FACTORS INFLUENCING ORGANIZATIONAL DEVELOPMENT: A LITERATURE REVIEW

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ABSTRACT: This paper reviewed extant literature on the factors that influence organizational development. Organizations are social systems that are vulnerable to environmental vagaries and one of the ways to manage these dynamics is through organizational development which is the deliberate effort in growing the capacity of the firm in order to bring about successful performance. The leaders can do this through deliberate efforts in effective leadership and good corporate governance, create an innovative organization, corporate communication, knowledge sharing and inter-functional coordination, strategic management, resource leveraging, total quality management, information and communication technology (ICT) in corporation among others. It is recommended in this paper that management pays serious attention to these salient factors in order to take the organization to the desired destination.

Keywords: Factors, Influencing, Organizational, Development, Literature, Review.

1. INTRODUCTION

‘What we know from past experience is an asset, but what leads to successful transformation is our capacity to learn in real time. While knowledge is useful, learning is essential.’

Robert E Quinn

The dynamic nature of business environment makes it important for organizations to continuously update itself in terms of strategies, policies, knowledge, tactics and structure, if they must strive in their highly competitive industry. One way to do this is through constant development. Organizational development is the principles and procedures of improving the knowledge base and effectiveness of the firm and employees to actualize successful instructional or organizational change and performance outcomes (Mbiriri, 2018). Hence, organizational development “is a process of continuous diagnosis, action planning, implementation and evaluation, with the goal of transferring knowledge and skills to organizations to improve their capacity for solving problems and managing future change”.

Organizational development draws extensively from human relations studies dating back to the 1930s where it was conceived by psychologist and behaviorist, the predicting power of organizational structure and processes on employee behavior and motivation at work (Mbiriri, 2018; Odor, 2018). Thus, the structure and processes of the organization must coalign with strategy to better adapt to organizational change brought about by changes of the external business environment (Odor, 2018). It is about improving the organization's ability to effectively respond to changes in its external environment, and about increasing internal capabilities by ensuring the organizational structures, human resources systems, job designs, communication systems, and leadership/managerial processes fully harness human motivation and help people function to their full potential (Banihashemi, 2014).

The environment of business is highly dynamic and ever-changing. Changes in politics and legal factors, the economy, socio-cultural factors, technological space, market competitive environment etc may present opportunities and threats to managers. These dynamics may create enterprise change and will require organizational development to proactively respond to these changes through learning and development and adapting to the opportunities and threat of the external business environment. The
business environment dynamism creates change in the work place and organizational development is the processes of managing this change at work (Kotler and Armstrong, 2008; Kotler and Keller, 2012). There are certain factor that drives organizational development at work. These factors are leadership, innovation, inter-functional coordination, communication and knowledge sharing, strategic management, resource leveraging and management, organizational learning, market focus, total quality management and information and communication technology driven organization etc (Alexandrus and Cosmin, 2016; Kotler and Keller, 2012; Stoner et al., 2013). Hence, effective and efficient management of these factors brings about development of organization in the face of changing business landscape.

2. THE CONCEPT OF ORGANIZATIONAL DEVELOPMENT

The eclectic nature of OD and the abundance of conflicting definitions combined with its seeming homelessness as a profession, both in a corporate and academic sense, inevitably mean it is not well understood by outsiders (Garrow et al., 2009). (Waclawski and Church, 2002), for example, suggest that ‘the field itself has yet to come to agreement on its basic boundaries or parameters ... thus for some, OD represents anything and everything that might be offered’. Its diversity is cited as both a strength and a weakness but leaves many thoroughly bemused (Garrow et al., 2009). In addition, the lack of evaluation over the years has failed to enhance its reputation and credibility.

Early definitions of OD by Beckhard (1969) has it that OD is “an effort [that is] (1) planned, (2) organization-wide, and (3) managed from the top, to (4) increase organization effectiveness and health through (5) planned interventions in the organization’s processes, using behavioral-science knowledge”. and ‘a response to change, a complex educational strategy intended to change the beliefs, attitudes, values and structure of organisations so that they can better adapt to new technologies, markets and challenges and the dizzying rate of change itself.’ (Bennis, 1969).

For an organization to remain competitive and have superior advantages in an ever-changing business environment, it must periodically take stock of managing change and change outcomes at work. It is the impact of the business environment that crops of organizational change and one of the ways enterprises responds to these changes is through organizational development (Odor, 2018). Hence, organizational development (OD) is the principles and procedures of improving the knowledge base of an organization through employee learning in order to actualize successful firm performance outcomes. It is a process of company diagnosis, planning, implementation and evaluation with the objective of transmitting capacity, knowledge, competences and skills to firms for resolving problems and managing strategic change (Odor, 2018; Stoner et al., 2013).

