Organization Development and Change

Division Newsletter

CALL FOR PAPERS

Gretchen M. Spreitzer
Program Chairperson

This call outlines some of the requirements for successfully submitting papers and symposia for review for the Academy of Management National Conference in Seattle, Washington, August 1-6, 2003. The deadline for submissions is January 6, 2003 at 5 p.m.

The theme for this year's conference is "Democracy in a Knowledge Economy." This certainly is a timely and relevant theme from a global and national perspective. It envelops some of our core values as organizational change and development scholars and practitioners. This theme invites us all to contemplate, question, theorize, and imagine how organizations can be tools for democracy and involvement.

Seattle will be a wonderful venue for the Academy of Management's 2003 annual meeting. It is an amalgam of cultures East and West in a setting of striking natural beauty. It is also the site of a dramatic clash between people and organizations during 1999's WTO meetings. Seattle invites attention to many issues that resonate in the Academy community including, the natural environment, sustainability, quality of life, technology, innovation, political action and social change, to name a few. I encourage you to visit the Academy web page to learn more about this year's theme. The website address is: http://myaom.pace.edu/AnnualMeeting/2003.

Submission Process

I cannot over-emphasize the importance of reading and following the submission guidelines in the All Academy Newsletter or the Academy Website. Pay particular attention to the requirements specific to the ODC division.

As in past years, there are two primary stages to the submission process. In the first state, you must submit your title page information, abstract, and affiliation to the Academy Website in order to receive an electronic submission number. This number is critical, as it will

EMOTIONAL FILTERING IN STRATEGIC CHANGE

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2002 ODC Best Paper Award

Strategic change may be infrequent in organizational life, but they are consequential to an organization's life chances: realizing strategic change is difficult, and underperformance and mortality risks are significant. Fundamental change in personnel, strategy, organizational identity, or work roles often triggers intense emotions. Emotions in turn affect how different groups interpret a proposed change and how they behave (Huy, 1999). But there has been little systematic, empirical research on the interaction of multiple groups during radical change.

Few empirical studies have systematically explored in real time the nature and role of emotional processing in strategic change. I investigated what specific emotions hinder or facilitate the implementation of strategic change. Based on the findings of a three-year field study of a large firm undergoing radical change as it was subject to deregulation and global competition, I build a theory by describing how recipient employees emotionally responded to executives' actions. Emotional filtering is defined as change recipients' emotionally

appear on all of your submissions and correspondence. Second, authors must send the electronic version of their paper or symposium to me, the ODC program chair, at ODCAOM@umich.edu. This year, the ODC Division requires electronic submission via email attachment. Electronic paper documents must be ready for blind review. A diskette will be accepted only if authors do not have access to email to save time, money, and the environment. For electronic submission via diskette see the AOM's "Instructions for Authors Who Do Not Have Electronic Mail." In either case, submissions (both papers and symposia) must be contained in a single Microsoft Word (version 6.0 or higher) document.

Your submission will be acknowledged electronically upon receipt. For more information on the requirements for preparing your submission, I strongly encourage you to consult the Academy website for specifics (please see "Electronic Format Guidelines").

Division Awards

Four externally-sponsored recognition awards of $500 each will be given for the following: the best competitive paper; the best paper authored by a graduate student or students; the best interactive paper, and the best paper linking theory to practice. Papers authored by graduate students should be clearly identified as such at the time of submission.

Don't Forget the Rule of Three!

No one may submit more than three things to an Academy Meeting (papers and/or symposium), or appear in more than three sessions during the refereed scholarly program from Sunday noon to Wednesday noon. Appearances include roles as presenters, co-authors, chairs, discussants and/or facilitators. However, the following listings in the program are exempted from the Rule of Three: Officer roles, Division General sessions (Welcome, Business, Social, Free Session), Caucuses, and Professional Development Workshops. Also, if a person appears twice in a single symposium (e.g., chair and author) it only counts as one appearance. IMPORTANT: Include in your message a statement that you and any co-authors have read and are not violating the "Rule of Three."

