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THE PRACTICE OF ORGANIZATION & HUMAN RESOURCE DEVELOPMENT IN AMERICA'S FASTEST GROWING FIRMS

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ABSTRACT

The following paper reports the results of a recent survey project that investigated the contemporary practice of Organization Development among America's Fastest Growing Firms (as identified by <u>Fortune</u>, October 5th, 1992). Although the project received a 31% response rate overall, only 18 organizations provided usable results for analysis purposes. After an initial overview of the study, the data collected from these organizations are compared and contrasted with results from related survey projects using similar sets of items. Implications of these results for the practice of OD/HRD are also addressed.

INTRODUCTION

Most practitioners in the field of organization development (OD) and human resource development (HRD) today would agree that change has become a constant phenomena that must be attended to and managed appropriately in order to ensure organizational survival (e.g., Beckhard & Pritchard, 1992; Burke & Church, 1992; Kanter, Stein & Jick, 1992; Kissler, 1991; Tichy, 1983). Changes in technology, the marketplace, information systems, social values, workforce demographics, and the political environment all have a significant effect on both the processes and the products and services produced. The culmination of these forces reflect an external environment (Beckhard & Harris, 1987; Chandler, 1994; Katz & Kahn, 1978; Pfeffer & Salancik, 1978) that is dynamic, unpredictable and often devastating to those organizations that are unprepared or unable to respond. Many of the corporate giants of the past such as IBM, Xerox and Texaco, for example, have fallen victim to such pressures (Hays, 1994; Kanter, et al., 1992; Kotter & Heskett, 1992). Those companies that have survived have been relegated to the role of playing "catch-up" to their competitors, while others have been either absorbed into larger entities via mergers or acquisitions or simply dissolved into a series of corporate assets and liabilities (Drucker, 1992; Porter, 1980).

Interestingly enough, although the adverse impact of change is most often associated with organizations in a state of decline or stagnation, those companies that experience rapid growth, expansion and/or financial success--termed "hypergrowth" by Kanter et al., (1992; p. 39)--are particularly susceptible to these pressures as well (Michael, 1981; Senge, 1990). Thus, not only is the environment competitive and highly volatile for these types of organizations, but the internal dynamics and processes of the social system are also in constant motion. Furthermore, the false sense of security and "hard work well done" that comes with success can serve as blinders both to emerging internal and external problems (Kanter et al., 1992). Many organizations founded by single entrepreneurial thinkers, for example, when arriving at the top of

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their marketplace must change CEOs to adequately support the change from a product to a service culture (Deutschman, 1992; Hunt, 1992; Schneider, 1980; Tichy 1983). It is an unfortunate reality that the forces that accompany success are often the harbinger of future decline as well.

Organizational growth and expansion, however, have always been some of the primary and universally recognized indicators of success in the corporate world (Drucker, 1985; Mintzberg, 1989). It is often considered an honor (as well as a marketing advantage) to have been selected into one of the business trade publications "Fastest Growing Firms" lists for any given year. Financial investors appreciate the returns, employees enjoy the recognition, and customers have an additional reason to investigate the company's products and/or services. And yet, many of firms that make these lists one year are absent the next, proving once again that immediate success does not always translate to (i.e., receive the appropriate management to maintain) long-term viability. Among the companies selected into the Fortune 100 fastest growing firms for 1992, for example, only about 60% made the list in 1993 (Deutschman, 1992; Serwer, 1993).

Thus, given the turbulent nature of the environment, it has become increasingly important that managers and executives are appropriately prepared to respond to the external forces, and the subsequent changes that result internally to their own systems and processes. For example, having an understanding of an organization as a system of interrelated parts (e.g., Burke & Litwin, 1992; Katz & Kahn, 1978; Scott, 1987), the importance of culture and its impact on performance (e.g., Kotter & Heskett, 1992; Schein, 1985), or the need to communicate consistently and clearly regarding the content and process of change (e.g., Barnett, 1988; Bush & Frohman, 1991; Schweiger & Denisi, 1991; Wofford, Gerloff, & Cummings, 1977) are critical to successful organizational adaptation. These days, the primary concern is not *what* issues or concepts need to be understood by senior and middle managers, but rather from *where* this information is obtained.

Perhaps the answer lies in the role of the OD and HRD professional. Considering the specific nature of their background, training, and skills in these areas, these practitioners represent a unique source of expertise regarding the dynamics of organizational change and its management. If organizations are to survive, this expertise needs sharing. Moreover, given the additional pressures of change that accompany organizational growth and success, the contribution of OD/HRD professionals to the management of these issues becomes particularly meaningful. As "experts" in the area of facilitating organizational transitions (Burke & Church, 1992), companies experiencing hypergrowth, for example, should be able to utilize their knowledge and skill base to effectively manage and coordinate an appropriate system-wide response. OD and HRD professionals can provide considerable value-added in these important areas of change management.

While this may be the ideal role of the practitioner the statement above, however, makes three critical assumptions about the nature and function of OD/HRD in these types of organizations. These are as follows:

1. that all organizations experiencing change and/or "hypergrowth" have equal access to OD and HRD expertise;
2. that such knowledge is valued by the organization and its management; and
3. that the practitioners themselves, either internal or external, are, in fact, knowledgeable in and skilled at change management.

