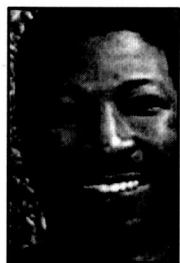

Strategic Human Resources and Strategic Organization Development: An Alliance for the Future?

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The unique skills of O.D. practitioners in building organizational capability and demonstrating a measurable impact on workforce productivity are emerging as a primary focus of HR organizations.

Abstract

It is believed that it is not O.D.'s responsibility to take over the work of another functional area but to identify the cross-sections of O.D. with other disciplines (i.e., information technology, crisis management or human resources). As some have argued that the work of O.D. was created in response to the events following World War II, it is therefore only fitting that the principles of O.D. be applied to provide strategic direction to other fields, like human resources. This review highlights the evolution of the human resources field and the growing imperative of creating strategic HR operations. Specifically, this article suggests that the unique skills of O.D. practitioners in building organizational capability and demonstrating a measurable impact on workforce productivity are emerging as a primary focus of HR organizations. The practical and theoretical implications of this partnership, and the need for further study, are discussed.



Introduction

Many articles have appeared over the last decade espousing great concern regarding the urgent need for human resources (HR) operations to become future-focused and contribute effectively to the bottom line of organizations. Similar articles have highlighted the need for the organization development (O.D.) profes-

sion to establish a clear definition and focus, or face the possibility of extinction as a viable field of future practice. Some have even argued that the growing frustrations by HR functions will likely consume O.D. in its quest for being perceived as strategic business partners within organizations. Is all this true? Are both fields experiencing a similar crisis that could potentially impact their long-term existence as we know it?

As a social and organization change movement, is this not our charge as O.D. practitioners?

The purpose of this article is to more clearly define the historical paths of both professions and to explore effective opportunities for partnership. Recent research has shown the overall focus and charge of the two fields to be quite complimentary as they both share similar roots in the human aspect of organizations (Sammut, 2001). If it is, in fact, an increasing reality that the distinct differences and strategic values between the two fields are becoming somewhat muddy, is that necessarily a bad thing for O.D.? While many articles have evoked much emotion and fear around O.D. losing ground as a profession, how can we begin to prepare for and embrace the change? Have we forgotten the overall purposes of O.D. in helping to bring about change and empower others in crisis mode? As a social and organization change movement, is this not our charge as O.D. practitioners?

What's Wrong with Traditional HR Management?

To understand the current challenges within the HR function, it may be useful for us to cast an eye on the past and gain some insights into traditional HR man-

agement and what is viewed as Strategic HR.

The evolution of the HR Management field, once called "Personnel," has followed the history of business in the United States (Hankin, 2005). As the Industrial Revolution swept the United States in the 19th century, rapidly growing organizations forced three major people-related challenges: 1) managing sudden and massive increases in the workforce stemming from industrialization; 2) fighting workforce unionization; and 3) integrating the huge influx of immigrant workers into U.S. workplaces (York, 2005).

Senior managers expected that these personnel activities would maintain employee morale and enhance cooperation within their organizations.

From the dawn of the Industrial Revolution in the United States until about 1950, the personnel department's role in most organizations centered around administrative duties. Personnel directors headed up a recordkeeping function that included such activities as disciplinary systems, recruitment, safety programs, time and motion studies, and union relations. Senior managers expected that these personnel activities would maintain employee morale and enhance cooperation within their organizations.

From the 1940's into the 1950's, personnel departments emphasized their role in meeting employee needs to achieve economic security. Unions, during this time, were responsible for negotiating wages and such employee benefits as pension plans and health care insurance. Corporate personnel departments were founded in the late 1950's to coordinate across such increasingly specialized functions as benefits, wages, recruitment, and labor relations (Holbeche, 2005).



During that time the evolution of functionally specific personnel departments took shape.

