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MANAGING ORGANIZATION

VITALITY

by

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B.S., University of Tennessee  
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## ABSTRACT

### MANAGING ORGANIZATION VITALITY

by

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Submitted to the Alfred P. Sloan School of Management on April 15, 1976, in partial fulfillment of the requirements for the degree of Master of Science.

This research had three major objectives: (1) to measure the extent to which the organization renewal techniques have been adopted by organizations in both the private and public sectors, (2) to determine the overall results of these applications, and (3) to test a number of specific hypotheses regarding situational determinants of the success of this approach.

Phase I of the research consisted of a survey of 70 of the most prominent US organizations having formally practiced organization renewal techniques to determine their current organization renewal practices.

In Phase II, comparisons were made of case studies of several selected firms using the organization renewal approach.

It was found that most of the organizations surveyed have adopted a large number of the available organization renewal techniques. It is further concluded that organization renewal is no longer a mere management fad, but may represent a permanent and significant change on organizations in their approach to management.

It appears that top management involvement is the single most crucial determinant of the success of organization renewal. There is convincing evidence that, when organization renewal is viewed as a "personnel program," it meets with resistance, is given little support by middle management, and has little, if any, effect. However, when this technique has top management support and is viewed as a new approach to management, organization renewal has frequently been of significant benefit to the organization. This influence has most often been reflected in such indirect factors as motivation, commitment, and morale. Sometimes, this method has had a direct influence on productivity and profitability.

The training used in the implementation of this approach and measurement of the impact of organization renewal on the organization were found to be important determinants of success. Other situational determinants of the success of organization renewal are discussed.

Organization renewal has considerable potential for increasing the commitment of individuals, and can have a significant positive influence on the results of the organization. However, it is not an easy approach to implement. It usually takes a year or more of organization renewal to have a real impact on an organization, and even those organizations that have applied it most successfully have had to overcome serious problems.

Based on the results of research, a number of implications for future attempts to apply organization renewal are discussed.

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Without the thoughtful encouragement and assistance of my wife, Ellen, it is possible that this thesis would never have been completed.

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## I - INTRODUCTION

This chapter describes the objectives and scope of the research undertaken to prepare this thesis, and the approach taken.

### Objectives

This study has three major objectives:

- To measure systematically the extent to which various organization renewal techniques have been adopted by major American organizations in both the private and public sectors
- To determine the overall results of applications of this approach and to draw general conclusions concerning its potential value and obstacles to its implementation
- To test a number of specific hypotheses regarding situational determinants of the success of this approach.

## SCOPE

The scope of the research included the organization renewal programs and plans currently in use by a number of leading United States organizations, in both the private and the public sectors, with special emphasis placed upon the organization renewal procedures of those organizations known or thought to have adopted behavioral science techniques, to some degree.

## Approach

1. An extensive review was made of the literature on organization renewal, and especially the specific techniques available. In reviewing the literature, an attempt was made to trace historically the changes in the approaches taken in organization renewal, and particularly to relate this trend in theory and practice to the relatively recent impact of the organization renewal concept.

In order to put the research relating to organization renewal into perspective and to provide a framework for analysis, an attempt was also made to obtain a comprehensive understanding of the diverse techniques contained in the recent literature concerning organization development.

In this research study, organization development was viewed as an overall approach to management, with specific organization renewal techniques being an important subprocess but only a part of the overall approach.

2. A questionnaire was mailed to 70 of the most prominent U.S. organizations and organization development experts in the private and public sectors, which are known to be practicing behavioral science techniques according to OD Network membership and other sources. The questionnaire was designed to determine:

- Whether the organization has any formal process of organization renewal
- The mechanics of their process and its goal
- Those individuals or positions of the organization to which the process is applied
- Their experiences with the process, and both subjective and objective evaluations of its success
- Their future plans for modifying the organization renewal approach.

3. The questionnaire responses were then tabulated and analyses were performed to test the specific hypotheses of the study.

4. On the basis of questionnaire responses, four organizations that have adopted the organization renewal approach were selected for more detailed analysis. Two of these were selected at random from those having reported in the questionnaire that their program had been highly successful. The other two were selected on the basis of having reported less successful or mixed results. Interviews were held with the officials of these organizations who had answered the questionnaire to gather more detailed information on the approach used, to sample reactions to the approach, and to obtain additional evaluations of its success.

## II - BACKGROUND DATA AND DEFINITIONS

Over the last several years, some organizations have adopted new approaches to maintaining organizational vitality and avoiding organizational stagnation. These programs fall within the general area of organizational development and have gone under a variety of names. They will be referred to here as "organizational renewal." The origin of these new approaches lies in the writing of such commentators as Beckhard, Lippitt and Burke. Professor Richard Beckhard defines organizational renewal as follows: "An effort (a) planned, (b) organization-wide, (c) managed from the top, to (d) increase organization effectiveness and health through (e) planned intervention in the organization 'process', using behavioral-science knowledge." <sup>1</sup>

Professor Gordon Lippitt gives the following definition: "Organizational renewal is the process of initiating, creating and confronting needed changes so as to make it possible for organizations to become or remain viable, to adapt to new conditions, to solve problems, to learn from experiences, and to move toward greater organizational maturity." <sup>2</sup>

Dr. Warner Burke's definition is: "The development of a culture which institutionalizes the use of various social technologies to regulate the diagnosis and change of interpersonal group and intergroup behaviors, especially those

behaviors related to organizational decision making, communication, and planning."<sup>3</sup>

The purpose of this thesis is to determine which organization renewal processes have been adopted, the experience which has been obtained to date which such programs and an evaluation of their effectiveness. We have particular interest in the success of organization development techniques used during adversities, such as revenue/budget cutbacks, personnel cutbacks, salary compression, recession, inflation, and/or other similar conditions.

Different practitioners in the field use a wide variety of organization renewal approaches or techniques. This chapter attempts to put organization renewal into some perspective--to describe in a clear and organized fashion the various organization renewal techniques which seem to be most prevalent in use today. The primary thrust of the chapter then provides a description of the better-known approaches to OD, which range from relatively impersonal techniques concerned primarily with overall organization design through those techniques which are highly personal in nature. Throughout, a systems and systematic design is followed. Organizations are viewed as systems composed of inter-related and interdependent subsystems in dynamic interaction. The material contained in the chapter can be applied to a wide variety of organizations, both profit and nonprofit.



The organization renewal techniques discussed here fall into the following general categories: A. Basic "Tools" for Organization Renewal; B. Diagnostic Intervention; C. Planning For and Development of Human Resources; and D. Redesign of Work and Total Organization. The techniques which constitute these four groupings will be discussed in some detail in the following pages.

#### A. BASIC TOOLS FOR ORGANIZATION RENEWAL

The following three techniques are considered basic tools for use in organization renewal.

##### 1. Consultant/Change Agent

A change agent or process consultant is an individual whose primary job is to bring about normative change in the organization. Schein defines process consultation (PC) as "a set of activities on the part of the consultant which help the client to perceive, understand, and act upon process events which occur in the client's environment."<sup>4</sup> A similar definition is given by French and Bell: "In process consultation...there is an almost exclusive focus on the diagnosis and management of personal, interpersonal, and group processes."<sup>5</sup> As is clear from these definitions, the process consultant does not offer "expert help" in the sense of giving solutions to problems or acting in the "doctor-patient model." Rather, the process consultant observes groups in action and helps them to diagnose the nature and extent of their problems

and to learn to work together better by learning to solve their own problems. The process consultant as Schein points out, "seeks to give the client 'insight' into what is going on around him, within him, and between him and other people."

## 2. Task Force Approach

The use of task forces, project groups, special teams, ad hoc groups, or other temporary organized systems are to be found somewhere in most organizations at some time. The term "temporary," however, may refer to one week or several years, depending upon the nature of a given temporary group and its objectives. Task forces may be composed of representatives of several organizational levels, in order to bring differing perspectives to bear on the group's task. Sometimes the different levels come from one functional area, such as manufacturing or marketing, if the group's task is primarily related to that function. In a functionally organized company or agency this kind of multilevel representation is often called a "vertical slice" of the organization. Task forces may also be composed of persons from different functional areas of the organization in order to bring several kinds of professional skill or expertise to the group. When these persons are of equivalent rank in the organizational hierarchy, the result is referred to as a "horizontal slice." A "diagonal slice" includes persons representing hierarchial levels, while a "work-family" task force is composed of indivi-

duals who regularly work together, including the unit head and at least some of the subordinates.<sup>6</sup>

The purpose of such task forces can vary even more than the basis for composing their memberships. Any of them may be charged with responsibility for analyzing a situation to determine the nature of a problem or their job may be to propose solutions and recommend strategies. They may be responsible for action, and implementation, or they may be established to measure the progress of some organizational effort. Their concerns can range over new product development, reorganization, cost or waste reduction, marketing strategies, personnel turnover problems, production improvement, and so on.

### 3. Team Building

Any organization depends on the cooperation of a number of people if its work is to be done effectively. Consequently, groups or teams of people come together on a permanent or temporary basis to accomplish work. Temporary teams can function for a matter of days or weeks; permanent teams, over a long period of time. Teams can work together in functional or dysfunctional ways; if the team's work is dysfunctional, there are ways of improving its effectiveness.<sup>7</sup> Team building has been defined as any planned event with a group of people who have or may have common organization relationships and/or goals which are designed to improve the way in which work gets done by them in some way or another. Teams can be categorized as follows: (1) groups reporting to the same hierarchical supervisor; (2) groups involving people with common organizational aims; (3) temporary groups formed to do a specific, but temporary, task; (4) groups consisting of people whose work roles are interdependent; and (5) groups whose members have no formal links in the organization, but whose collective purpose is to achieve tasks they cannot accomplish as individuals.

## B. DIAGNOSTIC INTERVENTIONS

The following four techniques constitute means of organization renewal diagnostic interventions.

### 1. Survey Feedback

The process of collecting data about the system and feeding it back for analysis by all levels of the organization is called survey feedback.<sup>7</sup> This includes the use of attitude surveys and of workshops. An attitude survey, if properly used, can be a powerful tool in organization improvement. Most attitude surveys are not used in an optimal way-- at the maximum, most give top management some data for changing practices or provide an index against which to compare trends. At the minimum, they are filed away with little of consequence resulting. Symptomatic of the lack of knowledge about how to use surveys effectively is the fact that most textbooks on personnel management do not refer to systematic data feedback in connection with their use for organization improvement. Those texts that do comment on feedback do so in a most cursory way. Data collection is only part of the process; appropriate feedback is an equally significant aspect.<sup>8</sup>

### 2. Open Systems Planning

While systems differ in the degree to which they are in an open versus a closed state, organizations and subparts of organizations are essentially open systems in that they exist in interdependent, exchange relationships with their environments. The more

effectively these exchange relationships - that is, the interfaces - are managed in terms of utilizing inputs, the less the system is subject to entropy, that is, running down, becoming marginal or obsolete, or going out of existence. The external interfaces must be managed properly. Open system planning is the process whereby these exchange relationships or interfaces are effectively planned such that they will be managed with greater efficiency and in a way that benefits the organization.<sup>9</sup>

### 3. Confrontation Meeting

The confrontation meeting, developed by Richard Beckhard, is a one-day meeting of the entire management of an organization in which they take a reading of their own organizational health.<sup>10</sup> In a series of activities, the management group generates information about its major problems, analyzes the underlying causes, develops action plans to correct the problems, and sets a schedule for completed remedial work. This intervention is an important one in organization development; it is a quick, simple, and reliable way to generate data about an organization and to set action plans for organizational improvement. Beckhard believes that the confrontation meeting provides a quick and accurate means for diagnosing organizational health, promotes constructive problem identification and problem solving, enhances upward communication within the organization, and increases involvement and commitment to action on the part of the entire managerial group.<sup>11</sup>

#### 4. Sensing Mechanisms

Sensing is a group-interviewing technique used for organizational diagnosis or to improve upward communication. This technique is usually used by upper-level managers to get inputs on the problems, issues, concerns, needs, and resources of employees with whom these managers have limited personal contact. An organization development specialist brings together members of a work group, or representatives of work groups from several levels and functions, to talk about their concerns in an unstructured group-interview session. These sessions are recorded (audio or visual tapes), and the manager requesting the data reviews the tapes to get a "feel" or "sense" of the organizational climate.<sup>12</sup>

#### C. PLANNING FOR AND DEVELOPMENT OF HUMAN RESOURCES

The following paragraphs cover six organization renewal techniques for planning and development of human resources.

