What Is Organization Development?

Richard Beckhard

Organization development is an effort (1) *planned,* (2) *organization-wide,* and (3) *managed* from the *top,* to (4) increase *organization effectiveness* and *health* through (5) *planned interventions* in the organization's "processes," using *behavioral-science* knowledge.

1. It is a *planned change* effort.

An OD program involves a systematic diagnosis of the organization, the development of a strategic plan for improvement, and the mobilization of resources to carry out the effort.

2. It involves the total "*system.*"

An organization-development effort is related to a total organization change such as a change in the culture or the reward systems or the total managerial strategy. There may be tactical efforts which work with subparts of the organization but the "system" to be changed is a total, relatively autonomous organization. This is not necessarily a total corporation, or an entire government, but refers to a system which is relatively free to determine its own plans and future within very *general* constraints from the environment.

3. *It is managed from the top.*

In an organization-development effort, the top management of the system has a personal investment in the program and its outcomes. They actively participate in the *management* of the effort. This does not mean they must participate in the same *activities* as others, but it does mean that they must have both knowledge and *commitment* to the goals of the program and must actively support the methods used to achieve the goals.

4. It is designed to *increase organization effectiveness* and *health.*

To understand the goals of organization development, it is necessary to have some picture of what an "ideal" effective, healthy organization would look like. What would be its characteristics? Numbers of writers and practitioners in the field have proposed definitions which, although they differ in detail, indicate a strong consensus of what a healthy operating organization is. Let me start with my own definition. An effective organization is one in which:

  a. The total organization, the significant subparts, and individuals manage their work against *goals* and *plans* for achievement of these goals.

  b. Form follows function (the problem, or task, or project determines how the human resources are organized).

  c. Decisions are made by and near the sources of information regardless of where these sources are located on the organization chart.

  d. The reward system is such that managers and supervisors are rewarded (and punished) comparably for:

    short-term profit or production performance,

    growth and development of their subordinates,

    creating a viable working group.

  e. Communication laterally and vertically is *relatively* undistorted. People are generally open and confronting. They share all the relevant facts including feelings.

  f. There is a minimum amount of inappropriate win/lose activities between individuals and groups. Constant effort exists at all levels to treat conflict and conflict-situations as *problems* subject to problem-solving methods.

g. There is high "conflict" (clash of ideas) about tasks and projects, and relatively little energy spent in clashing over *interpersonal* difficulties because they have been generally worked through.

h. The organization and its parts see themselves as interacting with each other *and* with a *larger* environment. The organization is an "open system."

i. There is a shared value and management strategy to support it, of trying to help each person (or unit) in the organization maintain his (or its) integrity and uniqueness in an interdependent environment.

j. The organization and its members operate in an "action-research" way. General practice is to build in *feedback mechanisms* so that individuals and groups can learn from their own experience.

Another definition is found in John Gardner's set of rules for an effective organization. He describes an effective organization as one which is *self-renewing* and then lists the rules:

> The *first rule* is that the organization must have an effective program for the recruitment and development of talent.
>
> The *second rule* for the organization capable of continuous renewal is that it must be a hospitable environment for the individual.
>
> The *third rule* is that the organization must have built-in provisions for self-criticism.
>
> The *fourth rule* is that there must be fluidity in the internal structure.
>
> The *fifth rule* is that the organization must have some means of combating the process by which men become prisoners of their procedures (Gardner, 1965).

Edgar Schein defines organization effectiveness in relation to what he calls "the adaptive coping cycle," that is, an organization that can effectively adapt and cope with the changes in its environment. Specifically, he says:

The sequence of activities or processes which begins with some change in the internal or external environment and ends with a more adaptive, dynamic equilibrium for dealing with the change, is the organization's "adaptive coping cycle." If we identify the various stages or processes of this cycle, we shall also be able to identify the points where organizations typically may fail to cope adequately and where, therefore, consultants and researchers have been able in a variety of ways to help increase organization effectiveness (Schein, 1965).

The organization conditions necessary for effective coping, according to Schein, are:

- The ability to take in and communicate information reliably and validly.
- Internal flexibility and creativity to make the changes which are demanded by the information obtained (including structural flexibility).
- Integration and commitment to the goals of the organization from which comes the willingness to change.
- An internal climate of support and freedom from threat, since being threatened undermines good communication, reduces flexibility, and stimulates self-protection rather than concern for the total system.

Miles and others (1966) define the healthy organization in three broad areas—those concerned with task accomplishment, those concerned with internal integration, and those involving mutual adaptation of the organization and its environment. The following dimensional conditions are listed for each area:

In the task-accomplishment area, a healthy organization would be one with (1) reasonably clear, accepted, achievable and appropriate goals; (2) relatively understood communications flow; (3) optimal power equalization.

In the area of internal integration, a healthy organization would be one with (4) resource utilization and individuals' *good fit* between personal disposition and role demands; (5) a reasonable degree of cohesiveness and "organization identity," clear and attractive enough so that persons feel actively connected to it; (6) high morale. In order to have growth

and active changefulness, a healthy organization would be one with innovativeness, autonomy, adaptation, and problem-solving adequacy.

