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Philosophical and Historical Foundation of Organizational and Systems Change

The scope of this book is broad. It covers human organizations and systems that (a) are small, medium, and large; (b) exist to make a profit; or (c) serve segments of society or the needs of local, national, and international governance. While social and societal, cultural, and national change has been the objective of kings, queens, military leaders, and religious leaders from time immemorial, the intellectual and scientific study of organizational and systems change (O/SC) has only emerged in more recent times. Even in the field of behavioral science and psychology, the study of strategies for O/SC is typically begun after mastery of more fundamental disciplines. In the field of psychology, for instance, it is assumed that graduates understand the processes covered in experimental psychology, learning theory, developmental psychology, psychopathology and treatment, social and organizational psychology, among other fields,

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Essential Strategies for Organizational and Systems Change: An Overview for Consultants, by H. S. Leonard, R. R. Kilburg, and A. M. Freedman

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before taking on the challenges of attempting to change organizations and complex social systems.

One unfortunate consequence of professional specialization is that students are introduced to an increasingly narrow spectrum of options for practice. Behavioral psychologists have expertise in shaping behavior using reward–nonreward and punishment strategies, but they may have a very limited understanding (or interest) in the impact of personality or covert processes on organizational/systems behavior. In a similar fashion, educators may have expert knowledge of developmental psychology and skill in using behavioral-shaping techniques but may feel overwhelmed by the political issues and organizational dynamics involved in attempting to bring about changes in educational practice in a large educational system. Clinical psychologists may have great success in helping their patients or clients function more productively at work and in their personal relationships but may feel that they have a limited understanding of how to change large-scale organizational and social systems.

In our experience, it is common practice for skilled professionals to apply a variation of the skills that they learned in their initial training and professional practices when trying to bring about changes in organizational or social systems. Therefore, it is typical for clinical and counseling psychologists to conceive of organizational problems in terms of psychopathology and, conversely, for organizational psychologists to overlook, downplay, or ignore the impact of psychopathology within organizations.

THE AUTHORS' APPROACH TO PREPARING CONSULTANTS TO CHANGE ORGANIZATIONS AND SYSTEMS

This book is written for students and professionals who have already achieved proficiency in one or more of the many specialties in the behavioral and psychological sciences and seek a more comprehensive understanding of change within organizations and human systems. Readers should not expect a simple treatment providing the ABCs of consultation to organizations and systems. O/SC is far too complex and even subtle

to allow for such a linear and straightforward analysis. Our discussions will instead be more at the strategic rather than the tactical level. Further, our ambition is to provide a broad variety of “lenses” from which to view organizational problems and issues. Our hope is that this broadening experience will help organizational consultants of all persuasions (psychologists or otherwise) be more creative and effective in bringing about O/SC. Toward that end, this book provides a variety of practical “mental models” that consultants can use to frame and understand the problem as well as to craft interventions and promote their services with clients.

Because the goal of this book is to provide a concise description of several change strategies, we do not provide a comprehensive treatment of any one approach or strategy to O/SC. This is not another organization development or change management text. Rather, the book provides references and suggestions so that readers can follow up on their interest in any of the approaches and theories discussed. It should also be noted that while the strategies included in this book may be interventions at the individual, team, or organizational level, the criteria for success in all cases will focus on systems change, not on individual or team development. The literature and practice options for individual and team change are much too large to be covered in a concise treatment of O/SC.

HISTORICAL FOUNDATIONS FOR THE SCIENCE AND PRACTICE OF O/SC

One serious limitation of most previous treatments of OS/C is that they have been presented primarily from a Western philosophical position—more specifically, from a North American perspective.¹ This is understandable because the great bulk of the research has been done within Western academic communities. The next section of this book attempts to provide a more balanced view of change, incorporating key philosophical traditions and tenets that have influenced thought in action over several

¹The text for this section of the chapter is from “The History and Current Status of Organizational and Systems Change,” by H. S. Leonard, in H. S. Leonard, R. Lewis, A. M. Freedman, and J. Passmore (Eds.), *The Wiley-Blackwell Handbook of the Psychology of Leadership, Change, and Organizational Development* (pp. 239–266), 2013, Wiley-Blackwell UK (<https://doi.org/10.1002/9781118326404.ch12>). Copyright 2013 by Wiley-Blackwell UK. Reprinted with permission.

millennia. In addition, key philosophical as well as scientific controversies and debates that have influenced the practice of O/SC in recent decades are discussed.