I look forward to receiving your submission and seeing you in Seattle in August! If you have any questions, please contact me at ODCAOM@umich.edu.

NEW DOCTORAL STUDENT CONSORTIUM
Saturday, August 2, 2003

The New Doctoral Student Consortium (NDSC) is part of the Academy of Management's commitment to the professional development of its student members, and its prospective members. NDSC is designed by doctoral students for doctoral students and is aimed at students in their first or second year of a doctoral program. We also strongly encourage any prospective doctoral program candidates to participate. This consortium is designed to address the real life issues that exist for doctoral students from getting started on your thesis all the way through the publishing process. NDSC is your opportunity to interact, discuss, and learn from the Academy's leading members and the world's leading academics.

The NDSC is a consistent presence at the Academy's annual conference and has become a premier pre-conference event. There are several aspects of the NDSC that have made it a "not to be missed event" including:

The People

By attending this year's consortium, you will meet some of the Academy's most distinguished members and academicians, as well as other doctoral students who also share similar experiences and interests! At the 2003 NDSC you will meet and speak to world leaders in management research, theory, practice and education, including David Boje, Stewart Clegg, Thomas Cummings, Jeffrey Edwards, Peter Frost, Glen Kreiner, Peter Lane, Tom Lee, Ed Locke, Denise Rousseau, Terri Scandura, Claudia Bird Schoonhoven, Larry Williams, Ian Williamson, Amy Wrzesniewski, and others.

Career Development

When you begin a doctoral program you begin your career. This year's consortium includes speakers and topics focused on helping you understand what your role can be in the academic world of research, pub-lishing, and teaching. The topics at the 2003 NDSC will include: managing life as a student, life as a "minority" student, the power and politics of doctoral programs, starting your thesis, performing exemplary research – both quantitative and qualitative – publishing,

collaboration and networking, teaching excellence, and much more.

Networking

Throughout the one-day consortium you will engage in activities to help you identify possible research partners from across the USA and the world. You will interact with esteemed presenters through question and answer sessions. You will also have the unique opportunity to meet and discuss publishing issues through coffee time with editors of top tier journals like Organization Science, Academy of Management Journal, Academy of Management Review, and other high quality publications.

The NDSC will be held in Seattle, Washington, on Saturday, August 2, 2003 from 8:20am to 5:30pm. Light refreshments and lunch will be served during the consortium and an "All Doctoral Student Reception" will also be held following the consortium.

The NDSC is becoming a major pre-conference event for doctoral students! Attendance is limited to 150 participants. Registration will open in March 2003 and you are strongly encouraged to register early through our on-line registration at www.aom.pace.edu/ndsc. For more information, please contact Stephanie Ward, NDSC Chair of Marketing and Registration, at sward@uh.edu.

Happy Holidays!

charged interpretations of agents' actions that materially influence recipients' cognitive and behavioral responses to the proposed change. I show how emotional filtering differentially affected the outcomes of major change projects and suggest that emotions played a critical role in determining the outcomes of such change. I thus invite researchers to devote more attention to specific emotional states as important proximal, mediating outcomes that energize the often-protracted process of implementing ambitious change. The effectiveness of change actions could be assessed earlier through the specific emotional states that these actions are intended to arouse. I first discuss the conceptual foundations linking emotions and strategic change.

Lazarus' (1993) emotion theory suggests individuals go through a two-stage appraisal process. People evaluate the significance of a new event in relation to their own goals and concerns. If they appraise the potential consequence as beneficial, pleasant feelings are aroused. They experience unpleasant feelings if they appraise the consequence as potentially harmful. I use the circumplex model of emotions (Larsen & Diener, 1992) to explore the wide range of emotions that recipients may experience during radical change. According to this model, emotions share two basic dimensions. One dimension reflects hedonic valence (pleasant-unpleasant), while the other refers to intensity of arousal or action readiness (high versus low activation). Together, the four bipolar dimensions produce eight emotion categories that capture almost the full range of emotional experiences among people.

