Understanding organisational development and change aspects of economic development[1]

When attempting to improve or address issues related to economic development it is important to recognize the change and organizational development aspects of these interventions. The first challenge that we face in our work is that while change within organizations and institutions can be managed, change in a society or a system is a far more dynamic process.

In the context of organizations or institutions, managers and consultants often intuitively understand that larger or more sensitive interventions must be properly managed both from a project management and a change management perspective. However the importance of proper management of smaller interventions is often underestimated.

A distinction can be made between organisational development and change management. At the core of organisational development is the concept of 'organisation', which is defined as two or more people working together towards one or more shared goals. Development in this context is the notion that an organisation may become more effective over time at achieving its goals through purposeful attempts to address certain inefficiencies or to create new ways of doing things. Typical organisation development practices include business re-engineering, hierarchy or organisational restructuring, technology upgrades or training. Most organisation development approaches are planned, implemented organisation-wide and managed from the top. They are meant to increase organisational effectiveness and health.

For instance, the management of an organisation might decide to improve its customer service using an organisational development approach. Their programme could include:

- running an organisation-wide communication campaign on customer service and why it is important

- holding department or unit-based workshops with staff to identify areas where customer service can be improved

- reducing the steps in processing a query from a customer

- improving the IT systems to make customer information management faster and more integrated

- increasing the decision-making ability of frontline service personnel by changing a policy about delegation of authority

- changing the financial reward system for customer service and management staff

- redesigning the areas where customer-staff interaction takes place to a more customer-friendly environment.

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[1] Adapted from *Cunningham and Wegmann, 2010, Reducing Red Tape. A facilitation and management manual. Pretoria: GTZ and Mesopartner*.
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The example provided above is generic enough to illustrate a typical customer service improvement programme in a large retail store or in a municipality. But the example is specific enough to show that an organisational development programme is systematic with planned approaches to change. Furthermore, this example shows how an organisational development approach could address three different kinds of red tape.
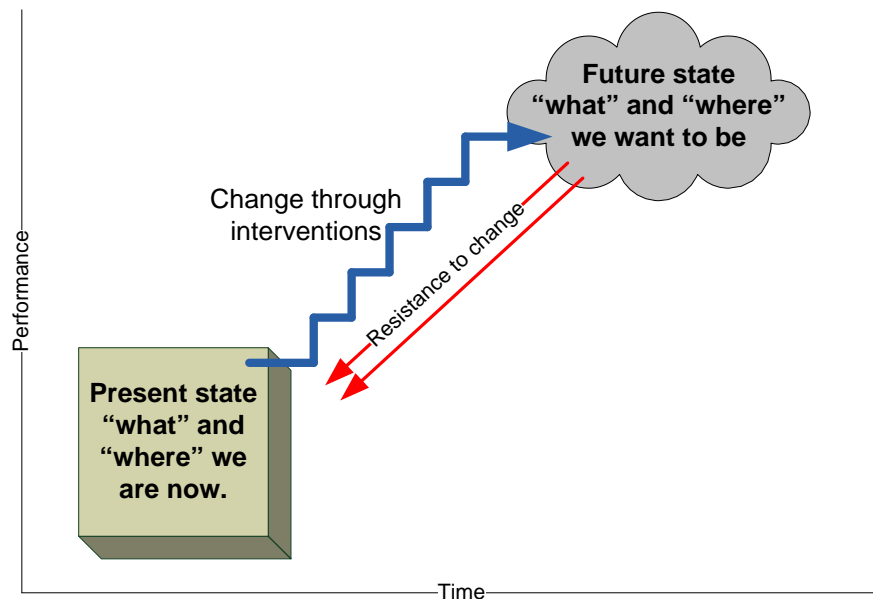
Thus the purpose of organisational development is to increase the effectiveness of the organisational systems, and to fully develop the potential of all the individuals and units of an organisation. In most cases, organisational development practitioners are professionals with more than 10 years' management experience, appropriate qualifications and membership of professional bodies. A textbook that is often prescribed in organisational development courses is An experiential approach to organisation development, by Don Harvey and Donald Brown (2005). For consultants or facilitators, the book by Edward Schein (1999) is recommended: Process Consultation Revisited: Building the helping relationship. Process consulting describes the role of an external professional that guides organisational development and change processes.

Change management is often seen as a more specific aspect of organisational development, but is very often seen as a less systemic and more issue-specific approach. People often intuitively understand and recognise the need for change, as humans are subjected to change on a daily basis. It is often claimed that people reject or resent change because it takes them out of their comfort zone. While this may be true in some cases, what is often overlooked is that it requires a mental and physical effort for individuals to change their behaviour or attitude. Thus a positive vision of the benefits or rationale for change and a managed process already enhances the likelihood of a successful change process (Figure 1). While individuals in their personal capacities often struggle to cope with change, it is even more difficult to achieve change in an organisational context where the failure or anxiety of individuals affects their colleagues, thus influencing the outcomes of a change process. Change in a society or a community is typically referred to as Change Facilitation, and it relies far more on buy-in and consensus building than what is typically needed to support change in organisations.

The difficulty of achieving change in organisations even when the benefits of the change are very clear has led to the emergence of a specialised field called change management. In change management, change is seen as a carefully designed process that must be managed. A change management approach requires that the individuals subjected to change receive dedicated attention at the same time that a technical or organisational change is taking place. Thus change management is about the human dimension that typically accompanies technical or organisational changes.

Central to change management is the realisation that people tend to resist changes they do not understand, or where the effort required to adopt the change is perceived to be more than the benefits of making the change. A properly managed change intervention takes cognisance of the fact that systems and not just individuals can resist change. To ensure a successful change process it is necessary for leaders to use their influence and strategic thinking in order to create vision and identify those crucial, early steps towards it. Building a case for change is typically an important part of creating buy in and preparing agents for the process of change.

Figure 1 The change process

Within change processes it is important to recognise that there are always people who are keen to change and try new things. These people can be referred to as pioneers. People that resist change is referred to as tradition bearers. Change facilitators must recognise that both pioneers and tradition bearers support change, but in different ways. Pioneers assists with exploring and articulating new possibilities, while tradition bearers assists to identify customs or behaviours that provides stability. When the process is not facilitated carefully, both pioneers and traditionalists can destroy trust, harm relationships and create division.

A very useful book that can be given to leaders or managers of a change process to equip them for their journey is *Our iceberg is melting*: Changing and succeeding under any conditions by John Kotter and Holger Rathgeber (2006).In it they describe the following 8-stage process of successful for change.

Set the stage:

1. **Create a sense of urgency**
   Help others to see the need for change and the importance of acting immediately.

2. **Pull together a guiding coalition**
   Make sure there is a powerful group guiding the change — one with leadership skills, bias towards

   action, credibility, communications ability, authority, analytical skills.

Decide what to do:

3. **Develop a change vision and strategy**
   Clarify how the future will be different from the past, and how you can make that future a reality.

Make it happen:

4. **Communicate for understanding and buy-in**
   Make sure as many others as possible understand and accept the vision and the strategy.

5. **Empowering others to act**
   Remove as many barriers as possible so that those who want to make the vision a reality can do so.

6. **Produce short-term wins**
   Create some visible, unambiguous successes as soon as possible.

7. **Consolidate gain and produce more change**
   Press harder and faster after the first successes. Be relentless with instituting change after change until the vision becomes a reality.

Make it stick:

8. **Create a new culture**
   Hold on to the new ways of behaving, and make sure they succeed, until they become a part of the very culture of the group.

This process is described in more detail in the book by John Kotter, Leading change (1996). An additional resource that describes many different tools frequently used in change management is The Change Handbook by Holman, Devane and Cade (2007).

Change interventions, and more specifically organisational development interventions, are in most cases managed by professional facilitators or change practitioners. Depending on the intensity or complexity of the intervention, it might be advisable to approach a professional service provider in this regard.

In summary, many interventions should be recognised as change interventions, even if these interventions seem to be purely technical. Change management deals with the human side of change, and seeks to find ways to overcome uncertainty, resistance and confusion through a properly managed process. Organisational development is also a change intervention, but on a much larger scale that typically affects the whole or large parts of the organisation. In both cases, strong leadership is required.