ANU
THE AUSTRALIAN NATIONAL UNIVERSITY

POLICY AND GOVERNANCE

Experimenting with Organisational Development in Bhutan: Tools for Reform and the Achievement of Multi-Level Goals

08-01 Janine O'Flynn and Deborah Blackman

Janine O'Flynn is a Research Fellow with a joint appointment in the Crawford School of Economics and Government and the Research School of Social Sciences, The Australian National University.

Deborah Blackman is an Associate Professor in the School of Business and Government at the University of Canberra.

Abstract

In this paper we examine the use of organisational development (OD) as a tool for the achievement of the reform and development goals in Bhutan. We review the reform agenda in Bhutan to identify the goals of reform and then investigate the OD literature to answer the question of whether this is an appropriate tool for achieving these goals. We find that there is considerable potential to use OD in the pursuit of the multi-level goals and, in fact, there is a high level of 'fit' between the principles and values of OD and the stated reform agenda in Bhutan. However, we argue that the implementation of this approach is problematic and several tensions are emerging. These tensions have the potential to undermine both the OD approach itself, and the ability of Bhutan to use OD in achieving a complex set of organisational and social goals. Given the unique development approach of Bhutan, we believe this represents a lost opportunity for using OD to achieve significant social outcomes.

Introduction

Bhutan stands at an historic crossroads and is currently pursuing major reform as it transitions to democracy. An important part of this reform agenda has been a focus on retooling and refocusing the civil service. A series of reforms has been enacted and these are linked to the internationally popular goal of instituting 'good governance'. In the Bhutanese case this has been tied to four important pillars - transparency, accountability, efficiency, and professionalism (RGoB, 2005a). Good governance has also been positioned as critical to facilitating Gross National Happiness (GNH), the unique Bhutanese development philosophy (RGoB, 2005a). Central threads weaving these agendas together are capacity building and the important role of the civil service and a critical question which has been associated with these reforms has been how to actually go about changing government organisations to ensure that they can rise to the twin challenges of democracy and development.

As the United Nations has noted, 'the business of development is about change' and in a developing country context this goes far beyond the notion of changing a single organisation, but rather a major reconfiguration of the environment (UNDP, 2006, p.6). In Bhutan much faith has been placed in a specific change management approach - organisational development (OD) - and the government has committed to a comprehensive and ongoing program of OD exercises aimed at linking together processes of civil service reform, changing attitudes and behaviours of civil servants, capacity building, and national

development. In effect, OD is being constructed as a means of effecting major change across multiple organisations, in pursuit of multi-level goals.

A review of the literature shows that there has been little attention paid to how governments attempt to use specific management tools to achieve multi-level goals. Different literatures consider how human resources can be used to build core competencies and capacities in the pursuit of profits, or how an integration of firm strategy with human resource management can enable growth and profit generation (Wright and McMahon, 1992; Martell and Carroll, 1995; Barney and Wright, 1998; Michie and Sheehan, 2005); others look at whether the application of strategic human resource management and change management approaches is appropriate for public sector organisations (Tompkins, 2002). There is also an emerging literature concerned with the transfer of western management practices and strategic human resource management ideas to developing and transition economies (McCourt and Ramgutty-Wong, 2003; Zupan and Kase, 2005). Whilst these diverse literatures help inform us of the opportunities and challenges of using management techniques in development, there has been little written on how countries might combine these ideas in the pursuit of multi-level goals. We find this especially surprising given the 'bold contention' that 'that the way governments manage their public servants can improve the performance of an entire national economy' (Al-Arkoubi and McCourt 2004, p.978). To help address this gap we present the case of Bhutan where an interesting experiment is underway.

The main focus of this paper is on how the Bhutanese are using OD to pursue multi-level goals and whether it provides an appropriate tool for reform. In order to do this the paper is arranged in three main parts. The first section considers the Bhutanese reform agenda and the setting of multi-level goals through a series of important concepts and reports. The second section discusses organisation development (OD) and its potential as a tool for achieving multi-level goals. This is followed by an examination of the case of OD in Bhutan which sets out the specific OD approach being used and some of the potential benefits and tensions that may emerge in this unprecedented experiment.