Early change theories such as Lewin's (1947) unfreeze-change-refreeze model postulate that change typically starts by arousing uncomfortable emotions in recipients by disconfirming their previous beliefs and creating cognitive dissonance. This arouses agitated feelings such as fear, anger, and discomfort. Schein (1996: 29) notes that "all forms of learning and change start with some form of dissatisfaction or frustration generated by data that disconfirm our expectations or hopes." Argyris (1990) suggests that cognitive disconfirmation is not sufficient to motivate people to change, as people can defensively dismiss it as irrelevant, blame the undesired outcome on others or fate, deny its validity, or deemphasize its importance. People may even have to experience survival anxiety (feeling that if they do not change they will fail to meet their basic needs) or survival guilt (feeling that they have failed to achieve certain ideals they set for themselves) (Schein, 1996). These agitated emotions act as a force that causes disequilibrium in human systems and induces receptivity to change. Yet, the same agitated emotions could induce among recipients learning deficiencies such as shallow cognitive processing, deficient attention, or reduced memory span. Too intense and too long a state of agitation could be dysfunctional to voluntary cooperation, collective mobilization and learning from interim change outcomes.

Conceptual research on emotion and change has hypothesized how emotional states could affect the various dynamics of organizational change. Huy (1999) suggests that strategic change could be construed as the interplay among at least three change dynamics: receptivity, collective mobilization, and learning. Receptivity as a process shapes and is shaped by the continuous sensemaking and sensegiving activities conducted among various members of the organization. People seek to understand the meaning of the proposed change and to influence each other toward a preferred redefinition of the organizational reality. A fundamental change in core values and personal welfare often triggers strong emotional responses, which will affect how the change is construed and the nature of ensuing actions. Receptivity to change can be characterized by varying gradations of willingness to accept the proposed change, and these can range from resigned, passive acceptance to enthusiastic endorsement. Resistance to change represents the other face of receptivity and can vary from sabotage to quiet cynicism and withdrawal behavior. Some degree of receptivity to change is necessary for cognitive exploration and collective mobilization to take place. Collective mobilization requires significant emotional energy because aggregate strong personal commitments are necessary to fuel persistent efforts to overcome difficulties inherent in strategic change. Learning provides the feedback loop from the interim outcomes of mobilization actions to receptivity. Emotion supplies the primary feedback mechanism that alerts people that various goals are not being achieved, and this arouses feelings of discomfort that stimulate review and problem solving. Effective learning processes allow people to detect early mistakes and rectify them before they become insurmountable.

I empirically explored how employees' specific emotions affected their interpretations and behaviors to various strategic change projects. I highlight two emotion-

based findings: (1) the triggers of employees' emotional responses to change agents' actions could be personal and organizational; (2) intense agitated emotions (anger, fear, discomfort) need to be juxtaposed/attenuated by more quiescent emotional states (sympathy, hope, and comfort, respectively) to enable adaptive change and learning to take place.

I analyzed six change projects launched by senior executives as part of a strategic change. Strategic change creates high uncertainty about employees' future roles; this could trigger fear for their personal welfare, anger about violation of cherished personal and organizational values, or discomfort with radical change agents perceived as iconoclasts. These agitated emotions could hinder collective receptivity to change, collective mobilization, and learning. To inject positive energy into a change effort, the more skillful change agents aroused other emotions that did not necessarily eliminate recipients' agitation, but juxtapose their agitated feelings with more soothing types of emotion such as sympathy, comfort, and hope. Soothing emotions allow restoration of some peace of mind, which comes from the belief that one has control over threats should they arise. Medical research suggests that patients who have illusory beliefs that they can exercise partial control over their treatment enjoy important psychological and physiological benefits. I identified six types of emotion (anger, sympathy, fear, hope, comfort, discomfort) that shaped emotional filtering. The arousal of negative emotions alone is likely to be counterproductive to change processes that require voluntary cooperation, and led to the failure of some of the major change projects. When recipients are receptive to strategic change, the juxtaposition of positive emotions with previously aroused negative emotions is likely to enhance their receptivity, mobilization, and learning.