Lou Morse (1968), in his thesis on organization development, wrote:

> The commonality of goals are cooperative group relations, consensus, integration, and commitment to the goals of the organization (task accomplishment), creativity, authentic behavior, freedom from threat, full utilization of a person's capabilities, and organizational flexibility.

5. Organization development achieves its goals through *planned interventions* using behavioral-science knowledge.

A strategy is developed of intervening or moving into the existing organization and helping it, in effect, "stop the music," examine its present ways of work, norms, and values, and look at alternative ways of working, or relating, or rewarding. The interventions used draw on the knowledge and technology of the behavioral sciences about such processes as individual motivation, power, communications, perception, cultural norms, problem-solving, goal-setting, interpersonal relationships, intergroup relationships, and conflict management.

SOME OPERATIONAL GOALS IN AN ORGANIZATION-DEVELOPMENT EFFORT

To move toward the kind of organization conditions described in the above definitions, OD efforts usually have some of the following operational goals:

1. To develop a self-renewing, *viable* system that can organize in a variety of ways depending on tasks. This means systematic efforts to change and loosen up the way the organization operates, so that it organizes differently depending on the nature of the task. There is movement toward a concept of "form follows function," rather than that *tasks* must *fit* into existing structures.

2. To optimize the effectiveness of both the stable (the basic organization chart) and the temporary systems (the many projects, committees, etc., through which much of the organization's work is accomplished) by built-in, *continuous improvement mechanisms.* This means the introduction of procedures for analyzing work tasks and

resource distribution, and for building in continuous "feedback" regarding the way a system or subsystem is operating.

3. To move toward *high collaboration* and *low competition* between interdependent units. One of the major obstacles to effective organizations is the amount of dysfunctional energy spent in inappropriate competition—energy that is not, therefore, available for the accomplishment of tasks. If all of the energy that is used by, let's say, manufacturing people disliking or wanting to "get those sales people," or vice versa, were available to improve organization output, productivity would increase tremendously.

4. To create conditions where conflict is brought out and managed. One of the fundamental problems in unhealthy (or less than healthy) organizations is the amount of energy that is dysfunctionally used trying to work around, or avoid, or cover up, conflicts which are inevitable in a complex organization. The goal is to move the organization towards seeing conflict as an inevitable condition and as problems that need to be *worked* before adequate decisions can be made.

5. To reach the point where decisions are made on the basis of information source rather than organizational role. This means the need to move toward a *norm* of the *authority of knowledge* as well as the authority of role. It does not only mean that decisions should be moved down in the organization; it means that the organization manager should determine which is the best source of information (or combination of sources of information) to work a particular problem, and it is there that the decision-making should be located.

SOME CHARACTERISTICS OF ORGANIZATION-DEVELOPMENT EFFORTS

Most successful organization-development efforts have the following characteristics:

1. There is a *planned* program involving the whole system.

2. The *top* of the organization is *aware of* and *committed to* the program and to the management of it. (This does not necessarily mean that they participate exactly the same way as other levels of the organization do, but that they *accept the responsibility* for the management.)

3. It is related to the *organization's mission.* (The organization development effort is not a program to improve effectiveness in the abstract. Rather it is an effort to improve effectiveness aimed specifically

at creating organization conditions that will improve the organization's ability to achieve its mission goals.)

4. It is a *long-term* effort.

In my own experience, usually at least two or three years are required for any large organization change to take effect and be maintained. This is one of the major problems in organization-development efforts, because most reward systems are based on rewarding the achievement of short-term "profit" objectives. Most organization leaders are impatient with improvement efforts which take extended time. Yet, if real change is to occur and be maintained, there must be a commitment to an extended time, and a willingness to *reward* for the *process* of movement toward goals, as well as toward the specific achievement of short-term goals.

5. Activities are *action-oriented.*

(The types of interventions and activities in which organization members participate are aimed at changing something *after* the activity.)

In this respect, OD activities are different from many other training efforts where the activity itself, such as a training course or a management workshop, is designed to produce increased knowledge, skill, or understanding, which the individual is then supposed to transfer to the operating situation. In OD efforts, the group builds in connections and follow-up activities that are aimed toward *action programs.*

6. It focuses on *changing attitudes and/or behavior.* (Although processes, procedures, ways of work, etc., do undergo change in organization-development programs, the major target of change is the attitude, behavior, and performance of people in the organization.)

7. It usually relies on some form of *experienced-based learning* activities.

The reason for this is that, if a goal is to change attitudes and/or behavior, a particular type of learning situation is required for such change to occur. One does not learn to play golf or drive a car by getting increased knowledge about how to play golf or drive a car. Nor can one change one's managerial style or strategy through receiving input of new knowledge alone. It is necessary to examine present behavior, experiment with alternatives, and begin to practice modified ways, if change is to occur.

8. OD efforts work *primarily with groups.*

An underlying assumption is that groups and teams are the basic units of organization to be changed or modified as one moves toward

organization health and effectiveness. Individual learning and personal change do occur in OD programs but as a fallout—these are not the *primary* goals or intentions.