The Bhutanese Story of Reform and Change: Setting Multi-Level Goals

Bhutan is a landlocked country geographically located between the rapidly developing nations of India and China. It remains the last Mahayana kingdom with a philosophy of life deeply rooted in religious life and institutions (Mathou, 2000). The kingdom has been ruled by a monarchy since 1907 - prior to this it was ruled by a diarchy of lay and religious leaders (Bray, 1993). The first official census was conducted in 2005 and the population was reported as 672,000 people – 31% residing in urban areas and the remainder in rural areas.[1] A modernisation agenda began in the 1960s under the third King who focussed on reforming the legal framework and introducing the National Assembly. The fourth King accelerated reforms with the drafting of a constitution, a shift of powers to the Prime Minister, and the introduction of democratic elections, the first of which will take place in

---

[1] Data from the official census and reported at: www.bhutancensus.gov.bt accessed 10 October 2007.

2008. Although the formal coronation of the fifth King will not occur until 2008, the abdication of his father in late 2006 means that he has essentially ruled since that time. He too has continued with a program of reform. The modernisation process has been built around a series of five-year plans over some four decades and significant improvements in development have occurred. These were most significant through the 1990s. Between 1984 and 1998 life expectancy at birth increased from 47.4 to 66 years, adult literacy rose from 23 to 54% of the population, and real GDP grew by almost two-thirds. This shifted Bhutan from the low to the medium United Nations development category (Planning Commission, 2000).

The reform agenda in Bhutan has been described as a successful blending of tradition and modernity. Mathou (2000), for example, argued that Bhutan has developed its own unique approach built on consensus, compassion, respect for life and nature, compromise and the importance of individual development over material achievement. This differs from many nations which have imported foreign institutions. This has developed into a distinctive model of institution building and governance orientation which, in turn, supports the Bhutanese development strategy built on a rejection of the Gross National Product (GNP) measure in favour of GNH, a concept introduced by the fourth King in the late 1980s.

The GNH philosophy poses a unique development trajectory for Bhutan and is centred on a desire to improve and maximise *happiness* rather than economic growth (Planning Commission, 1999). This recognises the multiple needs of individuals– material, spiritual and emotional – and overcomes the sole focus on material wealth which is at the core of

GNP measures. This does not infer that material wealth is irrelevant to happiness, or development, but that a broader development philosophy is preferred in the Bhutanese context (Planning Commission, 1999). GNH has been explicitly linked to five development objectives in the national vision document *Bhutan 2020*: (i) human development which would enable people to fulfil their potential; (ii) protection of the unique culture and heritage of Bhutan; (iii) balanced and equitable development to ensure harmony, stability and unity; (iv) environmental conservation based on principles of sustainability; and (v) governance based on developing institutions, human resources, and governance systems to reduce enhance self-sufficiency, build capacity and develop opportunities for participation (Planning Commission, 1999, part 2, pp. 12-14). These governance objectives are especially important in the context of this paper as they point to issues of capacity building, civil service change, development of human resources, and institutional design, all important targets of reform programs.

In *Bhutan 2020* seven important reform goals/objectives are set out linking change with development. First, government should be focused on enabling rather than driving development. Second, responsibility for development should be decentralised and shared with dzongkhags (district government) and gewogs (local government). Third, management capacities need to be strengthened to manage development in an increasingly complex environment. Fourth, planning and management instruments need to be developed to ensure adaptability and responsiveness. Fifth, the adoption of a managerial focus requires professionalisation, restructuring, and reconfiguration of the civil service. Sixth, investment in data collection and management systems is required to enable better decision making and

evaluation. Seventh, management development must incorporate a distinctly Bhutanese approach. An important point to note is that the civil service in Bhutan will continue to play a central role, albeit a changed one. History already tells us that the public sector has dominated Bhutan and that it has already undertaken considerable development and capacity building activity. As Mathou notes,

> The bureaucracy has become both the instrument of the monarchy in the development process and the incubator of the modern elite … A great attention has been given to the modernisation of the bureaucracy itself: foreign administrators and technicians have been progressively replaced by well training Bhutanese personnel, new structures have been created, co-ordination between departments has been improved, lines of responsibility have been defined, ministerial authority has been asserted … Recently the Royal Government has confirmed its commitment to review, rationalise and strengthen the bureaucracy (2000, p.242-243).