Emotions have occupied a relatively narrow space in the literature of strategy and organizational change. When mentioned, emotions in have often been associated with resistance to change. This study tries to open the black box of emotions and reveals the rich variety of emotions and their differential effects on major change outcomes. The findings contribute to an emerging line of research that posits the primary importance of emotions in work organizations. Emotion-based interpretations and actions also deserve a central place in research on strategic realization because strategic issues are by definition critical to the survival and welfare of organizations and their people, and are thus highly emotion arousing. Although some scholars may still believe in the ancient dichotomy between emotion and reason, associating emotionality with dysfunctionality, this study suggests that ignoring emotions in strategic implementation may in fact be quite irrational and maladaptive for project managers and strategists.

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TEAM LEVEL ANTECEDENTS OF TEAM MEMBERS' NETWORK BUILDING IN INNOVATION PROJECTS

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Social networks as a primary source of social capital, i.e., the productive potential that is derived from the structure of relations between individual actors (Coleman, 1988), play a particularly important role in innovation and entrepreneurship (Ibarra, 1993; Yli-Renko et al., 2001; Young et al., 2001). Problem-solving in complex and uncertain innovation projects

regularly involves project team members' seeking and relying on team-external expertise often located in other parts of the organization or in other organizational entities such as suppliers or customers. Team members' individual social networks provide transparency as to the location of useful resources, which they utilize through established personal contacts. Such boundary spanning (Ancona & Caldwell, 1990, 1992) into knowledge networks is critical as small project teams often cannot include all the expertise needed for a particular project.

While a considerable amount of research addresses the effects of social networks on individual, group, and organizational outcomes, Mehra et al. (2001) correctly point out that antecedents of individuals' social networks in organizations have not received much attention in the literature. In this study, we contribute to the literature by investigating how individuals build their social networks through their participation in innovative team projects. Participation in such projects provides the opportunity for team members to establish new relationships with other team members (often from other disciplines or organizational units) or team-external contacts. We argue that certain team level characteristics facilitate the individual's acquisition of new and resourceful relationships. Specifically, we regard team properties such as networking climate, networking resources, networking preference, and awareness of networking importance as positively associated with individuals' network building, while a team's technical competency and material resources are expected to be negatively related to individuals' network building. These proposed cross-level relation-ships draw on the basic premise of system theory, recognizing the individual as an element within the context of his or her team. The team thereby represents a social system (McGrath, 1986) embodying certain networking-related norms and resources affecting the individual's networking behaviors (Levine & Moreland, 1990). In testing our hypotheses, we are using hierar-chical linear modeling (HLM) on data from 430 team leaders and members of 145 software development project teams from four different organizations.

Measures

Individuals' network building was measured using four items assessing the individual respondents perception of the extent to which the project enabled him or her to gain new useful personal contacts through the course

of this project. The items refer to contacts within and outside the respondent's immediate organizational unit, including contacts outside the company. All items were formulated on the individual level, asking the respondents to relate to their own situation, rather than the teams' overall situation.

The team level independent variables were gathered through the assessment of multiple team members responding to items formulated explicitly on the team level. The team's perception of the organizational networking climate was measured using three items referring to the accessibility of important contacts within the organization as well as the willingness of team-external colleagues to share knowledge and experiences. The team's networking preference was measured using two items referring to team members' general motivation to collaborate with people from other disciplines, functional areas, or organizations. The team's awareness of networking importance was assessed with four items pertaining to the team's perception of the necessity to interact with team-external contacts to acquire knowledge, resources, work contributions, or feedback. A three-item scale was used to measure the team's networking resources, including items that assessed the degree to which the team members had useful team-external contacts going into the project. Four items relating to pro-gramming skills, software skills, hardware skills, as well as expertise regarding the application field of the software were used to assess the team's technical competency. The perceived adequacy of the team's material and financial resources were measured using two items.

