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# OD and HR

## Do We Want the Lady or the Tiger?

By Matt Minahan

Ding. Ding. Ding. OK, time’s up. Time to decide. Will it be door number one, or door number two? The lady or the tiger?

In Frank Stockton’s allegory (1882), a prisoner is ordered to choose between two closed doors. Behind one is a woman whom he must marry sight unseen and live with for the rest of his life; behind the other is the tiger which would surely eat him alive. Without knowing exactly what is behind which door, how is one to choose? And, which does one really prefer?

Like the mythical prisoner, the field of OD has been standing in front of two doors for too long, putting off the choice between them. One door would leave the OD function embedded within HR; the other would get OD out to stand independently on its own two feet in the organization. The field of OD has been putting off this decision for too long—since its inception, in fact—and it is time for us to make the decision.

Well into our mid-40s as a field, we can’t really blame all of this mess on our forebears, because frankly we’re dealing with these choices just as badly as they did when the field was first founded. We’re still standing looking at the same two doors between which our OD forebears could not decide.

### Long History, Deep Roots

This question about whether OD should be part of HR or should stand on its own goes back to the founding of our field. What became organization development had its roots in the training and

development function, where the T group was the primary intervention. At a panel of the founders of OD at the 2009 Academy of Management conference in Chicago, almost every one of them, to a man, said that they were trained as writers or sociologists or engineers, but attended an NTL Institute T group where their lives changed. (Several also lamented that they were all white men in the field at that time, and on that panel at AoM.)

Following their NTL experiences, they tried to bring these insights they had obtained into their organizations via the training function. By the late 1960s, just a few years after the field was founded by about a dozen internal training and development people at NTL’s summer home in Bethel, Maine, the theory was, “let’s transform the way managers think about themselves and the ways they relate to people and solve problems, and once we’ve done that, we can send them back home to transform their own organizations” (Porrás & Bradford, 2004).

Evidently, there were some who said that the OD function should stand on its own and be independent of other influence (Burke, 2004). Others, however, were concerned that the field of OD was too new and unknown and should reside in the personnel or training function, as advocated by Shel Davis of TRW Systems, Sy Levy from Pillsbury, Herb Shepard formerly of Esso, Dick Beckard, and others. Their belief was that “OD at the time was too new, too ephemeral, and too suspect to survive on its own in the organization . . . Early on, then, two models or scenarios

about the place of OD within the organization were debated regarding the wisdom of such a placement” (Burke, 2004).

### Theory Versus Fact

The vast majority of the central thinkers, writers, and scholars in our field today (Cummings & Worley, 2005; Marshak, 2009; Feyerherm & Worley, 2009; Rothwell, et al., 2009) write as if OD is a separate and distinct field of practice, but the facts on the ground tell a different story.

We are witnessing and participating in an unprecedented dissolution of the boundaries of the field of organization development. In organizations around the world, the HR function is monopolizing the OD function at an unprecedented pace, which is limiting our reach, blunting our effectiveness, and compromising our role. As a field, we are behaving as if there is nothing we can do about it; it is as if we are watching ourselves in an automobile crash in slow motion, worried and concerned at what we see, and yet unable to find the brakes or grab the steering wheel to avert the collision and all of the collateral damage.

Maybe the founders of the field were right that OD was too new and too fragile to stand on its own. But they didn't count on what's happening now in the field of HR.

### The Ascendancy of HR

Over the past 15 years, we have seen better and better leadership of the HR function, with several universities now offering Masters' degrees in HRM and HRD and several MBA degrees with an HR concentration. The result has been a generation of stronger, more strategic HR managers who have achieved a seat at the table and are trusted advisors at the top of organizations. Many managers at the top of the HR function are getting better by the year about understanding the dynamics of the organizations in which they serve. Increasingly, they can speak the language of the board room, and are not afraid to undertake even major organization change projects.

This new generation of HR leaders

clearly understands that people and money are the powers that run organizations; and when the system can provide enough of the latter, their job is to get just enough of it into the hands of the former to get the job done. And then return the rest to stakeholders. And to keep the organization out of court.

In these regards, they are notably different from the generation of HR managers and VPs that preceded them, when there was no professional training for HR managers and when these posts often went to the VP who was due to retire next.

