Chapter-7

Organization Development
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7.1: Introduction

A group of Indian professionals trained at the National Training Laboratories (NTL) at Bethel, Maine, USA, brought OD to India in the early 1960s. OD programmes were widely used in the Small Industries Extension Training (SIET) Institute at Hyderabad; State Bank of India and in the Indian Institute of Management programmes in the mid 1960s. In the mid-1970s that OD was first introduced in a large manufacturing establishment, the Larsen and Toubro in India as a formal and structured part of the HRD department with the expectation of changing the process. The application of OD has increased over the years as change has become an inevitable part of life. Organizational development is a change management strategy concerned with how people and organization function and how they can be made to function better through effective use of all organizational resources.

Organization Development (OD) acts as an instrument that translates the knowledge into action to solve problems, rectify the errors and find out opportunities for growth in the ongoing organizations. The objective of OD is to enhance the organizational effectiveness both in the short-run and in the long-run. In this context, the OD practitioner plays an important role by helping the organization to solve the problems and develop competence.

This chapter aims at highlighting in detail the role of OD in developing HR strategies along with its involvement in organizational change, organizational culture and employee involvement.

7.2: Organization Development

Organization Development (OD) is a technique for improving individual’s well being as well as organizational effectiveness by identifying and addressing the problems and opportunities that are mainly associated with managing human behavior in the organization. In today’s competitive world, it is important to know
how to help organizations function well. And for achieving this, a good roadmap is needed which is possible only through OD.

OD is a systematic approach to bringing change in the organization, on a continuous basis rather than a one-time affair. OD attempts to improve the organizational problem solving process through a more effective and collaborative management with special focus on the culture of formal work teams, with the assistance of the change agent or the catalyst.

The effectiveness of OD can be accomplished by using scientific tools, processes and effective human resource that bring the organizations to change and develop. OD generally comprises factors like human resource matrices, performance and research on survey assessment, training, leadership and organizational development methods. When all these factors are grouped together then the organization can reach a level of effectiveness and efficiency for its development. OD programmes can help measuring the effectiveness of experienced staff, project manager, human resources, group involvements, technology, training tools and management tools for all leaders that can make the organization more effective. OD also affects the overall financial performance of the organization. The results of organizational development effectiveness can be observed in a planned effort towards effective OD; organization wide management of various aspects of development; and well planned organizational process by using behavioral science.

OD is also defined as a planned effort, managed from the top, to increase organization effectiveness. The methodology used in OD mainly covers analysis of the current position within the organization; preparing to change by involving information gathering; designing the plan on the basis of response that will be most effective in the situation; communicating and delivering the change; and evaluating to measure the effectiveness.

OD is a process of planned change that views the organization as a social-technical system. It is a practice to promote increased individual and organizational effectiveness and it provides a correct view of how a person in the organization is functioning and what is required to make the organization better. OD provides a
framework for improving the goodness of fit between an individual with the organization and the organization with its environment. The main contents of this framework are - focus on the culture and process of the organization; designing and implementing action programmes; creating change process that motivates individuals through involvement, participation and commitment.

OD involves analysis of three areas of an organization-its people, process, and planning. On the other hand, training basically centers on the people component and it is not possible to solve every issue through training the employees as sometimes the issues require a change in the process and/or in the planning efforts itself. In this context, OD can help consultants to make effective diagnose which will help management in their planning and decision making. Generally, four kinds of knowledge are required of OD practitioners to solve the problems and make the organization self-renewing. These are knowledge of how the organization works, knowledge of how change occurs, knowledge of how to intervene in an organization to provide the required change, and knowledge of how to diagnose and solve problems.