##### 1. Management Retreats on Goals/Functions

The management retreat offers opportunities to improve the quality of membership in various associations and to participate in diverse human activity. The basic reasons that organizations have management retreats include several areas; among which are the following: (1) clarification of and reaching consensus on organization goals; (2) working out interpersonal relations among top managers; (3) creating a top management team; etc. Management

retreats incorporate concepts of several kinds, including concepts of goals and values. The achievement of these goals requires that the participants understand their internal needs, values, perceptions and resources of themselves, the other participants and the organizational structure context within which these participants operate. The retreat is based on the assumption that understandings and skills of participation can be learned more validly through processes of participation in which the learner is involved. Retreat activities are thus social process events in which attendees are invited to fully participate and in which such participation is vital to the success of the process.<sup>13</sup>

## 2. Seminars

In the in-house seminar form, staff organizations bring educational resources to the organization's headquarters, or other suitable location, on a systematic basis.<sup>14</sup> A number of the largest American corporations run such seminars almost continually. This is particularly useful in a situation when an organization is introducing a new management practice, such as a performance improvements program. The organization may turn to outside help for the education of its leadership of the program throughout various levels of the organization. There are a number of consulting groups that specialize in this type of program installation or implementation and can be found in any number of locations throughout the United States and Europe.



The Seminar program can have significant influence on a particular manager's image of the organization and can (and does) ultimately impact other areas of the organization. It is also important to integrate this program with job design considerations.

### 3. Manpower Planning and Development

Growth in organizational effectiveness follows proper utilization of manpower; and proper utilization requires education, training, planning, and guided on-the-job development.<sup>15</sup> The human assets of the organization increase steadily in worth in the environment resulting from this kind of management.<sup>16</sup> The first stage in the management of managerial and human resources lies in the planning for management and other human resource manpower. Manpower planning results in staffing plans and stems from the integration of business plans, economic forecasts, and labor market forecasts. The techniques of organizational development of organization plans. He may assume the task of formulating manpower forecasts and staffing plans at higher management levels and work as a coordinator and consultant with the human resources or personnel manager at middle and first-line management levels.

### 4. Career Path Planning/Assessment

There is a great deal of research indicating that many major career decisions take place after the individual takes on

the first job. Indeed, it has been suggested that the exploratory and establishment stages overlap and that a great deal of major job shifting takes place during the first few years of an individual's work life. There are several approaches to career life planning. One approach has a number of different steps. At each step, the individual first works privately and then shares his data with his group (consisting of about 10-15 people). These exercises, which have been used in workshops within a particular organization, include: (1) drawing a line (which can be either "Psychological" or "Chronological") representing the individual's life to date and then projecting it into the future; (2) responding to the question "Who am I?"; (3) developing a career/life force-field analysis of growth and restraining forces; (4) writing a hypothetical obituary, including an epitaph, about oneself; (5) describing a "fantasy" day, a "special" day the individual would love to experience, or a "typical day," characterizing the individual's life; and (6) completing a career/life inventory, generating answers to a list of seven questions about the individual's values and the available resources for utilizing those resources. When used in a group, the completion of the inventory and the discussion in the groups takes about 10-15 hours. In addition, the inventory can be helpful in vocational counseling on an individual basis.<sup>17</sup>

William C. Byham describes what he calls "assessment centers" as a method to obtain a basis for making promotion decisions. A number of complaints have resorted to this approach. The assessment procedure simulates the situations with which an individual would be confronted if he were actually promoted and develops information on how well he would likely perform at the new, higher position. This all takes place before the decision is actually made to promote the individual.<sup>18</sup>

##### 5. Sensitivity Training

Sensitivity-training laboratories were a cornerstone of early organization renewal efforts. These are used less frequently now as interventions, but they are still an important part of organization renewal techniques. The reduction in the use of sensitivity training (or T-groups, T for training) is said not to be due to its lack of effectiveness or its appropriateness for organization renewal, but rather more to its being supplanted by such interventions as team building and process consultation. T-groups are still an excellent learning and change intervention, particularly for the personal growth and development of the individual.<sup>19</sup> A T-group is an unstructured, agendaless group session for about ten to twelve members and a professional "trainer" who acts as catalyst and facilitator for the group.<sup>20</sup> The data for discussion are the data provided by the interaction of the group members as they strive to create a viable society for themselves.

Actions, reactions, interactions, and the concomitant feelings accompanying all of these are the data for the group. The group typically meets for three days up to two weeks. Conceptual material relating to interpersonal relations, individual personality theory, and group dynamics is a part of the program. But the main learning vehicle is the group experience.<sup>21</sup>

#### 6. Middle Management Training

A number of the largest American organizations in the public as well as private sector run continuous schools for middle and upper-middle management, at which a parade of experts and consultants appears, each discoursing on his own specialty.<sup>22</sup> The management is thus exposed to a fairly extensive survey course on the state of the art in a particular area of interest. The arrangement between the organization and the training establishment is for specific program coverage and may be internal or external to the parent organization.

#### D. REDESIGN OF WORK AND TOTAL ORGANIZATION

The following paragraphs cover six organization renewal techniques for redesign of work and total organization.

##### 1. Managerial Grid

Perhaps the most thoroughgoing and systematic organization development program is that designed by Robert R. Blake and

Jane S. Mouton, Grid Organization Development.<sup>23</sup> In a six-phase program lasting about three to five years, an organization can move systematically from the stage of examining managerial behavior and style to the development and implementation of an "ideal strategic corporate model." The program utilizes a considerable number of instruments, enabling individuals and groups to assess their own strengths and weaknesses; it focuses on skills, knowledge, and processes necessary for effectiveness at the individual, group, intergroup, and total-organization levels. The organizational program is conducted by internal members who have been pre-trained in grid concepts. Basic to the Grid OD program are the concepts and methods of the Managerial Grid, also developed by Blake and Mouton, a two-dimensional schematic for examining and improving the managerial practices of individual managers.<sup>24</sup> One dimension underlying this diagnostic questionnaire is "concern for people"; the other dimension is "concern for production." The most effective managers are those who score high on both of these dimensions - described as follows: "Work accomplishment is from committed people; interdependence through a 'common stake' in organization purpose leads to relationships of trust and respect."<sup>25</sup>

## 2. Work Planning and Review or Management by Objectives

The Work Process Planning and Review (WPPR) or Management by Objectives (MBO) approach is an attempt to establish a better

"fit" between personal and organizational goals by increasing communications and shared perceptions between the manager and his subordinates, either individually or as a group.<sup>26</sup> However, one of the difficulties with the term MBO is that there are so many definitions of it.<sup>27</sup> For some, MBO is a more sophisticated approach for appraisal than is personality-trait rating. For others, MBO is tied to the budgetary process, so that a one- or five-year business plan is called MBO. For other organization renewal practitioners, MBO is actually a variation of the planning process.<sup>28</sup> Currently, however, little distinction is made among the different approaches; rather the organization frequently attempts to use a single approach to satisfy several of these different objectives.<sup>29</sup> An MBO program can be considered as part of an organization renewal program only if it goes beyond the one-on-one manager/subordinate relationship with imposed goals. Rather, the focus must be on problem-solving discussions involving work teams as well. Setting goals and reviewing individual performance must be considered within the larger context of the job. In addition to organizational goals, the MBO process must give attention to individuals' personal and career goals and try to make these and organizational goals more complementary. The target-setting procedure must allow real (rather than simulated) subordinate participation in goal setting, with open, problem-centered discussions among team members, supervisors, and subordinates.<sup>30</sup>

### 3. Job Design/Enrichment?Rotation

Although the terms "job enrichment" and "job enlargement" were used interchangeably, in the past, most people now distinguish between them. Job enlargement refers to adding activities horizontally to a job (i.e., activities over a broader number of areas). However, this approach is not perceived as an organization development effort by most practitioners, since it adds nothing meaningful to the job. Job enrichment, on the other hand, refers to adding both vertical and horizontal activities to a job (i.e., more depth as well as breadth of activities), thereby providing "the whole person" with a "whole job."<sup>31</sup> A "whole job" consists of three basic elements; planning the job, or deciding how something is to be done; doing the job, or actually performing the job, or obtaining feedback at the first two steps and taking appropriate corrective actions. Particularly, at the clerical and "blue-collar" levels many jobs are designed so that there is a separation between the actual doing and the planning and evaluating.<sup>32</sup>

### 4. Flexible Working Hours

The term "flexible working hours" refers to any variation from the normal five-day, fixed-time work week whereby the worker comes to work at a set time and leaves at a set time. "Flexible working hours" may refer to the four-day, forty-hour week, whereby employees work ten hours a day but get either a three-

day weekend or a day off in the middle of the week.<sup>33</sup> "Flexible working hours" may also refer to a program whereby workers agree to be on the job during a core period, e.g. between 9AM and 3PM, although they are free to select their own starting and stopping times, as long as they work a certain number of hours each day. Some companies use a mixture of the two types of programs.<sup>34</sup> Various forms of changed work week are occurring at a worldwide level. Whether or not this is an "OD" program is still problematical, and much more research is necessary as to the best method of going about installing such programs to satisfy the needs of both the individual and the organization.

#### 5. Scanlon Plan

The Scanlon Plan is built around the premise of labor and management working together to increase productivity by decreasing labor costs of production. Any reduction in labor costs is shared between management and labor at a pre-determined ratio. From historical data derived from company operations during a normal operating period, information to compute a ratio between labor costs and production output is obtained. The object, then, of future management and labor efforts is to improve the current ratio over past data. In those operating periods where there is an improved ratio, the amount of improvement in dollars is split among management, a reserve for negative operating periods, and the work force on a pre-set formula basis. Based on the improve-



ment, each employee will receive a percentage of his work period wages in a separate check which represents his share of the labor cost improvement.<sup>35</sup> There have been successes and failures in the forty year history of the Scanlon Plan. Key elements of success have been a demonstration by both management and labor of the following traits: cooperative attitude; problem solving confrontation, trust and confidence; acceptance of change; and a willingness to work together.

#### 6. Reorganization

Reorganization is frequently required to improve organization performance. Organization health is almost synonymous with organization change. In every organization there is an elusive balance between fear of change and the desire for change.<sup>36</sup> Future tendencies for organization change may be more anticipatory than reactive as compared with past history. This stems from managers becoming more perceptive in monitoring the environment and in formulating sounder planning assumptions and action plans. The parameters of the reorganization is a reflection of the chief executive officer's views of the situation.

### III - METHOD OF RESEARCH

The research for this thesis was divided into two phases

- In Phase I, a survey questionnaire was mailed to appropriate top executives in each of 70 of the most prominent United States organizations in both the private and public sector known to practice behavioral science techniques.

- Phase II consisted of detailed followup studies of a sample of several companies that had indicated in the questionnaire that they had judged their program as either highly successful or somewhat less successful.

#### Phase I

A survey questionnaire was mailed to the appropriate top executive of the aforementioned organizations. The name and title of each executive to which the questionnaire was addressed were determined from (1) discussions with several of the nations leading organizations' development experts from the academic as well as non-academic world, and (2) search of available literature on this subject including the

membership list of the Organizational Development Network. Where a title such as Vice President or Director of Organization Development or Management Development was listed, the questionnaire was directed to that individual. If no such title were listed, the questionnaire was directed to the Vice President or Director of Personnel (if listed), the Vice President or Director of Industrial Relations (if listed), or the Vice President or Director of Administration.

The questionnaire was accompanied by a covering letter describing the objectives and general design of the research and requesting the cooperation of the addressed executive in completing the questionnaire. The questionnaire and the cover letter are presented as Appendix A at the end of this thesis.