What evidence do we have in the literature regarding these three assumptions? With respect to the first two statements--i.e., regarding the accessibility and perceived value of OD/HRD expertise in organizations--McMahan and Woodman's (1992) survey of large industrial firms provides a somewhat mixed picture. For example, their results suggest that 69% of all services of this type are provided to top- and middle-level management. Unfortunately, only 6% of their sample of OD and HRD executives classified their function as being a "real player"--that

is, being viewed by the organization as an integral and strategic contributor. Another 35% reported their function as "established" (i.e., recognized and accepted) instead, with the remaining 59% ranging from a classification of "effective but struggling" to prove their added value to "finished" for all practical purposes. Based on these data, it would appear that while internal practitioners have considerable contact with senior and middle managers in their organizations, the relative worth of their contribution and expertise at change management is often questioned, and probably challenged by, the rest of the system. Moreover, since internal practitioners often experience their own cultures to be more resistant to change than do external consultants (Burke, Church, & Waclawski, 1993), the impact of the OD/HRD function may be somewhat restricted or at least more confined in these types of large organizations as well.

In terms of the relative degree of knowledge or skill among practitioners in the areas of change management and facilitation, OD and HRD professionals seem to fair quite well. Research by Burke and Church (1992), for example, has demonstrated that OD/HRD consultants are significantly more aware of certain key issues regarding organizational change than are managers and executives across a number of different industries and organizations. Moreover, large-scale systems interventions, as opposed to those focused on small group processes, have become quite popular among practitioners in the field (Church, Burke, & Van Eynde, 1994; McMahan & Woodman, 1992) no doubt reflecting the need for a more systemic response to the dynamic nature of the environment.

Given the research cited above, it would seem as though these three assumptions represent, for the most part, a valid and accurate reflection of the contemporary practice of OD/HRD. On closer inspection, however, some gaps in the literature are still quite evident. For example, while much research has been conducted with regard to external consultants and the practice of OD (e.g., Burke & Church, 1992; Church, et al., 1994; McDermott, 1984; Spier, Sashkin, Jones & Goodstein, 1980; Slocum, 1978; Tichy, 1974), few empirical studies have focused *solely* on the internal practitioner and the utilization of OD and HRD within the firm. Moreover, the typical research pattern regarding the assessment of change practitioners has

involved the selection and surveying of practitioners based on their professional affiliation, personality types, level of formal training and academic background, etc., rather than on companies facing specific types of change situations themselves (e.g., the computer industry, private companies going public, family owned business, etc.). Clearly, there is a need for additional research that delineates the practice of OD/HRD in other types of organizational systems and environments.

Organizations undergoing "hypergrowth" are one particularly relevant example. The fact that Fortune magazine identifies and provides a list of the 100 fastest growing firms in America on a yearly basis presents a unique group from which to assess the relative use and effectiveness of OD/HRD practice, organizational change, and growth. Given that our knowledge of the role and practice of OD and HRD interventions in larger corporations is still incomplete, and that little research has been done that has directly examines the impact of this field on organizations in a state of significant change due to successful growth and expansion, some interesting research questions arise: What is the role of OD/HRD in rapidly growing firms and how does such intense growth affect its practice? Do OD/HRD professionals in these companies know more about key issues in change management than managers and executives in the general population? How does the practice of OD/HRD functions in these types of organizations compare with those in the largest industrial firms? What are the major organizational problems such companies face? How do they respond functionally to their growth?

The purpose of this research is to attempt to provide some answers to these and related questions by reporting the results of a recent survey that investigated the manner in which OD and HRD principles, practices, and expertise are utilized to manage change in companies undergoing rapid and successful growth. In general, the results of the survey will provide information on the types of change issues currently being faced, the nature of interventions and practices being used to adapt to these changes, as well as the state of the OD/HRD function inside these rapidly growing firms.

METHOD

Procedure

The data for this study were collected via a 35 item survey developed by the authors. The instrument was mailed to the principal OD/HRD executive of each of the 100 fastest growing firms in America (Deutschman, 1992). Each survey package contained a copy of the questionnaire--designed according to Dillman's (1978) total design specifications--and a preprinted business class return envelope. Three weeks after the initial mailing, reminder post cards were sent to those individuals who had not yet completed and returned the survey. Six weeks after the initial mailing, a second copy of the survey was mailed to the remaining non-responders. Finally, those organizations that had still not participated were contacted directly by one of the researchers to elicit their survey data and/or determine the reason for their non-response.

The survey instrument was designed based on instruments used in a number of other research and consulting efforts many of which were described above. It was intended to gather information in a number of different areas including: the organizational characteristics and types of issues being faced by rapidly growing companies based on dimensions of the Burke-Litwin model (Burke & Litwin, 1992) of organizational and individual performance and Kotter & Heskett's (1992) theory of adaptive cultures; the role of the internal OD/HRD function and the nature of the interventions and practices used to adapt to these changes (McMahan & Woodman, 1992); attitudes and perceptions about the field (Church, et al., 1994); and understanding and awareness of important aspects of organizational change management (Burke & Church, 1992; Burke, Spencer, Clark, & Coruzzi, 1991).

<u>Sample</u>

Names and mailing addresses for the 100 principal OD/HRD managers or executives
were generated using two primary methods: (a) direct phone calls requesting mailing information
to the corporate offices of the companies identified by <u>Fortune</u> magazine (Deutschman, 1992) as
the 100 fastest growing firms in America; and (b) professional listings including Dun &
Bradstreet's <u>Million Dollar Directory</u> (1992) and Standard & Poor's <u>Register of Corporations,</u>
<u>Directors and Executives</u> (1992) for organizations that were not willing to provide this data. In
those organizations where no individual with an OD or HRD title existed, the line manager or
executive with responsibilities in this area was chosen as the target for the mailing instead.