The main role of OD practitioners is to link business strategy to people strategy. As OD is a system wide process of data collection, diagnosis, action planning, intervention and evaluation. Its main objectives are 1) improving organizational structure, process, strategy, people and culture; 2) developing new and creative organizational solutions; and 3) establishing the organization's self-renewing capacity. This can be possible through the collaboration of each members working with a change agent by using behavioral science theory, research and technology. OD is used to bring changes in the strategy, structure and/or processes of an entire system as it is based on the application and transfer of behavioral science knowledge and practices and ability to transfer such knowledge and skill so that the system is capable of carrying out more planned change in the future. OD is basically oriented towards improving organizational effectiveness by motivating each members of the organization to gain the skills and knowledge that is necessary to solve problems by involving them in the change process and by promoting high performance including financial returns, high quality products and services, high productivity, continuous improvement and high quality of working life. "Over the years, there has been an
increasing and overwhelming interest in understanding the evolution of organizations—their adaptability, flexibility, and response to changes. Organization can achieve its goal if it is able to respond to changes within the external and internal environment. One of the important strategies to such response can be through OD interventions which make people cooperative, adaptable, prosperous, and knowledgeable and allow them to survive along with the organization in a better way.

OD is a process of change with the following features:

1. Planned process- OD is a process for improving organizational performance and efficiency.

2. Organization-wide- OD focuses on the total/entire organization.

3. Top management support- OD must have the support of top-management for effective results.

4. Increase organizational effectiveness- OD is tie up to the bottom-line. To improve the organization, to make it more efficient and more competitive, the objective of OD is aligning the organization's systems with its people.

5. Planned interventions- OD uses activities called interventions to make broad system for permanent changes in the organization.

6. Using behavioral-science knowledge- OD is considered as a discipline as it comprises research and experience to understand people, the systems, and their interactions.
The inter link between OD and organizational improvement strategies is best displayed in Table 7.1.

Table 7.1: Inter link between OD and organizational improvement strategies

<table>
<thead>
<tr>
<th>Based on</th>
<th>Non-OD</th>
<th>OD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target of intervention</td>
<td>Individuals or non interdependent persons in a group of audience setting.</td>
<td>Work-related groups</td>
</tr>
<tr>
<td>Consultant model used</td>
<td>Expert model.</td>
<td>Collaborative equal power i.e. Change agent model</td>
</tr>
<tr>
<td>Task or structure versus</td>
<td>Focuses largely on changing tasks or structure.</td>
<td>Focuses largely on processes such as group interaction, norms, leaderships, decision making, outcomes may be task/structural changes</td>
</tr>
<tr>
<td>process orientation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depth of culture managed</td>
<td>Primary focus on one selected aspect of formal system. e.g.: structure, technology, tasks or goals.</td>
<td>Attempt to manage culture in depth; both formal aspects and informal.</td>
</tr>
<tr>
<td>Time perspective</td>
<td>Short-range orientation</td>
<td>Two to three years and beyond.</td>
</tr>
<tr>
<td>System perspective</td>
<td>Narrow attention to functional organizational subsystem or problem.</td>
<td>High systems orientation.</td>
</tr>
</tbody>
</table>

7.3: Importance of OD

In the fast changing world with competitive pressures demanding more, organizations are being increasingly challenged by change. Rapid technological changes have opened up new doors for employees to seek more satisfaction and meaning from their work lives and more balance in their lives as a whole. No matter whether the organizations are private, public or non-profit, but they must adapt to this new approach, i.e., OD if they are to survive and thrive because they need to attract and retain the competent and committed workers. Consequently, organizations will need more flexible structures, new types of leadership and new ways of managing the affairs. And to navigate this difficult and challenging situation, OD can be of great help.

Organizations are primarily concerned with productivity and profitability and also the morale and quality of work life of the employees as they have a positive impact on the achievement of the organizational goals. For this, there has been an increasing trend in the organization's investment on its employees. Organizations need to 'work smarter' and apply creative ideas since there has been a marked shift from jobs requiring physical efforts in the past to requiring more mental efforts now. Employees want challenge, recognition and a sense of accomplishment and better relationships with their managers and co-workers. When these needs are not met, performance decreases. It is only by innovative organizational practices such as OD that the various features like improving quality, fulfilling customer demand, delivering product or service on time, and competitive pricing can be achieved given the complexity of the environments.

7.4: Process of OD

OD is a process of changing people, structure and other related aspects of an organization. The steps in OD can be best described as involving problem identification and diagnosis; planning for change; intervention in the system; evaluation and feedback. Brief explanations to these points are as follows:

**Problem identification and diagnosis:** Generally, OD process begins when the target organization engages a consultant and the consultant tries to
identify the problems that require the application of OD. Just like a medical practitioner, the role of OD consultant is to identify the real intervening variables that cause the end-result.

