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PROBLEMS INTEGRATING O. D. THEORY, RESEARCH, AND PRACTICE IN A SMALL ORGANIZATION

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Organizational Development (O. D.) in a small, struggling organization located in a rural environment presents challenges which are unique, challenging, and educational for both the O. D. practitioner and the client. French and Bell (1973) have defined O. D. as a long-range effort to improve an organization's problem solving and renewal processes through more effective and collaborative management of organization culture with special emphasis on formal work teams and the assistance of a change agent. The meanings of these terms are open to broad interpretation.

The *long-range* aspect of O. D. interventions is often stressed. For instance, Grid Organization Development which is franchised by Robert Blake and Jane Mouton is said to take from three to five years to complete, yet there are reports of shorter term interventions which have been quite successful. The Confrontation Meeting described by Richard Beckhard in the March-April 1967, *Harvard Business Review* is one example.

This paper chronicles the development, use, and results of a brief O. D. effort by a fledgling change agent in a small bank with three branches and fewer than 100 employees. It explores the unique problems and challenges associated with the program.

DIAGNOSIS

This consultant's initial contact with the organization was a request by a member of the Board of Directors for "a supervisory training program."

At the director's request, a phone call was made to the president and a meeting was arranged with the president and executive vice-president to discuss the "training." At this meeting the following problems were enumerated:

1. Departments don't understand each other's problems.
2. There is no feeling of "oneness" in the organization.
3. Supervision is poor.
4. There is a lack of motivation-to-lead among supervisors.
5. Employee relations are poor.
6. Turnover is high.
7. Customer Service is suffering.

Three optional approaches to solving the problems were discussed. A traditional, packaged supervisory course offered through the local college was available either as a special offering to this organization or by sending the supervisors to a session attended by supervisors from other organizations. The third alternative was a supervisory team development program designed to attack the specific, if not unique, problems of this organization. The third alternative seemed to offer the best chance of solving problems one and two. Neither the managers nor the consultant were willing to engage in a long-term commitment to organization development at the time of this meeting.

Before the meeting adjourned, the managers agreed to provide a list of potential participants in the program and to allow the consultant to interview the personnel officer and a sample of the participants and their managers both to verify the problems and to generate specific cases to use in the program. Interviews with the personnel officer and several supervisors as well as the bank's cashier led to a description of the current and ideal roles of the supervisors, and to further development of the details of problems in the organization.

An analysis of the annual financial reports of the organization indicated small and shrinking profitability, increasing dependence on interest-bearing deposits, a tendency toward risk (and hence return) avoidance in the loan portfolio, and an ultra-conservative distribution of assets in spite of continuing deposit growth. These tendencies served to compound the organizational problems and led to pressures to cut costs and reduce personnel expenditures.

THE INTERVENTION

The intervention actually began with the first conversations that were held with the director, officers, and supervisors. The data gathering, feedback, and action planning steps of the action research model were operative from the initial contact stage and are still ongoing (Beckhard, 1969).

The behavioral training phase of the study was initiated by individually contacting each supervisor to discuss the importance of and reasons for the training. Each supervisor was given a notebook containing an assignment to be completed before the first formal meeting. This assignment discussed the roles and duties of supervisors, reemphasized the benefits to be gained, outlined the topics of five, two and one-half hour sessions, included a Miner Sentence Completion Scale (MSCS) to be used as a pre-training measure of motivation-to-manage, (Miner 1978) and asked the participant to prepare two written assignments. The first assignment was to write a one page description of the participant's biggest problem. The second assignment was to prepare a list of duties they performed which could be considered planning, organizing, staffing, motivating, and controlling.

During the first session, completed MSCS forms were collected, the consultant and participants got acquainted, and a relaxed, informal atmosphere of trust and mutual commitment was established. Discussions centered on the roles and duties of supervisors, managers, and employees, and the needs and expectations of each. An organization chart was created and each participant's biggest problem was explored briefly along with the impact of each department on customer service.

These themes were continued in subsequent meetings where the subjects of employee selection, orientation, training, cross-training, motivation, communication, performance evaluation, salary administration, promotion, exits, planning, scheduling, control and group behavior, were discussed. Throughout the discussions, a team approach to problem-solving and the importance of effective cooperation and responsibility-taking were emphasized. Taking action to solve problems together became the watchword of the group as they began cross-training workers and attacking mutual problems.

The problems presented by participants at the first meeting were used to create disguised cases for class discussion. Before the five sessions were completed, results of the middle-out approach to O. D. (Beckhard, 1969) were manifested in the presentation by the group to management of a list of things they expected or desired from their managers. A branch manager's in-basket which was created by the consultant was helpful to participants' understanding of the problems faced by their managers.