KINDS OF ORGANIZATION CONDITIONS THAT CALL FOR OD EFFORTS

An essential condition of any effective change program is that somebody in a *strategic position* really *feels the need* for change. In other words somebody or something is "hurting." To be sure, some change efforts that introduce new technologies do not fit this generalization. As a general rule, if a change in people and the way they work together is contemplated, there must be a *felt need* at some strategic part of the organization. Let me list a few of the kinds of conditions or felt needs that have supplied the impetus for organization-development programs.

1. The need to change a *managerial strategy.*

It is a fact that many managers of small and large enterprises are today re-examining the basic strategies by which the organization is operating. They are attempting to modify their total managerial strategy including the communications patterns, location of decision-making, the reward system, etc.

2. The need to make the organization *climate more consistent* with both individual needs and the changing needs of the environment.

If a top manager, or strategically placed staff person, or enough people in the middle of the hierarchy, really feel this need, the organization is in a "ready state" for some planned-change effort to meet it.

3. The need to *change "cultural" norms.*

More and more managers are learning that they are really managing a "culture" with its own values, ground rules, norms, and power structure. If there is a felt need that the culture needs to be changed, in order to be more consistent with competitive demands or the environment, this is another condition where an organization development program is appropriate. For example, a large and successful food company, owned by two families, had operated very successfully for fifty years. All positions above the upper middle of the structure were restricted to members of the family; all stock was owned by the family; and all policy decisions were made by a family board. Some of the more progressive members of the family became concerned about the state of the enterprise in these changing times. They strongly felt the need for changing

from a family-owned, family-controlled organization to a family-controlled, professionally-managed organization. The problem to be dealt with, then, was a *total change* in the *culture* of the organization, designed to arrive at different norms, different ground rules, and so forth.

This required a major, long-term change-effort with a variety of strategies and interventions, in order for people to accept the new set of conditions. This was particularly true for those who had grown up within the other set of conditions.

4. The need to change *structure* and *roles*.

An awareness by key management that "we're just not properly organized," that the work of (let's say) the research department and the work of the development department should be separated or should be integrated; that the management-services function and the personnel function should report to the same vice-president; or that the field managers should take over some of the activities of the headquarters staff, etc. The *felt* need here and the problems anticipated in effecting a major structural or role change may lead to an organizational-development effort.

5. The need to improve *intergroup collaboration*.

As I mentioned earlier, one of the major expenditures of dysfunctional energy in organizations is the large amount of inappropriate competition between groups. When this becomes noticeable and top managers are "hurting," they are ready to initiate efforts to develop a program for increasing intergroup collaboration.

6. The need to *open* up the *communications system*.

When managers become aware of significant gaps in communication up or down, or of a lack of adequate information for making decisions, they may *feel* the need for action to improve the situation. Numbers of studies show that this is a central problem in much of organization life. Blake and Mouton (1968) in their Grid OD book report studies of several hundred executives in which the number one barrier to corporate excellence is communications problems, in terms not only of the communication structure, but also of the *quality* of the communication.

7. The need for *better planning*.

One of the major corollaries of the increasing complexity of business and the changing demands of the environment is that the planning function, which used to be highly centralized in the president's or national director's office, now must be done by a number of people throughout the organization. Most people who are in roles requiring this skill have little formal training in it. Therefore, their planning

practices are frequently crude, unsophisticated, and not too effective. An awareness of this condition by management may well lead to an organization-wide effort to improve planning and goal-setting.

8. The need for coping with *problems of merger.*

In today's world, it is more and more common for companies to merge, for divisions of organizations to merge, for church organizations to merge, for subgroups doing similar tasks to merge. In every merger situation, there is the surviving partner and the merged partner. The human problems concerned with such a process are tremendous and may be very destructive to organization health. Awareness of this, and/or a feeling of hurting as the result of a recent merger, may well cause a management to induce a planned program for coping with the problem.

9. Need for *change in motivation* of the *work force.*

This could be an "umbrella" statement, but here it specifically refers to situations which are becoming more and more frequent where there is a need for changing the "psychological ownership" condition within the work force. For example, in some large companies there are planned efforts under way to change the way work is organized and the way jobs are defined. Herzberg, Mausner, and Snyderman's (1959) work on "job enlargement" and "job enrichment" and the application of this in many organizations is evidence of the need. The Scanlon plans, a shared-reward system, are examples of specific, company-wide efforts to change the motivations of a work force (Lesieur, 1958).

10. Need for *adaptation* to a *new environment.*

If a company moves into a new type of product due to a merger or an acquisition, it may have to develop an entirely different marketing strategy. If a company which has been production-oriented becomes highly research-oriented, the entire organization has to adapt to new role relationships and new power relationships. In one advertising agency the historic pattern was that the account executives were the key people with whom the clients did all their business. Recently, due to the advent of television and other media, the clients want to talk directly to the television specialist, or the media specialist, and have less need to talk with the account executive. The environment of the agency, in relation to its clients, is dramatically different. This has produced some real trauma in the agency as influence patterns have changed. It has been necessary to develop an organization-wide effort to examine the changed environment, assess its consequences, and determine ways of coping with the new conditions.