The questionnaire was designed to determine:

- Whether the organization has any formal process of organization renewal
- The mechanics of their process and its goals
- The means of introduction and training used
- Those portions of the organization to which the process is applied
- The extent of top management involvement in and support of the process
- Their experiences with the process, and both subjective and objective evaluations of its success, including problems encountered, if any

- Their future plans for modifying the organization renewal approach.

Four weeks after the mailing, a total of 31 usable responses to the questionnaire had been received and were tabulated for the survey. A few additional responses came in later, but they were excluded from the tabulation.

The survey responses of each individual organization were tabulated, transcribed to a pair of IBM punched cards, and a simple tabulation was performed on a 370 computer, using the MIT Information Processing Center.

Selected cross-tabulations of significant items in the questionnaire were then performed, using the SPSS program of the MIT IPC 370 computer.

The following specific hypotheses concerning the relationship of responses to selected items on the questionnaire were tested:

1. There is a significant correlation between the amount and type of instruction used in the introduction of an organization renewal program and its success.

2. Significantly more successful applications of organization renewal will be reported by organizations indicating an attempt to measure the impact of the program on objective criteria, such as volume, quality, profits, morale, and turnover than those which do not measure.

3. There is a significant correlation between the extent of top management involvement and support of an organization renewal program and its relative success.

4. There is a significant correlation between the frequency of follow-up and review of the process results and the success of the program.

Testing each of these hypotheses involved statistical analyses of the relationship between two specific items from the questionnaire. In each case, the relationship of the two relevant items was first investigated, using a chi square test. The chi square statistic requires no assumptions about the distribution of the population from which a data sample is drawn. It only indicates the existence of a relationship between two variables--that is, the chi square statistic indicates whether a relationship exists between two variables.

## Phase II

On the basis of the survey questionnaire responses, four organizations which have adopted the organization renewal approach were selected for further analysis; two were selected on the basis of having reported in the questionnaire that their organization renewal program had been highly successful. The other two had reported less success or mixed results. Interviews were held with appropriate officials in the organizations, to gather more detailed information on the appraisal approach used, to sample reactions to the approach, and to obtain additional evaluation of its success in accomplishing the goals established for the organization renewal program.

In selecting the organizations for detailed study, no attempt was made to select on a random basis. The detailed studies concentrated on comparing and contrasting both the results of the various programs adopted by the organizations studied and the reaction to the programs of the people who used it. Because of the small sample size, no statistical analyses were made of the detailed studies, but the organizations and their approaches to organization renewal were compared on a more general basis.

The guide used for the interviews is shown in Appendix B. The same interview guide was used for all individuals.

Each of the detailed organization studies was initiated by contacting that individual in the organization who had completed the survey questionnaire. The purpose of the detailed study was explained and the cooperation of the organization requested in completing the interviews. Each of the organization contacted readily agreed to the study.

#### IV. SURVEY QUESTIONNAIRE RESULTS

##### A. Summary Totals of Responses

A total of 31 usable responses to the survey questionnaire were received and tabulated. The usable responses to the questionnaire thus represented 45 per cent of the 70 firms surveyed.

The response to the survey by section (private or public) is shown in Table 1.

T A B L E 1

##### RESPONSE TO SURVEY, BY SECTOR

<u>Sector</u>	<u>Organizations Surveyed</u>	<u>Did Not Respond</u>		<u>Responded</u>	
		<u>Number</u>	<u>Per Cent</u>	<u>Number</u>	<u>Per Cent</u>
Private Sector	54	30	54	24	46
Public Sector	16	9	56	7	44
Total	70	39	55	31	45

Because of the design of the questionnaire (some questions are contingent upon the answers to previous questions), the total number of respondents tabulated varied from question to question. For example, since almost all of the respondents indicated (in Question 1) that their organization had a formal organization renewal plan, they could not answer, for instance, Question 22, whose preface is "if you do not have a formal organization renewal plan." - 39 -



For this reason, all percentages shown throughout this chapter are based on the total number of respondents for each table. Percentages total more than 100 per cent in some tables, since multiple responses were appropriate for some questions.

The responses of the 31 organizations to each of the questions on the survey questionnaire are shown in Tables 2 through 34.

As seen in Table 2, 97 per cent of the organizations say they have organization renewal plans of some type. This is to be expected since the surveyed organizations were selected as those thought to be prominent in the organization development field.

T A B L E 2  
RESPONSES TO QUESTION 1

	YES		NO		TOTAL	
	Number	Per Cent	Number	Per Cent	Number	Per Cent
Does your organization currently have a plan for organization renewal or prevention of organization stagnation?	30	97	1	3	31	100

Table 3 shows that 63 per cent of the organizations apply their renewal plan throughout the organization.

T A B L E 3  
RESPONSES TO QUESTION 2

	Responses	
	Number	Per Cent
Is the application of your plan:		
a) limited to certain geographical or product subdivisions?	4	13
b) limited to certain functional divisions or departments?	1	4
c) limited in accordance with both (a) and (b) factors?	7	20
d) not limited--applied organization wide?	<u>19</u>	<u>63</u>
Total	31	100

The remaining organizations were about evenly divided on the three alternative methods of limiting application of the plan.

As seen in Table 4, 24 per cent of the organizations participating in the survey said that cost reduction and/or increased productivity was top management's principal goal in adopting the organization renewal approach.

T A B L E 4  
RESPONSES TO QUESTION 3

	<u>Responses</u>	
	<u>Number</u>	<u>Per Cent</u>
What was the <u>principal</u> reason for top management's decision to adopt an organization renewal program?		
a) cost reduction and/or increased productivity	23	24
b) stimulate organization development	16	17
c) increase employee satisfaction	20	21
d) increase participation in planning and decision making	18	19
e) increase organizational motivation	16	17
f) improve organizational planning	15	16
g) other (specify)	6	6
	<u>94</u>	<u>100</u>
Total		

About 21 per cent of these organizations said that increasing employee satisfaction was the principal goal of the approach. Of the companies surveyed 19 per cent said organization renewal was adopted primarily to increase participation

in planning and decision making. A significant (36 per cent) proportion of the organizations said that the principal aim of the approach was to motivate or to develop their employees.

As seen in Table 5, 20 per cent of the organizations participating in the survey said that morale appears to be the area most adversely effected when adversities are encountered.

T A B L E 5  
RESPONSES TO QUESTION 4

	<u>Responses</u>	
	<u>Number</u>	<u>Per Cent</u>
What areas appear to be most adversely effected when adversities are encountered by your organization (check as many as apply):		
a) volume	16	15
b) quality	8	8
c) morale	21	20
d) motivation	12	12
e) creativity	12	12
f) image	8	8
g) turnover	8	8
h) profitability/cost effectiveness	15	15
i) technology edge	2	2
j) other (specify)	0	0
Total	102	100

Nearly 15 per cent of those organizations said that volume was the area most adversely effected and another

15 per cent said that profitability cost/effectiveness was the area most adversely effected.

Table 6 shows the means by which the organizations participating in the survey detect deterioration in morale, motivation, creativity, and image. The responses revealed that the most dominant means used is employee surveys, meetings and interviews. These means were used in the detection of deterioration of all of the key variables indicated.

T A B L E 6  
RESPONSES TO QUESTION 5

	<u>Key Variables</u>			
	<u>Morale</u>	<u>Motivation</u>	<u>Creativity</u>	<u>Image</u>
By what means do you detect deterioration in:				
Surveys	X	X	X	X
Interviews(exit or otherwise)	X	X	X	X
Turnover	X	X		
Grievances	X			
Line Channels	X			
Productivity	X	X	X	
Lost and down time		X		
Absenteeism		X		
Quality		X		
Innovation efforts drop			X	
Rumors	X			
Employee meetings	X	X	X	X
Budget cut				X

Table 7 shows that of the participating organizations 33 per cent indicated that top management is responsible for monitoring the organization renewal key variables to detect when corrective action is required and goals have been accomplished. 23 per cent indicated that the organization development function is responsible for this area.

T A B L E 7  
RESPONSES TO QUESTION 6

	<u>Response</u>	
	<u>Number</u>	<u>Per Cent</u>
Who is responsible for monitoring the organization renewal key variables to detect when corrective action is required and goals have been accomplished?		
a. top management	21	33
b. middle management	12	19
c. lower management	6	10
d. organization development function	14	23
e. other (specify)	9	15
Total	62	100

As indicated in Table 8, over 41 per cent of the organizations surveyed monitor these variables more frequently than monthly; 26 per cent do their monitoring on an annual basis.

T A B L E 8  
RESPONSES TO QUESTION 7

	<u>Responses</u>	
	<u>Number</u>	<u>Per Cent</u>
How frequently does monitoring take place?		
a) practically never	1	3
b) annually	8	23
c) semiannually	3	12
d) quarterly	5	15
e) monthly	2	6
f) more frequently than monthly	<u>12</u>	<u>41</u>
Total	34	100

As shown in Table 9, 60 per cent of the organizations responding have made a systematic attempt to measure the effect of their organization renewal program in terms of its impact on such concrete objective criteria as volume, quality, profitability, morale, and turnover.

T A B L E 9  
RESPONSES TO QUESTION 8

	<u>Responses</u>					
	<u>Yes</u>		<u>No</u>		<u>Total</u>	
	<u>Number</u>	<u>Per Cent</u>	<u>Number</u>	<u>Per Cent</u>	<u>Number</u>	<u>Per Cent</u>
Has there been a systematic attempt to directly measure the impact and success of the program in terms of concrete objective criteria such as volume, quality, profitability, morale, turnover, etc.?	18	60	13	40	31	100

Nearly 40 per cent are apparently willing to continue an organization renewal program without attempting a formal evaluation of its impact. While there are obvious technical difficulties in attempting to isolate the effect of any one variable, it is somewhat surprising that no more than 60 per cent attempt to make such measurements.

Those organizations which have attempted to measure the effect of their organization renewal programs feel, almost unanimously (as shown in Table 10), that such measurements reveal a positive result for the program. With the exception of image and turnover criteria, none of the organizations indicated a negative result for its organization renewal program, and relatively few said that "no change" was the result of the program. "Morale" and "motivation" were the two positive criteria most frequently cited (17 per cent and 17 per cent, respectively). Measures showing a positive effect on profitability, volume, and turnover were cited less often.



T A B L E 10  
RESPONSES TO QUESTION 9

What has been the observable impact of the program as a whole on the following criteria:

	<u>No Measure</u>		<u>Negative</u>		<u>No Change</u>		<u>Positive</u>		<u>Total</u>	
	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent
a. volume	7	9	0	0	6	20	12	10	25	11
b. quality	7	9	0	0	2	7	14	12	23	10
c. morale	4	5	0	0	2	7	20	17	26	12
d. motivation	5	7	0	0	1	3	19	17	25	11
e. creativity	10	13	0	0	4	13	9	8	23	10
f. image	9	12	2	67	2	7	10	9	23	10
g. turnover	6	8	1	33	7	23	10	9	24	11
h. profitability/ cost effect	10	13	0	0	3	10	12	10	25	11
i. technology edge	15	20	0	0	2	7	4	3	21	9
j. other	3	4	0	0	1	3	5	4	9	4
<b>Total</b>	<b>76</b>	<b>100</b>	<b>3</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>115</b>	<b>100</b>	<b>224</b>	<b>100</b>

The techniques listed in Table 11 are described in some detail in Chapter II. As seen in this Table, the largest proportion (94 per cent) of the 31 participating organizations use the consultant/change agent techniques. This approach is followed by survey feedback, work planning and review (or MBO) and team building, each with 90 per cent. By glancing at the first two columns of Table 11, the reader can ascertain these numbers and percentages of the 31 participating organizations who use which techniques. These columns are arranged in descending order of usage prevalence.

The next six columns of Table 11 indicate that the majority of the participating organizations perceive the impact of most of the techniques they have used to be positive. The number of negative impacts are relatively few. The technique most frequently cited as having a positive effect was team building (81 per cent). The next most frequently cited positive impact was for management retreats and survey feedback, each with 74 per cent. The technique most frequently cited for its negative impact was job design/enrichment/rotation with 10 per cent.

