
Theory and methodology of research of economic processes

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**THE APPLICABILITY OF THE SOCIAL DEVELOPMENT AND
ORGANIZATION DEVELOPMENT THEORIES AT THE ENTERPRISE**

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The research on how organizational and social changes are shaped and explained is done in the paper. Traditional assumptions and new theories of social development and organizational development were united into classification offered by author through the dichotomy principle of classification. This article combines the existing classification principles and presents new ones. The contribution of the author is the assumption that the characteristics of development theories can be distinguished by the following contrast groups: Evolution – Revolution, Cycle – Wave, Equilibrium – Punctuated Equilibrium, Standard – Paradox. Meanwhile the first three groups are presented and analyzed, the fourth group is left as hypothesis for the next research.

Keywords: *change, organizational changes, social development, organizational development, enterprise.*

Introduction. Under the conditions of constant turbulence of the environment, the increasing uncertainty and upgrading consumers' requirements it is urgent to construct new norms of the organizational development. The attention of the researchers is focused on development issues as the main intention of the strategists and managers to increase the influence on the environment and therefore the future. The given research unites several prevalent concepts of social and organizational changes classification. The attempt has been made to generalize the views of sociologists on the organizational development and the approaches from the management science to reinforce the knowledge fields with the cross findings.

Analysis of recent researchers and publications. Research is constructed as review of the previous studies in the field of organizational development theories, and though based on the papers of the leading experts and scientists, such as Aldrich H., Armenakis A., Bedeian A., Christensen C., Hannan M. and Freeman J., Scherbina V. and Popova Y., Plotinsky Y., Van de Ven A. and Poole M. and others.

Previously unsettled problem constituent. Nevertheless the literature on the organizational development is widely spread among the scholars, and management papers increasingly refer to that phenomenon [2, 11, 20], the main questions are still unanswered. It is still not obvious – is there any repeated logic of the organizational development that can be observed and reproduced. The type and conditions of the environment can be the factors that identify the trajectory of the organizational changes and development which is urgent to understand and forecast. The classification of the organizational changes is a helpful tool of structuring the causes-consequences skeleton of any facts, and this is the prime reason for us to choose the generalization of existing classifications to understand the core of phenomenon. A lot of efforts have been undertaken to answer the mentioned call, and meanwhile these previous studies offer valuable insights, they also brought researchers to new questions about organizational development nature.

Main purpose of the article. The aim of this review is generalization and synthesis of contributions of social and organizational theories into understanding of organizational development. We offer classification criterions that will facilitate further research in the filed.

Results and discussions. The concepts of organizational development are widely acknowledged, but we should bring the light to definitions and scope of it. The interpretation of Richard Beckhard deserves attention: “Organization development is an effort (1) planned, (2) organization-wide, and (3) managed from the top, to (4) increase organizational effectiveness and health through (5) planned interventions in the organization’s “processes”, using behavior-science knowledge” [3]. The definition offered by Gary McLean is also substantial as he considers organization development as “any process or activity, based on the behavioral sciences, that, either initially or over the long term, has the potential to develop in an organizational setting enhanced knowledge, expertise, productivity, satisfaction, income, interpersonal relationships, and other desired outcomes, whether for personal or group/team gain, or for the benefit of an organization, community, nation, region, or, ultimately, the whole of humanity” [14, p.9]. The researchers Thomas G. Cummings and Christopher G. Worley emphasis that organization development is a systemwide application and means “transfer of behavioral science knowledge to the planned development, improvement, and reinforcement of the strategies, structures, and processes that lead to organization effectiveness” [9, p.3].

As it follows from the definitions presented above, the most general view on the organizational development is as on the process of positive and qualitative changes inside of the organization, which embraces the means and tools of activities and people’s interactions and which reflects transformations of the organizational system elements and properties. We offer to consider the organizational development as consistent actions of organizational transformations, in other words, organization capabilities accumulation to solve internal tasks

and to react to external challenges using constructive cooperation and successful coordination of the organizational development participants.

To understand the core of organizational changes it is necessary to make a review of the classifications already existed in management and sociology literature.

