CHAPTER VI

ORGANISATION DEVELOPMENT
A. INTRODUCTION

Different managers view differently and various authors have given a variety of definitions about organisation development. Warren G. Bennis defines organisation development as "a complex educational strategy intended to change the beliefs, attitudes, values and structure of organisations so that they can better adapt to new technologies, markets and challenges and the dizzying rate of change itself".¹

Dale S. Beach defines organisation development as "a complex educational strategy designed to increase organisational effectiveness and wealth through planned intervention by a consultant using theory and techniques of applied behavioural science".²

Wendell L. French and Cecil H. Bell Jr. define organisation development as "a long-range effort to improve an organisation's problem solving and renewal process particularly through a more effective and collaborative management of organisation culture - with special emphasis on the culture of formal work teams - with the assistance of a change agent or a catalyst and the use of the theory
and technology of applied behavioural science including action research."³

It is clear from these definitions that organisation development has emerged in response to needs - primarily because of the inadequacy of training and executive development programmes and secondly due to rapid change by itself. It is further clear from these definitions that organisation development is broader concept and includes management development and training as its sub-systems since the primary objective of it is to change the nature of the total organisation; it is not a separate discipline but it heavily draws from other disciplines like psychology, sociology, anthropology etc; it is based upon theory and research; it is concerned with the people for increasing organisational effectiveness; and it is also concerned with the improving organisational climate and culture.

CHARACTERISTICS OF ORGANISATION DEVELOPMENT (O.D)

An in-depth study of the definitions of organisation development indicates the following of its characteristics. They are: Organisation Development focusses on the whole organisation to assure that all parts of the organisation are well coordinated;
Organisation Development is concerned with the interaction and inter-relation among its various sub-systems as it utilises systems model; Organisation Development used one or more agents of change who stimulate and coordinate the change within a group. Some organisations employ the agents of change while some others have their own agents of change within their organisation; OD is concerned with problem solving approach as it seeks to solve the problems rather than merely discussing them; OD emphasises learning by experience. As such participants are expected to learn by experience; OD utilises group processes like group discussions, intergroup conflicts, collaboration and cooperation; OD provides feedback data and information to the participants; OD is a long-term approach to improve the overall organisational effectiveness; and OD is research based as most of its interventions are based on research findings.

VALUES OF ORGANISATION DEVELOPMENT MOVEMENT (ODM)

ODM comprises of various professionals such as behavioural researchers, consultants, business executives etc. There are number of values in this profession. The important among them are as follows:
a) People are basically good: ODM believes the assumptions of Theory Y of McGregor. As such it emphasises supportive and creative opportunities for growth. Self-control and personal responsibility are to be provided to the employees in an organisation rather than using controls and punishments.

b) Need for confirmation and support: Every new employee needs confirmation and support of others. He is conditioned to believe that no news is good news as he may be afraid of the negative aspects of support and security. Hence, when the new employee is appointed he has to be taken into confidence, invited to work place and into association for discussion on his personal and work related issues in private meetings.

c) Accepting differences among people: People have different background, experiences, opinions and ideas, viewpoints and personality. Organisation is benefited by the differences in the background, personality and viewpoints of employees.

d) Expressing feelings and emotions: Allow the people to be rational to express their feelings, sentiments, emotion, anger or tenderness. Full range of expression of feelings result in high motivation, commitment and
creative ability. The people may be allowed to exhibit their anger, emotion and exhilaration.

e) **Authenticity, openness and directness**: Most of the people exhibit duplicity, tell half-truth and mask their true motives. Such behaviour inhibits the growth of the individuals and productivity as the resources are misused in this process. Honesty and directness enable people to put their energies into the real problems and improve effectiveness.

f) **Fostering cooperation**: Some executives follow the rule of divide and manage. Thus they believe in win-lose competition for various employee benefits. This style results in wastage of human and other resources. Hence executives should create and develop cooperation among employees for effectiveness.

g) **Giving attention**: Giving attention to process the activities not only at the time of assigning activities and bringing relations among employees but also at the later stages.