Here again, it appears that a number of organizations have no specific measure of the impact resulting from each individual organization renewal technique, as can be seen in the last two columns of Table 11.

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As Table 12 indicates, 88 per cent of the respondents thought that their organization renewal programs were either moderately or highly successful, 6 per cent considered their programs mediocre, 6 per cent felt the program was rather unsuccessful, and none said that the program was nearly a total failure.

T A B L E 12  
R E S P O N S E S T O Q U E S T I O N 11

	<u>Responses</u>	
	<u>Number</u>	<u>Per Cent</u>
How would you evaluate the success of the program to date in achieving its principal goals (the purposes for which it was instituted?)		
a) highly successful	8	26
b) moderately successful	19	62
c) mediocre	2	6
d) rather unsuccessful	2	6
e) nearly a failure	<u>0</u>	<u>0</u>
Total	31	100

This distribution very likely reflects a positive bias of the respondents in evaluating a program for which they felt responsible. From the standpoint of the statistical analyses performed in testing specific hypotheses, it is unfortunate that the responses to this item were skewed on the high side. A better distribution over the entire range of alternative would have been more helpful. In any case, although the responses are distributed over four alternatives instead of all five, it would appear that the range

of responses is sufficient to make statistical analysis of the relationship between this item and other items meaningful.

Table 13 shows that of the participating organizations, only a very few (9 per cent) have systems designed solely as a one-shot system for problems after they arise; 34 per cent indicated that their organization renewal system is designed to operate as an on-going system continually applied to prevent problems before they arise, and 57 per cent of the organizations use their system in this manner as well as to take care of problems after they arise.

T A B L E 13  
RESPONSES TO QUESTION 12

	<u>Responses</u>	<u>Per</u>
	<u>Number</u>	<u>Cent</u>
Which of the modes is your system designed to operate in:		
a. as an on-going system continually applied to prevent problems before they arise?	11	34
b. as a one-shot system for problems after they arise?	3	9
c. both (a) and (b) above?	<u>19</u>	<u>57</u>
Total	31	100

Table 14 shows that the vast majority of the organizations surveyed ( 71 per cent) have an organization renewal system designed to deal with both externally and internally generated adversities. Only 11 and 9 per cent of the respondents indicated that their system was designed to deal only with one or the other type adversity (i.e., internally or externally generated, respectively).

T A B L E 14  
RESPONSES TO QUESTION 13

	<u>Responses</u>	
	<u>Number</u>	<u>Per Cent</u>
Which of the following types of factors is your organizational renewal system designed to deal with:		
a. externally generated adversities (i.e. recession, budget cut, competition, etc.)	3	9
b. internally generated adversities (i.e., limit growth prospects, etc.)	4	11
c. both (a) and (b) above	20	71
d. other, (specify)	4	11
Total	31	100

Table 15 indicates that of the organization renewal systems designed to include concern with externally-generated adversities, the responses seemed to be fairly evenly spread among most of the various symptoms indicated.

T A B L E 15

RESPONSES TO QUESTION 14

	<u>Response</u> Per	<u>Number</u>	<u>Cent</u>
If your answer to the above question was "external" please indicate the factors your process deals with (check as many as apply):			
a. economic recession		12	15
b. inflation		9	11
c. reduction in budget		14	17
d. reduction in work force		14	17
e. freeze in promotions or salaries		5	6
f. freeze in maximum salary		4	5
g. competition from other organizations		10	12
h. high cost of living for certin locations		4	5
i. deterioration of public image or public support		9	11
j. other (specify)		<u>1</u>	<u>1</u>
Total		82	100

Table 16 is a summary of some of the listed single most critical or complex adversities or problems with which the respondents' organization renewal programs must deal.

T A B L E 16

RESPONSES TO QUESTION 15

What is the single most critical or complex adversity or problem with which your organizational renewal program must deal?

(continued on next page)

TABLE 16 continued.

**Credibility**

Integration of line and staff efforts

Perpetuating growth

Keeping compensation even with inflation and taxes

Individual commitment to status quo and individual power base

Diversity of corporate needs

Lack of new business development

Violent strike six years ago

Quality of service

Lack of time and limited staff

Communications

Profitability

Resource allocation (people, space, time, energy)

"Flat" earnings resulting in risk aversion and morale problem

Limited staff

Lack of good managers for promotion during growth

Societal norms of avoidance; indirection

Declining sales volume

Reduced budget; change in Administration (Federal Government)

Maintaining constant and accurate perspective of agency goals

Complexity; constantly changing forces which impact business

Failure of Congress/OMB to appreciate positive internal achievements

Losing a competition for a job

Table 17 indicates that the vast majority ( 87 per cent) of the respondents indicated that their organization renewal program had survived in bad times as well as good.



T A B L E 17  
 RESPONSES TO QUESTION 16

	<u>Number</u>	<u>Responses Per Cent</u>
Has your organization renewal program survived in bad times as well as good?		
Yes	27	87
No	4	13
	<hr/>	<hr/>
Total	31	100

As can be seen in Table 18, all of the respondents consider their organization renewal program as important during prosperity as during adversity.

T A B L E 18  
 RESPONSES TO QUESTION 17

	<u>Number</u>	<u>Responses Per Cent</u>
Do you consider your organization renewal program as important during prosperity as during adversity?		
Yes	31	100
No	<hr/> 0	<hr/> 0
Total	31	100

As shown in Table 19, the responses of the participating organizations are very evenly spread across most of the possible symptoms or problems.

T A B L E 19  
RESPONSES TO QUESTION 18

	<u>Responses</u>	
	<u>Number</u>	<u>Per Cent</u>
Have any serious difficulties or problems been encountered in implementing this program?		
a) lack of cooperation by managers and/or employees in trying to make the program work-- resistance	11	18
b) lack of interest --apathy	10	17
c) lack of understanding by managers and/or employees of what they are supposed to do-- need for more communication or training in procedure	13	22
d) procedure takes too much time--not enough time available	10	17
e) failure to follow up and periodically evaluate success of measures	11	18
f) other (specify)	<u>5</u>	<u>8</u>
Total	60	100

Many of the organizations had experienced problems with the failure of managers and subordinates to follow up and periodically evaluate the accomplishment of goals or plans. Each of the other problem areas was indicated by a significant percentage of the respondents in the survey, but none was common

to a very large number of the organizations.

It therefore seems clear that communication, training, and evaluation of the success of the program are the most common problem areas for organizations that adopt organization renewal techniques.

As shown in Table 20, none of the organizations responding now plans to phase out or abandon the use of organization renewal.

T A B L E 20  
RESPONSES TO QUESTION 19

	<u>Responses</u>	<u>Per</u>
	<u>Number</u>	<u>Cent</u>
Do you currently have any plans to make changes or modifications in the present program?		
(a) We plan to phase out or abandon the program	0	0
(b) We plan to extend the program to additional subdivisions of the organization	11	34
(c) We plan to modify the program	10	33
(d) No plans indicated	<u>10</u>	<u>33</u>
Total	31	100

Table 21 indicates that several organizations have been successful in their attempt to transplant their renewal program from one part of their organization to another; 18 per cent have tried to do so without success; 41 per cent have never made such an attempt for one reason or another--in most cases because they had not yet had an opportunity to do so.

T A B L E 21  
RESPONSES TO QUESTION 20

	<u>Responses</u>	<u>Per</u>
	<u>Number</u>	<u>Cent</u>
If you have attempted to transplant the organization renewal program from one part of your organization to another, how successful was this attempt?		
a) No attempt	13	41
b) Successful	13	41
c) Not successful	5	18
Please comment if b or c:	_____	_____
Total	31	100

Table 22 indicates that of the organization renewal processes which were installed and since discarded, the most prevalent reason (31 per cent) was failure to follow up and evaluate success of measures. The next most prevalent reason

( 24 per cent) was apathy.

T A B L E 22  
RESPONSES TO QUESTION 21

	<u>Responses</u>	
	<u>Number</u>	<u>Per Cent</u>
If an organization renewal process or plan mechanism was installed in your organization and was since discarded, why was it discarded?		
a. resistance	2	15
b. apathy	3	24
c. need for more communication or training in procedure	2	15
d. not enough time available	0	0
e. failure to follow up and evaluate success of measures	4	31
f. other (specify)	2	15
	<hr/>	<hr/>
Total	13	100

As Table 23 shows, 33 per cent of the organizations who do not use organization renewal have never specifically considered such a program and 7 per cent currently have plans to institute such a program in the near future. The most common reasons cited for not using organization renewal are that it does not fit their type of operation or that it is too time consuming. This refers to divisions or plants which have not yet adopted organization renewal, but whose parent organizations generally have.

T A B L E 23  
 RESPONSES TO QUESTION 22

	<u>Responses</u>	
	<u>Number</u>	<u>Per Cent</u>
If you do have a formal organization renewal plan what is the principal reason such a program has not been adopted?		
a. we plan to institute such a program in the near future	1	7
b. it is still under consideration	0	0
c. a program of this type has never been specifically considered	5	33
d. does not fit our type of operation	2	13
e. too time consuming	3	20
f. too complicated and/or difficult to administer	1	7
g. not acceptable to our personnel	0	0
h. our personnel would not be interested in this type of program	0	0
i. not needed -- we are satisfied with our present appraisal system	1	7
j. other	2	13
Total	15	100

Table 24 shows the means used to introduce and implement organization renewal, including the type and extent of training employed. About 39 per cent of the organizations used extensive participative training for both managers and subordinates who participate in the program, and 16 per cent utilized directives from line management.

T A B L E 24  
RESPONSES TO QUESTION 23

	<u>Responses</u>	
	<u>Number</u>	<u>Per Cent</u>
How was the program introduced and implemented?		
a. directive from staff management	4	13
b. directive from line management	5	16
c. meetings to explain program to managers only	0	0
d. meetings to explain program to managers only	2	6
e. discussion or seminar sessions for managers only	1	3
f. discussion or seminar sessions for managers and subordinates	4	13
g. a series of discussion and training sessions involving active participation through case discussions, skill practice, role playing, etc., for managers only	3	10
h. a series of discussion and training sessions involving active participation through case discussions, skill practice, role playing, etc., for managers and subordinates	12	39
Total	31	100

Another 13 per cent of the organizations held seminars to tell both managers and lower-level participants about the program. It is apparent that the organizations surveyed utilized means of introducing organization renewal covering the full range of alternatives listed in the questionnaire. It should be noted that 71 per cent of the organizations chose to use some means of introduction and implementation which went beyond the mere issuing of a directive.

In the majority of organizations, the program of introduction and training was principally conducted by organization staff, as shown in Table 25.

T A B L E 25  
RESPONSES TO QUESTION 24

	<u>Responses</u>	
	<u>Number</u>	<u>Per Cent</u>
Who conducted the program of introduction and/or training?		
(a) organization line executives and managers	5	19
b) organization staff	11	33
c) outside consultants	4	12
d) combination of (a), (b), and (c)	8	26
e) other	<u>3</u>	<u>10</u>
Total	31	100



Table 26 shows the respondents' judgements about the involvement in, and support of, organization renewal by their organizations' top line management. The largest number of respondents indicated top management support at the highest level of the alternatives offered - i.e. all-out enthusiasm shown by frequent attempts to "sell" philosophy to the organization.

T A B L E 26  
RESPONSES TO QUESTION 25

	<u>Number</u>	<u>Responses Per Cent</u>
How would you characterize the degree of support and involvement of top line management in the program?		
a. little confidence or interest	4	13
b. go along with the program passively	5	16
c. stated belief and support of objectives in management directives, but little regular involvement	7	22
d. frequently mentioned in staff meetings, frequent requests for reports, and subordinate managers are evaluated on success in utilizing program	3	10
e. all-out enthusiasm shown by frequent attempts to "sell" philosophy to organization	12	39
Total	31	100

A sizeable number of the respondents ( 22 per cent) said that top management support of the program in their organization was at the middle level, involving stated belief and support of objectives in management directives, but little regular involvement. Another 10 per cent said that top management frequently mentioned the program in staff meetings, requested frequent progress reports on the program and (perhaps most important) evaluated subordinate managers on their success in utilizing the program.