**The days of HR staff being hired principally because they were people persons with good listening skills are gone. The trend toward activity based costing (ABC) is now showing the true cost of overhead functions such as HR, and HR is responding by making itself more relevant to the business of the organization. Many HR staff are now called business partners, often reflecting an aspirational goal, but quite distant from the actual reality of their skills on the ground.**

With this smarter, more strategic generation of HR managers comes the instinct and desire to have at hand one of the most powerful levers for organizational change and renewal, the OD function. Thus the trend of OD roles and functions being acquired by HR. And, to be clear, in merger and acquisition terms, these are not mergers of equals; they are straight up acquisitions of the OD function by HR.

Another factor has been the pressure on HR functions to be relevant to the business of the organization. The days of HR staff being hired principally because they were people persons with good listening skills are gone. The trend toward activity based costing (ABC) is now showing the true cost of overhead functions such as HR, and HR is responding by making itself more relevant to the business of the organization. Many HR staff are now called business partners, often reflecting an aspirational goal, but quite distant from the actual reality of their skills on the ground.

The evolution of the training function also has had an impact. Ever increasing pressures to reduce costs have forced the training function to get smart about impact evaluation. Kirkpatrick's (1998) four levels have forced the training function to look beyond end-of-session "smile sheets" to defend their budgets and make the case that training is a valuable investment. The result has been that training functions are now requiring training managers who have the skills to collect data, analyze it, and think systemically about what to do with it. Sounds familiar, doesn't it? If you needed

someone to do that, wouldn't you be looking for a good OD person?

Often desperate to meet their utilization goals, the training function is very happy to let managers continue to believe that training is the answer to every problem, a kind of panacea for whatever ails. Leaders and employees alike seem to rely on training as the answer, believing perhaps that with the right education they can deliver what the business needs. That is certainly an easier solution to accept than facing OD issues related to how people, teams, and departments relate and connect with one another, how business processes work, and how all connect with and work toward the strategic direction of the organization.

So, it is no wonder that smart HR leaders are looking to candidates trained and educated in OD to take on these business partner and training leadership roles, resulting in even more blurring of the lines between OD and HR.

## Differences Are Real, and Important

By now, this author's biases are probably clear: there are important differences between the OD and HR functions; and as these roles collapse and the differences disappear, the field of OD is losing its unique position in the organization and its effectiveness overall. We're behaving as a field as if we should be living in a both/and world around this, when the truth is exactly the opposite.

Many in OD struggle to find and hold boundaries that separate people and things. We spend our entire time helping our clients make better connections between each other at all levels—individuals and pairs, cross unit collaboration, organizations working toward better partnerships, etc.

But when it comes to OD and our HR cousins, we should be sharpening and better defining our boundaries, not blurring them, because the differences in our functions are real and important.

The HR function has a legally mandated, regulatory role: to provide people to fill jobs, to reduce costs (for payroll, health care insurance, benefits, etc.), and to keep the organization out of the courts and the press by ensuring compliance and avoiding claims of discrimination or harassment. People view HR as the people you go to with a problem that you want to make official. People feel that going to HR puts things in the record. They see HR as the enforcers or policemen.

The OD function has a developmental mandate; in fact, our job is to increase the effectiveness of the organization and to maximize the potential of the human beings in the work force. We have theories, concepts, beliefs, and values through which we help our clients assure that there is alignment among strategy, structure, business process, and culture, while at the same time embedding human values such as honesty, respect, diversity, and voice.

One model (Marshak, 2006) outlines three domains of knowledge for OD practitioners:

- » understanding social systems, drawing on theories and ideas from the social sciences, including psychology, social

psychology, sociology, anthropology, political science, and others, consistent with OD values;

- » understanding the hows and whys of change, including the bodies of knowledge that help explain how all levels of the system—individual, group, organizational, community, and even societies change; and
- » understanding the role of the third party change agent, especially aiding the person in charge as well as the system itself to bring about the desired changes, requiring an understanding of the issues, politics, psychological processes related to being a third party in a change process.

That doesn't sound much like the recruit, retain, train, and develop mandate of the HR function, does it? It is hard to imagine even the highest functioning HR departments being knowledgeable and skilled in all these areas.

There are many in HR who look at the list of OD functions and say, "Oh, we can do that!" And, on occasion, they may be right. But the philosophies of the two disciplines are starkly different, as are the theory bases, the world views, the core skills sets, and their roles within the organization.

There is a built-in conflict between the role of OD consultant, coach or adviser

with a developmental mandate working toward organizational effectiveness, versus the role of the HR practitioner whose core mandate is regulatory and enforcement.