Western and Eastern Approaches to Change

The matter of the impact and process of change has been on the minds of humans from the dawn of civilization. It is thought that the origins of the *I Ching*, the classic Book of Changes of the ancient Chinese civilization, were in existence as early as 1150 BCE (Blofeld, 1968) and were used by fortune-tellers and oracles. The philosophical treatment of change using the *I Ching* is generally attributed to Confucius and his followers and disciples beginning around 500 bce (Wilhelm, 1960). The *I Ching*/Confucian philosophical position on change is that it is constant: “Change: that is the unchangeable” (Wilhelm, 1960, p. 23). In the *I Ching*/Confucian view, change and stability are of one; they are “neither kernel nor husk—heart and mind function together undivided” (Wilhelm, 1960, p. 13). This understanding is expressed in the three definitions of “I” in the *I Ching*; the “easy, the changing, and the constant” (Wilhelm, 1960, p. 15).

At about the same time in the Mediterranean, Heraclitus of Ephesus made parallel statements about the nature of change and stasis, holding that “life was movement that developed through the conflict of opposites” (Wilhelm, 1960, p. 13). In Heraclitus’ view, nothing is permanent except change.

Despite the apparent similarities between the Chinese and Greek cultural viewpoints, there are important and characteristic differences. The *I Ching*/Confucian approach sees a complementarity and harmony between change and stability (Wilhelm, 1960). There is a unity to the two principles; in effect, they are two sides of the same coin. For Heraclitus, in contrast, a higher order of lawfulness, the Logos, promotes and shapes change (Wilhelm, 1960), creating coherency out of chaos. The unity and contrast among permanence, ubiquity, and stasis appear repeatedly in the various approaches to understanding change that are reviewed in this book. Each theory presented can be evaluated by the degree to which these models incorporate, integrate, and grapple with these eternal truths.

Distinctions, Debates, and Controversies

A number of ongoing distinctions, debates, and controversies are apparent in the literature regarding organizational change. They often take the form of polar positions and sometimes contradictory evidence advanced by researchers and theorists. In some cases, the dialectical debate has resulted in a useful synthesis of antithetical positions. For example, a number of researchers working in the post–World War II era viewed systems as largely controlled by inertial forces resulting in organizational processes demonstrating homeostasis and equilibrium (Hannan & Freeman, 1984; Katz & Kahn, 1978). Others, viewing organizational change through the lens of the economically disruptive 1970s, '80s, and '90s, viewed organizations as existing in an environment of continuous “whitewater”² with decreasing periods of calm and stability (Vaill, 1996). From this debate emerged a synthesis of these positions, punctuated equilibrium (Tushman & Romanelli, 1985). In this model, organizations may experience extended periods of relative calm and equilibrium where an evolutionary, convergent approach to change works well. However, the rapid incorporation of technology and advancement of knowledge makes punctuated, divergent, and radical change inevitable and therefore necessary.

The next sections provide an overview of various issues that continue to shape and influence the thinking of scholars, researchers, and practitioners.

Whether Object or Agent of Change

Change is a vastly different experience depending upon whether one is reacting to change (i.e., is the object of change) or is trying to bring about change (i.e., is the agent of change). If one is the object of change, it is easy to conclude, as did Heraclitus (Wheelwright, 1959), that change is constant, ubiquitous, and inexorable. From this perspective, it is also easy to see why many people in an organization will, at least initially, resist change. If one takes the perspective of a person who is being asked to change, it

²This term refers to the appearance of turbulent and frothy water flowing over shallow rapids in rivers.

makes sense to take a much more cautious and evolutionary approach that carefully involves all major stakeholders and end-users in the planning and implementation of the change (Cummings & Worley, 2015; McLean, 2005).

If, however, you are the agent of change, the process may appear more daunting. Most leaders and managers can attest to the difficulty bringing about significant and necessary change in complex organizations. Several sources have documented the rather low success rate (25%–33%) for organizational change interventions (Davenport, 1995; Pasmore, 2011; Schaffer & Thomson, 1992; Spector & Beer, 1994).

