CHAPTER-IV

HUMAN RESOURCE MANAGEMENT AND ORGANISATIONAL DEVELOPMENT
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NATURE AND OBJECTIVE OF ORGANISATIONAL DEVELOPMENT

OD is very much similar to action research. Both OD and action research are data based problem-solving techniques which call for close collaboration between the consultant and the client from the beginning. This facilitates putting into effect the remedies decided upon. In both the techniques the practical implications of expert recommendations are simultaneously tested during the course of research or OD programme. This makes recommendations feasible and practical. Both the techniques involve identical steps, namely: (a) data collection and problem identification, (b) formulation of action plan on the basis of certain hypothesis and (c) continuous testing of action plan. An example will make this point clear. Say, an organisation is facing the problem of unproductive staff meetings: people do not come, do not take interest, do not interact, do not show involvement and so on. The management wants to make the meetings productive. Here, both in OD and action research the first steps would be to collect data about the status quo and to identify the problem. If the data suggest that people dislike meetings and consider them as unproductive then the consultant may as his second step begin second research for causes of the problem. He may generate a number of hypotheses for being tested. For example, he may assume that the meetings will be more productive if-

(a) the management solicits and uses agenda topics from members.
(b) the chairmanship of the meeting is rotated.
(c) the meeting are held only fortnightly (and not weekly);
(d) the management allows greater freedom to members during meetings.

In the third step each one of these hypothesis will be tested one by one to reach a final conclusion. This action research nature of OD suggests the necessity of effective feedback and monitoring so that as and when new problems emerge new directions may be taken.

Sometimes, however, an OD programme may not follow the action research model. This may happen where OD consultants decides to apply some pre-planned package of OD techniques straightaway (without formulating and testing the hypothesis) for the following reasons:

(a) He has developed a liking for certain OD techniques, or
(b) He wants to specialise in certain OD techniques, or
(c) The client is pressing him to apply certain OD techniques only.

**OBJECTIVES OF OD**

Following are the main objectives of OD:

1. To develop the organisation's capacity to effective diagnose and solve its current problems.

2. To enable the organisation to successfully adapt itself to a new environment.

3. To increase the level of trust and openness of communication among organisational members.
4. To increase member's identification and commitment with the organisation.

5. To improve the planning and goal-setting skills of members and teams.

6. To create conditions where conflict between members or groups is brought out in the open and managed rather than swept under the rug.

7. To move towards high collaboration and low competition between interdependent units.

8. To reorganise work, e.g. by reducing the layers of supervision or by relocating decision-making and problem-solving as close to the sources of information as possible. This means moving towards a norm of the authority of knowledge and the authority of role.

**OD CHANGE AGENT (EXPERT)**

An OD expert is known by various names such as a consultant, a change agent, an interventionist, a catalyst, a facilitator and so on. He is called a catalyst because he produces change in others without himself undergoing a change. The name facilitator is also given to him because his job is only to help or facilitate the process of OD, i.e. to help the organisation identify, clarify and confront its problems and solve the problems himself. An OD expert may either be invited from outside the organisation or may be from inside the organisation, e.g. a personnel manager of a union representative. There are certain advantage in having an outside expert:
(a) He has greater expertise and knowledge to diagnose the problem.

(b) He has wider experience of having worked in other organisations.

(c) He is able to devote full time.

(d) He has better infrastructure in terms of library and office.

(e) He can look at the problems more objectively and can present a fresh point of view.

The disadvantage of an outside expert is that his knowledge of the organisation in respect of its technology, products, markets, financial and human resources, competition, culture, power equations etc. is limited. In most situations he needs considerable time to familiarise himself with these details before he can launch an OD programme effectively.

This disadvantage can be overcome by associating few inside experts with the outsider. These inside experts can help the outsider in 3 ways:

- They can build a close liaison between him and the organisation.
- They can act as reference persons with whom the outside expert can check the practicability of his suggestions.
They can mitigate fear and suspicion which often arouse in people’s mind following an outsider’s entry in the organisation.

QUALITIES OF A CHANGE AGENT

Following are the some important qualities of a good change agent:

(i)  *Environmental sensitively*, i.e. intimate knowledge about the formal and informal aspects of the social system especially its power structure and the opportunities and threats present in its operating environment, sensitivity to the situation and to the way one is being perceived by others.