Can a good HR person advise on selected developmental matters, such as training strategies and needs assessments? Yes, as can a good OD person. But the conflict of interest for the HR staff shows up when the Action Research process of retreat planning and design requires them to interview staff about a manager's effectiveness. What staff member in her right mind would say something critical of their manager to someone from HR, who is likely also to be involved in decisions about that manager's promotion, pay, and even succession planning? Or their own?

HR has its hands on too many of the organizational levers and has too many mandates centering around enforcement and control to ever be effective at drawing out of managers the truth about their insecurities, anxieties, and the shadow sides, that is so necessary to doing good work and being effective in doing OD.

## Troubling Examples

These concerns aren't just theoretical, either. Quick conversations with a handful of colleagues, both OD and HR, turn up some troubling examples.

In a large multinational organization,

## The Different Functions

### Organization Development

- Improve the effectiveness of the organization
- Maximize the potential of human beings and their contributions to the organization
- Align strategy, structure, business processes, and behavior into an effective corporate culture
- Model and foster humanistic values into the workplace

### Human Resources

- Manage employee attraction, retention, development, and performance management
- Develop and manage programs for employee relations, staff well-being, workforce planning, and workload management
- Ensure equity and diversity
- Reduce labor costs
- Avoid litigation
- Enforce corporate policies

the OD staff and external consultants were forced to follow the rules that govern the rest of the HR function around meeting with VPs and senior managers. The HR VP insisted that he attend every meeting that the HR—and OD!—staff had with other VPs in the organization. Not just marketing or contracting meetings, but actual project meetings as well. He was unwilling to make an exception for the OD staff lest the HR staff get upset. Within weeks, his

it was in Corporate Strategy along with the strategy and budget functions, where it had free reign of the organization and was in constant contact with the top leadership on strategy, structure, and corporate culture. It was later merged into the HR function. The results: the best organization design people in town left (with all of their embedded knowledge) rather than be reassigned to deliver management training programs. Then a succession of HR managers gradu-

practitioner is, then anybody can hang out a shingle claiming he or she is an OD consultant. In fact, some years ago, there was an informal study of the members of the OD Network that found that almost one third of them had taken on the label or the role of OD consultant, with no previous education or training in the field.”

### Not All Bad News

To be clear, the field has shifted largely positively, over the past few decades, responding to some of the “red flags” that Larry Greiner (1972) identified for OD, including:

- » Putting individual behavior ahead of strategy, structure, process, and controls;
- » Overemphasizing the informal at the expense of the formal organization, driving more for openness and trust to change the culture, often at the expense of efficiency, hierarchy, and accountability;
- » Driving open and trusting relationships as a normative model for change, without questioning the context or applicability in a given situation, and assuming that team building was always the preferred intervention;
- » Putting process before task, enamored with the human dynamics of working together over getting the work done; and
- » Treating the manager as just another stakeholder, relatively uninvolved in the planning and conduct of consultant-led programs rather than the key stakeholder.

Historically, the field has addressed many, if not all, of these red flags among strong and well-grounded practitioners. However, many of them are still quite evident in HR people who are trying to do OD today.

### The Right Answer

Reflecting on the various options for organizing and structuring the OD function and constructing its relationship with HR, the optimum solution is to establish

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schedule became a huge constraint on the work of the OD function because consultants (internal and external) could not get into his calendar to meet with their clients.

In a science-based organization the OD function was fully financially self-sufficient, recovering the costs and a bit of an “upcharge” from its internal clients. Other HR managers got resentful of this charge-back mechanism. They forced the manager of the OD program to stop recouping her costs, which effectively killed the OD function because it had no free-standing budget of its own.

In a university, a very strong and capable OD function has been merged and renamed Learning and OD, resulting in the organization’s best OD talent being diverted into managing the training program for the university.

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ally reduced the OD function to delivering two day team building retreats, and a cadre of dozens of internal and external consultants has been whittled down to less than 10.

In one knowledge-based organization we know, the OD person is required to have the HR person present during all contracting and data collection meetings. Clients are now creatively working around the requirement by calling the OD staff directly on their cell phones after hours to discuss matters that they can’t or won’t say in front of the HR people, who are not trusted in that system.

### No Boundaries, No Standards

What Bradford and Burke (2004) said about the lack of standards in the field of OD applies equally well to the lack of boundaries with the HR function. “When there is lack of clarity as to the boundaries of the field and corresponding confusion about what the appropriate role of an OD

the OD function independently. Ideally, it would have a blended mandate and funding, charging back for local unit-specific work, and centrally funded for organization-wide efforts.