Governance has been a central focus of the Bhutanese modernisation agenda and in particular the internationally popular goal of 'good governance'. In 1999 an exercise to enhance good governance was carried out centred on three main themes: efficiency, transparency and accountability. In 2005, a review and further exercise was undertaken in order to realise the objectives of good governance. The review built upon earlier initiatives and sought to reinforce policies to enhance good governance in Bhutan (RGoB, 2005a). The review added to the principles of efficiency, transparency and accountability, through the introduction of a principle of professionalism to create Good Governance Plus, a

strategy which is used to pursue GNH (RGoB, 2005a). The *Good Governance Plus* report

set out a vision of a 'new public service' (RGoB, 2005a, p.28) which detailed goals of

improving the role and character of the civil service, rightsizing and improving service

delivery. The new public service would be achieved through the introduction of a merit-

based Position Classification System (PCS) and a new Civil Service Act. A key part of the

PCS was to formally connect the role of each individual civil servant to the goals and

functions of the organisation within which they are placed. At the time of its launch, the

Prime Minister claimed that PCS would create a 'New Civil Service Order' which would be

dynamic, responsive and adaptive, and provide the foundation for a professional and

service oriented civil service. This, it was argued, would ensure good governance prevailed

and that the vision of GNH was fulfilled (RGoB, 2005b). The PCS provides a foundation

for major reforms in the Bhutanese civil service and focuses on human resource

management especially in the areas of performance management, recruitment, selection and

promotion, human resource development, and remuneration and benefits (RGoB, 2005b). It

has been positioned as a tool for engendering change and realising the goals of Good

Governance Plus. It has also been seen as a tool to improve capacity in the civil service and

to ensure that Bhutan develops and maintains a small, compact and efficient civil service

(RGoB, 2005b).

Bringing together these goals, the most comprehensive articulation of the Bhutanese vision

is set out in the document *Bhutan 2020: A Vision for Peace, Prosperity and Happiness*

(Planning Commission, 1999). With *Bhutan 2020* a 'normative architecture for future

change and development' is set out which identifies a 'hierarchy of goals, objectives and

principles that should guide the Kingdom's development over the next two decades'

(Planning Commission, 1999 part 2, p.5). This normative architecture focuses on a unifying

priority – ensuring independence, sovereignty and security of the nation state; several

guiding principles – identity, unity and harmony, stability, self-reliance and sustainability –

and five main objectives – human development, cultural development, balanced and

equitable development, institutional development, and environmentally sustainable

development. This normative architecture provides an articulated framework setting out

multi-level goals for Bhutan and a series of major implications for the civil service. How

this is to be achieved is the focus on the next section.

Organisational Development: A Tool for Achieving Multi-Level Goals?

As the previous discussion highlights, Bhutan is undertaking a considerable program of

change in its political and bureaucratic architecture. A critical part of this change program

has been the identification of a series of interconnected goals which are to be addressed,

partially at least, by reforms to the civil service. The Bhutanese government has chosen

organisational development (OD) as the management tool to operationalise these changes.

OD has been defined as 'a set of behavioural science theories, values, strategies, and

techniques aimed at the planned change of organization work settings' (Porras and Silvers,

1991, p.54). Alternatively, OD is a 'systemwide application of behavioural science

knowledge to the planned development and reinforcement of organisational strategies,

structures and processes for improving an organisation's effectiveness' (Waddell et al.,

2007, p.3). Growing from the human relations field, OD draws on behavioural science and

adopts a systems approach to processes of planned and adaptive change, focusing on

concepts such as human development, openness, fairness and collaboration (Friedlander

and Brown 1974; Hage and Finsterbusch, 1989; Burke 1997; Waddell et al., 2007). OD

aims to improve capacity for change, problem solving and renewal abilities, organisational

conditions, organisational adaptability, and organisational effectiveness (Friedlander and

Brown, 1974; Porras and Silvers, 1991; Ritson and O'Neill, 2006; Waddell et al., 2007,

p.4). Importantly, effectiveness picks up on two key assumptions: first, effective

organisations are able to solve their own problems and, second, effective organisations have

high performance and a high work life quality (Waddel et al., 2007).

In a major review of the OD approach, Friedlander and Brown (1974, p. 314) described OD

as a 'method for facilitating change and development in people (e.g. styles, values, skills),

in technology (e.g. greater simplicity, complexity), and in organizational processes and

structures (e.g. relationships, roles)'. From the literature they were able to point to two main

approaches. The first was labelled a technostructural approach focused on interventions into

the technologies and structure of an organisation; whilst the second, labelled a human

processual approach focused on interventions related to people and processes. In practice,

most OD exercises were argued to involve a confused combination of both. In another

major review in the 1990s, it was argued that OD tended to be used in two distinct ways,

either as a recalibration tool to effect modest changes to bring an organisation back into

sync with its environment, or in a more transformative way to change an organisation in