h) **Confronting conflict**: Some executives suppress the conflict. But it has its long-run effect on employee morale. Hence identifying the root causes of the problem and working out a satisfactory solution rather than suppressing the conflict are needed.
OBJECTIVES OF ORGANISATION DEVELOPMENT

Organisation development efforts broadly aim at improving the organisational effectiveness and job satisfaction of the employees. These aims can be attained by humanising the organisations and encouraging the personal growth of individual employees. The specific objectives of the organisation development are as follows:

(i) To increase openness of communication among people;
(ii) to increase commitment, self-direction and self-control;
(iii) to encourage the people who are at the helm of affairs or close to the point of actual action to make the decisions regarding their issues through collaborative effort;
(iv) to involve the members in the process of analysis and implementation;
(v) to encourage the confrontation regarding organisational problems with a view to arriving at effective decisions;
(vi) to enhance the personal enthusiasm and satisfaction levels;
(vii) to increase the level of trust and support among employees;
(viii) to develop strategic solutions to the problems with higher frequency; and
(ix) to increase the level of individual and group responsibility in planning and execution.6

THE ORGANISATION DEVELOPMENT PROCESS (ODP)

The OD process is complicated and it takes long time to complete the process. It takes minimum of one year and sometimes continues indefinitely. There are different approaches to OD process but the typical process consists of seven steps viz., initial diagnosis, data collection, data feedback and confrontation, action planning and problem solving, team building, intergroup development and evaluation and follow-up.7

a) **Initial diagnosis**: If executives recognise that there are inadequacies within the organisation which can be corrected by OD activities, it is necessary to find out the professional and competent people within the organisation to plan and execute OD activities. If competent people are not available within the organisation the services of the outside consultants to help in diagnosing the problem and developing OD activities are to be taken. The consultants adopt various methods including interviews, questionnaires,
direct observation, analysis of documents and reports for diagnosing the problem.

b) **Data collection**: Survey method is used to collect the data and information for determining organisational climate and identifying the behavioural problems.

c) **Data feedback and confrontation**: Data collected are analysed and reviewed by various work groups formed for this purpose in order to mediate in the areas of disagreement or confrontation of ideas or opinions and to establish priorities.

d) **Selection and design of interventions**: The interventions are the planned activities that are introduced into the system to accomplish desired changes and improvements. At this stage the suitable interventions are to be selected and designed.

e) **Implementation of intervention**: The selected intervention should be implemented. Intervention may take the form of workshops, feedback of data to the participants, group discussions, written exercises, on-the-job activities, redesign of control system etc. Interventions are to be implemented steadily as the process is not a "one-shot, quick cure" for organisational malady. But it achieves
real and lasting change in the attitudes and behaviour of employees.

f) Action planning and problem solving: Groups prepare recommendations and specific action planning to solve the specific and identified problems by using the data collected.

g) Team building: The consultants encourage the employees throughout the process to form into groups and teams by explaining the advantages of the teams in the OD process, by arranging joint meetings with the managers, subordinates etc.

h) Intergroup development: The consultants encourage the intergroup meetings, interaction etc., after the formation of groups/teams.

i) Evaluation and follow-up: The organisation evaluates the OD programmes, find out their utility, develop the programmes further for correcting the deviations and/or improved results. The consultants help the organisation in this respect.

All the steps in the OD processes should be followed by the organisation in order to derive full range of OD benefits.
MANAGEMENT BY OBJECTIVES (MBO)

'Management by Objectives' is a successful philosophy of management. It replaces the traditional philosophy of 'management by domination'. It was popularised as an approach to planning by Peter F. Drucker in 1954 in his famous book 'The Practice of Management'. Since that time it has acquired momentum and of late, it has become a movement.

There are many MBO type programmes like 'Management by Results', 'Goals Management', 'Work Planning and Review', 'Goals and Controls', and 'Appraising by Results'. These programmes are similar in nature in spite of the difference in names.