(ii) *Problem-sensing and problem-solving skills*.

(iii) *Implementation skills*, i.e. the ability to plan, organise, coordinate and control the change efforts.

(iv) *High stress threshold*, i.e. the ability to face criticisms and failures.

(v) *Interpersonal competence*, i.e. the ability to listen with empathy, communicates clearly with openness and giver factual feedback.

(vi) *Achievement motivation*, i.e. a strong desire to achieve results in terms of the desired changes and innovations.

(vii) *Mobilisation skill*, i.e. the ability to rope in influential people in the change effort.
(viii) *Role flexibility*, i.e., the ability to play many roles simultaneously.

**PHASES OF AN OD PROGRAMME**

Following of the typical sequence of various phases involved in the introduction of an OD programme:

1. **Motivation for introducing an OD programme.** – This may come about as a result of various internal and external pressures felt by the top management. It may also be the result of the initiative taken by a new chief executive or a personnel manager or the recommendations of some high-powered committee. The management then seeks help of some OD expert. It tells him about its problems, the changes which it would like to introduce, the things it would like to observe happening in order to be sure that the desired outcomes are taking place and so on. The expert on his part tells the management what OD is and what it involves. He tells the management that OD is like playing the market. Every OD technique is a calculated risk, which may click or may not click. There are no guarantees. The management will continue to have problems no matter what it does. The question which the expert poses before management is, “Which problems would you rather have? The ones you have now? or the ones you will have if you try to solve the ones you have now?” Often this leads to greater clarity and commitment on the part of management. It helps in reducing the level of fantasy around OD and what it can do. The expert also explains to the management the financial implications of the proposed OD programme. As a result of this meeting the expert is either
invited to the organisation for further talks or the management gives up the idea of introducing OD programme.

2. **Signing the contract.** – If at the end of the first phase the expert is invited to work for introducing OD in the organisation he may be asked to sign a written agreement defining his relationship with the organisation. The expert may have any of the following 8 types of relationship with the organisation:

   **Continuous arrangement.** Here the expert works as a retainer for the organisation, working on the ongoing problems for 2 or 3 days in a month.

   **Periodic review.** Here the expert helps the organisation in reviewing its effectiveness periodically. He collects the necessary information and helps in diagnosis and action planning.

   **Project arrangement.** Here the expert helps the organisation in introducing a particular programme or project such as MBO or computer or merger with some other organisation and so on.

   **Educational consultation.** Here the expert provides to the client information on the state of the art. For example, he may explain what OD is, what are the latest trends and techniques and so on. This arrangement is often used by staff people to soften the attitudes of line people to accept change.

   **Trainer arrangement.** In this arrangement the expert imparts specific training (e.g. sensitivity training) to the people.
**Package programme.** Here the expert introduces some pre-decided OD techniques in the organisation.

**Consulting team.** In this arrangement there are a number of consultants each one assigned to a particular sub-system of the organisation and preferably paired with an inside consultant. This pattern is used in a relatively complex organisation.

**Organisation-wide evaluation.** In this arrangement the expert makes a comprehensive study of the total organisation in terms of its norms, culture, employee commitment, effectiveness etc.

3. **Diagnosis, Data collection and deliberation.** – In this phase the outside expert and his internal counterpart jointly diagnose the problem and collect the necessary data. In OD the data are needed mostly about the organisation's human and social process. Very little data are needed about the organisation's financial, technical or marketing aspects. Data about the human social process are collected by interviewing some key individuals at the top because it is they who determine these processes. Some people at lower levels may also be interviewed. The outside expert may also attend meeting to observe how people voice their differences and resolve them. He may note down important events, which are likely to give him clues about the areas, towards which he must direct his probe. One point to be remembered here is that the data to be collected by the expert can never be precisely decided by him in advance. He decides according to the leads, which he receives. Quite often will thought-out data collection plans have to be given up because something else emerges as more meaningful for the expert.
Broadly speaking, there can be six major areas where OD efforts may be needed. As shown below, the information needed for each area may be different.