order that it address major organisation-environment mismatches or to 'fit into future

desirable environment niches' (Porras and Silvers, 1991, p. 54). Most OD interventions in

practice have tended to be of the first type, usually micro-level recalibrations dealing with specific issues and focused on a discrete part of an organisation (Hage and Finsterbusch, 1989). On rare occasions, however, they note that OD interventions have been used to attempt extensive change involving an entire organisation and incorporating changes to organisational culture and/or climate. Evidence that OD at a more macro-level such as across an entire sector of organisations, or to address broader social issues is virtually non-existent, although the potential for this has been identified in the literature (Friedlander and Brown, 1974; UNDP 2006).

A typical sequence of actions in an OD intervention is set out by Waddell et al. (2007). The first phase involves the OD consultant entering the organisation to gather preliminary data to understand challenges or problems. In the second phase the consultant focuses on understanding how the organisation functions and diagnosis. This involves data gathering, processing and feedback to ensure that the consultant and the client can work together to develop interventions. This stage should provide the OD consultant with a systematic understanding of the organisation and point to an appropriate set of interventions to carry out. The third phase focuses on planning, implementing and evaluating the OD interventions, determined by the consultant working with organisational members. A critical part of this phase is institutionalising OD interventions into the organisation's way of life.

The OD approach has been subjected to a range of critiques, the bulk of which can be categorised into one of two key areas for the purpose of this paper: the OD approach

generally and the use of OD in the public sector. A range of criticisms have been levelled at OD generally including the claim that it is too broad and within meaning (Hage and Finsterbusch, 1989); the field lacks credibility and objectivity because it relies too heavily on practitioner-reported research whereby those engaged to carry out interventions are reporting findings (Friedlander and Brown, 1974); and OD is a tool chosen by management to act as an organisational palliative, something which may make it easier for employees to swallow painful change (Ross 1971, cited in Friedlander and Brown, 1974; Friedlander and Brown, 1974). Pettigrew (1985 cited in Pettigrew et al., 1988) argued that OD research was largely autobiographical, focused on top management perspectives, focused on change episodes rather than changing, and on what he called an 'uncomfortable mixture' of values from humanistic psychology. In sum he claimed that it was 'aprocessual, ahistorical and acontextual' (Pettigrew 1985, cited in Pettigrew et al., 1988, p.307). A central tension was identified by Friedlander and Brown: 'OD as a field is faced with decision about the balance it can and will strike between changing institutions to increase human development and changing people to promote institutional development. The two goals are rarely consistent with each other' (1974, p. 335).

An important second group of criticisms relate to the application of the OD approach to the public sector. Davis (1979) pointed to several barriers for OD in the public sector – organisations often have obscure performance goals and measurement challenges; agency heads are often under pressure to change but without a clear vision of what they are aiming for; public agencies often undertake change for the sake of change, resulting in symbolic action rather than authentic change; and leaders prefer ambiguous goals and performance

measures, making an approach based on goal clarity highly problematic. In the end, Davis

argued that OD interventions in public sector organisations would be very challenge

because of the ambiguous goals of many public agencies: ' it is one thing to focus on [OD]

in organizations with clear goals and quite another to focus on [OD] in organizations with

virtually no operationalized goals' (1979, p. 363). In a recent piece Sminia and Nistelrooij

(2006) pointed to a clash between the assumptions underpinning OD and the bureaucratic

and centralised control approaches of many public sector organisations. However, despite

these problems it has been argued that OD projects in public sector organisations have

similar success rates to those in the private sector (Golembiewski et al., 1981;

Golembiewski, 1985; Robertson and Seneviratne 1995, cited in Rainey 2003) [2], and that

public sector organisations use OD for complex challenges or 'to hunt bigger game' such as

racial tensions, community conflict and reorganisations (Golembiewski et al., 1981, p.

681).

Three important points should be made prior to a discussion on the use of OD in Bhutan.