Thus over 49 per cent of the respondents indicated a relatively high level of top management support for the program, including day-to-day involvement in the program and personal utilization of the program in managing subordinates. Less than 29 per cent of the respondents said that top management support was at the two lowest levels indicated in the questionnaire. One might expect that the level of top management support for organization renewal would be closely related to its success, and this was, in fact, one of the specific hypotheses investigated in this research. The statistical analysis of this relationship is discussed later in this thesis.

Table 27 shows the extent to which use of organization renewal is voluntary at different organizational levels of the organizations surveyed.

T A B L E 27

RESPONSES TO QUESTION 26

	<u>Yes</u>		<u>No</u>		<u>Total</u>	
	<u>Number</u>	<u>Per Cent</u>	<u>Number</u>	<u>Per Cent</u>	<u>Number</u>	<u>Per Cent</u>
Has participation in this program been voluntary:						
a. within major divisions of the organization	15	68	7	32	22	100
b. within departments?	20	91	5	9	22	100
c. within subunits of departments?	15	75	5	25	20	100
d. with individual subordinates?	16	76	5	24	21	100

The most important conclusion that can be drawn from this table is that the adoption of organization renewal is voluntary in the majority of the organizations surveyed ( 77 per cent), It is interesting, however, that in 91 and 76 per cent of the organizations, the program is voluntary within departments and with individual subordinates, and that in 75 per cent of the organization it is voluntary within subunits of departments. Presumably, it is generally the same organizations which indicate voluntarism at the departmental, subunit and individual levels. Thus, about 81 per cent of the organizations allow divisions to decide individually whether to adopt organization renewal; but once this decision is made, the vast majority of organizations do not allow choice within a division, in the matter of participation.

The responses to Question 26 of the questionnaire (tabulated in Table 27 above) were also used to construct an index of voluntarism. This index was computed by determining, for each organization, the total number of "yes" responses to all parts of Question 26. The index thus represents the total number of levels within an organization at which participation in the organization renewal program is voluntary.

This index was computed primarily for the purpose of further analysis of the relationship between voluntarism and success of organization renewal. The indexes computed are summarized in Table 28.

T A B L E 28

RESPONSES TO QUESTION 26  
(SCORED FOR INDEX OF VOLUNTARISM)

	<u>Responses</u>	
	<u>Number</u>	<u>Per Cent</u>
Index of voluntarism (number of "yes" checks for each organization)		
Zero	10	32
One	2	6
Two	6	19
Three	2	6
Four	11	35
	<hr/>	<hr/>
Total	31	100

The index data further confirm the conclusions reached in discussing Table 27. Although participation in organization renewal is required at all levels in a large number of organizations ( 32 per cent), in 35 per cent of the organizations participation is voluntary at all levels. Thus, the distribution is basically bimodal. The most common responses indicated either very little voluntarism or a great deal of voluntarism.

Table 29 indicates that of the participating organizations , the vast majority have or have had a formal organizational development staff to carry out their program of organization renewal. Only 26 per cent do not.

T A B L E 29  
RESPONSES TO QUESTION 30

		<u>Responses</u>	
		<u>Number</u>	<u>Per Cent</u>
Do you have or have you had a formal organizational development staff			
Yes		23	74
No		<u>8</u>	<u>26</u>
	Total	31	100

This high percentage of OD staffs was to be expected since the organizations to be surveyed were selected from those considered to be prominent in the OD field.

Table 30 provides data on the sizes of the organization development staffs, where such staffs exist. It also indicates the number of years such staffs have been in existence. The most prevalent (46 per cent) OD staff size is seen to consist of from two to five people. Only 13 per cent of the staffs are over 10 people.

The majority of OD staffs have been in existence from five to ten years representing 65 per cent of the participants. Only 9 per cent have functioned more than ten years.

T A B L E 30  
R E S P O N S E S   T O   Q U E S T I O N 31

	<u>Number</u>	<u>Responses Per Cent</u>
Please indicate the following:		
a. OD staff size:		
1. 1 person	5	21
2. 2-5 people	10	46
3. 5-10 people	5	21
4. over 10	3	13
Total	23	100
b. length OD staff has (had) been in existence:		
1. less than 1 year	0	0
2. 1-5 years	6	26
3. 5-10 years	15	65
4. over 10 years	2	9
Total	23	100

Table 31 indicates the average number and size of field installations for those participants having such installations. 38 per cent of such participants have between one and ten field installations. The most prevalent ( 58 per cent) average field installation size is under one thousand people.



T A B L E 31  
R E S P O N S E S T O Q U E S T I O N 32

	<u>Responses</u>	<u>Per</u>
	<u>Number</u>	<u>Cent</u>
If your organization includes field installations, please indicate the following:		
a. number of major semi-autonomous or autonomous field installations:		
1. 1 - 10	9	38
2. 10- 20	1	4
3. 20 -50	5	21
4. 50 -100	3	12
5. 100-200	2	8
6. over 200	4	17
	-	-
Total	24	100
b. approximate (average) size of field installations:		
1. Under 1,000	14	58
2. over 1,000	10	42
	-	-
Total	24	100

Table 32 indicates the annual revenue or budget of the organizations participating in the survey. The most prevalent ( 49 per cent) of the organization have annual revenues or budgets of between 100 and 500 million dollars. Only a very few ( 16 per cent) are at a level below 100 million.

T A B L E 32  
RESPONSES TO QUESTION 33

	<u>Responses</u>	
	<u>Number</u>	<u>Per Cent</u>
What is your organization's total annual revenue or budget		
a. Under 50 million	3	10
b. 50 -100 million	2	6
c. 100 -500 million	12	49
d. 500 million - 1 billion	3	19
e. 1-5 billion	6	19
f. over 5 billion	5	16
Total	31	100

Table 33 indicates the size distribution (in terms of the number of employees) of the organizations participating in the survey.

T A B L E 33  
RESPONSES to QUESTION 34

<u>Number of Employees</u>	<u>Responses</u>	
	<u>Number</u>	<u>Per Cent</u>
under 1,000	4	13
1,000 - 5,000	2	6
5,000 - 10,000	6	19
10,000 - 25,000	4	13
25,000 - 50,000	9	28
50,000 - 100,000	3	9
over 100,000	3	13
Total	31	100

Table 34 shows the proportion of the work force in each of the organizations surveyed consisting of engineering and technical, professional, and managerial employees.

T A B L E 34  
RESPONSES TO QUESTION 35

	<u>Responses</u>	
	Per	
	<u>Number</u>	<u>Cent</u>
What proportion of your work force consists of engineering and technical, professional and managerial employees?		
a) over 90%	0	0
b) 75% - 90%	1	3
c) 50% - 74%	7	22
d) 25% - 49%	11	34
e) less than 25%	12	41
	<hr/>	<hr/>
Total	31	100

B. Selected Cross Tabulations and Statistics

Table 35 contains a cross tabulation of the success of organization renewal and the method used to introduce the approach to the organization.

**REPRODUCIBILITY OF THE ORIGINAL PAGE IS POOR**

T A B L E 35

SUCCESS OF ORGANIZATION RENEWAL PROGRAM AND  
METHOD OF INTRODUCTION

Method of In- troduction	Success of Program					Total
	Highly Successful	Moderately Successful	Mediocre	Rather Unsuccessful	Nearly A Total Failure	
Staff Directive	0	2	0	2	0	4
Line Directive	0	5	0	0	0	5
Explanatory Meetings						
Managers only	0	0	0	0	0	0
Managers and Subordinates	1	0	1	0	0	2
Seminars						
Managers only	0	1	0	0	0	1
Managers and Subordinates	1	3	0	0	0	4
Participative Training						
Managers only	1	2	0	0	0	3
Managers and Subordinates	5	6	1	0	0	12
Total	8	19	2	2	0	31

Chi Square = 27.97466; Degrees of Freedom = 18; Significance = 0.0624

There was a significant relationship found between these two factors. It is interesting to note in Table 35, that the modal response of organizations having highly successful organization renewal applications appears to be that highly participative programs involving a series of meetings for managers and subordinates were used to introduce the approach. The next most common response of this highly successful group of organizations was that a series of such participative meetings were used for managers alone. A majority of the highly successful programs were introduced by a series of participative meetings for managers alone or managers and their subordinates.

The modal response of organization with moderately successful programs was that a series of participative meetings for both managers and subordinates was used in the introduction phase; less than half of the moderately successful programs were introduced by such participative meetings for either managers alone or managers and subordinates. It should be noted that these two responses to the question dealing with the amount and type of training in organization renewal represent the most extensive training programs, as well as the most participative. Thus, extensive and participative training programs appear to be associated with the more successful applications of organization renewal.

On the other hand, the model response of organizations having mediocre organization renewal applications or worse was that the only training used consisted of explanatory meetings for managers.

Table 36 shows the relationship between the success of the respondents' organization renewal approach and the existence of objective measurements of the effects of the program.

T A B L E 36

SUCCESS OF ORGANIZATION RENEWAL PROGRAM AND  
OBJECTIVE MEASUREMENT OF ITS EFFECT

Attempt to Measure Effect Of Program	Success of Program					Total
	Highly Successful	Moderately Successful	Mediocre	Rather Unsuccessful	Nearly A Total Failure	
Yes	4	14	0	0	0	18
No	4	5	2	2	0	13
TOTAL	8	19	2	2	0	31

Chi Square = 7.65586; Degrees of Freedom = 3; Significance = 0.0537

Those organizations which attempt to measure objectively the impact of their organization renewal programs report a considerably higher proportion of successful programs. The organizations that attempt objective measurement of the program's impact said that all of their programs were either highly or moderately successful; whereas less than three quarters of the organizations without such measurements said their programs were either highly successful or moderately successful. Less than one third of the programs without objective measurement were rated as being mediocre or worse, while none of the programs with objective evaluation were rated as mediocre or worse.

Table 37 shows the relationship between the success of organization renewal and the support and involvement of top management.



T A B L E 37

SUCCESS OF ORGANIZATION RENEWAL PROGRAM AND  
TOP MANAGEMENT SUPPORT

Top Management Support	Success of Program					Total
	Highly Successful	Moderately Successful	Mediocre	Rather Unsuccessful	Nearly A Total Failure	
Little interest or confidence	0	1	1	2	0	4
Passive support	1	3	1	0	0	5
Stated support in memos, little involvement	1	6	0	0	0	7
Frequently mentioned, progress reports requested, subordinates evaluated on use of program	1	2	0	0	0	3
Sells philosophy to organization, emphasis as major management commitment	5	7	0	0	0	12
<b>Total</b>	<b>8</b>	<b>19</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>31</b>

Chi Square = 22.74146; Degrees of Freedom =12; Significance = 0.0300

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REPRODUCIBILITY OF THE ORIGINAL PAGE IS POOR

It is apparent that a relationship exists between these two variables. Organization renewal programs given the highest level of top management involvement and support had by far the highest amount (a little less than half) of highly successful organization renewal applications. Of the organization renewal programs given the highest level of top management support, all were seen as either highly successful or moderately successful, and about one third of the program which received the next to the highest level of top management support were highly successful.

The overall trend of the data is that high levels of top management support and involvement tend to be associated with the most successful organization renewal applications, and the lowest levels of top management involvement appear to be associated with the less successful organization renewal applications.

It is also interesting that the modal response of organizations having highly successful organization renewal applications was that organization renewal receives the highest level of top management involvement and support. Of these highly successful programs, over half receive the highest level of top management support.

By contrast, the modal response of organizations with moderately successful organization renewal applications was that top management support and involvement were closer to

the median level, although a little less than half of these moderately successful programs received the highest or next to the highest level of top management involvement and support. By further contrast, the modal response of organizations with mediocre organization renewal applications was that top management support is only passive or minimal; and all of the organizations with unsuccessful organization renewal applications saw top management support as being with little interest or confidence.

As indicated in Table 38, there is a relationship between the success of organization renewal and the frequency of formal follow-up and review of the program's effectiveness.

This result is largely due to the fact that a higher proportion of the organizations having highly or moderately successful programs conduct relatively frequent reviews.