The difficulty that agents of change have in bringing about transformational or divergent (from the current strategies, practices, policies, etc.) change is explained by Hannan and Freeman (1984) as the result of the natural inertial and conservative characteristics of organizations and social systems. Natural selection in the marketplace “favors forms of organizations with high reliability of performance and high levels of accountability” (p. 154). Only large and significant internal or external stressors or crises are capable of overcoming the micro-adaptive and protective instincts that guide the decisions of leaders and managers.

Furthermore, Hannan and Freeman (1984) noted that the process of large strategic and structural organizational change makes transformational action unstable. The longer this process takes, the greater the risk of failure. Moreover, the fundamental changes wrought in transformational change mean that, in effect, the organization is being reborn and is subject to all the risks inherent in the start-up of a new organization.

It is no wonder that organizational resistance to inevitably disruptive transformational change is often seen at the middle-management and individual-contributor levels of the organization that are or will be the objects of the change effort. Senior leadership, in contrast, recognizing and having experienced numerous failed efforts to make transformational change, often discard their normal cautious and conservative leadership approaches to seize the opportunity afforded by crisis and threats to propose rapid, large, strategic, and structural changes in the organization. Rahm Emanuel, President Barack Obama’s chief of staff, cited this principle in

promoting the ambitious agenda included in the American Recovery and Reinvestment Act of 2009 when he stated, “Never let a serious crisis go to waste. What I mean by that is it’s an opportunity to do things you couldn’t do before” (Emanuel, 2009, p. 14).

Gersick (1991) proposed a cognitive model that describes the process of change during periods of crisis/threat-driven change. Following a period of confusion and questioning, leaders and managers synthesize a new vision. Referring to the paradigmatic change discussed by T. S. Kuhn (1996), Gersick noted that in larger systems, “the new direction does not emerge all at once; instead, a catalytic change opens the door to it” (p. 29).

ADAPTATION VERSUS SELECTION— DO ORGANIZATIONS REALLY CHANGE?

A related debate among change theorists is whether organizations really have the capacity to change (Demers, 2007). The issue is not whether organizations change because we have ample evidence that they do. The real issue is whether organizations have the capacity to recognize the need to change, develop a rational plan to accomplish this change, and have the political and implementation skills necessary to make change happen. This capacity has been termed *voluntary change* (Demers, 2007). A related issue is whether organizations can accomplish these changes rapidly enough that the transformations are completed before another crisis or threat requiring change emerges.

The relatively stable economic and political period after World War II and the optimism inspired by the victory over totalitarian forces led most scholars, researchers, and practitioners to assume that change could be brought about through rational and well-planned processes (Bennis et al., 1969; Golembiewski, 1972). During this period, change was equated with expansion, which seemed a normal and natural process (Demers, 2007). This assumption supported the belief that change is gradual, progressive, and emergent (Demers, 2007; Starbuck, 1971).

During this period, one group of theorists espoused the view that organizations could be purposeful and strategic in initiating change

(Child, 1997; Oliver, 1991; Sherer & Lee, 2002). They could—proactively, deliberately, and gradually—change the organization to achieve a strategic fit by choosing or influencing the environment (Demers, 2007).

A second group of scholars perceived a more reactive and reflective response, still rational, to crises, threats, and pressures perceived in their economic environment (Burns & Stalker, 1961; Lawrence & Lorsch, 1969; Thompson, 1967). In this approach, the change initiated would be contingent upon several factors (e.g., economic environment, technologies involved, size; Demers, 2007). The process of change in this view is seen as a “reactive, deliberate, piecemeal, gradual changes of strategy and/or structure to achieve functional equilibrium in reaction to change in contingencies” (Demers, 2007, p. 7).

Nevertheless, the dominant change model during this era was Lewin’s (1947) notion of planned change through unfreezing, changing, and refreezing, combined with variants of general systems theory (GST; Katz & Kahn, 1978; von Bertalanffy, 1950) and sociotechnical systems (Emery & Trist, 1965). These models remain the core theoretical frameworks for a large majority of organization development (OD) practitioners and theorists to this day (see Cummings & Worley, 2015).

These change models also generally assume, following GST, that the normal state for organizational systems is a dynamic equilibrium with forces for change being balanced by forces resisting a change in performance level. This assumption is the basis for the well-known force field analysis methodology (Lewin, 1943). Lewin (1947) made it clear that the equilibrium level for an organizational system wasn’t set at a certain level but could be moved through effective intervention.