In total, 31 organizations provided some type of response to the survey. Of this number,
only 18 (58.1% of responses) yielded usable results for analysis purposes. The remainder of
these organizations chose not to respond to the survey.   The following reasons were cited: no
time or too busy to fill out the survey (25.8%); no OD/HRD function at all and no one else who
could appropriately respond (9.6%); and a policy of non-survey participation (6.5%). Thus, the
effective response for the present study was 18%. Although somewhat low by mail survey
standards, 18% is within the range obtained by other survey research conducted with OD and
HRD practitioners (e.g., Church & Burke, 1993; Fagenson & Burke, 1990; McDermott, 1984;
Thorne & Hogan, 1993). McMahan and Woodman (1992), for example, reported a 22%
response rate for their survey the <u>Fortune</u> 500 Industrial Firms, while Church et al.'s (1994) study
yielded a 27.7% response of practitioners based on professional membership rosters.

Given this low rate of return, however, it is important to provide as much descriptive
information as possible regarding those individuals that did return their questionnaires. With
respect to titles, 44.4% of respondents identified themselves as directors, 22.2% as managers,
another 22.2% as vice presidents, 5.6% as CEOs/COOs/Presidents, and 5.6 as simply staff. The
primary functional area cited was Human Resources (66.7%) with specific OD operations
existing in only 22.2% of the organizations responding. The category "other" captured the

remaining 11.1% (including such areas as training & development, leadership development, and administration). In terms of reporting relationships, 47.1% of respondents indicated that they reported directly to the CEO, 5.9% to a vice president, and another 47% to the HR function head. Thus, overall, it would appear as though the present group of respondents have sufficient position power and expertise (French & Raven, 1969; Greiner & Schein, 1988; Harrison, 1980) regarding their own organizations.

Despite the characteristics of the present sample, it is also important to remember that these results may not be representative of the entire group of fastest growing firms. Although those organizations that did respond to the survey were not significantly different in terms of their overall performance measures (i.e., annual growth rate in sales for the last 3-5 years, net earnings last four quarters, or market value) from those that did not, other more pervasive variables such as culture--e.g., sharing of information--or systems--the manner in which inputs from the external environment are processed--might have been operating as "screening devices" and were therefore unassessed.   Another point to keep in mind regarding this study is that while the data collected from each of these individuals was individually based, it was also meant to reflect an organization-wide understanding of issues and current practices. Thus, while the respondents' perceptions of change and its management may be reflective of the majority of other individuals (including OD/HRD professionals, managers, employees, and executives) in their organization, these might differ considerably as well. With these caveats regarding the data stated, the results can now be presented.

RESULTS & DISCUSSION

The survey instrument mailed to respondents contained a total of 35 items which can be broken down into four major categories: (1) issues and characteristics describing the organizational context of the responding firms; (2) the role and contribution of OD and HRD departments to their effective management of change; (3) the degree of awareness and

understanding of important concepts of organizational change by practitioners in these companies; and (4) their values and perceptions about doing OD/HRD work. Responses from the present survey will be presented with respect to each of these general areas. Where available, additional comparisons to other existing datasets will also be provided.

Organizational Context

The first set of questions on the survey (numbered 1 through 7) required respondents to rate their organization and how it is managed using a series of statements (e.g., how clear are employees in your organization about the direction of the company, i.e., its mission and strategy?) that reflect different aspects of organizations based on the Burke-Litwin (1992) model. The items chosen for inclusion in the present survey have been utilized in a number of larger organizational assessment and change initiatives (e.g., Burke & Jackson, 1991) and have proven to be useful in pinpointing both strengths and weaknesses in an organization's overall functioning. Table 1 presents the responses to these questions obtained from the current group of rapidly growing firms, along with comparative data obtained on other organizations undergoing major change efforts representing several different industries.

(insert Table 1 about here)

The first point of interest among these data is that the rate of change being experienced by the fastest growing firms included in the present study was somewhat higher as compared to all other organizations in the database. The only other comparison organization that provided a rating in the range of 4 (based on a 1 to 5 scale, where 1 is *relatively stable* and 5 is *very rapid change*) was a public broadcasting agency undergoing charter renewal during the time of their organizational assessment. The remaining three comparison companies reported experiencing a more moderate level of change which makes sense given the industries they represent. Thus, based on these scores, the data does support the notion that rapidly growing and highly successful firms are, in fact, experiencing more change than are other types of organizations. Interestingly

enough, they also appear to be considerably more responsive to the pressures from the external environment as well (based on mean scores for item #2). These comparisons provide validation for the selection of these successful firms as a survey group for studying the practices of change management in complex change environments.

The are several other differences worth noting among the data as well. Although the firms from the present study did not seem to differentiate themselves much from the other comparison companies with respect to the degree of trust and mutual respect that is experienced among various layers of the organization (ratings obtained from the academic institution were the only significantly low scorers in this area), the impact and importance of leadership seems to be clear. For example, employees in the fastest growing firms are clearer about their direction--i.e., mission and strategy--than are those in the professional service organization or even the broadcasting agency. Moreover, leadership is perceived to be a strong supporter of this mission and strategy, particularly in comparison to the professional services firm and the academic institution. Interestingly enough, the financial organization also yielded strong scores in these two areas. At the time that their assessment was conducted, the organization was in the midst of a culture shift from a centralized product-based orientation to a highly decentralized service-based one. The driving force behind this effort was a newly appointed and highly visible leader with a personal mission for change. The leadership among these fastest growing firms would appear to share some of these qualities, at least, as can be reflected in the scores provided on the survey.

