CHAPTER-1

Introduction
Change and Organization Development (OD):

To exist is to change, to change is to mature, to mature is to go on creating oneself endlessly: Henri Bergson (1859-1941).

The rapidity of change taking place in the social, political and economic environments is creating a marked impact on organizations as well as individuals. Organizations are facing multiple challenges and threats today; threats to effectiveness, efficiency, and profitability; challenges from turbulent environments, increased competition, and changing customer demands; and the constant challenge to maintain congruence among organizational dimensions such as technology, strategy, culture, and processes. Keeping organizations healthy and viable in today’s world is a daunting task. Individuals in organizations likewise face multiple challenges, finding satisfactions in and through work, fighting obsolescence of one’s knowledge and skills, maintaining dignity and purpose in pursuit of organizational goals, and achieving human connectedness and community in the workplace. Simple survival-continuing to have an adequate job is a major challenge today in the face of constant layoffs and cutbacks. Although new jobs are being created at record rates, old jobs are being destroyed at an accelerating pace. "Knowledge" work is replacing "muscle" work. In his book Future Shock (1984), Alvin Toffler argued that humanity is now a part of an environment so unfamiliar and complex that it is threatening millions with ‘future shock’. Future shock occurs when the type of changes and the speed of their introduction over-power the individual’s ability to adapt to them. This is also true for organizations.

Organization can achieve its goal if it is able to respond to changes within the external and internal environment. One of the important strategies available to help organizations and people cope, adapt, survive, and even prosper in these vexing times is Organization Development (OD).

Importance:

Change can manifest itself in two forms. It can either simply happen to an organization (unintended change) or it can be systematically planned (planned change), that helps to enhance organizational performance effectively.
Public sector organizations are facing various challenges in the context of globalization, information technology, and managerial innovation. Globalization is changing the markets and environments in which organizations operate as well as the way they function. New governments, new leadership, new markets, and new countries are emerging and creating a new global economy with both opportunities and threats. Information technology is redefining the traditional business model by changing how work is performed, how knowledge is used, and how the cost of doing business is calculated. Managerial innovation has responded to the globalization and information technology trends and has accelerated their impact on organizations. Due to this a growing number of organizations are undertaking the kinds of planned organizational changes needed to survive and prosper in today's environment, by assessing themselves and their environments and revitalizing and rebuilding their strategies, structures, and processes. These are very well applicable to manufacturing organizations as well.

Bringing about planned change to increase an organization's effectiveness calls for the intervention of experts, mainly OD experts. These experts work through Organization Development Intervention. Intervention refers to a set of sequenced planned actions or events intended to help an organization increase its effectiveness, by purposely breaking the status quo and deliberately attempting to change the organization or subunit toward a different and more effective state. OD interventions address a wide range of specific problems and opportunities.

**Literature Overview:**

Beckhard (1969) defines Organization Development (OD) as an effort planned, organization - wide, and managed from the top, to increase organization effectiveness and health through planned interventions in the organization's "processes," using behavioral - science knowledge.

Organization development is a process by which behavioral science knowledge and practices are used to help organizations achieve greater effectiveness, including improved quality of work life and increased productivity (Cummings, & Huse, 1989).
In the 1950s and 1960s a new, integrated approach originated known as Organization Development (OD): the systematic application of behavioral science knowledge at various levels (group, inter-group, and total organization) to bring about planned change (Newstrom & Davis, 1993).

**Emerged from Four Backgrounds**

According to one theory, OD emerged from four major backgrounds (Cummings and Huse, 1989):

1. **Laboratory Training**

   The training groups developed by The National Training Laboratories (NTL) are known as *sensitivity training* or *T-groups*. Laboratory Training began in 1946 when Kurt Lewin and his staff at the Research Center for Group Dynamics (RCGD) at Massachusetts Institute of Technology (MIT) were asked by the Connecticut Interracial Commission and the Committee on Community Interrelations of the American Jewish Congress for help in research on training community leaders. A workshop was developed for the leaders to learn about leadership and to discuss problems. At the end of each day, the researchers discussed privately what behaviors and group dynamics they had observed. The community leaders asked permission to sit in on these feedback sessions. Reluctant at first, the researchers finally agreed. Thus the first T-group was formed in which people reacted to data about their own behavior. The conclusion drew by the researchers about this first T-group experiment were: feedback about group interaction was a rich learning experience and the process of group building had potential for learning that could be transferred to back-home situations. After that so much development on T-group went on. Its utilities for organizational effectiveness were studied. The practical aspect of T-group techniques for organizations gradually became known as *team building* (a process for helping work groups become more effective in accomplishing tasks and satisfying member needs). Team building is one of the most common and institutionalized forms of OD today.