Analysis & Results

The hypotheses of the present study require testing the cross-level effects of team level properties (e.g., team network awareness, team network resources) on individual level outcomes (i.e., individual's network building). As such, we used hierarchical linear modeling (HLM), a statistical technique that is gaining increased acceptance in the management literature (Hoffman, Griffin, & Gavin, 2000).

We proposed that the team's perception of network climate be positively related to team members' network building. This hypothesis was supported as evidenced by the significant positive coefficient ($p = .05$). We further posited that the team's preference for

networking and team's awareness of the importance of networks are both positively related to individual network building. Both hypotheses were also supported (p = .00 and p = .00 respectively). We hypothesized that the team's perception of the adequacy of their technical competency is negatively related to individual's network building and that the team's perception of the adequacy of their material resources is also negatively related to individual network building. The significant negative coefficients endorse both hypotheses (p = .00 and p = .09 respectively). Finally, while showing a strong bivariate correlation (r = .52) with the team level aggregate of individuals' network building, a team's networking resources did not show a significant influence on individual team members' ability to build their social networks.

Discussion

As previous research has focused exclusively on the effects of social networks in organizations (Ibarra, 1993; Yli-Renko et al., 2001; Young et al., 2001), our study contributes to the literature by addressing critical team level antecedents of individuals' network building. We found that 37% of the variance in individuals' network building lies between teams, making the focus on team level determinants a quite powerful one.

The results of this empirical investigation offer lessons to innovating organizations on how to foster the development of individual social networks through team projects. First, team-based innovative organizations need to stress to their members the importance of social networks to the sustainable effectiveness and efficiency of the organization. Team leaders and team members must be made aware that boundary spanning is important to both the current project as well as its network-building element as an enabling condition for future innovation projects. Second, companies should foster a networking climate on the organizational level. The findings from this research indicate the importance of norms and standards pertaining to the willingness to share knowledge and expertise within the organization. While systems and processes must be in place to guide individuals looking for contacts with a certain expertise or skill, people providing their knowledge to other colleagues should be recognized for these efforts.

This research has provided encouraging results as to the effect of team level properties on the development of individuals' social networks in organizations. We hope that this study sparks increased research attention pertaining to the determinants of social networks, moving this field of research "backward" on the causal chain.

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TRANSFORMATIVE INTERACTIONS: RELATIONAL PRINCIPLES THAT IMPACT THE QUALITY OF SELF-ORGANIZING CHANGE

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2002 ODC Best Student Paper Award

Currently, 103 nuclear power reactors are licensed to operate on 40 commercial utility sites in 31 states throughout the US. Three major constituencies hold high stakes in the production of nuclear power: power plant owner-operators, US Nuclear Regulatory Commission (NRC), and the public, represented by Congress and various public watchdog organizations. In 1998, the NRC launched an expansive change initiative in collaboration with power plant owner-operators and the public to establish a revised approach to regulatory oversight. The change process was far-reaching and complex. It lasted three years, included hundreds of people from dozens of organizations, involved thousands of hours of negotiation, dialogue, and debate. The result is a radically overhauled reactor oversight process (ROP) that will have a significant impact on production and regulation of nuclear power for decades to come.

In this paper we study the emergence of the new ROP from the perspective of complexity theory. We examine the qualities of relationship that characterized the interactions of those involved in creating the new ROP over a 15-month period and identify five relational principles that informed their interactions: the spirits of freedom, inclusion, inquiry, spontaneity and possibility. These principles are contrasted with previous ways of interacting based on de facto principles of unilateralism, indifference, inflexibility, certainty, and immutability. We argue that participants' interaction in accordance with these principles increased their levels of inter-connectivity, shared identity, and collective capacity, which, in turn, contributed to self-organizing movement toward emergent solutions (Lichtenstein, 2000; Moore, 1996).

Theoretical Perspectives

A growing number of theorists are turning to complexity theory to explain the dynamics of organizational change (Dooley & Van de Ven, 1999; Chen & Van de Ven, 1996; Kauffman, 1995; Prigogine, 1996; Stacey, 1996).