The remaining two questions were ones for which none of these organizations received particularly high ratings. Although respondents from the fastest growing firms assessed their organizational structures as being somewhat more helpful in making different departments work together effectively as compared to ratings provided by individuals from other companies, the relative value of the rating itself was only a 3.0--the midpoint of the scale. While this score was understandably higher than that received for the professional services organization (based primarily on a partnership arrangement), the academic institution (loosely defined as a collection

of professionals with some extra administrators), and the broadcasting agency (organized by programming type), given that the *highest* average rating for this area was only a 3.0 it would appear as though finding the appropriate structure is still a significant concern for most types of organizations (Nadler & Tushman, 1992; Robbins. 1987). The fastest growing firms may have a mild advantage in this area but there is still considerable room for improvement.

Following a similar pattern of responses, these rapidly growing firms described their organizational culture as being more open and susceptible to change as well (as opposed to being deeply rooted and difficult to change). Yet once again the actual rating achieved only a 3.0 reflecting a balance between the two ends of the scale. While this score represents a more open and malleable culture than that of the other organizations examined here, what can be interpreted from these results? The issue, of course, is whether having a culture that is open and susceptible to change is a positive or a negative characteristic. One might argue, for example, that being open to outside influences represents an adaptable and learning orientation (Lundberg, 1989; Mohrman & Mohrman, 1993; Senge, 1990). The rigidity inherent in many organizational cultures, like IBM's, has undoubtedly contributed to their inability to respond effectively to changes in the environment. On the other hand, Kotter and Heskett's (1992) research has suggested that having a strong culture may not always be problematic, particularly if the culture fits within the organization's context. Moreover, a strong culture is often an important factor in keeping an organization functioning at all during highly tumultuous times (e.g., merger, downsizing, executive turnover, reengineering efforts, etc.). There is clearly a balance between having a strong culture that stifles all change and adaptation and having one that is so weak that it fails to provide much of a focus for organizational members. If achieving such a balance is ideal, then it may be that the data collected from the 18 fastest growing firms reported above reflect this perspective.

Related to the issue of organization culture, the survey also included 4 questions focused specifically on Kotter and Heskett's (1992) framework of adaptive cultures. More specifically, respondents were asked to rate the extent to which their organization's culture values its

customers, employees, stockholders, and excellent leadership from its managers. Table 2

presents the results of these four items for the fastest growing firms as well as the norms

provided by Kotter and Heskett (1992) from their research.

(insert Table 2 about here)

In general, the data collected from respondents in the present study when compared to the

norms provided by Kotter and Heskett provides some consensual validation for the selection of

these companies by Fortune (Deutschman, 1992) as high performing and highly successful

organizations. The OD/HRD professionals from these 18 organizations undergoing

"hypergowth" indicated the presence in their corporate culture of strong values for and belief in

their customers, employees, and stockholders. All three of these scores were highly consistent

with the norms provided for the higher performing firms (Kotter & Heskett, 1992) and

substantially different from those of the lesser performing ones.

Interestingly enough, the only area in which the fastest growing firms did not stand out

was in the area of valuing excellent leadership, a finding that at first seems somewhat

contradictory to the strength of their leadership as noted earlier. While these firms still scored

almost a full point above than the lesser performing organizations, they were also more than a

point below the mean for the higher performers. What could account for this inconsistency? It

may be that the presence of strong leadership does not necessitate a cultural value of strong

leadership. In other words, while the leadership of these fastest growing firms is clearly active in

conveying and supporting the mission, vision and strategic direction of their company, perhaps

they are focused less on grooming their replacements. In order for a value of excellence in

leadership to take hold, the culture, system, and structure must support the development and

maintenance of such leadership. Management development and succession planning are

probably not the principle concerns of organizations experiencing growing pains.

In summary, the fastest growing firms participating in this research can be characterized

as follows: (1) they are experiencing rapid change and are seen as quite responsive to the forces

in the environment that stimulate such change; (2) there is a significant degree of clarity

regarding the mission and strategy of the organization, yet an area that could still be strengthened; (3) leadership is a strong supporter of the company's direction, although this direction does not always include developing new and better leaders; (4) their cultures represent a balance between being difficult to change and being very open and susceptible to outside influences; (5) they have formal structures and levels of trust which are only partially helpful in facilitating intergroup and interdepartmental collaboration; and (6) customers, employees, and stockholders are valued quite highly in the corporate culture. Overall, these companies compare quite favorably in terms of their organizational context to those described in the comparative database and in previous research.

Contribution of OD/HRD to Change Management

The second major area of focus for this research concerned the practices, roles and ultimately the contribution of the internal OD/HRD function to the management of change in rapidly growing companies. To this end, a number of different questions were adapted from McMahan and Woodman's (1992) survey of the OD/HRD practices of America's Largest Industrial Firms and incorporated into the instrument used in the present study (i.e., items 12 through 21). The similarity in items between the two research projects allows for a direct comparison of the practice of OD and HRD in large industrial firms versus those experiencing a state of "hypergrowth" and subsequently rapid change.

The first question in this section of the instrument asked respondents to describe the type and quantity of OD/HRD activities and interventions in their organization by distributing 100% among five different categories. Table 3 presents the distribution of these responses for the present study, along with a complete description of the categories used to differentiate among interventions.