According to Howell, the concept of MBO has passed through different stages\(^8\) of management development such as,

i) MBO for performance appraisal,

ii) MBO for integrating the individuals with the organisations, and

iii) MBO for long range planning.

Management by objectives has been defined as "a result-centred, non-specialist, operational managerial process for the effective utilisation of material, physical and human resources of the organisation, by integrating
the individual with the organisation and organisation with the environment".  

In other words MBO is a process by which managers at different levels and their subordinates work together in identifying goals and establishing objectives consistent with the organisational goals and attaining them. Thus MBO is not only an aid to planning but also a motivating factor.

ORGANISATIONAL DEVELOPMENT TECHNIQUES

Organisational development techniques are the methods created by OD professionals. Single organisation or consultant can not use all the techniques. They use the techniques depending upon the size of the organisation, nature of the programme and the nature of the technique. The most important techniques are:

a) Survey feedback
b) Process consultation
c) Sensitivity training
d) The managerial grid
e) Goal setting and planning
f) Team building, and
g) Management by objectives.
B. ORGANISATIONAL DEVELOPMENT SYSTEM IN BANKS

Banks have made a phenomenal progress in terms of volume, nature and geographical spread of business in addition to the growth of human resources. Banks brought spectacular change in human life in terms of industrial and business growth. However, the growth of the banking industry has not been free from the problems and change. This massive change created pressures on management for change in human resources and management philosophy and techniques. The managements of various commercial banks responded favourably to the change in several means. The important among them are: organisational restructuring, specialisation, training and organisation development.¹¹

Organisation development is an approach to a planned change, to improve the problem solving ability and renew and revitalize organisational health.

The important objectives of organisation development project of a bank are as follows.¹²

a) To understand the total organisation, both in relation to the environment and understanding of the internal dimension of the bank;
b) to increase openness throughout the organisation in order to create favourable problem solving climate;

c) to build trust among individuals and groups throughout the bank;

d) to locate decision-making and problem solving responsibilities as close to the information sources as possible;

e) to supplement the authority associated with the status with the authority of knowledge and competence;

f) to help managers to manage according to the relevant objectives rather than past practices;

g) to increase the level of satisfaction among the bank employees;

h) to increase the open competition; and

i) to make competition more relevant to work goals and to maximise collaboration effort.

ACTION RESEARCH AND ORGANISATION DEVELOPMENT METHODOLOGY

The most important OD methodology is the action research. It emphasizes the use of participants in the research process. The employees of a bank for whom change is planned, participate in the process of research to solve
the problems. Action research is three phase approach: viz., diagnosis, OD techniques and evaluation.

**Diagnosis**: Diagnosis calls for an analysis of strength and weakness of the bank. Diagnosis gives some understanding of the problem. Diagnostic reports should be prepared based on the interview data as well as the data from other sources, describing an organisation in terms of its strength and weakness, employee motivation and morale. Accordingly, priority areas of concern should be identified. Sometimes, the diagnosis itself becomes a major OD intervention.

**Technique/Intervention design**: The OD intervention is specially designed to achieve the intended results through planned change.

The choice of intervention depends on the kind of problems diagnosed. The interventions are of two types, viz., structured and unstructured. Structured interventions include those focused on structural changes. Reorganisation of banks comes under this category. Unstructured interventions use psychological and sociological research that has been done regarding human behaviour.

**Evaluation and Follow-up**: OD is an on-going process which requires on line control and constant evaluation.
Therefore, the OD interventions must be reviewed from time to time. OD in banks can be introduced at all levels. It need not necessarily begin at the top. 13

C. ORGANISATIONAL DEVELOPMENT PRACTICES IN BANKS

Values of OD Movement: Table 6.1 depicts beliefs of management respondents about the values of the OD movement in their respective banks. It is clear from the table that 50 per cent of the management respondents of State Bank of India, 40 per cent respondents of Bank of Baroda, 45 per cent respondents of Canara Bank, 50 per cent respondents of Andhra Bank and 10 per cent respondents of Vysya Bank subscribe to the value of "people are basically good". It shows that majority of the respondents of various banks do not fall in the line of OD movement in this respect.

