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ORGANIZATION DEVELOPMENT COMPONENTS, PROCESS AND PERFORMANCE¹

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Abstract. Nowadays, any organization faces external challenges and changes and the organizational development has been seen as an important tool in managing and planning organization growth. Organizational development works to improve organizations and balance the strengths and weaknesses of a business that is extremely imperative and should not be overlooked. The organizational development has been defined as an effort that is planned at organization level and starts from the top of the organizational hierarchy in order to enhance the organization's effectiveness through planned interventions in organizational processes. The paper emphasizes the organizational climate, organizational culture, organizational structure and organizational strategy as the key components of organizational development. The situational assessment, intervention planning, implementing the intervention, data gathering, results analysis and feedback have been determined as the main steps in the organizational development process. The human process interventions, techno-structural interventions, human resource management interventions and strategic interventions have been identified as the main categories which lead to organizational improvement. The impact of organizational development interventions on company performance has been studied and the organizational development performance metrics have been proposed in the article.

Key words: organizational development, organizational development process, organizational development interventions, and organizational development performance measurement.

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1. Statement of the problem.

Any organization must quickly react to environmental challenges, whether from competing companies or economic disruptions. The business world changes constantly. Successful businesses have long used a process called organizational development to adapt to these changes, increasing their effectiveness and making the most of their resources. Organizational development is not simply what businesses do to change and grow or to react to external factors. Organizational development is a strategic process of organizational improvement, addressing an organization's changing needs through careful assessment and planned intervention. Thus, the explanation of the importance of organizational development and its components, identification of major steps in the organizational development process and the study of organizational development performance metrics are relevant to the sustainable development of the organization.

2. Analysis of recent research and publications.

A challenging task of any business is to balance the strengths and weaknesses of a business that is extremely imperative and should not be overlooked. Thus, some scientific researchers [1, p.85-120], [4, p.62-115], [9, p.31] have explained the theoretical issues related to the essence of organizational development, the other authors [3, p.205-280], [6, p.185-260], [8, p.9-16] have investigated the roles of human resources in organizational development and the difference between human resources and organization development. Of the various scientific thoughts, the psychological aspects of organizational development have been found to be an effective method for managing the organizational change successfully [11], [12]. Thus, many scientific researchers [2, p.300-420], [10, p.242-315] have studied the relationship between organizational development and organizational change.

3. Unsolved aspects of the problem.

However, a problem of explaining the key components of organizational development, the organizational development process, the types of organizational development interventions and the organizational development performance measurement are not being completely covered, which determines the need for its deeper study.

4. Task formulation.

The goal of this article is to explore the organizational development process and organizational development performance. The main tasks are: to explain why organizational development is important to businesses; to identify the key components of organizational development; to explore the steps in organizational development process; to study the impact of organizational development interventions on company performance.

5. Main material exposition.

Every organization has opportunities for improvement. That's why the organizations must quickly react to internal and external challenges, whether from competing companies to management or financial changes. The business world changes constantly. Successful businesses have long used a process called organizational development to adapt to these changes, increasing their effectiveness and making the most of their resources.

Organizational development is an effort that is planned at organization level and starts from the top of the organizational hierarchy in order to enhance the organization's effectiveness through planned interventions in organizational processes, using knowledge of behavioural sciences.

Analyzing scientific works on the definition of organizational development, it was concluded that the organizational development is an answer to change, a complex strategy intending to modify the organization's internal environment, so that it may adapt more easily to the new technologies, to the new market challenges, as well as to the nowadays stunning rate at which change takes place.

There are four key components of organizational development necessary to improve efficiency and expand productivity:

1) organizational climate covers some attitudes and beliefs about organizational practices that influence member's collective behaviour through leadership, openness of communication, participative management, role clarity, and conflict resolution, leader support and leader control;

2) organizational culture is deeply seated behavioural norms, assumptions, values and behavioural patterns that influence on organization's effectiveness [7, 165-210 p.];

3) organizational structure is a subject to change because the roles, power and responsibilities vary between the different levels of management and alter in a hierarchy within an organization;

4) organizational strategy deals with the changes and interventions that come to business in many forms: growth, diversification, integration, retrenchment or stabilizing.