(insert Table 3 about here)

As with previous research on industrial firms (McMahan & Woodman, 1992), the majority of interventions used by internal practitioners among the present sample consisted of human processual at 37.8% (e.g., those emphasizing human relationships, group processes and team dynamics, conflict management, etc.), followed by change efforts directed at more systemic issues (e.g., large-scale transformation, cultural change, total quality management, etc.). It is interesting to note that the human processual approach was favored slightly more by growing firms than by the large industrials, while the reverse pattern was true for the systemwide interventions. This trend may reflect the fact that (1) systemic changes, although perhaps easier to initiate, may be harder to actually implement and sustain coherently in the highly dynamic organizational contexts of rapidly growing firms, and (2) the larger industrial firms may be in greater need for more organization-wide improvements rather than moderate incremental modifications to ensure their survival.

In terms of the other types of OD/HRD interventions listed, although one might have expected strategic planning to be favored somewhat more by the fastest growing firms than the large industrials given their somewhat tenuous position in the marketplace, this effect was not supported among the data. In fact, the only sizable area of difference was for the "other" types of interventions (13.1% versus 4.2%). Examples from the present set of respondents included: payroll, benefits analysis, performance reviews, and even helping get the product out the door. Clearly, the variability in size and structure of these rapidly growing firms contributed to these responses. Responses to question 20 regarding the size of company-wide full-time professional staff devoted to OD/HRD activities ranged from 1 to 6, with a mean of 2.1 per organization. In comparison, this figure averaged at 8.5 among the industrial firms (McMahan & Woodman, 1992).

The second major question in this section of the survey pertained to the current state of the OD/HRD function among these rapidly growing firms. Using the same scale developed by McMahan and Woodman (1992), respondents rated the current viability of their organization's internal OD/HRD function based on a set of descriptors ranging from being a REAL PLAYER

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and value-added contributor to being totally FINISHED and ineffective (see Table 4 for a complete description of the anchors).

(insert Table 4 about here)

As with the previous survey of industrial organizations, the modal response among the present sample was "established"--i.e., a 3--as cited by 34% of respondents (see Figure 1). Thus, a third of the rapidly growing firms had an OD/HRD function that was recognized and accepted as a significant contributor to the their company.

(insert Figure 1 about here)

Somewhat surprising, however, was the fact that none of the practitioners provided ratings of 1 or 2 indicating that their function was a REAL PLAYER--i.e., perceived as being an integral and strategic element to the total organizational system. When combining responses for the first third of the scale (1, 2, and 3) to yield a total score for the percent favorable perception of their function, respondents from the fastest growing firms actually yielded somewhat lower ratings (34%) as compare to those from the large industrials (41%). Moreover, if you combine responses for 4 and 5 as well--representing effective but still trying to prove their value-added-- only half of the present sample viewed their efforts positively compared with 82% of the OD/HRD functions in the industrial sample. This difference is reflected in the higher percentage of responses for WORRIED and FINISHED professional functions as well. These results suggest a much less optimistic picture. Perhaps practitioners in some of these organizations with less favorable impressions of the function have failed to contribute significantly to the management of change related issues in their company. Maybe employees are tired of witnessing the perpetual cycle of new consultant and new strategic direction every year. Or perhaps their OD/HRD interventions were never given a chance to work or were not supported or worse undermined by senior management actions. While the answers to these questions are unknown, it would be interesting to see if those organizations with active and thriving OD/HRD functions continue to perform effectively over time.

Another area of interest with respect to the role of the OD/HRD function concerned the client base of the internal practitioner. In order to gather information in this area, respondents were asked once again to assign 100% points among five different client choices representing various levels of the organization. Overall, top management and middle management were indicated as being the primary clients for OD/HRD professionals in these rapidly changing organizations (receiving mean percentages of 32.6% and 32.0%, respectively). First line supervisors followed with 24.7%, and other employees provided the remainder of clients at 10.7%. This distribution is similar to the client base in industrial firms as described in McMahan and Woodman's (1992) research. Among these "hypergrowth" organizations, however, a greater proportion of OD/HRD efforts were provided to line managers (24.7% compared with 18.8%), and somewhat fewer to middle management (32.0% versus 39.2%) when compared with professional practice in the industrials.

In terms of the role of the lead OD/HRD professional in the organization, 42.9% of respondents indicated that they were both supervisor of services and an active consultant in the process. Another 35.7% categorized themselves primarily as an internal practitioner responding directly to client needs with no supervisory duties, while the remaining 21.4% served in the opposite manner--i.e., as supervisors of OD/HRD service providers only. Although the pattern of these results mirror responses from the Fortune industrial firms, only 14% of those professionals were best defined as supervisors rather than active consultants or a combination of the two roles. With respect to the percentage of OD/HRD services provided by external consultants, the average response among the group of fastest growing firms was 45% (ranging from 10% to 100%). The mean reported for the industrial organizations was much lower at 25.8% (McMahan & Woodman, 1992). This difference in utilization of expertise from outside the organization might explain why a greater number of these senior OD/HRD professionals serve in supervisory rather than active consulting roles.

Summarizing these results, it appears that, overall, the OD/HRD interventions of choice among the rapidly growing firms do not seem to differ substantially from those of large

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established companies. There appears to be a healthy balance between group relations and interpersonally focused interventions and the large systems focused change--both of which reflect important theoretical and research based advantages for the field over other types of general management consulting efforts (Church, et al., 1994; Weisbord, 1982). As for the effective utilization of OD/HRD in these changing organizations, about a third of the companies responding to the survey have active, healthy and firmly established functions, another third described their area as effective but struggling to maintain viability, with the remaining third not appreciating, supporting, or recognizing their professional services at all. In terms of the client base, the majority of the OD/HRD work is completed for senior and middle managers, as it is in the large industrial firms. However, line managers receive considerably more assistance in successful growing firms that they do in the large industrials. Thus, it would seem that while the OD/HRD function is not always regarded as a strong contributor to the organization, when these professionals are utilized internally, their interventions often reach a deeper level in the overall system. And when managers and executives are not supportive of their internal change management staff, these companies appear to be *more* likely to call upon the services on an outside agent for their OD/HRD work.

