



Chapter II

Some History

An Historic View of Organizational Development

Organizational development is the generic field of research and practice concerned with structural organizational changes that can have a positive impact on competitiveness. It is about changing organizations in order to make them more competitive, chiefly through modifications in their organizational structure. Historically, most organizational development efforts have aimed at improving productivity (i.e., cycle time and cost reduction) and quality (i.e., boosting customer satisfaction). Organizational development encompasses procedural and policy changes within firms in order to adapt to external factors. External factors include competitive pressures, as well as economic and government regulation changes.

The history of organizational development is closely linked with the history of management. Those who have initiated and championed organizational development approaches and ideas typically have also had the responsibility of coordinating the efficient and effective deployment of human and material resources in organizations as managers, management consultants, or action-oriented management researchers.

Although the development of management as an academic discipline is a relatively recent one, management procedures that resemble those commonly

used today in large corporations can be traced back to as early as 5,000 B.C. At that time, the Sumerians, who invented the very first form of written language, also developed careful record-keeping procedures to keep track of cattle, stones used in construction, and other items. The Egyptians followed, with the development of planning and coordination procedures that are reflected in the precision with which they have accomplished a number of very complex construction projects, such as the large irrigation networks built around the Nile River and the Great Pyramids.

The expansion of the Roman Empire and the need to effectively manage occupied territories and provinces have seen the development of common measurement systems and standards to facilitate communication. This period also saw the development of job descriptions to ensure that people in management and administrative roles clearly understood what was expected from them.

In the Middle Ages, Italian merchants developed elaborate bookkeeping procedures, which included the introduction of the double-entry (debit-credit) bookkeeping approach by the Franciscan priest Luca Pacioli, the basics of costs accounting, and the concepts of journal entries and ledgers. In that same period, the benefits of task specialization, which preceded the concept of division of labor, and rudiments of strategic management were proposed by Thomas More in England and Niccolo Machiavelli in Italy, respectively.

Adam Smith, a professor at Glasgow University in Scotland, later picked up the theme of task specialization and became famous for his investigations of its impact on manufacturing activities. Among other things, he showed that manifold gains in productivity could be achieved in manufacturing activities if all workers focused their efforts on one simple task of an assembly line (Smith, 1910; 1910a, originally published in 1776). This set the stage for the division of labor seen throughout the Industrial Revolution.

Smith's theories, in turn, influenced Eli Whitney, who pioneered the practical implementation of mass production in the late 1790s in the United States. Whitney and Simeon North applied mass production techniques to the manufacture of guns, for which they secured large multi-year government contracts. At about the same time in England, James Watt and Matthew Robinson Boulton developed the concepts of standard operating procedures, production cells, and incentive payments.

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