**Planning for change:** After identifying the real problems of the organization, the OD consultants plan various actions in the light of these problems. Planning is important because further steps of OD depend on it.

**Intervention in the system:** The OD consultant attempts to change the organization and its people. As it is a long-term action, it is a gradual process and the OD intervention may be attempted at all the three levels of individual, group and the organization as a whole. Most of the OD programmes begin with training the people for the proposed organizational change.

**Evaluation and feedback:** Evaluation and feedback is the final step in the OD process. It relates to the evaluation of the results of OD programme so that appropriate actions may be considered to encounter any problem or to modify further programmes. Careful supervision and evaluation of OD programmes provides feedback regarding what is going on. Most common techniques for getting feedback are systematic appraisal of change efforts and analysis of pre and post training behavioral patterns based on actual operation.

**7.5: Essentials for success of OD**

The success of OD depends on how successful the organization is in accepting and adapting the following:

1. Perception of organizational problems by the top management in the organization.
2. Primary responsibility of top management/CEO.
3. Willingness to invite a consultant.
4. Support and active participation of top management.
5. Patience for achieving results and emphasis on improvement of process.
6. Willingness to do action research, i.e., planning, implementing and evaluating.

7. Importance to human resource.

8. Emphasis on training and development.

9. Continuity of OD efforts.

10. Belief in search for the better way of doing/managing change.

11. Interventions should be chosen by the client from amongst many alternatives.

12. Encouragement to Openness, Confrontation, Trust, Authenticity, Proactive, Autonomy, Collaboration, Experimentation, i.e., the OCTAPACE climate.

13. Parameters for measurement of success should be clarified in advance and it should be based on scientific diagnosis.

14. Willingness of the members of the organization to change their feelings as a result of OD efforts.

15. Involvement of line managers and HR managers.

16. Identification and development of internal resource persons, i.e., facilitators for OD.

17. Interventions should aim at change in the organizational climate/environment as well as the social process within the organization.

7.6: Technology of OD

There are various mode of intervention which can be employed in OD technology. A strong OD programme will typically involve adoption of eight components, namely, training, process consultation, confrontation, data feedback, problem solving, plan making, OD taskforce establishment, and techno structural activity.

Training: Involving experience-based learning or direct teaching technologies such as lectures, simulations, case study etc.

Process consultation: Observing and aiding ongoing processes and coaching to improve them.
Confrontation: Bringing together different units of the organization such as individual’s roles or groups which occurred due to poor communication previously.

Data feedback: Systematic collection of information for diagnosis, problem solving and planning.

Problem solving: Focusing on problem identification, diagnosis and solution invention and implementation.

Plan making: Primarily focused on planning and goal setting to redesign the organization future.

OD taskforce establishment: Setting up problem-solving groups or internal teams of specialists to ensure that the organization solves problems and continuously carry out the plans.

Techno structural activity: Techno structural activity focuses on the alteration of the organization’s structure, work flow and means of accomplishing tasks.

7.7: OD interventions

Interventions are the action thrust of OD and collectively comprise the OD strategy in a programme of organizational renewal. The aim of this strategy is basically to develop organizational climate, ways of work and relationships that will fulfill the future needs. There are certain specific interventions which are designed only after the overall strategy has been decided based upon a systematic diagnosis. OD has potential to encompass all change efforts and enhance the competence of the organization in facing challenges.

The important OD interventions are survey feedback, process consultation, confrontation meetings, organizational mirroring, team building, training, and role analysis.
**Survey feedback:** Survey feedback is a commonly used OD intervention that involves data collection through questionnaire from the organizational members. The managers and employees are provided with data collected through survey feedback, for analysis, better diagnosis, prioritization of issues to be addressed and planning of further activities.

**Process consultation:** It is a set of activities through which the consultant helps the organization to perceive, understand, and act upon the process events occurring in the organizational environment. Process consultants do not give solutions and instead enable the organization to come up with its own solutions. Communication, leadership, group norms, problem solving, role and functions hold the key in process consulting.

