STRATEGY DIRECTIVE
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9. RESEARCH ON ORGANIZATIONAL DEVELOPMENT

9.1. Assessment of the Effects of Organizational Development

Organizational Development, abbreviated as OD, is a planned intervention of change focused on groups of people, teams, departments, or organizations with the purpose of organization improvement, drawing from disciplines of applied behavioral science, industrial/organization psychology, anthropology, and social systems. The fluctuation that has occurred worldwide economically and politically has caused organizations to adjust to new global and environmental challenges. Likewise, the field of organization development has had to adapt at an increasingly rapid rate. With resources being challenged, the question is raised as to whether OD interventions show value. This question is being asked repeatedly and increasingly. To understand what it means to apply measurement to organization development, OD practitioners need to develop both a base of measurement skills and an understanding of critical elements foundational to aligning interventions with what matters most.

The way we approach business is changing at a rate we are unaccustomed to. OD interventions are pointedly lacking in measurement and evaluation. Paradoxically, OD practitioners are increasingly being asked to measure and evaluate, showing the value of their work. OD practitioners lack the necessary knowledge and skills to measure results in a consistent and credible way. OD is a field of practice that focuses on individual development, team or group development, as well as development of the organization itself. By focusing on the group, and its unique characteristics, this effort often leads to affecting the organization. Usually, the topic of OD includes a discussion of organizational culture as a critical component to the practice of OD. Types of organizational development interventions include the following: change management, leadership development, team development, organization design, mentoring, and merger cultural integration. Organizations are changing at an increasing rate. Among other things, the economy and technology are driving serious change in the workplace. Regardless of the type of organization, industry, product, service, or customers it serves, innovation and organizational agility are requirements for survival in

today's marketplace. Leaders must function differently and organizations must be set up distinctly to maximize their business efforts and adapt to change more readily. Ongoing concerns for CEOs include workforces being effective and productive. Indicators of increasing importance are morale, job satisfaction, process improvement, and quality of work. To this end, OD plays a significant role in navigating change in organizations, developing leadership, and structuring organizations to be more flexible for the changing needs of the marketplace. In consideration of best practices, most of the Fortune 500 organizations have OD teams or departments. The OD function helps organizations assess themselves and their work environments, identify strategic priorities, and get back on track when needed. OD diagnoses the areas where help is most needed and in large-scale change projects, it paves the way for change management. Ultimately, OD is the vehicle for organizations to be flexible and pliable to the ever-changing needs of the market. In regards to the OD process, action research is the hallmark of the OD process. In the 1950s, the process was defined in such a way in which data were used to drive change in terms of planning, action, and measuring results. These steps were repeated until the desired change took place. The three main steps are;

1.   **Unfreezing:** The step where motivation for change is created and awareness for the need for change is identified. Whether it's an individual, group, or organization, there is usually some sort of gap between the current state and the ideal state. Without tapping into motivation and need for change, receptivity to change will not be present. Resistance to change must be addressed. 360-degree feedback shows that frontline supervisors need to develop more business acumen to be poised for promotion within their organization. The unfreezing phase shows the business acumen gap and lays a strong foundation for why the change is needed.

2.   **Changing or Movement:** Diagnosis is made, solutions are identified, and new behavior is tested to make changes toward an ideal state. Using the same example, the frontline supervisors engage in activities to increase business acumen. The supervisors enroll in a twofold initiative, one is an online learning module and the other is mentoring. The idea is that they actively participate in the change process and increase their business acumen.

3.   **Refreezing:** Change happens in this step with behaviors implemented and reinforced until they become habitual. Something needs to happen in the organization for the change to take hold. Unfortunately, this step is often overlooked. Just because change is introduced does not mean that the change is

permanent. To refreeze implies that the OD practitioner identifies and builds into the change management plans how change will be sustained. As an example, the frontline supervisors not only increase their business acumen but they begin to show knowledge in their jobs. They begin to work on projects where they are called upon to use said business acumen.

The phases that research identified are foundational for the field of OD. Of course, the process is broken down into more specific steps. While OD practitioners use variations of steps followed, there are still a common set of steps involved in the OD process. An OD practitioner uses the outcomes from an organizational culture assessment to measure domains of planning, leadership, values, decision making, and structure to help understand the culture and to prioritize the needs in the organization. In this case, the instrument is used to help understand and diagnose problem areas. The organization scores lower in the planning domain, revealing the absence of planning and prioritizing what was important for the business. So the OD practitioner takes this input and holds discussions with key stakeholders and together, they decide the best step to take is to hold strategic planning sessions, which will help the organization not only determine short- and long-term plans, but will also help prioritize for employees what is most important. To determine whether the strategic planning sessions made the difference for the organization, measures are put into place to determine whether the gap is closed. Most fields have their own language and OD is no exception. Historically, organization effectiveness was defined by how well an organization performed on a variety of metrics, examining different parts of the organization, and measuring indicators connected with productivity and internal processes. Examples of these measures are;

- How quickly products were brought to market
- Whether an organization was a place of best practice
- Attracting the right talent
- How they stacked up against competition