The business and social dynamics of the 1960's and 1970's brought increased attention to human relations within the personnel department. Human relations emphasized supervisory training, which often included role playing and sensitivity training, and participative management techniques that included management by objectives and Quality Circles. As one consequence of focusing on human relations, personnel departments were eventually handed responsibility for training and development and for management of reward systems, performance management systems, and succession-planning programs (Rothwell, 1998). At the same time, personnel departments also assumed responsibilities to help their organizations meet new challenges stemming from increasing government laws, rules, and regulations affecting (among other areas) equal employment opportunity, occupational safety and health, and employee benefits.

At this point, "personnel" officially became "HR management" to reflect its emphasis on employees as valued organizational resources.

The transformation of personnel management to HR management was affected by a parallel trend: the emergence of the human resource development (HRD) field from the training and development field. Human resource development, a term coined by Leonard Nadler (York, 2005), prompted a fresh look at the importance of developing people and forced a reconceptualization of how that is done by introducing a conceptual umbrella covering employee training, education, and development (Ulrich, 1997). The shift taking place in HR management, apparent in the early

1980's, may have resulted from the convergence of traditional personnel specialists with HRD practitioners (Bechet, 2002). At this point, "personnel" officially became "HR management" to reflect its emphasis on employees as valued organizational resources.

In most organizations at present, the HR function provides essential services to such stakeholders as job applicants, employees, supervisors, middle managers, and executives. However, the HR function tends to be positioned at the end of the business chain, on the reactive side, and too often focuses on carrying out activities rather than achieving results (Sullivan, 2004). The role of the HR function is often one of providing people, training, and isolated HR efforts after others have formulated organizational strategy and have initiated operational implementation.

Since the 1990's, HR practitioners have been driven by events in their organizations to direct attention to such issues as downsizing, outplacement, retraining, diversity, employee rights, technological effects on people, and recruitment of skilled talent in a time of labor shortages and record employment (Porras, 1991). Cost-focused management of employee benefits programs such as health insurance, workers' compensation, and pension plans has also figured prominently in an effort to control skyrocketing expenses (Rothwell, 1998). Among other HR issues of interest at present are alternatives to litigation, diversity management, the Employee Retirement Income Security Act (ERISA), family and medical leave issues, employee handbooks, policies and procedures around employee privacy, sexual harassment avoidance, talent acquisition, and development and applicant tracking procedures.

Building organizational capability is emerging as a primary focus of HR organizations (Holbeche, 2005). Organizational capability, defined in simplest terms, is linked to the "things organizations need to do as an entity to act on their strategies" (Ulrich, 2005). First those capabilities must be identified, developed, and

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then measured by comparing current workforce performance to business goals. The key to this performance rests in the hands of people. Never before have HR practitioners been challenged to do so much. Ironically, these demands are being made at a time when many HR functions have lost staff members in recent down or "right-sizing" efforts. The HR function is also required, more than ever before, to align and integrate its efforts with organizational goals. Linking HR strategy and business strategy has become a major preoccupation for HR practitioners. A careful examination reveals that the HR field is evolving from an activity-focused to a strategy-focused effort. Indeed, as Hankin (2005) pointed out, "Competition has taken human resources from the backwater to the boardroom."

... there is little agreement about what "being strategic" actually means in practice.

What is Strategic Human Resources?

Strategic is so important because "being strategic" means having an impact on the things that are the most important to an organization: the corporate goals and objectives (Sullivan, 2004). Although "strategic" is a commonly used word in HR, there is little agreement about what "being strategic" actually means in practice. That same level of confusion, however, does not exist in other business areas like marketing, product development and supply chain. For example, finance

and accounting both deal with numbers and dollars, but finance is considered a strategic function, while accounting generally is not. The primary difference between the two is that accounting focuses on providing reports describing what happened last year, while finance focuses on the future and on increasing profit. Could a potential partnership of HR and O.D. liken itself to the accounting and finance disciplines with HR as the technical arm (employee relations, benefits administration, recruitment/selection, etc.) and O.D. providing the strategic impact for building organizational capability? Huselid, Jackson, and Schuler (1997) concluded that technical HR practices, alone, are inadequate as a means of differentiating organizations from their competitors. They also believe that technical HR practices are therefore needed to support effective strategic HR.