T A B L E 38

SUCCESS OF ORGANIZATION RENEWAL PROGRAM AND  
FREQUENCY OF REVIEW

Frequency of Formal Review	Success of Program					Total
	Highly Successful	Moderately Successful	Mediocre	Rather Unsuccessful	Nearly A Total Failure	
Hardly ever	0	0	0	1	0	1
Annually	1	5	1	1	0	8
Semiannually	2	2	0	0	0	5
Quarterly	2	3	0	0	0	5
Monthly	2	0	0	0	0	2
More frequently than monthly	2	9	1	0	0	12
Total	8	19	2	2	0	31

Chi Square = 28.80840; Degrees of Freedom= 15; Significance= 0.0526

It is also important to note that a very large number of the organizations surveyed (including many with successful organization renewal applications) said the failure of managers and subordinates to conduct formal reviews as scheduled was a serious problem.

Table 38 shows that 100 per cent of the programs reviewed on a monthly basis were highly successful. 92 per cent of the programs reviewed more frequently were either highly or moderately successful.

The four hypotheses upon which these cross tabulations were based were concerned with some of the situational determinants of success of organizational renewal. Hypothesis 1 stated that there would be a significant correlation between the success of an organization renewal application and the amount and type of instruction used in its introduction and implementation. Hypothesis 2 was that significantly more successful applications of organization renewal would be reported by organizations which have made an attempt to measure the impact of the program on such objective criteria as volume, quality, profits, morale, and turnover. Hypothesis 3 concerns the relationship between top management involvement in, and support of, organization renewal and its success. Hypothesis 4 was that there would be a significant correlation between the frequency of follow-up and review of the accomplishment of objectives and the success of organization renewal. To test these hypotheses, chi square tests were computed of the matrix formed by responses to the

two questions appropriate to each hypothesis. In each case, the test indicated a statistically significant relationship between the two variables. Thus, it would appear that there is reason to confirm the four hypotheses and to conclude that these four relationships do exist.

**V- STUDIES OF PERFORMANCE APPRAISAL PRACTICES  
IN SEVERAL SELECTED ORGANIZATIONS**

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Four organizations utilizing the organization renewal process were selected for more detailed analysis. Two of the organizations hereinafter referred to as organizations A and B had reported highly successful results with this approach. The other two (C and D) had reported less success or mixed success. Interviews were held with appropriate officials in the organization, to gather more detailed information on the organization renewal approach used, to sample reactions to the approach, and to obtain additional evaluation of its success in accomplishing the goals established for the organization renewal program.

Because of the small sample of four organizations involved in the detailed studies, no attempt has been made to analyze the findings statistically or to test hypotheses. Such procedures would not be appropriate for a sample of four organizations.

However, comparisons on a clinical basis of the organization renewal programs in the sample of four organizations revealed a number of interesting patterns in

the data. While these findings cannot be considered conclusive (because of the small sample), there is a general pattern of factors that may be significant in the success of organization renewal programs.

Also, it appears that the broad patterns observed in the data may reveal general relationships between type of organization renewal program, situational factors in the organizations and administration of the program, and the effectiveness of the program.

Both Organizations A and B place primary emphasis of their organization renewal program on employees at the manager level and above. Top management is seen as placing considerable emphasis on the program as a broad approach to overall management and as a major management commitment. The expectation has been established that all eligible employees will participate meaningfully in the approach and that it will result in improved management of the organization. In short, organization renewal program is seen as a process of management rather than as a "personnel program" for appraisal. In both organizations, participation in the program is required rather than voluntary or optional.



Both organizations have supported the organization renewal approach with large-scale training and communications programs. Organization D has also had a formal research program to evaluate the organization renewal approach and to modify it during implementation in light of the research findings.

Organizations A and B have employed the organization renewal approach for a number of years and feel that up to three years were required for training and practice before the program became really effective. In both cases, implementation was apparently rather slow and difficult, and significant obstacles had to be overcome before the program had an important positive influence on the operation of the organization.

In Organizations C and D (the two organizations with less success or with mixed success), there appears to be little direct top management support of, or day-to-day involvement in, the operation of the organization renewal program. Partly as a result of this, in Organization C participation was indicated as more voluntary or optional than it is in either Organizations A or B. Participation is required, however, in Organization D.

In both Organizations (C and D) there is also little central control or direction of the organization renewal program. In Organization C, each division is free to determine the specific approach it will use, and the central personnel staff mainly provides advice and communication support. The personnel staff does not audit the use which the divisions make of the program. In Organization D, there has apparently never been a clear definition of exactly what the program is supposed to accomplish, and there is little direction from the personnel staff on how to set specific measurable goals and how to establish measures of results.

In Organizations C and D, the organization renewal has apparently had little overall impact on management or its results, although the approach appears to have been helpful in some areas. At the same time, the use of the organization renewal approach does not appear to have been a major management commitment.

One difference between Organization C and D in the administration of the organization renewal approach is particularly interesting. Organization D has apparently conducted very little training in the use of organization renewal, except for individual counseling as requested.

On the other hand, Organization C has had a truly massive and widespread training program for all levels of participants. The training program has included a wide variety of lectures, discussions, and participatory training, as well as a significant communication effort involving numerous brochures, management memos, and newsletters. Although there was evidence elsewhere in the research that training can help substantially to implement an organization renewal approach, it is apparently not sufficient by itself to ensure its success.

Table 39 provides for comparison purposes a summary of the key organization renewal practices of organizations A, B, C, and D. This table is provided to help the reader "get a feel" of the major aspects of the four organizations interviewed.

T A B L E 39

COMPARISON OF KEY ORGANIZATION RENEWAL PRACTICES  
OF ORGANIZATIONS A, B, C, AND D

<u>Practice</u>	<u>Organization</u>			
	A	B	C	D
Success of Program				
Highly Successful	X	X		
Mediocre			X	
Rather unsuccessful				X
Method of Introduction				
Staff directive				X
Explan. mtgs (mgrs & subord)			X	
Participative training (mgrs & subord)	X	X		
Attempt to Measure Effect				
Yes	X	X		
No			X	X
Top Management Support				
Little interest or confidence				X
Passive support			X	
Frequently mentioned reports		X		
All-out support	X			
Frequency of Review				
Hardly ever				X
Annually			X	
Quarterly	X			
Monthly		X		

## VI -CONCLUSIONS AND IMPLICATIONS FOR FUTURE APPLICATION OF ORGANIZATION RENEWAL

A significant number of prominent organizations in the private and public sectors have adopted organization renewal. None of the surveyed organizations plans to phase out or abandon its organization renewal approach.

### Conclusions

On the basis of these facts, organization renewal clearly is considerably beyond the stage of being a management fad. Rather, it appears to represent a permanent and often significant change in an organization's basic approach to management. There is a wide latitude, however, in the seriousness with which top managements have viewed organization renewal.

There is convincing evidence that, when organization renewal is viewed principally as a "personnel program" or another management gimmick, it meets with the expected resistance, is given minimum middle-management support, and has little, if any, effect. There is also evidence that, when the approach has top management support and is viewed as a new approach to management which has as its goal the greater commitment and involvement of the entire work force, organization renewal can have and frequently does have a significant positive influence on the organization. This influence has most

often been on such indirect factors as motivation, commitment, and morale. In fewer instances, it is seen as having a direct influence on productivity and profitability.

To be successful, organization renewal involves a change in basic approach to management (toward a more participative emphasis that pushes responsibility downward in the organization), requires top management support and participation, and involves the learning of new skills and new attitudes. For these reasons, it is by no means an easy approach to implement. Superficial efforts to introducing organization renewal as a new "personnel program" do not succeed in making any impact on the organization. Even those organizations that have made the most serious and wholehearted attempts to introduce organization renewal have encountered serious problems, and have found the task difficult.

Typically, several years are required to acquire a real understanding of the approach throughout the organization, and for managers and subordinates to get sufficient training and practice to develop real skill in successfully implementing the new techniques.

However, the most crucial factor in determining the outcome of an organization renewal approach is the commitment and daily involvement of top management in the approach. Without this commitment and involvement, even the best-designed and -administered programs have less chance for success. With top management emphasis organization development as a major management commitment to a new style of management, even serious obstacles have been overcome in time.

Both programs that emphasize implementation from the top downward and programs that emphasize implementation at a point near to the middle have been successful. Which approach works best probably depends primarily on the individual requirements and on the expectations of the individuals involved.

Organizational renewal typically is not uniformly successful or unsuccessful throughout the organization in which it is applied, probably because of individual variation in the commitment and skills required for such an approach.

Even organizations that have the most successful applications of organization renewal have recalcitrant managers who give only lip service to the approach and "go through the paces" only to conform to formal requirements.

Thus, in their areas, the organization renewal program has little real significance or impact, even though it may be quite successful in the organization generally. Conversely, organizations that have the least successful organization renewal applications accompanied by little top management involvement and support frequently have a few managers who (because of their individual philosophy of management) have been successful in creating an enclave environment where organization renewal is an integral part of day-to-day management.

#### Implications For Future Application of Organization Renewal

The best prospects for a successful application of organization renewal will probably be found in those situations where the initial impetus for the adoption of organization renewal comes from top management itself. When this does not occur, there is ample evidence that securing this commitment and involvement of top management should be the first element of any implementation program.

The clearest and most fundamental implication of the research is that the first priority in implementing an organization renewal approach should be given to making certain that top management has a full understanding of the organization renewal concepts, the philosophy which underlies



the approach, and the demands that such an approach will make on the organization and its managers. Unless and until top management completely understands organization renewal and is deeply committed to it as a basic new method of management (as opposed to a superficial "program"), the personnel staff can probably direct its energies more productively toward other goals and programs.

Once commitment at the top level is achieved, these executives should be involved, to the maximum extent possible, in introducing the concept to their immediate subordinates and to the organization, and in conducting the training to develop skills in implementing this approach. Top management can support the concept most effectively through personal example by using organization renewal techniques in dealing with their immediate subordinates. Beyond this, it is extremely important that top management establish the expectancy that all subordinate managers will adopt the organization renewal concept, and that they will be evaluated on their success in using organization renewal in their organizations.

For these same reasons, it is highly desirable to introduce and implement organization renewal in an organization from the top downward on a rather slow and methodical basis, and to avoid "crash program" attempts to implement the concept

throughout the organization at the same time. It appears that the best procedure may be for top management executives to use the approach initially with their immediate subordinates and staffs for a reasonable period of time before implementation on an organization-wide basis.

After these second-level executives have obtained considerable practice and developed skill in the various techniques available, it will then be appropriate for them to introduce the concept to their immediate subordinates. In this manner, organization renewal can be introduced step by step throughout the organization, and a basic understanding of the organization renewal philosophy and skill in the use of the approach at each level in the organization can be developed (through actual use of the approach for a reasonable period) before organization renewal is introduced to the next lower level. At each successive step, the maximum participation of each level of management in conducting the introduction and training phases for their subordinates should be encouraged.

There is some evidence that, in many organizations, it will be preferable to introduce organization renewal on a pilot basis in one or two divisions that appear most ready to accept such a concept. Which divisions to select will

depend, of course, on the interests and management styles of the top division management team, as well as on the type of tasks typically performed in the division. After the approach is working well in the pilot division, it can then be extended to other parts of the organization.

Because the research evidence on this issue is not entirely consistent, there are probably some organizations in which it will be desirable, or at least possible, initially to introduce organization renewal on an organization-wide basis. But this should be undertaken with caution and only after a careful evaluation of the organization and individuals to be involved. In the last analysis, this decision should probably depend on the individual requirements, attitudes, traditions, expectancies, skills and weaknesses of the organization and its work force.

Although a high level of participation by top management in introducing the approach is crucial, there is also considerable evidence that this effort should ideally be supported by a massive training effort --particularly training which emphasizes active participation and skill practice through such devices as role playing, case dis-

cussion, and simulation.

This requires sophisticated and technically expert training resources. Where those resources are available within the personnel staff of the organization, their impact on the success of the organization renewal approach can be considerable. When these resources are not present within the organization, there is evidence that the help of outside consultants in meeting these needs can be extremely useful.