There are instances when OD should be working in partnership with the HR function, specialists on one discipline speaking with and working closely with specialists of the other discipline. There are instances when the HR function would be the OD function's client; and there are instances when the OD and HR functions ought not to be working together at all, such as when there are conflicts of interest or large scale organization strategy or design projects not ready for implementation.

There are disadvantages to being free-standing and independent within the organization. The OD function may become vulnerable to exposure, scrutiny, and politics. Some OD people can't play in the C-suite (Burke, 2004). The function would have to earn its stripes and compete for money and mandate with other functions in strategic planning, financial management, budget, and yes, even HR.

But the upsides of organizational independence are quite significant, and are evident now where strong OD departments are standing on their own. The OD function becomes central to the business of the organization, influencing strategy, mergers and acquisitions, divestitures, restructuring, etc. It works upstream, providing early input on the development of plans and processes, able to bring a systemic perspective and OD values to actions that previously had been made primarily on financial grounds alone. It is present and able to influence the setting of the agenda, not just the implementation of it.

#### But How to Get There?

It is no longer enough just to be good at process. To be able to stand independently in organizations, free of the cover and support of the HR function, OD practitioners need to:

- » Know the major environmental, regulatory, and financial drivers of the organization;

- » Know, be known by, and trusted by the top leadership of the organization;
- » Know what's involved in evaluating, deciding, and implementing mergers and acquisitions, especially around blending corporate cultures and business processes;
- » Be effective in working across cultures, in global environments, and especially today, virtually; and
- » Be attuned to the organizational politics within the organization and within its governance structures. (Greiner & Cummings, 2004)

Integrating sustainability and globalization into the world of OD brings another set of challenges. To play effectively as a free standing function, free of support from HR, OD practitioners need:

- » New and better ideas for progress, guided by diversity, development, and sustainability;
- » To understand and be effective at intervening in economic systems, balancing productivity with innovation, sustainability, and diversity;

**Just as it's tempting to blame our biological parents for our least attractive qualities, it is easy also to blame the founders of our field for leaving us stuck in this bi-polar state. Yes, they've dealt us this hand, but we're the ones playing it now. We've been playing small ball, under the cover of the HR function and limited by our own ambivalence about power. It's time to step forward, and pick a door.**

- » To model how human and cultural dignity and diversity are valued in their own right; and
- » To make sure that the ecology has standing in all decisions. (Feyerherm & Worley, 2008)

In social constructionist terms, the independent OD function of the future will also be influenced by the new sciences and postmodern thought. It will intervene on the organization as a meaning-making system, in which reality is acknowledged to be

socially constructed and negotiated (Bushe & Marshak, 2008).

As the boundaries of the field have expanded over the past 15 years to include more systemic perspectives, there are new challenges for how to educate new OD professionals (Minahan & Farquhar, 2008).

That's a tall order for a field that has prided itself historically on being apolitical, focusing on the individual, following the lead of the client, ambivalent about asserting ourselves in leadership roles within our client systems, and seeing ourselves as a bit subversive in being countercultural.

There is some good news here, however. For the past 9 months, many of the academic directors of OD programs around the world have been carrying on a conversation sponsored by the OD Network and the OD and Change Division of the Academy of Management about the knowledge areas that are central to the field of OD and to which a solid OD program would want to commit.

The criteria are still very much under development, but there is strong agree-

ment around several, including the history and evolution of the field, its values base, the use of self, systems thinking, organization design science, theories and models for change, leading the consulting process, organizational inquiry and research, organizational assessment, designing and choosing appropriate interventions, facilitation and process consultation at all levels, organizational and global culture, diversity and inclusion, process improvement methods, and organizational acumen and mastery. As the work progresses, there will

be further discussions and consultations with professional organizations, scholars, and practitioners.

Just as it's tempting to blame our biological parents for our least attractive qualities, it is easy also to blame the founders of our field for leaving us stuck in this bi-polar state. Yes, they've dealt us this hand, but we're the ones playing it now.

We've been playing small ball, under the cover of the HR function and limited by our own ambivalence about power. It's time to step forward, and pick a door. It may be the lady. It may be the tiger. But whichever way it turns out, we serve the field, our organizations, our HR colleagues, and ourselves by establishing the OD function independently, declaring our boundaries, and then working together across them, but separately.

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*There's more to discuss on this topic. Join Matt and others in this conversation at <http://mattminahan.blogspot.com>.*

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