O.D. principles became an often-sought approach to addressing the challenges of increased worker productivity and increased technology.

What's Wrong with Traditional O.D.?

As the field of O.D. is more than 50 years old, many articles have been written to evaluate its earliest values, philosophy and methods of practice. While not termed O.D., elements of O.D. work began during the 1930's when it was noticed that the productivity of organizations increased due to an increased focus on the "human" side of what motivated employees. Despite this apparent rise in productivity, post-World War II activities brought about a decrease in such productivity due to an increase in technology. From that point, we witnessed a growing number of "cohesive groups" that rose in protest against the new increase in American technology. O.D. principles became an

often-sought approach to addressing the challenges of increased worker productivity and increased technology.

Often termed the human relations movement, the 1940's brought about a focus of research that challenged conventional approaches to management in the United States. Perhaps the best way to indicate why the conventional approaches of management became inadequate is to consider the subject of motivation (McGregor, 1957). Could employees be motivated to provide certain results? Or if left alone, would the very "human side" of individuals produce increased results. These questions and others led to a fundamental research area that explored managerial assumptions and its impact on reactive behaviors of workers.

The building of effective work teams, often termed work groups, team-building and other group processes became critical to the O.D. profession during this period.

A host of activities contributed to the field of O.D. from the 1950's to the 1980's. One of the most significant was the quality movement, whereby the overall quality of U.S. products and services were thought to be significantly behind those of Japan and other countries. The building of effective work teams, often termed work groups, team-building and other group processes became critical to the O.D. profession during this period. A major application of action research, survey data feedback, was equally instrumental during this period.

Because uncertainty threatens organizational survival and reduces its effectiveness, O.D. as a field has been credited with assisting organizations in developing effective strategies for reducing organizational uncer-

tainty. Two internal strategies of particular concern to the O.D. practitioner involve assisting organizations with 1) changing the organizational structure as the environment becomes complex; and 2) planning and forecasting efforts to create contingency plans aimed at helping organizations adapt to their changing environment.

In more recent years, O.D. has had many different definitions and conceptualizations, yet most share the same commonalities and only seem to differ on the scope of change targets and the ultimate intention of change. Jamieson and Worley (2006) highlight the following common characteristics of most O.D. efforts:

- A planned process intended to bring about change;
- Through the use of various interventions;
- Using behavioral science knowledge (theory, research, technology);
- Having an organization or system-wide focus; and
- Typically involving a third-party change agent.

One issue O.D. has brought to the management and change of organizations is a stronger focus on the values that were operating in managing, interviewing and changing organizations (Jamieson & Worley, 2006). Additional research shows that O.D. has had a positive impact on organizations relative to the use of data to guide decisions, involvement and participation of people in decisions that affected them, more effective conflict management, use of teams and team-building, and the importance of climate and culture issues. Jamieson and Worley also believe the most important evolution in the practice of O.D. has been "the integration of strategy and organization design with behavioral science."

Despite recent criticisms, many believe the current state of the O.D. field to be healthy. In large part, this is due to the fact that organizations and their environments remain in a constant state of change. According to Burke (2002), "O.D. has given us a systematic

approach to organization change with its emphasis on the total system, clear steps and phases of organization change, and an underlying set of humanistic values to guide the entire process." Despite the huge accomplishments of O.D. to remain effective and relevant, organization development must reinvent itself by developing more comprehensive theories, methods and practices (Katz & Marshak, 1995).

Many HR and O.D. practitioners alike believe this to be the cross-point of HR and O.D..