Change in the operating environment of a business may require change in the organization in different dimensions. Environmental dynamism may drive change in the vision and mission of the firm, the organizational culture, the structure of the firm, production techniques, leadership style etc (Odor, 2018). Hence, these changes happen due to pressures from the business macro environment which the organization ought to respond to in order to improve enterprise performance outcomes (Parkin, 2009; Riel, 2010).

Organizational development involves well trained employees with skill in driving successful enterprise development interventions to enhance improvement in the workplace (Robbins and Judge, 2007). Hence, organizational development is about improving the capacity of the firm in order to respond to changes induced by the external business environment. A major goal of organizational development is to create a learning organization where the firm will be open and be more adaptive to learning. Thus, organizational development involved creation of a learning culture at work (Stoner et al., 2013).

Every organization that wants to be a going concern in the face of organizational change driven by dynamics of environmental forces must focus on organizational development. It is the means by which firms respond to organizational change by creating a learning orientation (Alexandrus and Cosmin, 2016; Zadeh and Gahremani, 2016). In implementing organizational development, there are factors which influence the development of the work place and bring about enterprise success. The next section discusses the factors influencing organizational development.

3. FACTORS INFLUENCING ORGANIZATIONAL DEVELOPMENT

In the literature of organizational development, certain factors have been identified which are critical to enterprise or work place development (Alexandrus and Cosmin, 2016; Odor, 2018; Zadeh and Gahremani, 2016). Hence, these factors are leadership, innovation, inter-functional coordination, communication and knowledge sharing. Strategic management, resource leveraging and management, organizational learning, market focus, total quality management and information and communication
technologies (Alexandrus and Cosmin, 2016; Kotler and Keller, 2012; Stoner et al., 2013). Thus, attention will be given to each of these variables on how they influence the development of the modern organization.

3.1. Leadership and Organizational Development

Leadership is a critical factor for organizational development. Organization is made up of people with different roles and responsibilities, functioning in departments and work units. Leadership comes into influence employees and give them direction on how to achieve the common objectives of the organization (Stoner et al., 2013). Hence, every organization needs a leader to give strategic direction to the organization and the people at work. Empirically, it has been revealed that leadership is a sound predictor of organizational development (Falcona et al., 2014).

Abbas and Asghar (2010), examined the relationship between the role of leadership and organizational change. It was discovered that a visionary and innovative leadership at work drives organizational change and development. The importance of leadership to workplace, improvement was further validated by the works of (Khatot, 2012). This study investigated the correlation ship between the role of leadership and organizational development. It was revealed that leadership positively and significantly predicts organizational development. This finding is also supported with the works of (Emerald et al., 2018; Oladipo et al., 2013). Hence, leadership is a major factor that influences organizational development at work.

3.2. Innovation and Organizational Development

In the world of work, knowledge is universal while innovation is not. Innovation is the currency of the 21st century business. The ability of an organization to innovate by creating new things; new products and services, new production techniques and new processes etc helps in enhancing firm development at work (Stoner et al., 2013). Hence, innovation as an organizational factor is used in predicting organizational change and development. The empirical works of Anning-Dorson et al. (2017), is highly supportive to this preposition. This study analyzed the correlates of innovation and organizational development and the moderating effect of firm leadership. It was discovered that organizational leadership gives the needed supported to firm innovation to achieve enhanced organizational development. Thus, leadership is seen here as a strong mediating factor for the relationship between innovation and organizational development.

Suhag et al. (2017), studied the relationship between innovation and organizational performance in the context of Pakistani telecom sector. It was revealed that innovation dimensions such product innovation; process innovation and organizational innovation all have positive and significant impact on organizational performance. The importance of innovation at work is further reinforced with the empirical work of (Odumeru, 2018). This study x-rayed the association between innovation and organizational performance. It was concluded that innovation is a laudable predictor of organizational performance. Innovation at work has great impact on firm competitiveness, organizational productivity and profitability.

It has been discovered in the literature the impacts of various innovation dimensions on organizational performance. Zhang et al. (2019), investigated the relationship between innovation dimensions; management innovation, technological innovation and organization performance with the help of sustainability. The study revealed that both management and technological innovations contribute to sustainability and company performance. However, management of innovation is a laudable effort for any organization seeking growth and development. Razau and Attarnezhad (2013), made a critical analysis of management of organizational innovation.