<table>
<thead>
<tr>
<th>Area</th>
<th>Information needed</th>
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<tbody>
<tr>
<td></td>
<td>- Management Policies.</td>
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<td></td>
<td>- Corporate image.</td>
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<td>2. Total organisation:</td>
<td>- People.</td>
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<tr>
<td></td>
<td>- Technology.</td>
</tr>
<tr>
<td></td>
<td>- Task, and</td>
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<td></td>
<td>- Structure.</td>
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<td>3. Inter-team or Inter-Department functioning.</td>
<td>- Collaboration.</td>
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<td>- Conflict</td>
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<td></td>
<td>- Relationships.</td>
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<td>- Leadership pattern.</td>
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<td>- Decision-making.</td>
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<td></td>
<td>- Communication.</td>
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<tr>
<td>5. Inter-personal relationship:</td>
<td>- Level of mutual trust,</td>
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<td></td>
<td>Sensitivity of the needs and feelings of others.</td>
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<tr>
<td>6. Inter-personal functioning:</td>
<td>- Analysis of skills, attitudes &amp; behaviours</td>
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<td></td>
<td>- Achievement and self-actualisation needs.</td>
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The expert finally sits with the key persons to analyse the data and decide:

- What is the specific change problem?
- What sub-systems or parts are particularly affected?
- What is the present state of these affected parts?
- How are these parts ready and capable for change?

According to Rensis Likert (The Human Organisation) organisational effectiveness can be measured by collecting data about 3 types of variables: causal, intervening and end variables. Causal variables are independent variables, which determine the course of development within an organisation, and the results achieved by the organisation. These causal variables include only those independent variables, which can be altered or changed by the organisation. These include structure of the organisation, technology, organisational philosophy, objectives and policies, management's decision, and leadership strategies, skills and behaviour.

Intervening variables are those which reflect the current condition of the human resource of the organisation. They include commitment to objectives, motivation and morale of members, members' collective capacity for effective interaction, communication and decision-making. These variables are concerned with building and developing the organisation, and they tend to be long-term goals. Although difficult to measure these variables should not be overlooked in determining organisational effectiveness.
End result variables are the dependent variables which reflect the achievements of the organisation such as production (output), costs, sales, scrap loss, earnings, turnover, management-union relations, etc. These measurements provide after-the-fact information. They commonly reveal problems when it is too late to take corrective action. End-result measurement, moreover, usually provides neither adequate information about the causes of the undesired results nor the best clues to guide decisions to solve them or prevent them.

Only the causal and intervening variables provide information correctly describing the correct internal state of the organisation as a human enterprise. Especially important are the causal variables, which provides data enabling one to predict with reasonable accuracy the future trends in the organisation.

One might visualise the relationship between the 3 classes of variables as stimuli (causal variables) acting upon the organisation (intervening variables) and creating certain responses (output variables). According to Likert attempts by members to improve the intervening variables by endeavouring to alter these variables directly will be much less successful usually, than efforts directed toward modifying them through altering the causal variables. Similarly, efforts to improve the end-result variables by attempting to modify the intervening variables will usually be less effective than changing the causal variables.

4. Planning the strategy for change and working out specific interventions –
In this phase the external and the internal experts jointly work out the strategy for change. They discuss with each other the various types of OD techniques (called interventions) for dealing with the problem and finally plan their phasing, sequencing and
linkages. It should be stressed here that there is no one best strategy suitable for all organisations. Every strategy must be tailor-made in the light of the organisation's problems, the amount of time and money available, readiness and respectiveness of different sections to the OD programme and the expert's own experience.

5. Monitoring and evaluation - As the OD programme progresses the measurement of its impact becomes essential. Answers are, therefore, sought to the following question:

- Are OD techniques producing the desired effects?

- Is the problem solved?

- Is there continued involvement of management in the programme?

- What are the undesirable ramifications of the programme? What needs to be done about them?

- What is the culture of the outside expert's own group? Are his men setting right type of example before others? Who will follow the teachings of the expert about the desirability of resolving inter-personal conflict if members of his own team is fighting among themselves? Who will follow the expert's teaching to measure performance against objectives if his own OD team is unaware where it is going?

The above self-analysis and self-reflection are very necessary for self-improvement.
6. Institutionalisation and internalisation – This is the last phase of OD programme. By institutionalisation is meant making the change a permanent part of organisation and by internalisation is meant stabilisation of change so that it becomes a natural part of people’s work style lest they may slip back to the old style.