Understanding of Change Management Concepts

A third area of focus for this research pertained to the extent to which OD and HRD practitioners in these rapidly growing firms are, in fact, aware of and knowledgeable about certain key concepts of organizational change. Using the *Managing Change Questionnaire* (Burke, 1990) as the source, 8 true-false questions regarding significant issues in change management (e.g., the process of unfreezing, movement and refreezing; realizing the importance of and effectively utilizing participation for building commitment to change from within; allowing people to grieve the loss of the present state, etc.) were incorporated into the survey. These items were chosen because they (1) represented the greatest degree of discrepancy in

agreement between managers and OD/HRD practitioners in pervious research, and (2) typically

yielded the lowest levels of agreement among all samples tested.

Results from the individuals in the present study where then compared to a recent survey

of 357 OD and HRD practitioners in the field (Burke & Church, 1992) and over 700 managers

and executives from a large training and development database (Burke, et al, 1991; Church,

Waclawski & Burke, in press). Figure 2 presents the percentage of "correct" responses--i.e., in

agreement with Burke's answers based on theory, applied research, and consulting experience--

obtained from each of the three samples for the 8 specific change related issues on which

respondents were assessed.

(insert Figure 2 about here)

There are a number of interesting points that can be made from these comparisons. First,

it appears that OD/HRD professionals from the 18 fastest growing firms responding to the survey

were relatively similar in their overall understanding of these particular change management

issues to the OD and HRD practitioners in the norm base. For example, both samples of

practitioners agreed quite strongly in the importance of allowing people to disengage from and

grieve for the loss of the present state in a change effort. Managers and executives, on the other

hand, tend to have a difficult time with this notion--only 54% of the database understood and/or

agreed with this concept. Practitioners from these firms also agreed with their colleagues that

managing resistance to change is usually easier than managing apathy. Resistance demonstrates

an energy and enthusiasm regarding change, that if harnessed and channeled appropriately, can

make a significant contribution to the successful completion of the intervention. Data collected

from managers and executives were somewhat less in concordance with this issue, however, with

38% actually preferring to work with apathetic employees instead. Respondents from the fastest

growing firms were also enamored with the notion of using symbols, slogans and acronyms

(somewhat more so, in fact, as compared with individuals from the other two groups) to reinforce

important messages during a major change effort. Given the strength of their respective cultures,

it seems likely that their experience with these types of subtle yet supportive devices has proven

to be quite positive. Finally, a little over half of the present respondents agreed that determining a vision for the future state is not usually as difficult as making that vision a reality by moving the organization from one state to another. Roughly the same number of OD/HRD practitioners and managers and executives agreed with this sentiment as well. Apparently the remainder of these samples (between 47% and 37% depending on the group) have greater difficulty with the visioning aspect. Perhaps it is an area of specialty for them (in the case of practitioners). For managers and executives, however, it seems more likely that many of these individuals have not gotten far beyond the first stage of the unfreezing-movement-refreezing process (Beckhard & Harris, 1987; Lewin, 1958). Although change is prevalent in contemporary organizational experience, the effective management of the process itself is clearly lacking.

There were some interesting differences among the data when compared with previous research as well. The first of these, regarding the impact of the external environment, is somewhat puzzling. While 72% of respondents from Burke and Church's (1992) survey agreed that organizational change is typically a response to pressures and forces from the external environment, (e.g., mergers, government regulations, availability of resources, trends on Wall Street, customer demands, competitor activity, etc.), only 53% of OD/HRD practitioners from the fastest growing firms concurred with this point. Even the majority of managers and executives agreed that pressures from the outside generate the need for change. Given that the professionals from these "hypergrowth" firms rated the managers in their organizations to be somewhat *more* responsive to the forces in the external environment as well as their greater exposure to change itself, their lack of agreement on this issue seems inconsistent. While it is possible that the 53% agreement observed reflects some sort of response bias given the relatively small sample size, it is more likely that their experience of rapid change, success, and growth is driving their interpretation of causality. In an entrepreneurial inspired organization, for example, the new idea, product or service (i.e., an internal factor) may be perceived as the root cause of the initial success and growth. Once the organization plateaus with respect to production size and market penetration, however, the forces in the environment become more easily recognized as

contributors to future changes in product line, cost, service support structure, etc. While a social-systems perspective (e.g., Katz & Kahn, 1978; Pfeffer & Salancik, 1978; Scott, 1987) would argue that the environment is a critical factor at all stages of an organization's life cycle, perhaps the current experience among some of these OD/HRD respondents suggests a different interpretation.

The second issue on which individuals from the present study differed substantially from those in the database concerned an understanding of the difference between treating symptoms versus causes. While 75% of practitioners in the field felt that a reduction in outward problems does not always mean that progress is being made during a change effort, only 61% of respondents from the fastest growing firms agreed. Just because an individual feels strong a few hours after taking some medication, it does not mean that he/she is cured of the flu. Similarly, while employees might start attending process planning or development meetings it does not necessarily mean that they have actually "bought into" a new system or method of working. Many of the problems experienced in change efforts are often symptoms of other issues that must be addressed directly before the organization can move to its desired state (Burke & Spencer, 1990). While managers and executives might be expected to have a more near-sighted view of progress given their responsibility for demonstrating immediate bottom-line improvements every quarter, it was somewhat disconcerting to note that the OD and HRD professionals in these rapidly growing firms are not more attuned to this perspective.