Change is characterized as a process that unfolds over time, revealing periods of greater and lesser instability, in which the restlessness of a system is an instinctive response toward survival in a continually changing environment. Organizations are described as complex adaptive human systems that can be neither controlled nor predicted, but for which order will emerge on its own through diverse interconnectivity among system members. Transformative change occurs in the agitated state of nonlinear disequilibrium, referred to by some as the edge of chaos.

In a unique and significant application of complexity theory to organization change, Stacey et al (2000) propose that it is a mistake to think of organizations as systems. Systems thinking assumes a formative teleology in which organizations seek predetermined outcomes. This view tends to objectify human relationship and eclipse the possibility of novelty in human interaction. It is more appropriate, they claim, to talk about organizing as complex responsive processes (CRP): highly complex, ongoing processes of people relating to each other through everyday conversation. This perspective assumes a transformative teleology in which people move toward an unknown future in order to realize both continuity and transformation of individual and collective identities. Order emerges out of disorder through a spontaneous process of self-organizing change in the absence of any blueprint.

A CRP perspective places conversation at the center of organizational change. People accomplish sophisticated cooperative action by forming intentions, making choices, and acting in conversation with each other as they go about their daily work lives. Through these conversations, people continuously construct and change their organizations (Berger & Luckmann, 1966; Gergen, 1994, 1999; Ford & Ford, 1995). Scholars and practitioners are encouraged to refocus attention, not on what members of an organization should be doing, but on the qualities of relationship that emerge in the process of self-organizing.

Methodology

Two questions guided this study. First, what were the patterns of conversation that served to mobilize energy for action in the new ROP? Second, how were these patterns different from and similar to the old ROP? We used a grounded theory methodology (Glaser & Strauss, 1967; Strauss & Corbin, 1998) to answer these

questions. Data sources included open-ended interviews, meeting observation, informal conversations, and analysis of transcripts, reports, memos, letters, and speeches. Data integrity was achieved through deep exploration of participants' experiences (Firestone, 1993), multiple-source fidelity checks (Lincoln & Guba, 1985; Miles & Huberman, 1994), and persistent observation (Halpern, 1983).

Relational Qualities That Enable Self-Organizing Change

Participants reported that interacting with their counterparts (plant owner-operators, regulators and/or public activists) according to the five principles identified in this study (freedom, inclusion, inquiry, spontaneity and possibility) enabled them to move toward an emerging ROP agreement that met both individual and collective needs. The data also revealed paradoxical patterns of interactive behavior. With freedom came understood parameters of control; a spirit of inclusion contained elements of exclusion; a spirit of inquiry included acknowledgement of undisputed certainties; spontaneous exploration (spontaneity) was accompanied by careful planning; and creative possibilities were actively sought within regulatory parameters. Participants demonstrated a relational capacity for dealing with paradoxical tensions, which contributed to and creative potential for self-organizing change (Smith & Berg, 1987; Stacey, 1996).

Spirit of Freedom

Participants chose whether or not and how to engage in the process of change. Freedom to join in and to "say what you think" gave depth and meaning to emerging outcomes. Participants described experiences that were both "exhilarating" and "risky as hell" as they "put themselves on the line" to create something "new and better." A sense of freedom enabled people to develop credibility with one another (including former adversaries) in the form of trustworthiness, competence and goodwill (Campbell, 1982).

Spirit of Inclusion

Participants demonstrated a willingness to include diverse stakeholders in the conversations, thus expanding connectivity and the rich variability of perspectives that contribute to the quality of self-organizing change (Stacey et al. 2000). It was in "heat of differences"

(Kauffman, 1995; Stacey, 2002) among the regulators, industry leaders and public activists that bifurcations (Prigogine, 1996), or transformative shifts in interpretive schemata (Bartunek, 1993), began to occur.

Spirit of Inquiry

Participants created a container for joint exploration and discovery through an attitude of inquiry. Instead of "knowing the answers" they sought to understand what was going on and construct meaningful outcomes. Some questions were generative and open-ended. Others uncovered implications or hidden patterns, clarified issues, and validated understanding, tested assumptions and invited provisional thinking.