One of the detailed classifications was presented by V. Scherbina and Y. Popova [20], who structured the changes theories in the following way:

1. Structural and situational model. The representatives of this approach are: Paul R. Lawrence and Jay W. Lorsch [13], and James Tompson [24]. This model is also presented by the endogenous version [21] and exogenous version of innovational models [29].

2. The garbage-can theory, the authors of which are Michael Cohen, James March and Johan Olsen. According to this view of organizational anarchy, an organization is “a collection of choices looking for problems, issues and feelings looking for problems, issues and feelings looking for decision situations in which they might be aired, solutions looking for issues to which they might be the answer, and decision makers looking for work” [8, p.2]. In other words, the organization is a result and the product of the set of different actions made by different actors in different situation.

3. New institutional approach to organizational changes is presented by Walter Powell, Paul DiMaggio [10] and John Meyer [15]. This approach considers the logical intention of the organization to follow norms and standards, established by society (or organizational groups) to legitimate the activity or – in other words, to get approval to use positive externalities and other benefits of being part of society.

4. Phenomenological approach, the representatives of which are Stewart Ranson, Bob Hinings and Royston Greenwood [18], describes the organizational changes as realities, constructed by the actors.

5. Conflict Model, where researchers named New Marxism sociologists such as John Brewer [4], Scott Lasch and John Urry [12], Michael Burawoy [5], and game-theory researchers – from John von Neumann and Oskar Morgenstern, John Nash and other – to Richard Swedberg [22]. The basis of that approach is the battle for domination between the representatives of different social segments, or if we are talking about game-related analysis, - the organization appears as a set of games between partners who have to play with each other according to some informal rules or prescribed formal roles.

6. The Natural Selection Model provided by Howard Aldrich and Jeffrey Pfeffer [1; 16]. Here we can name Michael Hannan and John Freeman as representatives of this approach though the theory of them is separated now as organizational ecology.

This Scherbina-Popova classification reflects the causes of organization existence and can be used for better understanding the purpose of its appearance and functioning.

On the other hand, the essence of the changes is still needed to be discovered. The organizational changes were analyzed by Andrew Van de Ven and Marshall S. Poole [28] and their vision of change types is one of the most spread in the management literature. According to Van de Ven – Poole classification all the organizational changes approaches can be divided into four ideal types:

1. Theological Theories is the most acceptable by managers, as teleological philosophy assumes that the prime direction, core and end state of the development is desired goal. All

the actions, decisions and interactions are dedicated to the goal achievement and once the entity attains its goal, the permanent equilibrium emerged, but the entity does not stay in it as reconstruction of the goals takes place. According to this theory it's impossible to specify the trajectory of organizational development that entity will follow. The possible paths can be listed as the opportunities, but the limitation of the theory application is the assumption that entity or decision-maker acts rationally to make the forecasting possible.

2. Life-Cycle Theory is presented by the evidences of the organic growth and its analogies during the life time of the organization. Life-Cycle theories mean that the changes are imminent because the entity has the development code inside of it (DNA analogy) that initiates and determines the organizational changes. This theory has limitation too as eventually the entity has the phases of ontogenesis – from the initiation till the final state. There are no strong proofs that all typical organizations have typical stages and the same paths. This approach is close to new institutionalism as the inherited code of organizational development can be interpreted as the core rules and institutional programs embed into organization organism.

3. Dialectical Theory is close to Conflict Model, mentioned above, and Equilibrium Model, as long as it interprets the organizational development as the process of searching for the power balance between opposing entities (elements, classes, groups). The change takes place when “opposing values, forces, or events gain sufficient power to confront and engage the status quo” [28, p. 517]. In the terms of game-related theories thesis and antithesis are win-lose situations, whereas the synthesis means win-win solution. But the limitations of this theory is the suggestion that the conflicts produce the creative synthesis, when we know from conflict literature that the consequences of the conflicts can diverse as well as their constructive nature can be turned into destructive one. Thus all the theories that use confrontation between forces, drivers, values or events as an explanation (or a development mechanism) can be classified as dialectical ones.