It was revealed that, managing innovation is critical due to changes occurring in the wider business environment such as technological dynamics, change in values of the society, market conditions etc. Managing innovation is a laudable strategy to respond to change in the business environment. Being innovative and managing innovation is a critical success factor for organizational development.

4. INTER-FUNCTIONAL COORDINATION, COMMUNICATION, KNOWLEDGE SHARING AND ORGANIZATIONAL DEVELOPMENT

A major factor that influences organizational development is inter-functional coordination, communication and knowledge sharing across the organization between departments and work units. This help in achieving the common objectives and goals of the firm and help drive the development of the company (Kotler and Keller, 2012; Stoner et al., 2013). Thus, the empirical works of Falcona et al.
discovered the imperatives of communication which drives inter-functional coordination and knowledge sharing among employees. Hence, the frequency of communication among employees, departments and work units help in corporate work and enhance organizational development.

Steven et al. (2017), examined the factors that impact the success of an organizational change in a context specific of case analysis. The result of the study revealed that worker commitment to change in the workplace can be enhanced through incremental formal and informal communication among employees across departments and echelons of the firm. Inter-functional coordination has improved the performance of modern day organization. Waruiru et al. (2018), investigated the influence of inter-functional coordination on performance of insurance organization in Kenya. It was discovered that through inter-functional coordination companies are able to unify their operations and thus improve better problem solving.

Inter-functional coordination help departments and employees to better communicate, share knowledge about work processes in order to advance the success of the organization. This is also supported by Peng and George (2008), the authors discovered the positive influence of inter-functional coordination on organizational commitment in the hotel industry.

4.1. Strategic Management and Organizational Development

Strategic management is an organizational factor that managed the organization and its environment for the firm to attain sustainable competitive advantages in the market. Here, the organization should focus on strategy, organizational structure, culture and control systems (Stoner et al., 2013). Hence, in order to drive organizational development, organizational change with requires new strategy which demands organizational structure and culture to implement a strategic change (Kotler and Keller, 2012). Thus, a good organizational structure supported with firm cultural values and control systems to reward and compensate employees for performance will enhance organizational development. Hence, strategic management is a laudable prescription for organizational development.

Other dimensions of strategic management for organizational development are: resource leveraging and management, organizational learning, market focus and total quality management (Alexandrus and Cosmin, 2016; Stoner et al., 2013). Hence, for management to ensure growth and development of the firm, the company must leverage valuable resources from the external environment, the company should always learn, unlearn and relearn, there should be focus on the market constituents; customers, competition, suppliers/distributors etc. There should be quality management and improvement in the entire organization (Stoner et al., 2013). These factors influence work place development.

4.2. Information and Communication Technology and Organizational Development

Today business operations cannot be effective without the incorporation of information and communication technologies. ICT is the driver of today’s business; managers of organizations can only create smart businesses through the utilization of information and communication technologies (Chirani and Tirgar, 2013). Hence, this study investigated the information technology role in organizations’ performance in the context of Iramian companies. It was revealed that information technology positively and significantly impact organizational performance.

Information and communication technology is a major factor influencing organizational development, organizational development is a data-driven process for change outcomes. Therefore, the successful application of organizational development is largely driven by information and communication technologies. This is also supported with the works of Nedelko and Potocan (2015). Thus, this study examined the role of information and communication technology in virtual organization. It was revealed that ICT is a central construct around which modern organizations are built (Susanto et al., 2016). It is pertinent to note that, the implementation of all the factors for organizational development are largely driven by ICT in the modern organization. This helps organization to be effective and efficient in business processes.

5. CONCLUSION

Organizations are open system that constantly interacts with the environment. Therefore the dynamics of the environment will always affect the firms. These dynamics crops of change in the workplace in the form of opportunities or threat. Hence, the emerging change at work must be effectively managed. One of the ways of managing change in the firm is through organizational development were
management take deliberate efforts in putting some strategies in place to leapfrog the organization from status quo.

Organizational development is the principles and procedure of improving the knowledge base of the firm through organizational learning in order to actualize successful firm performance outcomes. It is the process of firm diagnosis, planning, implementation and evaluation with the objective of transmitting capacity, knowledge, competences and skills for resolving problems and managing strategic change. There are factors which help drive successful organizational development. These factors are effective leadership, innovation and firm innovativeness, communication, knowledge sharing and inter-functional coordination, strategic management for firm strategic direction, total quality management and incorporation of ICT to drive organizational processes. It is recommended that, management pay serious attention to these factors in order to take the organization from where it is to the desired destination.

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