Spirit of Spontaneity

A spirit of spontaneity reflected the unfolding and generative nature of self-organizing change. Openness to spontaneity encouraged cooperation among people who previously stood on opposite side of the issues. It shifted the relational dynamic from one of defensiveness and "holding information close to the chest" to one of collaboration and co-creation (Shotter, 1993). The emerging ROP was often referred to as "a living document."

Spirit of Possibility

Participant conversations revealed a belief among participants that they could figure out an optimal solution together. Working toward the potentiality of what could be (Ludema et al., 1997) created energy for collective movement toward agreement. As regulatory, industry, and public stakeholders began to connect relationally, they discovered a unifying goal – joint responsibility for ensuring safe production of nuclear energy in the US – that transcended the potential for conflicting goals of each constituency.

Discussion and Implications

The relational principles identified in this study formed the interactive container within which transformative conversations of self-organizing change occurred in the complex nuclear industry environment. The quality and quantity of participants' interactions contributed to the robustness of three domains of self-organizing activity described in the complexity literature as identity (sometimes referred to as self-reference), connectivity,

and capacity (Lichtenstein, 2000; Moore, 1996; Stacey, 1996), which, in turn, influenced the degree and quality of transformative, self-organizing change.

References available upon request from Mary Ferdig (ferdiginc@aol.com).

THE EFFICACY OF APPRECIATIVE INQUIRY IN BUILDING RELATIONAL CAPITAL IN A TRANSCULTURAL STRATEGIC ALLIANCE

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2002 ODC Best Interactive Paper Award

Strategic alliances have become popular collaborative forms because they enable organizations to enter new markets (geographical or technical) with a significantly reduced ramp-up time. Alliance partners may also share their core competencies (e.g., R&D, manufacturing, marketing, technology) thereby enabling the partners to reap the benefits of each other's proprietary assets. However, strategic alliances are notoriously difficult to implement successfully (e.g., Doz, 1996; Fedor & Werther Jr., 1996; Ghosh, 1996; Kanter, 1994; Kumar 1998).

Organization development and change technologies (OD), including Appreciative Inquiry (Ai), are uniquely suited to deal effectively with these challenges, yet the literature provides limited guidance on effective methods or interventions. Therefore this case contributes to the strategic alliance and OD literatures.

The Focal Alliance

The partners in the focal alliance (the Alliance) are MAHYCO (Maharashtra Hybrid Seeds Company Limited, pronounced "may-hé-co"), the leading producer of hybrid seed in India, and Monsanto, the leading global developer of transgenic plants using biotechnology. The Alliance offers a complementary and value-added relationship for both partners. The Alliance can apply Monsanto's biotechnological know-how to MAHYCO's germ plasm to create plants that will support the food production and fiber needs of South Asia.

Despite such strong complementary core competencies, the cultural diversity of the Alliance poses a special challenge. While the development of trust, norms, goodwill, and shared culture is a vital challenge in every strategic alliance, it is even more so in such a transcultural alliance. Building trust and goodwill as strategic partners' gain mutual confidence is defined as "relational capital" (Kale, 1998). The development of relational capital will be critical to the success of this Alliance.

Appreciative inquiry (Cooperrider, 1986) was selected as an intervention strategy to help build the MAHYCO and Monsanto Alliance. Curan and Work claim that "appreciative inquiry [has the] capacity to build trust, to collect information, to create readiness for change, to raise cultural awareness, and to enhance the web of relationships" (1998: 254). Therefore, it was anticipated that Ai would help build relational capital in the Alliance.

Research Approach

Two alliance-building interventions were conducted in Jalna, Maharashtra, India in December 1998 to explore the following research question (as well as others that are not reported in this brief paper): "How can Ai and other group formation concepts be used to create a sample intervention to support the forming of a transcultural strategic alliance?"