2. **Survey Research and Feedback**

   Kurt Lewin formed the Research Center for Group Dynamics at MIT in 1945. After he died in 1947, his staff moved to the University of Michigan to join
the Survey Research Center (SRC) as part of the Institute for Social Research (ISR). It was headed by Rensis Likert, a pioneer in developing scientific approaches to attitude surveys (five-point Likert scale).

3. Action Research

In the 1940s John Collier, Kurt Lewin, and William Whyte discovered that research needed to be closely linked to action if organizational members were to use it to manage change. Action research had two results: 1) organizational members use research on themselves to guide action and change, while 2) researchers were able to study the process to gain new information. Two noted action research studies were the work of Lewin and his students at the Hardwood Manufacturing Company (Marrow, Bowers & Seashore, 1967) and the Lester Coch and John French's classic research on overcoming resistance to change (Coch & French, 1948).

4. Productivity and Quality-of-Work-Life (QWL)

This was originally developed in Europe during the 1950s and is based on the work of Eric Trist and his colleagues at the Tavistock Institute of Human Relations in London. This approach examined both the technical and the human sides of organizations and how they are interrelated.

Emerged from Three Backgrounds

French (Varney 1967) described the history of OD as emerging about 1957 and having at least three origins:

1. Douglas McGregor's work with Union Carbide in an effort to apply some of the concepts from laboratory training to a large system.

2. A human relations group at the Esso Company that began to view itself as an internal consulting group offering services to field managers, rather than as a research group writing reports for top managers. With help from Robert Blake and Herb Shepard, the group began to offer laboratory training in the refineries of Esso.

3. The Survey Research Center started using attitude surveys.
**Emerged in the Space Age**

The years 1960-1970 was a period of rapid movement in high technology (space race due to Soviet Sputnik challenge). HRD (Human Resource Development) efforts increased as we moved into project groups and task forces to cope with the challenge of new technologies. Behavioral science was brought into the work place, and a new term appeared -- *Applied behavioral science*. This provoked a term that became known as OD, due in part to the reaction HRD programs appeared to be effective, but had little or no impact on the work place. That is, HRD programs were based upon sound learning principles, and people learned, but the learning often failed to be applied to the work place (Nadler, 1984).

**Schools of Thought**

There are two schools of thought in OD:

1. The Program-Procedure School.
2. The System-Process School.

**The Program-Procedure School**

It is an older approach. According to it, OD is the effective implementation of the organization’s policies, procedures and programs. It is concerned with personal activities that contribute to the overall growth and development of the organization, such as: recruitment, training, career development, compensation, welfare and benefits, labor relations etc. Personal development is primarily concerned with OD activities.

At present, it is being widely recognized that personnel functions contribute only partly to OD. They at best serve the organizational control or maintenance function.

**The System-Process School**

This school considers organization development in the context of both its internal and external environment. Proponents of this approach view organization as a system which can be changed and developed to best achieve its goals and objectives. Insights drawn from recent developments in behavioral
sciences have contributed to the system-process school. An emerging role for OD is system based and focuses on total organizational effectiveness and hence goes beyond the traditional personnel programs. The emphasis is much more on work groups within and across departments rather than individuals as such. This school encourages openness, and collaborative ways of solving problems so that outcomes are advantageous to both individual and the organization.

Growth of OD:

Starting from 1950s onwards OD continues to grow. Today, the field is being influenced by the globalization and information technology trends. Some of the first generation contributors include Chris Argyris (learning and action science), Warren Bennis (tied executive leadership to strategic change), Edger Schein (process approach), and Robert Tannenbaum (sensitize OD to the personal dimension of participant’s lives).

Second Generation contributors include Warner Burke (make OD a professional field), Larry Greiner (power and evolution), Edward Lawler III, (extended OD to reward systems and employee involvement), Newton Margulies and Anthony Raia (values underlying OD), and Peter Vaill and Craig Lundberg (developing OD as a practical science).