APPRAISAL OF RESULTS AND FEEDBACK

Upon completion of the five sessions of training in supervisory skills, knowledge, and attitudes, a discussion was held with bank management including the president, executive vice-president, cashier, personnel officer, and branch managers to discuss the results of the training. This meeting highlighted several points:

1. Supervisors, employees, and managers seemed to have a better understanding of each other's problems and appeared to be working together to resolve them. Specific examples were noted both by the consultant and by the managers.
2. Some progress seemed to have been made in establishing a feeling of cooperation and "oneness" in the bank. Some examples of new relationships and lines of communication were discussed as well as specific problems that had been solved effectively by cooperation across departmental boundaries. As a means of fostering continued team development, it was suggested by the consultant that the supervisory team be given the project of developing a new performance appraisal form since the group had expressed dissatisfaction with the form then in use.
3. Several instances of improved supervisory action were pointed out by the managers who expressed an interest in some training for the managerial ranks. The improved resolution of interdepartmental and interpersonal conflicts was applauded. Improved abilities to solve problems, deal effectively with employees, set priorities, plan, train, and take responsibility were noted. The consultant's evaluations of the strengths and weaknesses of each supervisor were discussed and recommendations for further development were presented for each individual. It was felt that the limitations and desires of two of the supervisors were such that their roles as supervisors of people should be reevaluated to see if they might better serve themselves and the bank in a non-

supervisory capacity. The managers concurred with the evaluations and vowed to take action on further development recommendations.

4. The before and after MSCS scores of the participants were examined to evaluate the effectiveness of the program in increasing their motivation-to-manage. Five of the participants' scores increased from 1 to 10 points each while three of the scores did not change and one decreased by 5 points. One of the participants had left the organization during the training, following her husband to a new job location. Though it is dangerous to draw conclusions from so small a sample over so short a period, on balance, there was an increase in the raw motivation-to-manage scores. A non-parametric hypothesis test utilizing the Wilcoxon matched-pairs-signed-ranks test indicated that the overall positive change in MSCS scores was significant at the .039 significance level. A control group of managers had been selected and pre-tested but failed to complete the post-test MSCS and, therefore, could not be used in the evaluation process.
5. It was generally felt by the managers that employee relations and customer service were somewhat improved. This was born-out by fewer reports of employee grievances, fewer exits, and fewer customer complaints. However, it must be remembered that the time elapsed in the intervention at the time of this meeting was only eight weeks. The enthusiastic reporting of these results may have been due only to the momentary euphoria of "doing something good" in the organization, or the change may have been due to other efforts in the organization.

IMPLICATIONS FOR O. D. PRACTITIONERS

It has been ten months since the initial contact and intervention. The supervisory team has completed the creation of a new employee performance appraisal form and has begun the creation of a separate evaluation form for supervisors. No training has been initiated for managers and a suggested survey of employees has not been done. Attention still needs to be given to the basic mission and strategies of the organization in the areas of financial policy and marketing policy as well as organization culture. Whether the intervention will die as abruptly as it was born remains to be seen. There is still a spark which can be rekindled.

Even if the intervention sputters and dies, however, there is much to be learned here. Organization development in small, struggling organizations is a challenge which should not go unanswered. In this case, the consultant more or less "slipped in" under the guise of supervisory training. Whether this approach is necessary in order to have the opportunity to display the powerful tools of behavioral science, action research, and group dynamics is a question for debate. Many small organizations do not fully understand the concepts of O. D. or consulting and, hence, would never commit to a long-term relationship. Managers must, themselves, be educated in O. D.

before they will buy the concepts for their organizations. This takes time, patience, and effort on the part of the consultant and may not be a paying proposition initially, especially if the organization is a marginal profit maker or has cash flow problems.

Another challenge in this type intervention is the pressure placed on the consultant to compromise or modify his quest for developing more humanistic values in the organization's culture. Indeed, it may be many months or years before the values and power distribution of the organization can be materially altered if this is desirable (Argyris 1971).

Action research in the small organization must use the tools of personal observations and direct interviews (hampered by their subjectivity and inherent bias) to a greater extent than in larger organizations. This is due, in part, to the traditionally greater use of face-to-face communication and verbal information flow in small organizations. They are a part of the culture, whereas impersonal use of questionnaires to collect data is not, and may even arouse distrust and dishonesty. This, coupled with small sample sizes, renders the use of all but nonparametric statistics difficult and severely limits our ability to evaluate results.

More attention must be given to experimental control if efforts are to be properly evaluated, but it is questionable whether sufficient control is even possible.

The use of turnover, grievances, and customer complaints is not adequate to measure change brought about by the intervention since the organization was doing everything possible to correct these problems anyway. The mere fact that the bank's previous record in these areas was extremely poor would lead to a favorable trend in these measures.

One helpful ingredient in this intervention was the previous experience of the consultant in small banks. Knowledge of finance, bank organization structure, work flow, and typical operational problems aided problem diagnosis and intervention design.

A shortcoming which may have had a serious effect on the long-term success of the intervention is the consultant's lack of experience in developing a long-term contract (Shein, 1969). However, this experience indicates that it is not the intervention itself which must be long-term in O. D., but the *effects* of the intervention. Just how long the consultant must be actively involved in order to establish good organization processes is a matter for conjecture and may depend on the development of an in-house proponent of the O. D. process.

This intervention had the blessing, backing, and involvement of top management as long as it was aimed at supervisors and employees. When attention was directed to the middle management ranks, however, top management seemed to be reluctant to cooperate even to the extent of collecting post-training measures of the control group which seriously hampered objective evaluation of the effort. Perhaps this reluctance or fear of self-examination lies at the heart of the bank's inability to create and implement effective corporate strategy.

My final evaluation of this intervention is that, at worst, it was a quick fix for some severe organizational problems. The organization cannot be in a worse position than before. Future effects of the intervention depend on future efforts on the part of the organization and the consultant.

Since 40% of the population are members of such small work organizations (U. S. Bureau of the Census, 1972), we should not ignore these problems. We should continue to study the problems, refine the techniques, and develop the theory, research, and practice of organization development in small organizations.

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