Finally, as expected, the two items that typically generate the least degree of agreement with Burke's (1990) answers (numbers 1 and 8 in Figure 2) yielded similar results among respondents from the fastest growing firms. With respect to the issue of people's natural resistance to change, although practitioners from the present study provided the highest degree of agreement with the "correct" answer--i.e., that not all change is resisted, there are many examples of change in people's lives that is often welcomed and highly anticipated such as promotions, new job assignments, process improvements, new work team members---at 47%, this is still slightly less than half of the sample. It is time for practitioners and management alike to

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recognize that change is not a necessary evil. Nor it is always feared and resisted. It is a reality of contemporary organizational existence, and much of the negative reactions that it accrues are do to poor communication, planning, and implementation on the part of the organization.

The other item on which respondents scored particularly low (along with the other samples studied) concerned the importance of large-scale transformations, leaps, or "quantum" (Miller & Friesen, 1980) changes to the effective implementation of a change effort. OD and HRD practitioners from the fastest growing firms--where one might expect such dramatic changes more frequently--were somewhat more likely to agree with this notion than other practitioners survey, but less so when compared with managers and executives. In any case, the total level of agreement with this issue is relatively low in comparison to many of the other items in this section of the survey (correspondence on the remaining 17 items in the original *Managing Change Questionnaire* is quite high [Burke & Church, 1992; Church et al., in press]). Although a detailed discussion and interpretation of the normative response to this item has been presented in the above referenced works, it is somewhat strange to note that the principal OD and HRD individuals in these organizations experiencing what might be termed *hyperchange* do not perceive such change to be required for their company's success. This presents an interesting paradox.

Values and Perceptions about OD/HRD Work

The final content area in the survey of the survey required practitioners to indicate the extent to which they agreed or disagreed with a series of statements about the values inherent in the field of OD/HRD and about their own mission in relation to these. Previous theory and research (e.g., Church et al., 1994; Greiner, 1980; Margulies & Raia, 1990) has suggested that there are only two major value constructs in the field--a focus on humanistically oriented change initiatives directed at improving people's lives in organizations and a focus on improving the bottom-line efficiency and effectiveness of organizational functioning and that these forces are in

constant conflict. The first two questions in this section of the survey asked respondents to choose sides in this debate. Their responses are presented in Figure 3.

(insert Figure 3 about here).

Interestingly enough, the majority of respondents in the present study agreed with the assertion (presented in statement A) that practitioners should focus more on business related values and outcomes than on humanistically oriented ones. Only 6% thought that the field already placed enough emphasis in this area. Moreover, on examination of these reactions to statement B, it seems clear the majority of practitioners from these rapidly growing firms are not particularly interested in the more ethereal or "higher order" values of the field. Achieving results and demonstrating a significant impact for OD/HRD related interventions seem to be their primary area of focus. Of course, given that only a third of the functions from the responding organizations are perceived as being effective contributors to the organizational system, it is not that surprising that their reactions to these statements should reflect such an emphasis.

Data was also collected on several items directed more at the individual's perceptions about their own work in the field. Respondent's reactions to these statements are provided in Table 5 in the form of mean scores, along with some comparative norms from other groups studied.

(insert Table 5 about here)

With respect to having a personal mission of change, it was encouraging to note that both sets of OD/HRD practitioners tended to agree more strongly with this characterization than did managers and executives. These practitioners also believed more strongly in the importance of transformational leadership--i.e., leadership as a process that changes people's lives, and the need to think in long-range terms. Taken together, the responses to these three items suggest a more focused approach to organizational change than is present among non-practitioners. Although the direction of their mission may differ somewhat among professionals (e.g., toward humanistic versus business effectiveness goals), they are all equally committed to effecting and facilitating organization change.

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The only area in which the present set of respondents differed significantly from both of the other two groups was on the last statement (D). This item is based on the notion that effective interpersonal influence and leadership is based on the fundamental agreement of ideas, direction, and personal energy rather than only position power or formal authority (e.g., Burke, 1986; French & Raven, 1969; Greiner & Schein, 1988; Harrison, 1980; Tichy & Devanna, 1986). Interestingly enough, the data appear to suggest that OD and HRD practitioners in these rapidly growing firms have not experienced the same sort of personal or charismatic power associated with their ideas and interventions that many other OD/HRD professionals or many managers and executives have. Once again, this may be a reflection of their relative lack of political standing in their organization. If OD/HRD interventions and activities are neither highly valued or considered integral to the effective functioning of the system, what is the likelihood that these individuals will be able to influence others via their change management ideas?

SUMMARY & CONCLUSIONS

Given the data presented above, what can be concluded from this research and what are the implications of the results on the state of OD/HRD in rapidly growing firms? First, these are organizations that are in the throes of *hyperchange*. They are driven by and are highly responsive to forces in their environments. Employees are typically clear about their organization's mission, vision and strategy and leadership is seen as being highly supportive and motivated to succeed. Moreover, these companies have adaptable cultures that reinforce the values of customers, employees, and stockholders. Clearly, there is an optimistic picture of positive change and success. The negative impact of such rapid change does not appear to have manifested itself in respondent's perceptions of their own organizations.