The another value of OD movement is concerning with confirmation and support needed by the new employees. It is observed from the table that the respondents of the State Bank of India (56.67 per cent), Canara Bank and Andhra Bank (50 per cent each) expressed the positive view about the value that 'every new employee needs confirmation and support'.
Table 6.1

Beliefs of Management Respondents about the Values of Organisational Development

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Statement</th>
<th>SBI</th>
<th>BOB</th>
<th>CB</th>
<th>AB</th>
<th>VB</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1. I think people are basically good.</td>
<td>16</td>
<td>14</td>
<td>11</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>2. Every new employee needs confirmation and support.</td>
<td>18</td>
<td>16</td>
<td>10</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>3. Bank is benefited by differences in the backgrounds, personality and view points of employees.</td>
<td>21</td>
<td>16</td>
<td>12</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>4. People would be allowed to be rational to express their feelings, sentiments, emotions, anger or tenderness.</td>
<td>24</td>
<td>17</td>
<td>13</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>5. Honesty and directness enable people to put their energies into their real problems and improve effectiveness.</td>
<td>23</td>
<td>22</td>
<td>14</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>6. Win-Lose competition results in wastage of resources.</td>
<td>21</td>
<td>19</td>
<td>14</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>7. Attention should be given to people at all times.</td>
<td>22</td>
<td>16</td>
<td>11</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>8. Root causes for the conflict should be identifies in order to workout a satisfactory solution rather than supporting the conflict.</td>
<td>18</td>
<td>14</td>
<td>12</td>
<td>16</td>
<td></td>
</tr>
</tbody>
</table>

Note: Opinions to scale '3' are not taken into account hence totals do not tally.

Source: Primary Data.
People have different backgrounds in terms of social, cultural, religious, economic, regional etc. They express different opinions and ideas which will benefit the organisation. It is observed from the data that 61.67 per cent of the management representatives of State Bank of India, 50 per cent respondents of Andhra Bank and 40 per cent respondents of Canara Bank have felt that their banks are benefitted by the differences and backgrounds, personality and view points of employees.

The bank to be open in human interaction and get benefit out of it, should allow the employees to be rational to express their feelings, sentiments, emotions, anger, and tenderness. The table presents that State Bank of India (68.33 per cent) allowed their employees more to be rational than other banks like Bank of Baroda (22 per cent), Canara Bank (42.5 per cent), Andhra Bank (40 per cent) and Vysya Bank (15 per cent).

Organisational politics result in misdirection of human resources towards pushing up/pushing down, passing the buck, empire building and so on and so forth rather than utilising them for the purpose for which they are having. On the other hand, openness, honesty and directness enable people to exert their energies and channel them into the real problems and organisational effectiveness.
It is observed from the table that most of the management respondents of State Bank of India (75 per cent) accepted this OD value. As said above, it was accepted by two-thirds of the management representatives of State Bank of India that the organisation politicking will lose competition and results in wastage of resources. However, the management representatives of other banks expressed different opinions in this regard.

In regard to pay the attention to the valuable resources of the organisation i.e., people, root causes for conflict should be identified with a view to workout a satisfactory solution rather than supporting it. State Bank of India can be ranked first in terms of recognising the importance of the people (63.33 per cent) and in supporting the view a satisfactory solution should be developed rather than supporting a conflict (53.33 per cent) compared to other banks.

Organisation Development (OD) is a sophisticated technique of human resource development. Many organisations do not have know-how and expertise, to introduce organisation development as a technique of HRD. As mentioned earlier, OD can be implemented at all levels of the Bank.
Table 6.2 presents introduction of OD at different levels of respondent banks. It is clear from the table that all the respondents of State Bank of India have expressed that OD has been introduced at top and middle level management. However, 11 out of 60 respondents have expressed that OD has been introduced at junior level. The management representatives of the Bank of Baroda have felt that OD has been introduced at top management (63.33 per cent), middle level management (23.33 per cent) and junior management levels (6.67 per cent). Management representatives of Canara Bank expressed that OD is introduced at top management (77.5 per cent) and at middle level management (52.5 per cent). The management representatives of Andhra Bank and Vysya Bank categorically expressed that OD has not been introduced in their banks.