Organizational development process is a process of continuous diagnosis, action planning, implementation and evaluation, with the goal of transferring knowledge and skills to organizations to improve their capacity for solving problems and managing future change [9, 12 p.].

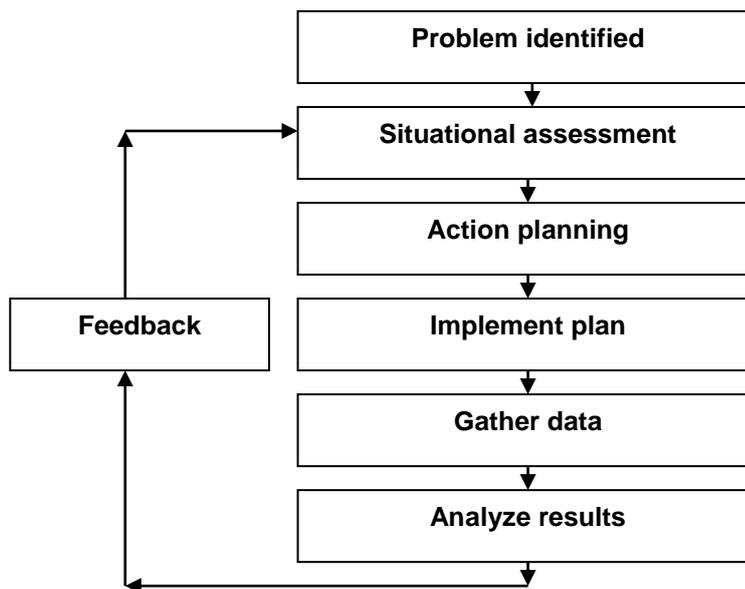


Fig. 1. Organizational development process

Organizational development process is based on the action research model which begins with an identified problem or need for change. The process proceeds through assessment, planning of an intervention, implementing the intervention, gathering data to evaluate the intervention, and determining if satisfactory progress has been made or if there is need for further intervention. The process is cyclical and ends when the desired developmental result is obtained.

There are the following steps of organizational development process [9, p. 14-20]:

1st step: Problem identification – the organizational development process begins when an organization recognizes that a problem exists which impacts the organization's efficiency or the top executives have a vision of better way to improve the organization.

2^d step: Situational assessment could be conducted through documentation review, organizational sensing, focus groups, interviewing, or surveying by outside experts or by members of the organization.

3^d step: Action planning refers to mapping out an intervention, determining its nature such as training and development, team interventions, structural interventions, or individual interventions.

4th step: Plan implementation contains a detailed listing of activities, costs, expected difficulties, and schedules that are required to achieve the objectives of the strategic plans.

5th step: Data gathering – during and after the implementation of the intervention, relevant data should be gathered. The data gathered is used to estimate the change goals. For example, if the intervention were training and development for individual employees or for work groups, data to be gathered would measure changes in knowledge and competencies.

6th step: Results analysis is the final data that is used to determine the effectiveness of the intervention and to determine if the intervention met its goals.

7th step: Feedback shows if the intervention met its goals, then the process can end, which is depicted by the raising of the organization's development. If it did not, the decision is made whether to continue the cycle and to plan and carry out another intervention or to end it.

Next, consider the definition of the organizational development intervention and what types of interventions could be held in the organization. Organizational development interventions are the set of structured activities where the organizational departments perform a series of tasks which lead to organizational improvement [5. p.39]. Organizational development interventions include the following categories:

1. Human process interventions deal with interpersonal relationships and group dynamics. The following interventions deal with human processes:

- process consultation is an organizational development technique in which facilitator works closely with manager on the job to help manager improve interactions with other group members;

- team building is an organizational development technique in which facilitator first observes interactions of group members and then helps them become aware of ways to improve their work interactions;

- intergroup training is an organizational development technique that uses team building to improve work interactions of different functions or divisions, groups or departments in organizations;

- organizational mirroring is an organizational development technique in which facilitator helps two interdependent groups explore their perceptions and relations in order to improve their work interactions;

- organizational confrontation meeting is an organizational development technique that brings together all managers of an organization to confront issue of whether organization is effectively meeting its goals. This method mobilizes organization members to identify problems, set action targets, and begin working on problems;

- large-group interventions is an organizational development technique that involve getting abroad variety of stakeholders into a large meeting to clarify important values, to develop new ways of working, to articulate a new vision for the organization, or to solve pressing organizational problems [5. p.39].