The role and contribution of the OD/HRD practitioner, however, is somewhat less favorable. Although the primary types of interventions used suggest a good balance between a focus on improving group relations and systemic change processes, many of those companies

responding do not seem to be taking full advantage of all that their OD/HRD functions have to offer. In particular, only a third of these firms described their practice as being recognized for its contribution. The remainder of these companies had functions that were either struggling to maintain credibility and viability or had already ceased to exist. What this means for the continued success of the organizations without active OD/HRD functions remains to be seen. Among those firms with active efforts, however, the senior and middle managers seem to benefit the most from their interventions, with line managers following somewhat behind.

Finally, practitioners from these rapidly growing firms appear to be well versed in many of the concepts of change management. When compared to responses from managers and executives, the OD/HRD professionals provided their potential for adding value to change efforts in the areas of working with resistance, reinforcing key messages via slogans and symbols, allowing employees appropriate time and opportunities to disengage from the present state, and planning strategies for how to get there as well as determining where *there* is. Although respondents, themselves, appeared to be somewhat evenly split in their attributions regarding the source of change (external forces versus internal initiatives), very few were willing to support the notion that certain transformational leaps--i.e., large-scale systemic efforts--are necessary for effective organizational change, despite their obvious affiliation with such "hypergrowth" companies. Moreover, these professionals indicated a greater need for the field to focus on practical, measurable bottom-line results than the more humanistically oriented efforts traditionally associated with the origins of the field of OD. There was a strong sense of mission and purpose about the work they perform, however, suggesting that given the right support, these practitioners could become "REAL PLAYERS" in their organizations contributing fully to the change management process. As it currently stands, the OD/HRD function appears to be underutilized and unrecognized, and/or perhaps even *unnecessary* as an in-house asset among many of these rapidly growing firms.

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Table 1.
A Comparison of Organizational Characteristics

	Fastest Growing Firms	Public Broadcasting Agency	Financial Services Organization	Professional Services Organization	Independent Academic Institution
Rate of change being experienced	4.3	4.1	3.7	3.9	3.8
Responsiveness of managers to external environmental factors	3.9	3.3	*	3.3	3.1
Clarity of mission & strategy of organization	3.3	2.8	3.4	2.0	3.0
Beliefs and values are deeply rooted--i.e., difficult to change	3.0	2.5	*	2.6	2.1
Trust and mutual respect exist among layers of the organization	3.6	3.5	3.6	3.7	2.7
Leadership strongly and unequivocally supports the mission & strategy	3.8	*	4.0	2.6	3.1
Organizational structure helps different departments work together effectively	3.0	2.1	2.9	1.4	2.2
Total	3.6	3.1	3.5	2.8	2.9

* Data not available.

Note: All items rated using a 1-5 Likert scale where 5 represents the greatest degree of a given characteristic. Norms obtained from *W. Warner Burke Associates, Inc.* consulting database.

Table 2.
Dimensions of Adaptive Cultures

	Fastest Growing Firms	Higher Performing Firms	Lesser Performing Firms
Value customers	5.8	6.0	4.6
Value employees	5.4	5.8	4.1
Value stockholders	5.8	5.7	3.9
Value excellence leadership	4.8	6.0	3.9
Total	5.5	5.9	4.1

Note: All items rated using a 1-7 Likert scale where 1 = definitely not valued and 7 = highly valued. Norms based on data collected through interviews with executives as described in Kotter & Heskett (1992).

Table 3.
OD/HRD Interventions & Activity Areas

Type of intervention	Fastest Growing Firms	Largest Industrial Firms
Human processual: Emphasis on human relationships, team building, work team interaction, process consulting, or conflict resolution.	37.8%	34.5%
Technostructural: Emphasis on sociotechnical systems, task and technology work designs, or organization and group structure.	11.6%	16.9%
Strategic Planning: Strategic business planning processes, strategic change or visioning, primarily top management involvement.	15.0%	15.7%
Systemwide: Emphasis on organization-wide improvements activities. Leadership, culture, quality improvement, and transformation-type organizational change projects.	22.5%	28.7%
Other:	13.1%	4.2%

Note: Respondents were asked to assign a total of 100% among these categories. Data for Largest Industrial Firms taken from McMahan & Woodman (1992).

Table 4.
Anchor Descriptions for Item #12

1.   REAL PLAYER: The OD activity is alive and well--viewed by the organization as an integral and strategic entity. We are fully contributing.

2.   ESTABLISHED: Recognized and accepted as providing necessary OD services to the organization. We are contributing.

3.   EFFECTIVE BUT STRUGGLING: Often struggle to prove our value to the organization. Although we feel we are contributing, we are viewed as a "luxury" by the organization.

4.   WORRIED: Our organization does not understand OD services--receive few requests for services. OD function develops and "sells" programs that we believe are necessary to the organization.

5.   FINISHED: For all practical purposes, OD is not practiced in this organization. Any OD services are obtained through outside consultants.

Table 5.
<u>Practitioner Values and Perceptions</u>

	Practitioners in the Fastest Growing Firms	Practitioners Responding to 1992 Survey	Managers & Executives Attending Development Programs
As an OD/HRD professional I have a primary mission of change	3.8	3.8	3.0
My preference is to think long range (what might be).	3.6	4.0	2.9
I believe leadership to be a process of changing the conditions of people's lives.	3.0	2.9	1.8
What power I have to influence others comes primarily from my ability to get people to identify with me and my ideas.	2.7	3.6	3.8

Note: Items rated using a 0-5 Likert scale regarding the extent to which each statement was characteristic or uncharacteristic of their behavior, where 0 = strongly disagree with the characterization and 5 = strongly agree.