The optimism of this period came to a close with the disruptions of the oil embargo in 1973 and the economic downturn and stagnation of the 1970s and early 1980s (Demers, 2007). These events ushered in a pessimistic period with theorists and practitioners wondering whether organizations had the capacity for voluntarily change in appropriate ways and rapidly enough to revitalize themselves and ensure survival. A number of scholars, based upon the experience of this later period, concluded that radical, nonincremental, and divergent changes to current strategy and structure change are rare because of inertia that is internal to the

organization. Schumpeter's (1942/1975) concept of creative destruction (i.e., that destroying long-standing arrangements, assumptions, and institutions is necessary to free up the resources and energy required for innovation) came into vogue once again. Furthermore, radical and divergent change renders the organization vulnerable to several new, unexpected, or poorly understood factors and increases the probability that the organization will fail to survive (Demers, 2007). Viewing organizations as cautious, conservative systems with preferences for convergent thinking, these authors believed that only the shock of a life-threatening event could overcome an organization's inertia to produce the rapid, frame-shifting changes necessary for survival (Hannan & Freeman, 1984).

In keeping with this model of change, Hannan and Freeman (1984) described change as "the creation of new organizations and the demise of old ones" (p. 12). Also implied by this view is that organizational change follows the Darwinian model of evolution: Environmental failure leads to extinction with newer, more innovative generations of organisms/organizations taking over. Change, therefore, is an intergenerational process in which only new organizations acquire new traits, rather than a Lamarckian view wherein new traits can be learned within a generation (Van de Ven & Poole, 1995).

Top-Down Versus Bottom-Up Change

Change initiated by decisions made by top leadership is commonly thought of as "top down" (Demers, 2007). In contrast, change that begins with grassroots involvement and decisions that "bubble up" to top leadership is commonly thought of as "bottom up" (Demers, 2007). Those who believe that planned change is possible, if not preferable, tend to make decisions about strategic goals and develop an implementation plan that is pushed down through the organization. This decision style has been described as *strategic choice* by Child (1997). In practice, this approach is often termed *strategic management* (Hamel et al., 1999).

While most strategic management practitioners would, undoubtedly, recommend close consultation and collaboration with key stakeholders and constituents in developing implementation plans and managing the

change process (Freeman, 1984), nevertheless, the strategic goals and top-level strategy would be developed by top leadership. This consultation should occur, if for no other reason, to prevent stakeholder groups from organizing through political action to resist the planned change (Demers, 2007; Quinn, 1980).

Although there is less literature that systematically discusses bottom-up change (Demers, 2007), the *action research* variant of OD (Freedman, 2006) provides a methodology for surfacing the views of various stakeholder groups from top management to end-users to provide implementation plans that benefit both from insights across hierarchies and functional units as well as less political action that may impede the eventual implementation process (French & Bell, 1973). The action research approach is closely linked to Lewin's (1951) unfreezing–changing–refreezing model, whereby organizations desiring to bring about change first conduct extensive data collection and feedback activities with all organizational groups and stakeholders who will be affected by, or have interests in, the changes or goals to be achieved. The change agents then work with the client organization to develop the resulting implementation plan.

Political action, however, is not always seen as a negative factor in organizational change. Kanter (1983), in studying change in 10 large corporations, noted the positive role of politics in successful bottom-up change efforts. In her analysis, large “macro-change” often occurred after the accumulation of many “micro-changes” that were promoted by individuals or stakeholder groups. She observed that there was a direct correlation between the power given to individuals and stakeholders groups and the ability of the organization to avoid stagnation through continuous innovation.

Action Learning, not to be confused with action research, also makes implicit assumptions about the importance of grassroots knowledge and interests in developing superior solutions to complex and vexing problems. Marquardt et al. (2009) required that Action Learning teams have sufficient diversity in status, knowledge, and perspective to ensure not only that the problem analysis includes a broadly shared understanding of and agreement on what the root problem is and what contributes to that

problem but also includes their formal and tacit knowledge when formulating an implementation plan.

Methodology of Inquiry: Dynamic Versus Descriptive

A distinction can be made between models that are based on efforts to change organizations versus those that describe how organizations have already changed. The former perspective can be described as a dynamic one in which a practical theory of change is developed by taking action, reflecting on the result, drawing conclusions about what promoted or interfered with change, and adjusting the theory accordingly. This learning paradigm was popularized by Kolb (1984) and executed in Action Learning (Marquardt et al., 2009; Revans, 1983). Lewin is rightfully revered as a social psychologist because of his insistence that theory is of practical as well as intellectual value: “nothing is as practical as a good theory” (Lewin in Marrow, 1969, p. 169). Lewin also noted that the best way to learn about an organization or system is to try to change it (Marrow, 1969). This is the change model that forms the dynamic basis for specific change strategies such as Action Learning (Marquardt et al., 2009).