For the effective introduction and implementation of OD activities, support from top management, participating employees, employee unions and officers association is highly essential. Table 6.3 throws light about the opinions of management representatives about the extent of support they received from various quarters for OD activities. It is clear from the table that almost all the respondents of State Bank of India felt that they receive support from top management (59 out of 60) and
### Table 6.2

Introduction of Organisational Development as an Instrument of HRD at Various Levels (Responses of Management Respondents)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Top Management</th>
<th>Middle Management</th>
<th>Junior Management</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SBI 31 1 38 21</td>
<td>SBI 19 4 14 49</td>
<td>SBI 09 50 46 50</td>
</tr>
<tr>
<td>1. Yes</td>
<td>- 60 4 -</td>
<td>- 21 49 36 9</td>
<td>- 50 46 49 50</td>
</tr>
<tr>
<td>2. No</td>
<td>- 12 9 -</td>
<td>- 50 46 49 50</td>
<td>- 50 46 49 50</td>
</tr>
</tbody>
</table>

Source: Primary Data.
TABLE 6.3
EXTENT OF SUPPORT RECEIVED BY MANAGEMENT RESPONDENTS

<table>
<thead>
<tr>
<th>S.NO.</th>
<th>STATEMENT</th>
<th>SBI</th>
<th>BOB</th>
<th>CB</th>
<th>AB</th>
<th>VB</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>5 4 3 2 1</td>
<td>5 4 3 2 1</td>
<td>5 4 3 2 1</td>
<td>5 4 3 2 1</td>
<td>5 4 3 2 1</td>
</tr>
<tr>
<td>1.</td>
<td>From top management</td>
<td>49 10 - 1 -</td>
<td>2 3 - 13 32</td>
<td>8 9 - 14 9</td>
<td>- - - -</td>
<td>- - - -</td>
</tr>
<tr>
<td>2.</td>
<td>From participating employees</td>
<td>48 10 - 2 -</td>
<td>1 4 - 14 31</td>
<td>11 13 - 16 -</td>
<td>- - - -</td>
<td>- - - -</td>
</tr>
<tr>
<td>3.</td>
<td>From employees' unions</td>
<td>- - 11 49</td>
<td>1 3 - 15 31</td>
<td>4 8 - 14 14</td>
<td>- - - -</td>
<td>- - - -</td>
</tr>
<tr>
<td>4.</td>
<td>From officers' associations</td>
<td>- - 6 32</td>
<td>2 2 - 14 32</td>
<td>4 6 - 13 17</td>
<td>- - - -</td>
<td>- - - -</td>
</tr>
</tbody>
</table>

Note: Opinions to scale '3' are not taken into account hence totals do not tally.

Source: Primary Data.
from participating employees (58 out of 60). The management representatives of Canara Bank expressed mixed opinions at varying degrees whereas almost all the management respondents of Bank of Baroda expressed that they have not received support from all quarters.

