largely independently of the rest of the organization. The current store manager, Chris Williams, had run the store since its inception decades ago. Chris was asked to engage with the overall organization to a greater extent when the store's physical location moved, but in reality, little change had occurred. Chris still managed the store largely independently from the rest of the organization and had little supervision from above. This was the way it had always been run, and Chris did not respond well to suggestions from Judy or Erin. The situation was especially unfortunate given the importance of the thrift store to the organization as a whole. The thrift shop had historically been the main source of revenue for Helping Hands. Without the revenue generated by the store, Helping Hands would not be able to serve as many members of the community. Judy knew the problems identified in the report were ongoing and had to be addressed. This was the main reason why she had called in an external consultant. If Chris would not listen to Judy or Erin, perhaps he would listen to an "expert."

As Judy prepared for the afternoon meeting, she remembered some of the interpersonal conflicts that had arisen over the years between Chris and the other employees, from the board of directors above him, all the way down to the store volunteers below him. For example, several years ago, it had come to the attention of the board that there were a multitude of customer complaints regarding the pricing of items on the sales floor. Chris was of the mind that items should be marked at full retail sales prices regardless of condition, but he often ran 50% off or 70% off sales. Regardless, it seemed customers suffered from "sticker shock" at the sight of such high prices on used items. The board had asked Chris to price items taking into account the condition of the item and to lower the prices in general. At the board meeting the next month, Chris reported that he had indeed lowered prices and overall sales fell dramatically that month, so he had gone back to the high pricing with the same percentage-off pricing philosophy he had used previously. The board, although not happy to be usurped, let Chris go back to his old pricing strategy.

Other incidents had also come up for Judy to deal with in regard to Chris's behavior. Recently, another employee with a rank equal in the hierarchy to Chris had asked to negotiate the price on an item that had been on the sales floor for an extended period of time. Chris refused to negotiate with the employee, but later sold the item at a reduced price to an outside customer. This, of course, was met with feelings of unfairness and resentment on behalf of the employee involved, but the negative feelings also seemed to spread to other employees who were not directly involved.

The effects of this type of behavior were not limited to employees outside of the thrift shop. Just this week, a thrift shop employee had come to Judy complaining that the employee had been disciplined for selling a plastic plant off of the sales floor that Chris had deemed decoration and not for sale. Seemingly, this policy was not told to the employee until after the sale. So Judy had been handling issues regarding the thrift store from all levels and had done nothing directly to deal with Chris. She had not even spoken to Chris about her feelings on these issues. Instead, Judy hoped that the meeting today would clear up a lot of these problems.

Before the meeting, Judy had emailed the consulting report to Chris and Erin. She also asked the consultant to be present to explain the recommendations to this small group before Judy presented any changes to the rest of the organization. Her thought was that a small meeting of four people would be less threatening to Chris than a larger meeting. As the meeting began, Judy sat quietly and waited for the consultant to begin. She hoped Chris would listen to the consultant and see the problems emanating from the thrift shop. As the consultant began, however, Chris immediately interrupted with, "I didn't get this report. I have never seen it. No one has ever sent it to me." Although Judy knew she had sent him the report by email earlier in the week, she apologized and provided Chris with a hard copy. The others waited while Chris finished reading. Finally, the meeting commenced with a discussion of the culture divide between the thrift shop and the rest of the organization. Erin indicated that she agreed with the conclusions in the report and thought that they should work toward reconciling the divide. Chris, on the other hand, responded politely with, "Well, this used to be a problem, but we have handled that since the store moved to this location." Although the consultant cited current examples and the issue was pressed by Erin, Chris would not agree that there was a current problem.

Judy brought up one example that she thought was quite pertinent to the discussion related to how the store was run differently from the rest of the organization. The last time that Chris took a vacation day, his employees had created a sign that informed thrift shop customers how many clients Helping Hands had assisted. Judy thought the sign hung up behind the register was a great addition to the store, but when she walked by on her way out that evening, the sign was gone. The assistant store manager told Judy that the employees had removed the sign before Chris came back the next day for fear of reprisal. Although Judy thought this was odd, she didn't say anything about it at the time. It seemed to her, however, to be indicative of the fear felt by the thrift shop employees, a fear generated by Chris (although Judy did not suggest this out loud). In response to the raising of the sign issue, Chris said, "I just don't know why they would feel like that." Chris continued to go on about his employees: "I let the assistant managers make decisions when I am gone, unless it is about something really important. The problem is, they never tell me about the important stuff, even if I ask them about it."

As Judy was afraid of being too harsh, and did not see how she could make Chris understand, she moved on to discuss the short-term focus in the store that sometimes worked in opposition to the long-term organizational goals. In the forefront of Judy's mind was the situation with the board of directors in which Chris would not consider the long-term, strategic pricing strategy suggested. Chris responded, "Things happen faster in the store. I have to make changes every day, but I do have a long-term focus." When Erin questioned Chris about the pricing issue, Chris replied, "Why am I always singled out and everyone else thinks they know best how to run my department?"

Recognizing that the meeting had already lasted several hours and Chris was getting more and more defensive, Judy changed tactics and suggested that the consulting report could be shared with the rest of the organization and they would come to a group consensus about the challenges faced and the best solutions to those challenges. Chris, now clearly angered, demanded, "This report is not to be shared. The majority of this report is about the thrift shop and it should stay in the thrift shop. I will decide what to do about it. There is no other department in this organization where all other people think they should have a say in how it is run. I don't tell Becky how to run client services. Why? Because I know nothing about it and it is not my department to run. This is *my* department and I will decide how to run it. I don't know why everyone always singles me out."

In the end, the only agreement that was reached during the meeting was to try a new pricing strategy as suggested by the consulting report. The pricing strategy involved a percentage off of the original price depending on how long it was on the sales floor (e.g., original price, 25% off, 50% off, and 75% off), based on a first-in,

first-out pricing strategy. Judy engaged several employees to help change the sales tags on the current items the following Monday. Chris promised to look over the rest of the report and decide for himself if he thought anything else was necessary. Although disheartened at the end of the meeting, Judy was happy that they had at least managed to agree on a pricing strategy that seemed reasonable.

The following Monday, several employees (including Erin) did report to the thrift shop to help change tags. As Chris was explaining the new pricing strategy and how the tags would need to be changed, Erin was shocked to hear him say that they were going to take 50% off all listed prices and leave it at that. This was a small organization and it was not only Erin, but all of the employees, who knew that Chris had decided to implement his own policy once again.

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