First, whilst OD interventions tend to be used for micro-level organisational change the

potential for it to be used at a more macro and strategic level has been flagged in the

literature. Writing more than thirty years ago, Friedlander and Brown noted that whilst OD

had been situated mainly in business and industry, 'some of the potential richness and

diversity of OD are represented in the application to wider planned social change activities

…' (1974, p. 335). Picking up on such potential Porras and Silvers (1991) noted that OD

---

[2] It should be noted however that one of the common critiques of OD research is that it is reported by those involved in interventions and, therefore, it is more likely that successful interventions are reported (see for example Friedlander and Brown, 1974).

could be used to tackle multi-level issues, although it would need to be more culturally sensitive, and focussed on more substantive questions. This potentially broader application of OD has, however, remained largely unexplored. Second, outside the public sector domain there is an emerging interest in OD and its potential for civil society organisations (CSOs) pursuing broader social goals. In her paper on East African CSOs, McAlpine (2007) argued that OD offered a tool for CSOs to 'align their core purpose and operating practices such that they could both inspire and implement significant and tangible change towards social justice' (2007, p. 112). OD, she argued, would allow CSOs to 'work with a particular ethos and posture' and that this would provide a means of developing the required capacity for CSOs to become 'mediators of social and economic change' (McAlpine, 2007, p.112). Reporting on the experience of CSOs in East Africa who had adopted and implemented OD McAlpine found that,

> As these organizations become more aligned with the values and practices they are trying to propagate in communities, a more cohesive and dynamic vision of wider development within the region is catalysed … as the cultures of these organizations evolve and are strengthened by new systems, practices and behaviours, they become exemplars for ways of living which are grounded upon a will for social justice and a commitment to combat inequality, fear and poverty (McAlpine, 2007, p.112).

Thirdly, emerging work by the United Nations Development Program (UNDP) comes some way toward bring these ideas together such that we can consider how OD might link with broader developmental goals. In a report on institutional reform and change management

(UNDP, 2006) a case was made for trying to bring together what has traditionally been organisationally-based change management literature and the broader literature on development practice. It was suggested that in focusing on developing capacity there needed to be an integration of the change literature to capture not just organisational change, but long-term social, economic, political and cultural (UNDP, 2006). Tensions immediately emerge however between this institutional reform agenda where 'genuine change takes time … any capacity development effort [should be] planned as a long-haul journey' (UNDP 2006, p.4), and the short-term micro-level focus of most OD interventions (Hage and Finsterbusch, 1989). The potential for either merging or bridging these areas, however, offers a rich area for research and practice.

Indeed, bringing together the potential pointed to by Friedlander and Brown (1974), the interesting developments in the CSO literature and the emerging literature on change, OD and capacity from the UN we can see that the Bhutanese attempts to use OD to achieve multi-level goals represents an innovative and, potentially ground-breaking experiment. Building on this to include the unique development philosophy of Bhutan also raises the question of whether their approach might very well address the major tension in the OD literature – whether it is possible to strike the balance between 'changing institutions to increase human development and changing people to promote institutional development' – a set of goals that Friedlander and Brown (1974, p.335) suggested were rarely consistent. In the next section we set out the Bhutanese commitment to OD and present some preliminary assessment of its appropriateness.

Organisational Development in Bhutan: Fit or Failure?

From the previous discussion it appears that there is a high level of synergy between the multi-level goals being pursued in Bhutan, the GNH development philosophy and the underpinning beliefs and values of OD. Such ideas resonate with the idea that there can be various levels of fit between national cultures and OD (Jaeger, 1986). We argue, however, that whilst philosophical fit appears to be high, the critical issue will be in *how* OD is actually implemented. In this section we draw on official reports and documents to describe the Bhutanese OD strategy and implementation plans. Following this we point to some potential tensions and issues.

Alongside the development of its multi-level, OD was recently identified by the Bhutanese government as a critical management tool across a range of policies and an OD program was officially launched in April 2007. The rationale for OD was set out as such:

> Organisational Development … is introduced by the [Royal Government of Bhutan] in order to strengthen the Civil Service for its important role in Bhutan's constitutional democracy and good governance in pursuit of [GNH]. OD is an essential exercise to further strengthen the reforms initiated … [including] Decentralization, Position Classification System … and the Civil Service Act (RGoB, 2007, p. 2).

The Royal Civil Service Commission (RCSC) stated that OD would provide the opportunity to comprehensively address organisational and institutional issues and allow focus on the issues of service delivery, restructuring and resizing which were all important in underpinning a successful democracy (www.rcsc.gov.bt, 22 August 2007). Drawing on official documents the key objectives of the OD program are: the well-being of the people of Bhutan; building a strong basis for democracy; developing a high performing civil service; increasing efficiency and professionalism; delivering high quality services; and setting high standards (RGoB, 2007). Critically 'OD is … considered a tool for defining the right size of the Civil Service' (RGoB, 2007, p. 2). In its strategy paper the RCSC (2007) states that OD exercise will be used to clarify the roles and mandates of ministries, agencies and dzongkhags and the coordination between them to ensure the realisation of national goals. At the conclusion of the strategy paper it was noted that 'the overall process of OD exercises for performance management and right-sizing will be evaluated and followed up on to implement capacity strengthening' (RCSC, 2007, p.26).