Today, organizational effectiveness theorists have expanded criteria for measuring the effectiveness of an organization to include other aspects of organizational characteristics. These include flexibility, open communication, retention, creativity, growth, satisfaction, and efficiencies. The idea here is that assessing organization effectiveness means understanding and measuring organizational goals and strategies. Why does the organization exist? What does the organization plan to achieve? Organizational effectiveness has become increasingly important, as there is a more explicit focus on business impact and bottom-line results. This

metaphor is relevant for the subject of change management, because organizations have learned to do things a certain way and to unlearn habits is a slow and arduous process. The simplest definition for change is doing things differently or doing different things. When someone wants to lose weight, they usually eat less (doing something differently), and they may also start an exercise program (doing different things). The change effort has a plan in place based on specific objectives, which are derived from diagnostics or a needs assessment. What is the desired state? Recognizing the desired state, understanding the current state, and defining the gap leads to developing specific objectives. Research shows that when the change management component of a project was rated as excellent, 88 percent of projects met or exceeded objectives. Conversely, when change management was rated as poor, 83 percent of projects failed to meet objectives and deadlines.

In what ways do organizations need to adapt and learn? What new skills and knowledge does an organization need to continue to grow and improve? In what ways does an organization need to create processes to share information so employees can do their jobs better? In what ways does an organization benefit from sharing lessons learned? These types of questions lead us to our next term, organizational learning. The term organizational learning was first coined in the 1960's and became popular almost immediately in the business world. The process of organizational learning enables organizations to manage change and share knowledge in order to achieve strategic goals. Organizational learning allows the right hand to know what the left hand is doing, so to speak. Clarity and connecting the dots are part of this process. It's hard to talk about organizational learning without mentioning the term learning organization, which was made popular in the 1990's. Learning organizations are those organizations where people continually expand their capacity to achieve desired results, where innovative thoughts are reinforced, and where groups within the organization continually learn and grow. This describes an ideal organization. In a learning organization, mistakes are shared for the benefit of lessons learned. This can sometimes lead to something better than what would have been, had the mistake not been made. At the core of organizational learning is how an organization thinks and reacts. Organizational learning goes hand in hand with another term, organizational culture.

In regards to OD, there are typically 10 reasons for OD project failures. The factors are developed from business experiences as well as from other research. Not all of the lessons learned need to be addressed. Usually, three to six items are missing for any given project, and these are often critical enough to inhibit the results. The reasons are;

1. Lack of business alignment.
2. Not conducting comprehensive diagnostics.
3. Not establishing urgency for change.
4. Organization culture is not understood.
5. Failure to identify behavior and impact objectives.
6. Not including the right people.
7. Lack of management support.
8. Not building data collection into the process.
9. Not isolating the effects of the intervention.
10. Not using the data routinely for process improvement.

To be safe, it is helpful to focus on all of these factors. They represent a solid design for increased accountability, particularly when the impact and Return on Investment, ROI, are desired.

9.2. Positive Trends in the Research of Organizational Development

Business leaders see increasing opportunity for OD related work that is critical to the future of business and society. There are clear trends about their pain points and opportunities. Organizational Development practitioners can and do have a critical role to play in assessing, addressing, and proposing solutions for these challenges and opportunities. Because there exists considerable room for improvement in the effectiveness of organizations in areas that business leaders consider very important, this is a call for action by business leaders and line managers for OD practitioners to step up to the plate and help close the gaps that are identified in this study. Although these two parallel findings are preliminary because they are based on patterns noted in a small sample of respondents, they are worth repeating, and worthy of further research and exploration: (1) having an OD department has a slight but beneficial impact on the perceived effectiveness of organization performance and (2) those who are more likely to invest in OD have higher importance and higher effectiveness scores than those who are unlikely to invest. There are four areas in particular where there are significant opportunities for improvement: talent, culture, alignment, and engagement.

Talent - Leaders urgently need support in areas related to talent, including developing current and future leadership capacity, as well as attracting and retaining top talent.

Culture - There is also an urgent need for support in effectively addressing organizational culture during organizational realignments, industry consolidations and mergers and acquisitions.

Alignment - Another high priority area requiring more effective support is alignment. Successful firms must align and execute business strategies in ways that meet their financial goals and are consistent with their core values. Moreover, strategies, people, systems and processes must be aligned organization-wide to enhance productivity and profitability.

Engagement - Finally, business executives and leaders need support to engage their workforce. An organization can best achieve its business results when its workforce is engaged and committed to achieving its goals and objectives. An organizational leader must be able to clarify and communicate succinctly the purpose and mission of the organization to inspire and engage the workforce.

What can OD practitioners do to have a greater impact? The world of business and civil society faces challenges as never before. Business leaders need real-time practical help and support. There is considerable room for improvement in many areas that leaders consider most important. We can identify specific areas of urgency and high priority and point the way for practitioners (OD, HR, internal and external consultants) to add value where it is needed most. Currently, it is important to note that OD as a distinct field or function is not often recognized by executive leaders as a source for much of the business performance improvement work that OD could and should support. Business leaders usually go elsewhere, at least initially, for the support they need and want, first, to line management, then HR, and consulting firms.