4. Evolutionary Theory. Mentioned above researchers, such as H. Aldrich, M. Hannan and J. Freeman suggested that the organizational changes are the result of continuous cycle of variation, selection and retention meanwhile the selection is realized through the competition for the resources and the best adapted entities to the environment requirements will succeed. The evolutionary theory explains change as “a recurrent, cumulative, and probabilistic progression of variation, selection, and retention of organizational entities” [28, p. 518]. The limitation of this theory is that one can't forecast the success or failure of the entities. This approach includes Darwinian and Lamarckian views on the selection and organizational traits inheriting processes.

These four ideal-type changes theories are applied for understanding and forecasting the organizational development, and more specific approaches can be deconstructed and explained as far as they have the elements of the ideal-types drivers.

The concern of the scientists about the applicability of the social and behavioral theories for the management phenomena had been started in 60-ties, but then became stronger after George Akerlof and Rachel Kranton's works where they established the link between individual identities, group changes and social context of the market dynamics.

Taking into account that market actors are individuals, we need to focus our attention on

the classification of the social theories of changes. Thereupon we need to review the classification of Yu. Plotinsky [17], who presented the theories of social changes using the following differentiation:

1. Evolutionary Theories that are divided into:

– Universal theories of evolution (Herbert Spenser, Charles Darwin) or in other words, Social Darwinism;

– Nonlinear evolution (Lewis Henry Morgan, Karl Marx and other revolution theories)

– Multilinear Evolution (Leslie White and Julian Steward)

2. Cycle theories include:

– Theories of civilization cycles;

– Gumilyov's cycles of national ethnoses;

– Cycles of social movements and organizational cycles;

– Technology Life Cycles;

– Product life cycle;

– Life Cycle of the family and individual and also

– The generation cycles offered by Kleinberg;

– Theories of political cycles of J.D. Barber and others.

3. Wave Theories, which can be presented by:

– Alexander Chizhevsky's theory of cycles and waves;

– Theories of generation waves by Karl Mannheim;

– The circulation of elite described by Vilfredo Pareto;

– Simon Kuznets Waves;

– Nikolai Kondratiev Waves;

– Toynbee's war waves;

– Long Wave Theory by Joshua Goldstein.

It is necessary to mention that Plotinsky's idea is to unite revolutionary and evolution theories, as revolution is considered as a stage of long-term development and is a part of evolution.

We should also mention theories of changes that were left out of attention of the researchers. There must be named at least Functionalism of Talcott Parsons or equilibrium theory. And of course there are some theories that are accepted skeptically, e.g. technological singularity theory or Cliodynamics Concept offered by Peter Turchin [28].

Thereby the generalization of the approaches mentioned above let us assuming the existence of balanced classification of the explanation of organizational and social changes. We assumed that the dichotomy can be chosen as a tool for setting the events and phenomena in certain order (see table 1).

If we will contrast the most abundant characteristics of the changes, such as Evolution – Revolution, Cycle – Wave, Equilibrium – Punctuated Equilibrium, then the distribution of the approaches can be done as it's presented in the table 1. Though we should mention that evolutionary theories include equilibrium approach and revolutionary theories embrace idea about punctuated equilibrium. The difference between evolutionary and revolutionary

explanations is the same as for the gradualist paradigm of changes placed in a contrast to discrete changes approach.

The distribution of the theories is relative and the list of approaches is not full, it's more descriptive to show the principle of classification. The strategic management approaches as independent teleological direction of the organizational development theories is missed in this research, because it lies aside of the current research aim.