OD has been connected to other government policies and is viewed in the Bhutanese approach as a tool to enact the organisational change accompanying the major reform agenda. For example, in the Position Classification System, OD is seen as a tool of monitoring and evaluation which could 'help to assess the overall health of the Civil Service' (RCSC, 2006, p.64). OD is also included in the Bhutan Civil Service Rules and Regulations of 2006 where it is mandated that every 'Agency … undertake OD exercises regularly to enhance both organisation and individual performance' (RGoB, 2007, p.2). In

the Good Governance Plus (RGoB, 2005a) report, OD was specifically linked to the rightsizing agenda and it was stated that the outcomes of the OD exercises were expected to form the basis for all decisions that would relate to restructuring, staffing and capacity building. As part of the Bhutanese OD policy every government agency is required to undertake OD exercises every three-to-five year and it is expected that this will include an assessment of achievements, formulation of vision, mission, values and strategies and revisions to structure and staffing (RCSC, 2006).

The RCSC has been charged with the implementation of OD across Bhutan however there are several important governance bodies involved. A national steering committee was established comprised of the secretaries of the RCSC, the Ministry of Finance, and the Planning Commission, the director of the Royal Institute of Management, and the chief planning office (policy and planning division) of the RCSC. The role of the committee is to provide strategic guidance and support during the implementation of the OD exercises. In addition an OD taskforce was established and charged with the design and implementation of the OD exercises under guidance from the steering committee. Membership of the taskforce comprised the chief planning officer (policy and planning division) of the RCSC, chief planning officer (policy and planning division) Ministry of Finance, the chief planning officer of the Planning Commission, a faculty member from the Royal Institute of Management, two chief human resource (HR) officers from the RSCS, the chief information and media officer of the RCSC, four representatives from donor agencies, and the assistant planning officer (policy and planning division) RCSC.

The OD timetable in Bhutan is best described as challenging. This is further compounded by the fact that these exercises are being carried out in a fairly turbulent political environment – a constitution is about to be adopted, democratic elections will be held in 2008 for the first time, there has been considerable movement of senior bureaucrats out of the civil service so that they can join political parties, and a new parliament is being created. When the OD strategy paper was released in April 2007, it was suggested that one year would be provided for OD exercises to be carried out across the country. The program was launched in late April with an executive seminar for secretaries and directors. The first phase of implementation was April to June, 2007 with the training of focus people (those that would carry out the OD exercises) and pilot OD exercises in seven organisations. This would include one small and one large Ministry, three agencies, and two dzongkhags. The second phase – July to October 2007 – would be where the remaining organisations would be required to undertake OD exercises so that a final report could be prepared for the government for consideration as part of the 10th Five Year Plan in late 2007. Given that the OD strategy was only launched in April 2007, the aim to have all agencies complete a thorough OD exercise by the end of 2007 is optimistic. In August it was announced that the RCSC would expatiate OD exercises and set a new completion date of mid-September to facilitate a report to Government in October 2007 (www.rcsc.gov.bt, 22 August 2007). Whilst this may fit with the Bhutanese timetable for transitioning to democracy, it does contradict important principles of OD theory. In particular, there is a strong emphasis in the OD literature on allowing time to get buy-in from staff at all levels of the organisation to generate ideas and commitment. A failure to do this may undermine the initial OD exercise and also the longer-term OD program in Bhutan.

Anecdotal evidence suggests that rather than undertaking 'authentic' OD exercises the process has become fixated on rightsizing which was widely interpreted as downsizing by civil servants. There also appeared to be considerable scepticism by senior bureaucrats about the timing of OD with one suggesting it would be more appropriate to delay the OD exercises until after the elections when a new government would presumably set new goals for the agencies.[3] There also appears to be considerable scepticism regarding the real purpose of OD. For example, a question was raised at the executive seminar about what would happen if following the OD exercises, agencies could identify a need for more staff? This issue was resolved during the pilot phase when agencies projected a 30% increase in staff over the next five years, but the RCSC, having undertaken the pilots, has implemented a zero growth strategy for the civil service in the forthcoming five-year plan (Kuensel, 7 September 2007). This, it was reported, would force agencies to focus on better utilising their existing human resources, put pressure on civil servants to improve performance, provide opportunities for outsourcing, and recognise that over time the private sector would develop in areas currently dominated by government. This mismatch in the outcomes of OD between the agencies and the centre raise a potential problematic - is OD being used a tool to implement a specific predetermined strategy? If this is the case then some of the core ideas of OD may be being transgressed; the aims and objectives of OD are being sidelined by a process which is about how to keep government as small as possible. This approach is highly problematic and may reflect poor OD practice. In his article examining the use of OD to downsize and reengineer organisations, Burke argued that OD had 'lost its