The desired change that has taken place in the attitudes and behaviours of individuals and groups is reinforced by making appropriate changes in the appraisal, compensation, training and communication subsystems. OD programme is institutionalised by creating a separate department to take care of the programme on the outside expert’s withdrawal.

OD INTERVENTIONS

The term ‘OD Intervention’ refers to a very wide range of diagnostic and problem-solving techniques, which are employed usually with the assistance of an outside consultant (called the change agent) during the course of an organisation development programme.

All OD techniques can be divided into three categories.

1. Techniques for changing and developing individual behaviour. These include achievement, motivation, training, behaviour modification, job enrichment and management by objectives.

2. Techniques for changing and developing group behaviour. These include sensitivity training, team-building and related techniques.

* It is beyond the scope of this book to describe all O.D. Interventions. However, a few important interventions have been discussed in previous chapters.
3. Techniques for changing organisation structure and control systems. These include decentralisation, participation, human resource accounting, survey feedback, etc. Usually this category of intervention is not referred to as OD. A new term, organisation design, is used increasingly to describe these changes. Nevertheless, these methods are intended to improve organisations and can be considered development techniques in a broad sense.

While using any one or more of the above techniques, the change agent must remember that he is not a problem-solver—he is merely to help the organisation identify, clarify and confront its problems. There is sufficient evidence to show that where an agent—especially an external consultant—has intervened to the extent of actually solving organisational problems himself, without developing internal awareness of, and skills in problem solving, the result is that:

- the problem is more likely to recur,
- the organisation is still dependent on the consultant,
- the internal staff do not learn, grow or develop, and
- self motivation is reduced.

The objective of the change agent is to help people help themselves—to help the organisation become a self-renewing and self-sufficient entity. He helps the organisation is bringing about socio-technical changes so that the organisational climate becomes more conducive to improved co-operation and collaboration. Solutions must evolve willingly.
OD IN INDIAN INDUSTRY

OD has been successfully implemented in a number of companies in India. Some notable examples are Kamani Enterprise, Tata Iron & Steel Co., Hindustan Machine Tools, Hindustan Aeronautics, State Bank of India, Bokaro Steel and Orient Paper Mills. Experience in these and other organisations has, however, shown that the following conditions must exist for the success of an OD programme:

1. **Support from the top** – The programme must be supported by the top management. Its behaviour must communicate to the people that they will be rewarded for engaging in improvement activities.

2. **Match between the professed values and behaviour** – The actual behaviour of the top management must match with its professed values. If the top management preaches Theory Y and practices Theory X, subordinates lose trust in I and become cautious, conservative and self-protective.

3. **Definite goal** – Some organisations promote OD programmes without first determining the purpose which these programmes are intended to achieve.

4. **Domino effect** – It should be remembered that change in any one part of the organisation calls for a sequence of related and supporting changes in many other parts. If this is not done the change effort may not succeed. This is called “domino effect”. Thus a change in the technology of a task may require a change
in the communication pattern or a change in the organisation structure or a change in the reward system.

5. **Strong link-pins** – OD can succeed if what Likert describes, as 'linkpins' are present in the organisation. These are the roles, which connect various levels and various parts of the organisation. They thus help in spreading out the change in all directions.

6. **Tailor-made programme** – Some times an OD programme used elsewhere is borrowed and applied without examining its appropriateness for the present organisation. This adversely affects the success of the programme, which needs to be tailor-made. A cook book approach in such cases seldom succeeds.

7. **Difference between training and C** – The OD programme must not be confused with the usual training activities such as sensitivity training or M.B.O. These activities, no doubt, may form part of an OD programme but they are not OD themselves. Further, OD programme should not be expected to yield-quick results. An OD effort may be expected to show meaningful result only after 3 to 5 years.

8. **Correct understanding of the role of external consultant** – The role of the external consultant should be clearly understood. Very often the top management thinks that its responsibility ends with the handing over of problem to the consultant. It thinks that thereafter it is the consultant's entire responsibility to handle the change effort. This is not correct. It is only through the joint efforts of both that the synergy effect can be produced.