The first alliance-building intervention held on December 7-8, 1998 was conducted in an Ai format with nearly an equal number of R&D people from both partner organizations; it is referred to as the Ai session. The second session held on December 9-10, 1998 was designed in a more traditional, presentational meeting format in order to meet the need expressed by MAHYCOs top management to learn about Monsanto first. The majority of participants in this management education (ME) session were top MAHYCO managers. Ten of the thirty-four participants (29%) had also participated in the Ai session.

The Efficacy Of Ai In Building Relational Capital

In an inter-rater reliability analysis of participants' narrative responses to post-session questionnaires, Ai participants were found to report significantly greater increases in levels of relationship building and collabo-

ration (p<.05) than did ME participants both immediately after the sessions and four months later. Participants in both interventions reported growth in their understanding of their partner's business and their leadership's expectations for the Alliance. Further, the Alliance achieved a major milestone in March 2002 when the government of India approved registration for the Alliance's insect-protected hybrid cottonseed.

Suggested Modifications To The Basic Ai 4D Cycle

The designs of the Ai and ME sessions were analyzed to identify the optimal methods used in both sessions through the feedback of participants, observational protocol, and researcher's notes. As a result, modifications were made to Ai protocols, two of which are described next.

First, the standard 4-D Ai process was modified, from "Discovery, Dream, Design, and Destiny," to "Discovery, Dream, Dialogue, and Design," in order to meet the client's needs. The Dialogue phase was added to support participants in developing consensus around the creative options they had generated during the Dream phase. That consensus facilitated their ability to co-construct an action plan during the design phase. Closing the session by emphasizing design and action plans encouraged the work teams to solidify their project plans. Four months later, nearly 75% of the Ai participants indicated on the follow-up questionnaire that they had made progress on their projects.

A second suggested modification to the Ai design for alliance-building sessions is the inclusion of a method to constructively air challenges and issues that face members of alliances and alliance teams, particularly once past the formation stage. Robert Golembiewski (1998) argues that Ai does not have the ability to deal with negative issues that an organization is facing, and Blair (1998) suggests that negative information can be used constructively in an Ai session. Further, the Monsanto India Learning Manager pointed out that an intense dialogue and breakthrough occurred in the ME session following "storming" among participants over the concept of "professionalism" in Indian family business.

That event and observation led to the inclusion of an optional method to air issues in subsequent Ai alliance-building sessions. After participants have developed a deeper understanding of each other via the Discovery

and Dream phases, the exercise: "Keep It, Stop It, and Start It" can be incorporated in a Dialogue phase, as appropriate (e.g., Licktenstein, 1996; Golembiewski, 1998; Bunker and Alban, 1997). In subsequent Ai sessions, "Keep It, Stop It, and Start It" was found to be a constructive method because it helped team members share their perspectives on everything from proposed initiatives to team dynamics. It enabled them to air negative perspectives, continue positives, and encourage the use of unrecognized strengths or latent competencies.

Although this is a case study and the findings are not easily generalizable, they are nevertheless significant, particularly given the dearth of research on the application of OD to building sustainable transcultural alliances. Sample interventions derived from the observations of the researcher and Learning Manager give future alliance-builders outlines for planning interventions (detailed plans may be found in Miller, 2000).

Ai and Alliance-Building

Overall, Ai provided stronger support for alliance building than did the ME intervention (Miller, Fitzgerald, Preston, and Murrell, 2002). Ai helps builds social bridges. According to Doz and Hamel (1998), "the most effective bridges we have observed were also social bridges, involving managers from the partners in non-professional activities and allowing them to understand and experience each other's culture and explicit norms and values" (p. 137). In this case, Ai as modified provided not only a means for alliance partners to learn their colleagues' values and beliefs, and to develop an understanding of the Alliance's core competencies, it also provided opportunities to cope with issues obstructing the relationship, and built positive energy in the process. Interventions based on Ai have broad potential for helping strategic alliances build relational capital to encourage sustainable transcultural collaboration so vital for successful organizations in the 21st century.

References available from the authors.

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