---

[3] OD Executive Seminar, 16 April, 2007, Thimpu, Bhutan.

way' and that practitioners had 'violated the values associated with OD' (Burke, 1997, p.7). In the Bhutanese approach OD may be being used as an audit tool focusing on inputs, rather than a tool of change focused on outcomes, and this may create an impediment to Bhutanese organisations to realise their contribution to the multi-level goals set out in the reform agenda. Instead of getting an integrated and outward looking civil service it might provide incentives for agencies to focus inwards and compete for a limited set of resources. Further, the theoretical literature on OD tells us that adopting an audit approach will likely undermine future commitment to OD exercises – if OD has become synonymous with audit, then the ability of organisations to use OD in the way in which it is intended is severely hampered.

This problem may be exacerbated by the requirement that OD takes place on a regular basis. Imposed OD exercises can be problematic and may, in the end, be counterproductive. Initial reactions at the executive seminar suggested there was considerable scepticism about the role and purpose of OD and that there was much work to be done on generating buy-in and commitment to OD. In her paper on CSOs McAlpine (2007) discusses the problems of donor agencies imposing OD on CSOs as part of their funding requirements. Whilst in Bhutan we are concerned with public sector organisation, donor agencies are playing a critical role in advocating and funding OD as tool of reform. McAlpine argues that 'there is a fundamental tension between an OD practice that is underpinned by integrity – that has been sought out by [those] who have identified their own need and desire to change – and the use of OD by … donors agencies that impose it on CSOs' (2007, p.113). In the latter case, OD becomes less of a humanistic means of effecting change, and more an audit,

performance, or evaluation tool. Despite broader intentions, at least officially, implementation shows that this is happening in Bhutan. Rather than using OD as a tool for change, it is being used to audit the civil service. A related issue is the practice of combining top-down strategic management style change with bottom-up OD change (see Sminia and Nistelrooij, 2006). Whilst conceptually we can see that the Bhutanese use of OD in pursuing these bigger picture strategic goals offers great potential, Sminia and Nistelrooij (2006) point to the how difficult this can be practice. In particular they found that introducing OD into an organisation and then not seeing it through is highly problematic creating scepticism, diminished trust, and a lack of confidence. There is real potential for this to emerge as an issue in Bhutan given the complex mixture of goals.

Conclusions

In this paper we have provided a preliminary analysis of the use of OD to pursue multi-level goals using the specific case of Bhutan. The use of OD to try and achieve multi-level, complex economic and social goals is something that has been alluded to in the OD literature but the way in which it is playing out in Bhutan is, we believe, unprecedented. Philosophically there appears to be a high level of fit between the unique reform approach adopted by Bhutan and the values and principles of OD. Philosophically it appears that the Bhutanese have attempted to balance the tensions between human and institutional development using OD – the ultimate challenge as set out by Friedlander and Brown (1974). In practice, however it appears that OD is being used to undertake audit processes, indicating that it is institutional reform and development which has taken precedence over

human development. In the context of its unique development philosophy and the rhetorical claims at least to be focused on linking individual and national development this approach is problematic. And whilst there is still considerable research to be done on this experiment, we believe that the early stages of implementation suggest a lost opportunity in using OD to achieve multi-level development goals and better balance institutional and human development needs.

References

Al-Arkoubi K, McCourt W. 2004. The politics of HRM: waiting for Godot in the Moroccan civil service. *International Journal of Human Resource Management* **15**(6): pp. 978-995.

Barney JB, Wright PM. 1998. On becoming a strategic partner: the role of human resources in gaining competitive advantage. *Human Resource Management* **37**(1): pp. 31-46.

Bray J. 1993. Bhutan: the dilemmas of a small state. *The World Today* **November**: 213-216.

Burke WW. 1997. The new agenda for organization development. *Organization Dynamics* **25**(1): 7-21.