As discussed earlier, managements employ different OD techniques depending upon various factors including the level in the organisation. Table 6.4 presents employment of different OD techniques at various levels in the banks. It is observed from the table that the techniques of survey feedback and managerial grid have not been used in any of the respondent banks, mostly owing to the absence of knowledge about these techniques. Most of the management representatives of State Bank of India have expressed that the techniques of changes in organisational structure, participative management and quality circles, team building, job enrichment and sensitivity training have been introduced (in the order of priority) at top management level. Participative management and changes in organisation structure and job enrichment, sensitivity training and team building have been introduced (in the order of priority) at the middle level management. Bank of Baroda mostly relied upon participative management and quality circles and team building, whereas, Canara Bank mostly relied upon participative
**USE OF VARIOUS ORGANISATION DEVELOPMENT TECHNIQUES AT DIFFERENT MANAGEMENT LEVELS**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>OD TECHNIQUE</th>
<th>Top Management</th>
<th>Middle Management</th>
<th>Junior Management</th>
<th>Award Staff</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>SBI BOB CB AB VB</td>
<td>SBI BOB CB AB VB</td>
<td>SBI BOB CB AB VB</td>
<td>SBI BOB CB AB VB</td>
</tr>
<tr>
<td>1.</td>
<td>Survey Feedback</td>
<td>- - - - - -</td>
<td>- - - - - -</td>
<td>- - - - - -</td>
<td>- - - - - -</td>
</tr>
<tr>
<td>2.</td>
<td>Process consultation</td>
<td>4 4 - - - -</td>
<td>12 6 - - - -</td>
<td>- - - - - -</td>
<td>- - - - - -</td>
</tr>
<tr>
<td>3.</td>
<td>Goal setting and Planning</td>
<td>12 8 14 - -</td>
<td>9 4 13 - -</td>
<td>- - - - - -</td>
<td>- - - - - -</td>
</tr>
<tr>
<td>4.</td>
<td>Managerial grid</td>
<td>- - - - - -</td>
<td>- - - - - -</td>
<td>- - - - - -</td>
<td>- - - - - -</td>
</tr>
<tr>
<td>5.</td>
<td>Management by Objectives</td>
<td>10 4 - - - -</td>
<td>6 7 - - - -</td>
<td>- - - - - -</td>
<td>- - - - - -</td>
</tr>
<tr>
<td>6.</td>
<td>Sensitivity Training</td>
<td>34 3 14 - -</td>
<td>28 2 16 - -</td>
<td>- - - - - -</td>
<td>- - - - - -</td>
</tr>
<tr>
<td>7.</td>
<td>Team building</td>
<td>38 18 11 - -</td>
<td>26 14 17 - -</td>
<td>- - - - - -</td>
<td>- - - - - -</td>
</tr>
<tr>
<td>8.</td>
<td>Job enrichment</td>
<td>37 2 - - - -</td>
<td>29 3 - - - -</td>
<td>- - - - - -</td>
<td>- - - - - -</td>
</tr>
<tr>
<td>9.</td>
<td>Changes in Organisational</td>
<td>46 2 - - - -</td>
<td>38 4 - - - -</td>
<td>- - - - - -</td>
<td>- - - - - -</td>
</tr>
<tr>
<td></td>
<td>Structure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Participative Management and</td>
<td>39 41 16 - -</td>
<td>41 36 13 - -</td>
<td>- - - - - -</td>
<td>- - - - - -</td>
</tr>
<tr>
<td></td>
<td>Quality Circles</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source**: Primary Data.
TABLE 6.5

INITIATOR OF ORGANISATION DEVELOPMENT PROGRAMMES
(RESPONSES OF MANAGEMENT RESPONDENTS)

<table>
<thead>
<tr>
<th>S.No.</th>
<th>OD consultant</th>
<th>Internal resource persons</th>
<th>OD consultant and resource person</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>SBI</td>
<td>--</td>
<td>4</td>
</tr>
<tr>
<td>2.</td>
<td>BOB</td>
<td>--</td>
<td>21</td>
</tr>
<tr>
<td>3.</td>
<td>CB</td>
<td>--</td>
<td>16</td>
</tr>
<tr>
<td>4.</td>
<td>AB</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>5.</td>
<td>VB</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

Source: Primary Data.
management and quality circles, sensitivity training, goal setting and planning and team building. It is further clear that the State Bank of India used different techniques at top level management and middle level management significantly.

OD is normally introduced either by an OD consultant or by an internal resource person or by both. Table 6.5 depicts initiation of organisation development programmes. It is observed from the table that most of the management representatives of State Bank of India (80 per cent) have felt that OD consultant has introduced the programme in their bank, whereas the management representatives of Bank of Baroda (42 per cent) and Canara Bank (40 per cent) have expressed that OD has been introduced in their banks by both OD consultants and resource persons.

REFERENCES


5. Ibid., p.431.