HRD and Organization Development

Earlier I mentioned the significance of the HRD function in transforming the field from "personnel" to "human resources." This transformation also had an important impact on the practice and ownership of O.D. skills in organizations. Grievies and Redman (1999) have described human resource development as "searching for identity while living in the shadow of O.D.." In their view, HRD became the organization strategy for aligning the organizational objectives of knowledge-centered companies with the competencies and capabilities of their employees. Accomplishing this alignment, of course, required using methods pioneered in O.D. practice such as team building, survey feedback, and structural design. Many HR and O.D. practitioners alike believe this to be the cross-point of HR and O.D. But were there any distinct differences in approaches between the two worlds of HRD and O.D.? Let's look at how York (2005) examines the functions of HRD and O.D.:

"The social system is the entry point for discussions about interventions for the O.D. professional; for the HRD professional the entry point is often the learning and development needs of individuals. These two dif-

ferent entry points reflect the historical differences between the two disciplines. O.D. has its roots in the applied behavioral and social sciences; HRD, in the practice of training and development. The paradigmatic values of O.D. have been humanistic psychology; HRD's paradigmatic values rest in behaviorism, human capital theory, and performance engineering..."

HR and O.D. Partnership: Is it needed?

Stuart (1992) noted that "...the changing business environment is redefining the role of human resources (HR) professionals. HR executives are increasingly

This lends a strong hand of support for potential partnerships between O.D. and other disciplines.

being called upon to team up with business managers and to take a more active role in strategy development and organizational design..." Sullivan (2004) states that "...one of the most drastic changes in the requirements of the HR professional, in recent years has been the increasing need for the top person in the function to see the business perspective. This business dimension has grown in importance in the last 10 to 15 years..." During a recent interview with Darrell Sledgister, Director of Corporate HR with Caterpillar, he was quoted as saying that "concern for employees and for the bottom line are not mutually exclusive. You must have a real feel for people to be a success in HR. It's good business."

The O.D. field is not without its' own set of challenges. Jamieson and Worley (2006) report that in addition to the current challenges of the field of O.D., "...as the field has expanded in both the scope of targets and the substantive issues it addresses, today's practitioners cannot excel at all aspects of O.D.." There is room for

some specialization by specific use of one's previous work life and other academic preparation. This lends a strong hand of support for potential partnerships between O.D. and other disciplines. For example, those with IT and engineering backgrounds could partner with O.D. practitioners in socio-technical design and process efforts while strong HR professionals could benefit from O.D.'s expertise in becoming stronger business partners to organizational leadership.

Beer and Walton (1987) describe the potential benefit of partnership between the fields of HR and O.D.:
"...As organizations have struggled in an increasingly competitive economy, superior human resources are increasingly seen as a competitive advantage. This has culminated in substantial interest in developing high-commitment work systems that will attract, motivate, and retain superior employees. Indeed the term *human resources* is coming to represent an integration of personnel administration, labor relations, and organization development, with O.D. the senior partner. The human resource function and the practice of human resources management (HRM) are absorbing the values and often the practices of O.D...."

Simpson (2005) stated in his research on the alignment of the HR and O.D. functions with internal clients:
"...to achieve their mission, Human Resource - Organizational Development (HR/O.D.) professionals need to form an alliance with internal clients, especially at the senior level, because they can elect to use HR/O.D. services, or not, and demand that HR/O.D. professionals prove themselves before partnering with them. This expectation makes it important for HR/O.D. professionals to differentiate types of internal clients, adopt the most appropriate style with each, and align in the best way with each style."

The time has come to quit debating O.D.'s involvement in HR systems

Conclusions

The O.D. and HR professionals who will succeed in guiding their organizations into the future will be those who understand and use business strategy; understand corporate culture, plans and policies; recognize future problems and work solutions; can deal with all types of people; can communicate well verbally and in writing; and can recognize, recruit and train future executives. According to Beer and Walton (1987), "those human resource managers with an O.D. orientation have gained power as organizations attempt to change labor relations from adversarial to collaborative."

As organizations continue to move towards collective systems and combined financial resources for managing their human capital, we are likely to see more organizational structures combining both HR and O.D.. The time has come to quit debating O.D.'s involvement in HR systems and seek the present opportunities of showcasing the skills of O.D. in building organizational capacity and having a measurable impact on workforce productivity. O.D. practitioners must show that they are capable of working faster, deeper, wider, smarter, and with larger numbers of constituents, like human resources, than ever before. HR, on the other hand, needs the benefits from the strengths brought by O.D. to have a strategic impact on organizations.

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