Davis TRV. 1979. OD in the public sector: intervening in ambiguous performance environments. *Group & Organization Studies* **4**(3): 352-365.

Friedlander F and Brown LD. 1974. Organization development. *Annual Review of Psychology*, **25**: 313-341.

Golembiewski RT. 1989. Toward a positive and practical public management: organizational research supporting a fourth critical citizenship. *Administration & Society* **21**(2): 200-227.

Golembiewski RT, Proehl CW, Sink D. 1981. Success of OD applications in the public sector: totting up the score for a decade, more or less. *Public Administration Review* **41**(6): 679-682.

Hage J, Finsterbusch K. 1989. Three strategies of organizational change: organizational development, organizational theory and organizational design. *International Review of Administrative Sciences* **55**(1): 29-57.

Kuensel Newspaper Online www.kuenselonline.com accessed 10 October 2007.

Jaeger AM. 1986. Organization development and national culture: where's the fit? *Academy of Management Review* **11**(1): 178-190.

Mathou T. 2000. The politics of Bhutan. *Journal Bhutan Studies* **2**(2): 252-262.

Martell K, Carroll SJ. 1995. How strategic *is* HRM? *Human Resource Management* **34**(2): 253-267.

McAlpine K. 2007. Toolbox or transformation: is organizational development the key to unlocking the potential of civil society organizations in East Africa? *Organization Development Journal*, **23**(3): 111-115.

McCourt W, Ramgutty-Wong A. 2003. Limits to strategic HRM: The case of the Mauritian civil service. *International Journal of Human Resource Management* **14**(4): 600-618.

Michie J, Sheehan M. 2005. Business strategy, human resources, labour market flexibility and competitive advantage. *International Journal of Human Resource Management* **16**(3): 445-464.

Pettigrew A, McKee L, Ferlie E. 1988. Understanding change in the NHS. *Public Administration*, **66**(3): 297-317.

Planning Commission. 1999. *Bhutan 2020: A Vision for Peace, Prosperity and Happiness* Royal Government of Bhutan.

Planning Commission. 2000. *Bhutan National Human Development Report*, Royal Government of Bhutan.

Porras JI, Silvers RC. 1991 Organization development. *Annual Review of Psychology* **42**: 51-78.

Rainey HG. 2003. *Understanding and Managing Public Organizations*, 3rd edition, Jossey-Bass: San Francisco.

Ritson N O'Neill M. 2006. Strategic implementation: a comparison of three
methodologies. *Strategic Change* **15**(4): 187-196.

Royal Civil Service Commission (RCSC) website: www.rcsc.gov.bt accessed 9
October 2007.

Royal Civil Service Commission. 2006. *Position Classification System Manual*, Royal
Government of Bhutan.

Royal Civil Service Commission. 2007. *Organisational Development (OD) Exercises:
Strategy Document*, Royal Government of Bhutan: Bhutan.

Royal Government of Bhutan (RGoB). 2005a. *Good Governance Plus: In Pursuit of
Gross National Happiness*, Royal Government of Bhutan: Bhutan.

Royal Government of Bhutan. 2005b. *Position Classification System Policy
Document*, Royal Government of Bhutan: Bhutan.

Royal Government of Bhutan. 2006. *Bhutan Civil Service Rules and Regulations,*
Royal Government of Bhutan: Bhutan.

Royal Government of Bhutan. 2007. *Organisational Development (OD): Toward
Excellence in the Civil Service*, Royal Civil Service Commission: Bhutan.

Sminia H, Nistelrooij AV. 2006. Strategic management and organization
development: planned change in a public sector organization. *Journal of
Change Management* **6**(1): 99-113.

Tompkins J. 2002. Strategic human resources management in government: unresolved
issues. *Public Personnel Management* **31**(1): 95-110.

United Nations Development Programme (2006) *Institutional Reform and Change
Management: Managing Change in Public Sector Organisations*, Capacity
Development Group, Bureau for Development Policy, Conference paper #5,
United Nations: New York.

Waddell DM, Cummings TG, Worley CG. 2007. *Organisation Development and Change: Asia Pacific*, 3rd edition, Thomson: South Melbourne.

Wright PM, McMahan GC. 1992. Theoretical perspectives for strategic human resource management. *Journal of Management* **18** (2): 295-320.

Zupan N, Kase R. 2005. Strategic human resource management in European transition economics: building a conceptual model on the case of Slovenia. *International Journal of Human Resource Management* **16**(6): 882-906.