**Confrontation meetings:** Confrontation meetings are held for identifying and prioritizing the problems of the organization. Confrontation meeting can be held for different units/sections/department of the organization for identification of the problems and finding the solution. The duration and frequency of such meeting varies depending upon the nature of problems.

**Organizational mirroring:** Organizational mirroring is a process used by section/units of the organization to gather perceptions of other relevant sections of the organization. The objective of such mirroring is to improve the performance and relationships with other sections. Organizational mirroring is an effective means of improving performance and optimizing the inter-departmental and inter-functional relationships.

**Team building:** Team building is another widely used OD intervention which assumes different forms depending upon the need and expertise of the consultant and the trainer.

**Training:** Training programmes can be effectively used to diagnose organizational issues. It consists of a series of skill building exercises based on the themes of learning, interpersonal relations, teamwork and leadership. It focuses on real task related issues in the organization and helps the
participants to reflect their experiences, learn collaboratively, and work together to generate various options to solve the organizational problems.

**Role analysis:** Role analysis is a complex exercise. It can affect many persons and their activities in the organization and hence needs to be initiated with due support of top management.

Personal qualities, growth, perceptions, motivations, values, environmental instability are some of the factors that determine the role. A role is the pattern of behavior expected by others from a person occupying a certain position in the organizational hierarchy. Success of an individual in a role largely depends on the clarity of objectives and role analysis helps establishing this clarity.

### 7.8: OD in practice in the Indian Steel Industry

This section deals with identifying the OD process in practice at the sample organization, i.e., RSP and its parent organization, the SAIL, along with its immediate major competitor, the Tata Steel.

#### 7.8.1: OD in RSP

Over the years, OD has continued to play a significant role in solving organizational problems in RSP. It has proved to be an important way of changing and improving RSP. For example, through a well designed OD intervention, the HRD Department of RSP has achieved-

1) High degree of cohesiveness and attractive organizational identity;
2) Improved creativity and innovativeness; and
3) Better flow of communication across vertical and horizontal levels.

The HRD Department of RSP has been working towards improving the component of interpersonal relationship through the ‘team building intervention’ of OD. The Department is also focusing on enhancing the proactive component by implementing well planned interventions. OD interventions too have been used in RSP for ‘turnaround’ of the company. RSP also strengthened its training activity and
initiated OD exercises to improve *career planning* and *professional development* practices.

The important approaches to OD at RSP are:

1) Providing training to employees to manage their career paths and professional development;

2) Motivating employees to innovate and improve their skills/knowledge;

3) Inducting and integrating new hires quickly so that they become productive; and

4) Emphasizing on mass communication.

The foundation of OD in RSP has been good industrial relation, acceptance of long term commitment, voluntary participation, training and operational support, support of top management, corporate culture, quality, and effective communication, as revealed through interactions with the top management of RSP.

7.8.2: OD in SAIL

SAIL is in the list of top steel producing companies in the World. SAIL focuses on the training of its employees and considers their employee as greatest asset. At SAIL, the focus of HRD efforts has been on technical training for new entrants and management development for the executives. Regular tailor-made training programmes are conducted in SAIL for different grades of employees. SAIL also provides various benefits like cultural and sports activities to its employees. The training process is well organized herewith the knowledge of reinforcement. The concept of multiskill/multijob is included in the training package in SAIL and the performance appraisal is a powerful tool for OD. Manpower planning in SAIL continuously assesses the gaps in existing skills and the desired skill levels and reviews the work methods and practices from time to time. SAIL conducts a series of internal discussions with large number of executives to work out priorities for action. With the identification of prioritizations, SAIL improves the work culture,
productivity, capacity utilization, customer services etc. This priorities act as an OD intervention that brings a new culture in the organization\textsuperscript{13}. Without bringing any structural change, SAIL has designed a new performance appraisal system that evolves a new culture among employees at work. SAIL has started working on functional and behavioral training and is also working on priorities for action, career planning, promotion system and has linked appraisal with promotion and other reward systems.