Table 1. The offered classification of the organizational changes
 (generalized based on [2, 6, 7, 10, 11, 17, 19, 23])

Evolutionary Theories (including Equilibrium)	Revolutionary Theories (including Punctuated Equilibrium)
Social Darwinism (1877) Kurt Lewin's Model of Organization Changes (1972) Structural Functionalism (1975) of Talcott Parsons The Natural Selection Model (1976) The population ecology of organizations (1977) by M. Hannan and J. Freeman New Institutionalism (1991)	Innovations Theory of Schumpeter (1934) Conflict Theory (Marx, 1867, Coser, 1956, Dahrendorf, 1957) Disruptive Innovation Model (1996) offered by C. Christensen Social Changes as Cultural trauma (2000) of P. Sztompka
Cycle Theories	Wave Theories
Toynbee's Civilization cycles (1934) Gumilyov's cycles of national ethnos (1989) Cycles of social movements and organizational cycles (1986) of Y. Ramstadt Rostow's Model of Economic Growth (1960) Technology Life Cycles (1962) by E. Rogers Product Life Cycle Corporate Life Cycle offered by I. Adizes (1979) Life cycle of the Family and Individual (1998) offered by Erik Erikson	Theories of generation waves by Karl Mannheim (1923) Nikolai Kondratiev Waves (1925) Simon Kuznets Waves (1930) The circulation of elite described by Vilfredo Pareto (1935) Alexander Chizhevsky's theory of cycles and waves (1942) Toynbee's war waves (1934) Toffler's Waves of Industrial and Post-Industrial Society (1970) Long Wave Theory of Joshua Goldstein (mid-a980-ties)

The current trends in the management at the modern enterprises prove that not all of the mentioned approaches are applicable. For example, the approach offered by I. Adizes is widely spread among the corporate analysts but the managers and decision-makers are not so ready to implement the theories of social changes even with implied benefits. The classification offered in this research ignores one more dichotomy of the organizational changes: "standard – paradox", which we consider as necessary characteristics for the further analysis.

Conclusion and further research directions. The review of the several classifications of the social and organizational development theories showed the existence of unanswered question in management literature. The author's contributions into the field of research are the attempts to distinguish the approaches through the dichotomies construction. There were chosen such characteristics of the drivers and sources of organizational and social changes in a contrast to each other: Evolution – Revolution, Cycle – Wave, Equilibrium – Punctuated Equilibrium, Standard – Paradox. The last one is stayed unfulfilled due to the literature gap on paradoxical nature of the organizational development. We assume that it's the next step of the further research for experts, scientists and decision-makers at the

enterprises. The offered principle of the classification can be helpful in a process of modeling the organizational development.

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ЗАСТОСОВНІСТЬ ТЕОРІЙ СОЦІАЛЬНОГО ТА ОРГАНІЗАЦІЙНОГО РОЗВИТКУ НА ПІДПРИЄМСТВІ

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Дослідження присвячено поясненню, яким чином формуються та відбуваються організаційні та соціальні зміни. Традиційні погляди та нові теорії соціального розвитку та теорії організаційного розвитку об'єднані в класифікацію, яку пропонує автором за допомогою принципу дихотомічного протиставлення. Автор комбінує існуючі принципи класифікації та представляє нові. Внесок у предметну область дослідження полягає у припущенні, що характеристики теорій розвитку можна представити за такими контрастними групами: Еволюція – Революція, Цикли – Хвилі, Рівновага – Перервана Рівновага, Стандарт – Парадокс. В той час як перші три групи класифікації представлені у статті, остання пара залишена для наступного кроку у дослідженні.

Ключові слова: *зміни, організаційні зміни, соціальний розвиток, організаційний розвиток, підприємство.*

ПРИМЕНИМОСТЬ ТЕОРИЙ СОЦИАЛЬНОГО И ОРГАНИЗАЦИОННОГО РАЗВИТИЯ НА ПРЕДПРИЯТИИ

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Исследование посвящено объяснению, каким образом формируются и происходят организационные и социальные изменения. Традиционные взгляды и новые теории социального развития объединены в классификацию, которую предлагает автором при помощи принципа дихотомического противопоставления. Автор комбинирует существующие принципы классификации и представляет новые. Вклад в предметную область состоит в предположении, что характеристики теорий развития можно представить по таким контрастным группам: Эволюция – Революция, Циклы – Волны, Равновесие – Прерванное Равновесие, Стандарт – Парадокс. В то время как первые три группы классификации представлены в статье, последняя пара характеристик оставлена для дальнейших шагов в исследовании.

Ключевые слова: *изменения, организационные изменения, социальное развитие, организационное развитие, предприятие.*