Four Lenses on Change

Van de Ven and Poole (1995) described four basic models (or, in their terms, engines) of change that integrate much of the thinking described in the organizational change literature.

Teleological

Perhaps the most popular model, because it aligns so well with typical OD practice models, the teleological model includes a cycle of goal formulation, implementation, evaluation, and modification of action or goals based on what is learned or desired by the organization or social system. This model aligns well with Lewinian thinking as articulated by theorists such as Kolb (1984). This model focuses on purposeful enactment, social construction, and consensus, all familiar and comfortable operational concepts for mainstream OD and change management theorists and practitioners.

Life Cycle

This model is also quite popular in OD and change management literature. It describes the process of organization change in terms of stages of development from “birth” to “death” or demise of an organization. These stages frequently describe a cycle including (a) start-up, (b) growth, (c) harvest or maturity, (d) decline, (e) life crisis, and (f) renewal or death. These models focus on the forecasting of growth and decline, appropriate regulation of growth and development, and compliant adaptation. This model borrows heavily from the frameworks developed in GST (Katz & Kahn, 1978; von Bertalanffy, 1969).

Evolution

Evolutionary models describe a repetitive sequence based on a Darwinian framework of natural variation, selection of the most able or fit, and retention of these characteristics in future generations (Darwin, 1859). The popular “best practices” approach to organizational decision-making follows this model. Competition for scarce resources drives this process.

Dialectic

This model borrows from a Hegelian model of change wherein conflicts developing between organizations and social systems produce a synthesis and an accepted model that is later confronted by newer approaches and ideas (Benson, 1977). Confrontation and conflict provide the energy for inevitable change and progress (measured in terms of survival). Schumpeter’s (1942/1975) model of creative destruction has much in common with this model.

ORGANIZATIONAL AND SYSTEMS CHANGE STRATEGIES PRESENTED IN THIS BOOK

A diverse group of strategies are offered in this book that can be applied to achieve organizational and systems change. Some, like OD, psychodynamic theory, and learning strategies, can be used directly to achieve

O/SC. Other strategies such as organizational systems theory are used more indirectly to understand organizations, plan change strategies, and manage the organizational change process. Following is a brief summary for each of the O/SC strategies presented in this book.

Chapter 2. Organizations as Systems

This chapter provides several systems models used in O/SC, including general systems theory (von Bertalanffy, 1950), Alfred Kuhn's (1972) logic of social systems, Senge's (1990) system thinking, and relevant theory and research from family systems theories (Bateson, 1972; Haley, 1976; Palazzoli, 1978; Watzlawick et al., 1974).

Chapter 3. Lewinian, Organization Development, and Change Management

This chapter integrates Lewinian social psychology with the emerging field of O/SC. This chapter introduces the core theory and science that was incorporated into early OD strategies. It also covers OD, change management, and consulting in a VUCA (vulnerable, uncertain, complex, and ambiguous) world as well as in organizational systems in chaotic and dynamically unstable environments.

Chapter 4. Leading and Managing Radical Change

This chapter extends the earlier Lewinian strategies to situations requiring radical change. It also provides a phenomenological view of the process of change—what it feels like to lead or be the object of change as well as key stages in organizational reaction and evolution.

Chapter 5. Covert Processes in Human Affairs

This chapter describes how an understanding of psychodynamics and covert processes within organizations can be leveraged to achieve O/SC.

Chapter 6. Learning-Based Change

This chapter describes and traces the learning-based strategies first developed in laboratory education in the 20th century in the United States and continuing and merging with other action-based strategies such as Action Learning into the 21st century.

Chapter 7. Positive Psychology, Behaviorism, and Neuropsychology and the Future of Organizational and Systems Change

This chapter describes some important contributors to the art and science of O/SC, such as positive psychology, behaviorism, and neuropsychology as well as predictions for the future of O/SC.

In conclusion, this book provides the reader with an understanding of the theoretical and conceptual foundations of O/SC as well as descriptions of the most popular and commonly used O/SC strategies.