2. Techno-structural interventions deal with an organization's technology (for example, its task methods and job design) and structure (for example, division of labour and hierarchy). They include:

- structural design: this change process concerns the organization's division of labour – how to specialize task performances. Diagnostic guidelines exist to determine which structure is appropriate for particular organizational environments, technologies, and

conditions;

- downsizing: this intervention reduces costs and bureaucracy by decreasing the size of the organization through personnel layoffs, organization redesign, and outsourcing;
- re-engineering: this recent intervention radically redesigns the organization's core work processes to create tighter linkage and coordination among the different tasks;
- reorganization is an overhaul of a company's internal structure. Companies go through reorganization for various reasons. Purposes include improving efficiency, cutting costs, repositioning the business, and dealing with corporate changes such as mergers and acquisitions. The restructuring may involve changes to departments, business units and employee roles, and often includes significant layoffs;
- work design: this refers to organizational development interventions aimed at creating jobs, and work groups that generate high levels of employee fulfillment and productivity [5. p.39].

3. Human resource management interventions deal with an organization's employees. They include:

- reward systems: this intervention involves the design of organizational rewards to improve employee satisfaction and performance;
- career planning and development: it generally focuses on managers and professional staff and is seen as a way of improving the quality of their work life;
- managing workforce diversity: important trends, such as the increasing number of women, ethnic minorities, and physically and mentally challenged people in the workforce, require a more flexible set of policies and practices;
- employee wellness: these interventions include employee assistance programs and stress management [5. p.39].

4. Strategic interventions link the internal functioning of the organization to the larger environment and transform the organization to keep pace with changing conditions. They include:

- integrated strategic change: it argues that business strategies and organizational systems must be changed together in response to external and internal disruptions. A strategic change plan helps members manage the transition between a current strategy and organization design and the desired future strategic orientation;
- trans organization development: this intervention helps organizations to enter into alliances, partnerships and joint ventures to perform tasks or solve problems that are too complex for single organizations to resolve;
- merger and acquisition integration: this intervention describes how organizational development practitioners can assist two or more organizations to form a new entity;
- culture change: this intervention helps organizations to develop cultures (behaviours, values, beliefs and norms) appropriate to their strategies and environments;
- self-designing organizations: this change program helps organizations gain the capacity to alter themselves fundamentally. It is a highly participative process, involving multiple stakeholders in setting strategic directions and designing and implementing appropriate structures and processes [5. p.39].

Once the intervention is chosen, planned and implemented in the organization the next step is to assess the organizational development performance. Organizational development performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). Organizational development performance encompasses three specific areas of outcomes [10, p.265]:

- financial performance (income, profits, return on assets, return on investment, etc.);
- product market performance (sales, market share, inbound marketing return on investment, etc.);
- employee performance (labour productivity, training investment ratio, return on

investment in human capital).

Organizational development performance measurement is the process of collecting, analyzing and reporting information regarding the performance of an individual, group or organization.

A number of indicators have been proposed for measuring the impact of techno-structural interventions:

- Economic effect of techno-structural interventions (TSI) is defined by subtracting the annual techno-structural costs from annual income:

$$\text{Economic effect}_{TSI} = \text{Annual income} - \text{Annual costs}_{TSI} \quad (1)$$

- Annual income of techno-structural interventions is defined by adding the annual income after each techno-structural intervention.

- Annual techno-structural costs are defined by adding the costs dealing with design and implementation of techno-structural interventions.

$$\text{Annual costs}_{TSI} = \text{Design Costs} + \text{Implementation Costs} \quad (2)$$

The common metrics have been pointed out to measure the impact of human resource management interventions:

- Return on investment in human capital (HC) is the ratio of the net revenue to the employment cost (3):

$$\text{Return on investment in HC} = \text{Net revenue} / \text{Employment cost} \quad (3)$$

- Training investment value is the ratio of the total training investment to the headcount (4).

$$\text{Training investment value} = \text{Total training investment} / \text{Headcount} \quad (4)$$

- Return on investment of training program (TP) is the ratio of the net program benefits (net profit) to the training program costs.

$$\text{Return on investment of TP} = \frac{\text{Net program benefits}}{\text{TP costs}} * 100\% \quad (5)$$

- Net program benefits (net profit) are defined by subtracting the training program costs from the program benefits.