Based on the results of this research, it appears highly desirable to establish at the outset, as an integral part of the organization renewal approach, a formal procedure for attempting to measure objectively the impact of organization renewal on such criteria as productivity, profitability, morale, and turnover. This recommendation is based on the principle that what management measures is seen to be important by the organization. Thus, in addition to providing feedback which will be useful in modifying and providing additional support to the approach where needed, measurement communicates top management's commitment to, and interest in, the organization renewal.

Such measurement could be established by comparing "experimental" organization renewal divisions or organizations with a matched "control" (a similar division doing similar work) that does not use organization renewal. Where this is

not feasible, consistent measurements on objective criteria could be made before and after adoption of organization renewal in the division or organization. In either case, emphasis should be placed on measuring the changes over a period of time in such objective criteria as productivity, profitability, morale and turnover.

Since the failure of managers and subordinates to follow up and review the effectiveness of this approach was seen as one of the most common major problems by the organizations surveyed (including many organizations with successful organization renewal applications), it seems especially desirable in initiating organization renewal to place considerable emphasis on review and followup as a key element in the approach.

Obviously, this step is crucial in achieving the intended results of an organization renewal approach -- feedback, self-evaluation, development, motivation, improved planning, and measurement. Therefore, this fact should be emphasized in implementing the approach, in supporting skill practice and training phases, and in administering and controlling the program.

For this reason, it seems highly desirable to set up a definite procedure and timing for the formal review

of the key variables, as well as administrative machinery to ensure that the reviews take place for all participants. Although the administrative machinery will necessarily concentrate on the formal review process, considerable emphasis should also be placed on the value and importance of more frequent informal reviews.

The question of how far down in an organization the organization renewal approach should be applied is probably one that can best be answered by a particular organization on the basis of the requirements and constraints of the organization; the content of jobs at different levels; and the management climate and traditions. Organizations have most often applied organization renewal to top-level management jobs and have been progressively less inclined to apply organization renewal at each successively lower level in the organization. There may be some theoretical support for this decision, in terms of job content and the skills and expectations of individuals. There was, however, no specific research finding to suggest, overall, that organization renewal has been less successful at lower levels than at upper levels of organizations.

Finally, a few words are appropriate at this point regarding what organization renewal really is. I will attempt to cover this in the following paragraphs.

Organization renewal is, I feel, aptly defined as the planned, managed, systematic process to change the culture, systems, and behavior of an organization, in order to improve the organization's effectiveness in solving its problems and achieving its objectives. As a relatively new concept flowing out of behavioral science findings, organization renewal can be viewed as a way of looking at and enhancing the whole human side of organization life, just as more familiar concepts pay attention to the dimensions of organization life such as planning, production, marketing, finance, etc. The thrust of an organization renewal effort is focused on the whole of individual behavior and culture, including human climate, atmosphere and relationships.

Through a comprehensive and continuous organization renewal effort, an organization can analyse its own effectiveness, diagnose its own weaknesses and plan programs or interventions for its renewal.

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37. H. Rush, Organization Development: A Reconnaissance, New York: The Conference Board, 1972.

A P P E N D I X A



This correspondence is a part of  
research work being  
done for a Master's thesis

Massachusetts Institute of Technology  
Alfred P. Sloan School of Management  
50 Memorial Drive  
Cambridge, Massachusetts, 02139

In reply write to:

February 13

Dear Sir:

We are sending the enclosed questionnaire to several of the most prominent US organizations and organization development experts in the private and public sectors. This research is under the direction of Professor Edgar Schein and will provide data on current practices regarding organizational renewal. Particular emphasis is given to the success of techniques used especially in times of adversities such as cutbacks, recessions, and the like. The results of the research in summary form will be provided to participants and hopefully will be of benefit in reviewing their own organizational renewal processes and in considering future modifications thereto.

None of the participating organizations or personnel will be identified in any way by name or industry in the results of this research. Therefore, please be assured that your answers will be kept in strictest confidence throughout the conduct of this study.

Your participation will be a most valuable contribution to advancing the state of knowledge in this important and relevant managerial area of organizational development. I sincerely hope that the study results in turn will be of value to you. It would be very much appreciated if the questionnaire could be completed and returned to me at your earliest convenience, hopefully by March 3, 1976. Thank you very much for your help and cooperation.

Sincerely,

George P. Chandler, Jr.  
MIT Alfred P. Sloan Fellow

PS: Please check here if you would desire a copy of the summary results of this research and the comprehensive bibliography on organization renewal we are preparing.

Yes ( ) No ( )

SURVEY OF PRACTICE AND EXPERIENCE REGARDING  
ORGANIZATION RENEWAL.

Instructions

Over the last several years, some organizations have adopted new approaches to maintaining organizational vitality and avoiding organizational stagnation. These programs fall within the general area of organizational development and have gone under a variety of names. They will be referred to here as "organizational renewal." The origin of these new approaches lies in the writing of such commentators as Beckhard, Lippitt and Burke. Professor Richard Beckhard defines organizational renewal as follows: "An effort (a) planned, (b) organization-wide, (c) managed from the top, to (d) increase organization effectiveness and health through (e) planned intervention in the organization "process", using behavioral-science knowledge."

Professor Gordon Lippitt gives the following definition: "Organizational renewal is the process of initiating, creating and confronting needed changes so as to make it possible for organizations to become or remain viable, to adapt to new conditions, to solve problems, to learn from experiences, and to move toward greater organizational maturity."

Dr. Warner Burke's definition is: "The development of a culture which institutionalizes the use of various social technologies to regulate the diagnosis and change of interpersonal group and intergroup behaviors, especially those behaviors related to organizational decision making, communication, and planning."

The purpose of this questionnaire is to determine which organization renewal processes have been adopted, the experience which has been obtained to date with such programs and an evaluation of their effectiveness. We have particular interest in the success of organization development techniques used during adversities, such as revenue/budget cutbacks, personnel cutbacks, salary compression, recession,

inflation, and/or other similar conditions.

This survey will provide data on the current practices of major organizations in the field of organization renewal and an indication of trends and common problems. The results of the survey in summary form along with a comprehensive bibliography will be supplied to all participating organizations, and it is hoped that this data will be useful to them in evaluating their own programs and planning future modifications. All reports of the results will be in summary form only, however, and none of the participating organizations will be identified in any way, either by name or industry.

We believe that your participation in this survey will be extremely valuable in advancing knowledge in this significant area of management practice. And we sincerely hope the survey results may be of value to you and your own organization.

Please notice that the majority of this questionnaire consists of "yes/no" or multiple choice questions involving a simple check-off operation and can be accomplished in a very brief time. If time or circumstances should be a constraint, please give priority to the check-off type questions.

You may find that some questions may not be applicable to your organization as a whole, but may be quite appropriate to one or more elements thereof (i.e. a division). In such cases, please answer for the element and point this out under "comments."

We would appreciate very much your completing this questionnaire and returning it to the following address at your earliest convenience, hopefully by March 3, 1976.

Please be assured that all replies will be kept in the strictest confidence. Your frank response will be extremely helpful:

Massachusetts Institute of Technology  
Alfred P. Sloan School of Management  
50 Memorial Drive  
Cambridge, Massachusetts 02139  
Attn: 52-584/ George P. Chandler, Jr.

NOTICE: QUESTIONNAIRE RESPONSES WILL BE HELD IN STRICTEST CONFIDENCE.

1. Does your organization (or any part of it) currently have a plan for organizational renewal or prevention of organization stagnation: ( )  
Comments, if any:
  
2. Is the application of your plan:
  - a. limited to certain geographical (or product) subdivisions ( )
  - b. limited to certain functional divisions or depts.? ( )
  - c. limited in accordance with both (a) and (b) factors? ( )
  - d. not limited --applied organization wide? ( )Comments, if any:
  
3. What was the principal reason(s) for top management's decision to adopt an organizational renewal program? (check as many as apply)
  - a. cost reduction and/or increased productivity ( )
  - b. stimulate organizational development ( )
  - c. increase employee satisfaction ( )
  - d. increase participation in planning and decision making ( )
  - e. increase organizational motivation ( )
  - f. improve organizational planning ( )
  - g. other (specify) \_\_\_\_\_ ( )Comments, if any:
  
4. What areas appear to be most adversely effected when adversities are encountered by your organization (check as many as apply):
  - a. volume ( )
  - b. quality ( )
  - c. morale ( )
  - d. motivation ( )
  - e. creativity ( )
  - f. image ( )
  - g. turnover ( )
  - h. profitability/cost effectiveness ( )
  - i. technology edge ( )
  - j. other (specify) \_\_\_\_\_ ( )

Comments, if any:

5. By what means do you detect deterioration in:
- a. morale \_\_\_\_\_
  - b. motivation \_\_\_\_\_
  - c. creativity \_\_\_\_\_
  - d. image \_\_\_\_\_
- Comments, if any :
- 
6. Who is responsible for monitoring the organization renewal key variables to detect when corrective action is required and goals have been accomplished?
- a. top management ( )
  - b. middle management ( )
  - c. lower management ( )
  - d. organization development function ( )
  - e. other (specify) \_\_\_\_\_ ( )
- Comments, if any:
- 
7. How frequently does the monitoring take place?
- a. practically never ( )
  - b. annually ( )
  - c. semi annually ( )
  - d. quarterly ( )
  - e. monthly ( )
  - f. more frequently than monthly ( )
- Comments, if any:
- 
8. Has there been a systematic attempt to measure impact and success of the renewal program in terms of objective criteria such as volume, quality, morale, etc?
- Yes ( ) No ( )
- If yes, please comment:
- 
9. What has been the observable impact of the program as a whole on the following criteria:
- |                              | no measure | negative | no change | positive |
|------------------------------|------------|----------|-----------|----------|
| a. volume                    | ( )        | ( )      | ( )       | ( )      |
| b. quality                   | ( )        | ( )      | ( )       | ( )      |
| c. morale                    | ( )        | ( )      | ( )       | ( )      |
| d. motivation                | ( )        | ( )      | ( )       | ( )      |
| e. creativity                | ( )        | ( )      | ( )       | ( )      |
| f. image                     | ( )        | ( )      | ( )       | ( )      |
| g. turnover                  | ( )        | ( )      | ( )       | ( )      |
| h. profitability/cost effect | ( )        | ( )      | ( )       | ( )      |
| i. technology edge           | ( )        | ( )      | ( )       | ( )      |
| j. other (specify)           | ( )        | ( )      | ( )       | ( )      |

9. cont'd

comments if any:

10. What has been impact of any of the organization renewal approaches which you are using or have used: (please check in appropriate columns adjacent to each technique tried)

	no measure	negative	no change
a. Management retreats on goals/functions			
b. Seminars			
c. Consultant/change agent			
d. Survey, feedback and development			
e. Managerial grid			
f. Work planning and review (MBO)			
g. Open systems planning			
h. Manpower planning analysis			
i. Job design/enrichment/rotation			
j. Career path planning/assessment			
k. Flexible working hours			
l. Task force approach			
m. Confrontation meeting			
n. Sensitivity training			
o. Team building			
p. Scanlon or other incentive plan			
q. Reorganization			
r. Middle management training			
s. Sensing mechanisms			
t. Other (please specify)			
u. _____			
v. _____			

11. On the whole, how would you judge the success of the program to date in achieving its principal goal?

- a. highly successful ( )
- b. moderately successful ( )
- c. mediocre ( )
- d. rather unsuccessful ( )
- e. nearly a total failure ( )

Comments, if any:

12. Which of the modes is your system designed to operate in:

- a. as an on-going system continually applied to prevent problems before they arise? ( )
- b. as a one-shot system for problems after they arise? ( )
- c. both (a) and (b) above? ( )

Comments, if any:



13. Which of the following types of factors is your organizational renewal system designed to deal with:
- a. externally generated adversities (i.e. recession, budget cut, competition, etc.)? ( )
  - b. internally generated adversities (i.e., limit growth prospects, etc.) ? ( )
  - c. both (a) and (b) above? ( )
  - d. other, (specify) \_\_\_\_\_ ( )
- Comments, if any:

14. If your answer to the above question was "external" please indicate the factors your process deals with (check as many as apply):
- a. economic recession ( )
  - b. inflation ( )
  - c. reduction in budget ( )
  - d. reduction in work force ( )
  - e. freeze in promotions or salaries ( )
  - f. freeze in maximum salary ( )
  - g. competition from other organizations ( )
  - h. high cost of living for certain locations ( )
  - i. deterioration of public image or public support ( )
  - j. other (specify) \_\_\_\_\_ ( )
- Comments, if any:

15. What is the single most critical or complex adversity or problem with which your organizational renewal program must deal?