7.8.3: OD in Tata Steel

In this fast changing competitive environment, there is a greater realization of the importance of OD interventions to keep the balance between customer, technology, strategy and employees\textsuperscript{14}. In this context, Tata Steel has brought major OD initiatives promoting shared vision, cost reduction, strong customer focus and competent HR policies capable of bringing fruitful results. Tata Steel does not stop at just finding solution to problems but also emphasizes on the process of managing the change. Tata Steel adopts different intervention to bring changes in the behavior of the employees through training programmes to improve their performance and productivity. At Tata Steel, training is a vehicle for individual change which is one of the fundamental aspects or intervention of OD. Training programmes are useful in improving the quality of work life and employee productivity in Tata Steel.

The OD actions at Tata Steel include:

1. Restructuring the team
2. Doing the tough things no one else wants to do
3. Creating opportunities for innovation
4. Maintaining focus
5. Focusing on HR systems
6. Designing the desired managerial behavior
7. Preserving the core values of Tata.

Tata Steel also has created a framework of quality, service, cost and cycle time through setting benchmarks in the following:
1. Meeting all customer requirements
2. Reducing the cost of quality
3. Reducing the wastage
4. Increasing customer support
5. Efficient product service
6. Continuous process improvement
7. Flexibility in meeting customer demands and market changes
8. Delivering on time.

OD interventions have been instrumental in terms of enhancing value towards customers. Employees in Tata Steel, through continuous investments on learning and active knowledge sharing, are able to convert learning into action.

OD intervention at Tata Steel has built a culture of encouraging leadership at all levels and continuous generation of new knowledge. Tata Steel initiates OD intervention also under the employment and education scheme. Quality training programmes at regular intervals are conducted in Tata Steel by well known specialists. Tata Steel also offers career opportunities in various operational as well as management areas.

7.9: OD in practice at RSP, SAIL, and Tata Steel: A comparison

A quick comparison of the Organization Development in practice at RSP, SAIL, and Tata Steel has been given in Table 7.2.
Table 7.2: Organization Development in practice RSP, SAIL, and Tata Steel

<table>
<thead>
<tr>
<th>Parameters</th>
<th>RSP</th>
<th>SAIL</th>
<th>Tata Steel</th>
</tr>
</thead>
<tbody>
<tr>
<td>OD action</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Continuous process improvement</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>OD interventions</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Change agent</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Company culture</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Preservation of core value</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Creation of opportunities for innovation</td>
<td></td>
<td>To a larger extent</td>
<td>Y</td>
</tr>
<tr>
<td>Leadership development</td>
<td></td>
<td>To a larger extent</td>
<td>Y</td>
</tr>
<tr>
<td>Change in employee behavior</td>
<td></td>
<td>To a larger extent</td>
<td>Y</td>
</tr>
<tr>
<td>Training on multi skill</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Career planning</td>
<td></td>
<td>To a larger extent</td>
<td>Y</td>
</tr>
</tbody>
</table>

Note: SAIL⇒Steel Authority of India Limited, RSP⇒Rourkela Steel Plant, Y⇒Yes.

7.10: Conclusion

When any organization is not doing well from each and every point of view, to identify the problem, it is given to the psychologists/OD expert committees to solve the problem. The first stage is need analysis, 2nd stage intervention and third stage is following up action plan. OD continues to gain number of followers and develop new technologies as it is a strategy for facilitating change in organizations. OD is the system improvement process to make the organization to solve the problems and to move towards greater organizational maturity.

At SAIL, OD is improving organizational effectiveness by motivating members of the organization to gain the skills and knowledge to solve problems by involving in
the change process and promotes high performance in financial returns, high quality products and services, high productivity, continuous improvement and high quality of working life.

OD programmes can improve individual performance, create better morale and increase organizational profitability and solves problems of organizations by using various OD techniques. At RSP, OD focuses on processes like group interaction, total quality improvement, decision making skill, entire task/structural changes etc. Although, the process of organization development in other competing firms like the Tata Steel is broader and extensive compared to that of SAIL or RSP, OD intervention done in RSP indicates its uniqueness in context.

References