Any organization strives towards a meaningful and informative metrics for organizational development interventions. Performance metrics could be altered and adapted as the organization's environment, strategies and interventions changed. Thus, the organizational development performance measurement is important tool to assist making decisions and to understand progress towards meeting the planned outcomes.

6. Conclusions.

From the above, we can emphasize that the organizational development can be used to: improve organizational effectiveness while adhering to the organization's culture and values; maximize employees' potential and help them amplify their contributions in furtherance of the organization's success; assess what is happening within an organization and then conduct an intervention to try and create positive change; align human behaviour with the organization's strategy, structures, processes, business objectives; and promote the

organization's values throughout the workplace.

Organizational development performance measurement supports and enables achievement of an organization and planned interventions objectives. Thus, an effective performance management focuses an organizational growth, work process, product innovations and organizational change.

Author details (in Ukrainian)

СКЛАДОВІ, ПРОЦЕС ТА ЕФЕКТИВНІСТЬ ОРГАНІЗАЦІЙНОГО РОЗВИТКУ

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Анотація.: В сучасних умовах будь-яка організація зазнає значного впливу зовнішніх факторів, а організаційний розвиток розглядається як важливий інструмент в управлінні та плануванні важливих змін в організації. Організаційний розвиток дозволяє вирішувати нагальні проблеми, вдосконалювати різні аспекти організації, шляхом збалансування її сильних та слабких сторін. В статті дано визначення організаційного розвитку як цілеспрямованого зусилля, започаткованого вищим рівнем організаційної ієрархії та спрямованого на підвищення ефективності роботи, шляхом впровадження запланованих організаційно-технічних заходів. Встановлено, що організаційний клімат, організаційна культура, організаційна структура та організаційна стратегія є основними компонентами організаційного розвитку будь-якої організації. В статті виокремлено основні етапи організаційного розвитку, такі як: оцінка існуючої ситуації, планування організаційно-технічних заходів, впровадження заходів, збір необхідної інформації, аналіз результатів та зворотній зв'язок. Визначено ряд організаційно-технічних заходів, які ведуть до підвищення ефективності організаційного розвитку, серед яких техніко-технологічні, стратегічні заходи, а також заходи для вдосконалення управління персоналом. Досліджено вплив організаційно-технічних заходів на організаційний розвиток та виокремлено ряд показників для оцінювання його ефективності.

Ключові слова: організаційний розвиток, етапи організаційного розвитку, організаційно-технічні заходи та ефективність організаційного розвитку.

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СОСТАВЛЯЮЩИЕ, ПРОЦЕСС И ЭФФЕКТИВНОСТЬ ОРГАНИЗАЦИОННОГО РАЗВИТИЯ

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Аннотация. В современных условиях любая организация испытывает значительное влияние внешних факторов, а организационное развитие рассматривается как важный инструмент в управлении и планировании важных изменений в организации. Организационное развитие позволяет решать насущные проблемы, совершенствовать различные аспекты организации, путем сбалансирования ее сильных и слабых сторон. В статье дано определение организационного развития как целенаправленного усилия, основанного высшим уровнем организационной иерархии и направленного на повышение эффективности работы путем внедрения запланированных организационно-технических мероприятий. Установлено, что организационный климат, организационная культура, организационная структура и организационная стратегия являются основными компонентами организационного развития любой организации. В статье выделены основные этапы организационного развития, такие как: оценка существующей ситуации, планирование организационно-технических мероприятий, внедрение мероприятий, сбор необходимой информации, анализ результатов и обратная связь. Определено ряд организационно-технических мероприятий, ведущих к повышению эффективности организационного развития, среди которых: технико-технологические, стратегические меры, а также меры по совершенствованию управления персоналом. Исследовано влияние организационно-технических мероприятий на организационное развитие и выделено ряд показателей для оценки его эффективности.

Ключевые слова: организационное развитие, этапы организационного развития, организационно-технические мероприятия и эффективность организационного развития.

Appendix A. Supplementary material

Supplementary data associated with this article can be found, in the online version, at <http://sepd.tntu.edu.ua/images/stories/pdf/2018/18ktieor.pdf>

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