16. Has your organization renewal program survived in bad times as well as good? Yes ( ) No ( )
- Comments, if any:

17. Do you consider your organization renewal program as important during prosperity as during adversity? Yes ( ) No ( )
- Comments, if any:

18. Have serious difficulties been encountered in implementing the program?
- a. lack of cooperation by managers and/or employees in trying to make the program work --resistance ( )
  - b. lack of interest --apathy ( )
  - c. lack of understanding by managers and/or employees of what they are supposed to do--need for more communication or training in procedure ( )
  - d. procedure takes too much time --not enough time available ( )
  - e. failure to follow up and periodically evaluate success of measures ( )
  - f. other (specify) \_\_\_\_\_ ( )
- Comments, if any:

19. Do you currently have any plans to make changes or modifications in the present program?
- a. we plan to phase out or abandon the program ( )
  - b. we plan to extend the program to additional subdivisions of the organization ( )
  - c. we plan to modify the program (specify) \_\_\_\_\_ ( )
- 
- Comments, if any:

20. If you have attempted to transplant the organization renewal program from one part of your organization to another, how successful was this attempt:
- a. No attempt ( )
  - b. Successful ( )
  - c. Not successful ( )
- Please comment if b or c:

21. If an organization renewal process or plan mechanism was installed in your organization and was since discarded, why was it discarded?
- a. resistance ( )
  - b. apathy ( )
  - c. need for more communication or training in procedure ( )
  - d. not enough time available ( )
  - e. failure to follow up and evaluate success of measures ( )
  - f. other (specify) \_\_\_\_\_ ( )
- Comments, if any:

22. If you do not have a formal organization renewal plan what is the principal reason such a program has not been adopted?
- a. we plan to institute such a program in the near future ( )
  - b. it is still under consideration ( )
  - c. a program of this type has never been specifically considered ( )
  - d. does not fit our type of operation ( )
  - e. too time consuming ( )
  - f. too complicated and/or difficult to administer ( )
  - g. not acceptable to our managers ( )
  - h. our managers would not be interested in this type of program ( )
  - i. not needed --we are satisfied with things the way they are ( )
  - j. other (specify) \_\_\_\_\_ ( )
- Comments, if any:

23. How was the organization renewal program introduced and implemented?
- a. directive from staff management ( )
  - b. directive from line management ( )
  - c. meetings to explain program to managers only ( )
  - d. meetings to explain program to managers and subordinates ( )
  - e. discussion or seminar sessions for managers only ( )
  - f. discussion or seminar sessions for managers and subordinates ( )
  - g. series of discussion/training sessions involving active participation through case discussions, etc. for managers only ( )
  - h. series of discussion/training sessions involving active participation through case discussions, etc., for managers and subordinates ( )
- Comments, if any:

24. Who conducted the program of introduction and/or training?
- a. organization line executives and managers ( )
  - b. organization staff ( )
  - c. outside consultants ( )
  - d. combination of (a), (b), and (c) ( )
  - e. other (specify) \_\_\_\_\_ ( )
- Comments, if any:

25. How would you characterize the support and involvement of top management in the program?
- a. little confidence or interest ( )
  - b. go along with program passively ( )
  - c. stated belief and support of objectives in management directives, but little regular involvement ( )
  - d. frequently mentioned in staff meetings, frequent requests for reports, and subordinate managers are evaluated on success in utilizing program ( )
  - e. all-out enthusiasm shown by frequent attempts to "sell" philosophy to organization. ( )
- Comments, if any:

26. Has participation in this program been voluntary:
- a. within major divisions of the Company ( )
  - b. within departments ( )
  - c. within subunits of departments ( )
  - d. with individual subordinates ( )
- Comments, if any:

27. Could you send me a copy of the results of your measurements of the impact of your organization renewal program? If not, could you describe the results to me?

28. Please describe the principal features (procedures, policies, practices, etc) of your organizational renewal program not covered elsewhere in this questionnaire?

29. Are there any other things about this process I have not asked about that you think might be of interest to the research?
30. Do you have or have you had a formal organizational development staff?  
 Yes ( ) No ( )
31. If so, please indicate the following:
- a. OD staff size:
    - 1. 1 person ( )
    - 2. 2-5 people ( )
    - 3. 5-10 people ( )
    - 4. over 10 ( )
  - b. length OD staff has (had) been in existence:
    - 1. less than 1 year ( )
    - 2. 1-5 years ( )
    - 3. 5-10 years ( )
    - 4. over 10 years ( )
32. If your organization includes field installations, please indicate the following:
- a. number of major semi-autonomous or autonomous field installations: \_\_\_\_\_
  - b. approximate (average) size of field installations: \_\_\_\_\_

33. What is your organization's total annual revenue or budget?

34. What is your organization's total manpower?

- |                     |                       |
|---------------------|-----------------------|
| a. under 1000 ( )   | d. 10000 - 25000 ( )  |
| b. 1000 - 5000 ( )  | e. 25000 - 50000 ( )  |
| c. 5000 - 10000 ( ) | f. 50000 - 100000 ( ) |
|                     | g. over 100000 ( )    |

35. What proportion of your work force consists of engineering and technical, professional, and managerial employees?

- |                  |                      |
|------------------|----------------------|
| a. over 90% ( )  | d. 25% - 49% ( )     |
| b. 75% - 90% ( ) | e. less than 25% ( ) |
| c. 50% - 74% ( ) |                      |

Comments:

36. If you have any written material (announcements, instructions, procedures, brochures, training material, forms, etc) relating to your organization renewal program, please send me a sample of the more informative of these documents.

---

Questions 37 through 39 - ESPECIALLY FOR GOVERNMENT ORGANIZATIONS

(others need not answer these three questions)

37. Have you found effective measures to deal with the salary compression which resulting from the \$36,000 ceiling (recently increased to \$37,800)?

Yes ( ) No ( )

If yes, please elaborate:

38. Have you found effective ways to induce senior government employees to move to the Washington area (or other) in spite of the ceiling?

Yes ( ) No ( )

If yes, please elaborate:

39. Have you found effective means of inducing senior industry people to government in spite of the salary ceiling?

Yes ( ) No ( )

If yes, please elaborate:

---

Thank you very much for your help!

Any additional comments you would care to make would be very much appreciated.

Name of Respondent:

Title:

Name of Organization:

Address of Organization:

Please mail this completed questionnaire to:

Massachusetts Institute of Technology  
Alfred P. Sloan School of Management  
50 Memorial Drive  
Cambridge, Massachusetts 02139  
Attn: 52-584/ George P. Chandler, Jr.

APPENDIX B

INTERVIEW GUIDE FOR FOLLOW-UP  
DETAILED STUDY OF SELECTED ORGANIZATIONS

1. Do you use organization renewal in the management of your subordinates?
2. How long ago was this process adopted by your organization?
3. How long have you been using this process (with your subordinates)?
4. What is your feeling about the process as it has been applied here?
5. Do you feel the approach has been useful and helpful to you (is it worth the time, etc.)?
6. In what ways?
7. Do you feel that sufficient time and attention is allotted to the process to realize its maximum potential?
8. Are you aware of any significant changes or improvements that have resulted from this process?
9. What were the goals of this approach when it was adopted?
10. Do you believe it has been successful in realizing these goals?

highly successful	( )
moderately successful	( )
so-so	( )
rather unsuccessful	( )
nearly a total failure	( )
11. What changes would you like to see in the process itself or in the way it is administered?



12. Have you attempted to measure directly the impact and success of this process in terms of objective criteria such as productivity, quality, profitability, costs, morale, turnover, etc.? (which criteria have you measured).
13. How successful has this measurement effort been?
14. Could you give me a copy of the results of these measurements? If not, could you describe the results to me?
15. To what extent do you feel these results were caused by the organization renewal approach and to what extent were they caused by other factors?
16. What is the basis for this judgement?
17. What other factors affected these criteria measures, and in what ways?
18. Have you encountered any difficulties or problems in implementing this process ?( please explain)
19. How was it introduced and implemented in the organization?
20. What is the role of Personnel Staff in the administration of the process?
21. Do you have any written materials you could give me (announcements, brochures, training materials, forms) used in the program or which describe the approach itself and the process of introducing it to the organization?
22. Could you give me a sample of some completed documents used in this process?
23. Do you think of organization renewal here as primarily personnel process, or as an overall approach to management?
24. How do you go about appraising the value of your organization renewal techniques?

25. Is the appraisal written or oral?
26. Who initiates the appraisal?
27. Who reviews it?
28. How frequently do these (written or oral) appraisals take place in actual practice?
29. Is participation voluntary or required (for divisions, for departments, for individuals) ?
30. Do you have any records or statistics which show the percentage of employees (in your unit) who actually participate actively in the process?
31. On the whole, how would you characterize the degree of support and involvement of top line management in this approach?
32. Are there any other things about this process I haven't asked about that you think might be of interest to the research?

A P P E N D I X C

LIST OF PARTICIPATING ORGANIZATIONS

Aetna Life and Casualty Co.  
151 Farmington Avenue  
Hartford, Connecticut 06115

All State Insurance Co  
All State Plaza  
Northbrook, Illinois 60062

Armour and Co.  
Greyhound Tower  
Phoenix, Arizona 85007

Armstrong Cork Co.  
Lancaster, Pennsylvania 17604

Black and Decker Co.  
701 E. Joppa Road  
Towson, Maryland 21204

Borden, Inc.  
1280 Grant Avenue  
Columbus, Ohio 43201

Corning Glass Works  
Corning, New York 14830

General Motors Corp.  
3044 W. Grand Blvd.  
Detroit, Michigan 48202

H.J. Heinz Co.  
P.O. Box 57  
Pittsburgh, Pennsylvania

Hertz Corp.  
660 Madison Avenue  
New York, New York 10021

Kaiser Aluminum and Chemical Corp.  
300 Lakeside Drive  
Oakland, California 94614

Mattel, Inc.  
5150 Rosecrans Avenue  
Hawthorne, California 90250

Mead Paper Co.  
First National Plaza  
Dayton, Ohio 45402

Pepsi Co., Inc.  
Anderson Hill Rd.  
Purchase, New York 10577

Pillsbury Co.  
608 Second Avenue  
Minneapolis Minnesota 55402

Proctor and Gamble Co.  
P.O. Box 5118  
Dallas, Texas 75222

RCA Astro-Electronics Division  
P.O. Box 800  
Princeton, New Jersey 08540

Saga Administrative Corp.  
One Saga Lane  
Menlo Park, California 94025

Shell Oil Co.  
P.O. Box 2463  
Houston, Texas 77001

Syntex Corp.  
3401 Hillview Avenue  
Palo Alto, California 94304

Texas Instruments Corp.  
Dallas, Texas 75222

Travelers Insurance Co.  
One Tower Square  
Hartford, Connecticut 06115

U.S. Department of Agriculture  
Washington, D.C. 20250

U.S. Department of Air Force  
Washington, D.C. 20330

U.S. Department of Army  
Washington, D.C. 20310

U.S. Department of Commerce  
Washington, D.C. 20230

U.S. Department of Health, Education, and Welfare  
National Institute of Health  
Bethesda, Maryland

U.S. Energy Research and Development Agency  
San Francisco Operations Office  
Oakland, California 94612

U.S. Federal Aviation Administration  
Washington, D.C. 20591

Warner-Lambert Co.  
201 Taber Road  
Morris Plains, New Jersey 07950

Western Electric Co., Inc.  
2400 Reynolds Road  
Winston-Salem, North Carolina 27106