Newest generation contributors include Dave Brown (action research and developmental organizations), Thomas Cummings (socio-technical systems, self-designing organizations, and trans-organizational development), Max Eilden (political aspects of OD), Jerry Porras (put OD on a sound research and conceptual base), and Peter Block (consulting skills and empowerment processes). Others making important contribution to the field include Ken Murrell, who has focused attention on internalization of OD. Sue Mohrman and Gerry Ledford have focused attention on team-based organizations and compensation. David Cooperrider turned attention toward the positive aspects of organizations.
In 1980s as the pace and scope of environmental changes increased, new theories and techniques were developed to help leaders direct large-scale, system-wide changes. These efforts, called organizational transformation (OT), represent a variant of OD in which organizations are transformed in fundamental ways, involving paradigm shifts—radical changes in management philosophy, ways of organizing the work, and ways of relating to employees and customers.

**Objectives of the Study:**

Realizing the importance of OD interventions, to achieve the goal of organizational improvement and individual development, which are the buzzword of the hour and after extensive review of the literature, this piece of work has been proceeded with the following objectives:

1. To study the pervasiveness of OD practices in RSP.
2. To study the turnaround strategy and the role of OD interventions.
3. To identify the major OD interventions used to bring about the changes.
4. To study the strategy and process for introduction and working of interventions.
5. To analyze the views of management respondents regarding the effectiveness of interventions.
6. To study the relationship between organizational performance and OD practices in the organization.

**Scope of the Study:**

The study has been undertaken in Rourkela Steel Plant, Rourkela. The organization has undergone remarkable changes in the management strategy and proved to be an efficient performing unit of Steel Authority of India Limited (SAIL).
Hypotheses:

Based on the objectives as stated earlier, the following hypotheses have been proposed to be tested.

1. The various OD interventions result in improved performance on the part of employees.

2. The executives do not differ by experience and age, in their views on OD/HRD practices in the organization.

3. The executives hold similar views on certain OD interventions due to existence of inter-factor correlations.

4. The views of different levels of executives differ significantly on various types of OD interventions.

Methodology of the Study:

Sources of Data

The data for the present study have been collected from two sources i.e. primary and secondary. (i) The primary data referring to the attitude of employees towards organization development and organization development interventions, were collected by administering structured questionnaire to the officials and wherever felt necessary interviews were held with concerned officials to elicit relevant data. (ii) Data relating to the history of the organization, size and structure of manpower, production, profit, cost, and training have been collected from secondary sources like company records, leaflets, and bulletin etc.

Sample Technique and Size

For the purpose of present study the samples are selected purposefully from different strata of employees on random basis (Purposive stratified random sampling). The sample consists of 50 respondents from top management, 160 from middle management and 60 from supervisors and all members of OD department i.e. restricted to 5 only. The total sample represents 15% of the population. Proper attention has been paid in selection of the sample.
Development of Instrument (Question Schedules)

The instruments used for the purpose of data collection and analysis have already been developed and tested by management guru Prof. Udai Pareek in his book entitled “Training and Instruments in HRD and OD” and Prof. T.V. Rao in his book entitled “The HRD Missionary”.

Sequence of Chapters:

The present study has been divided into the following six chapters.

Chapter-1 deals with the introduction, importance, objectives of the study, scope of the study, hypotheses and methodology of the study.

Chapter-2(A) contains theoretical approach on OD and OD interventions.

Chapter-2(B) analyses literature overview.

Chapter-3 consists of the introduction to organization, its prospects and performance.

Chapter-4 depicts the theoretical discussions on the OD interventions in the organization and analysis of data of OD department.

Chapter-5 analyzes the opinions expressed by the different groups in the sample (primary data).

Chapter-6 deals with findings, conclusion and suggestions.

Limitations:

The study has the following limitations in view:

- The primary data have been collected from the executives of RSP, Rourkela. Hence it may not be generalized in respect of other similar organizations.

- The collection of secondary data has been limited to the available figures.

- The investigator has to wait for a long time to make contact with the executives for giving their responses to the questionnaire as they were busy with their work.
• The organization's secrecy has been a constraint to make deeper study into some of the aspects of the project.

• The respondents did not open their mind clearly while administering questionnaires and interviewing them.

Inspite of these limitations, attempts have been made to make the study scientific, realistic, and a reliable one.

References:


