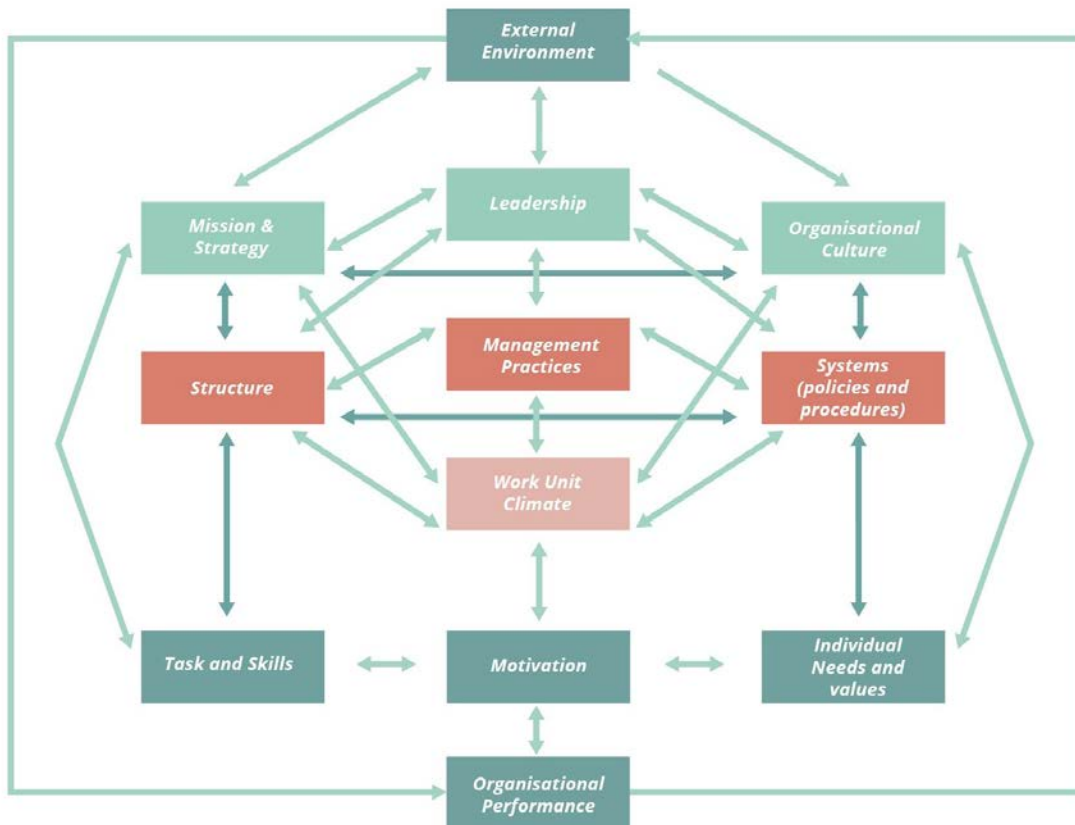


Causal Model of Organisational Performance and Change by Warner Burke and George Litwin

Warner Burke and George Litwin believed that within the 'chaos' of organisational change, there are certain consistent patterns that link together classes of events. They used these patterns to develop their Causal Model of Organisational Performance and Change, which attempts to show which variables within an organisation are key to achieving a successful change and how these variables link together.



The model is presented as a rather complex diagram, showing various variables within an organisation and the relationships between them. At the top is the 'External Environment' - this represents inputs to the organisation, such as markets, legislation, the economy and competitors. At the bottom is the 'Organisational Performance' box - this is what the organisation is producing, in terms of productivity and performance. These two boxes are joined by a feedback loop, showing that changes in one of these elements can directly affect the other.

In between these two elements are ten other boxes - these represent the organisational variables that Burke and Litwin considered to be the most important factors in determining how an organisation transforms its inputs into outputs.

These elements are:

- Mission and Strategy - the core purpose of the business
- Leadership - the actions and behaviours of senior leaders
- Culture - the values and behavioural norms in the organisation

- Structure - the roles and functions within the business
- Systems - the organisation's established processes and procedures
- Management Practices - how managers operate on a day-to-day basis
- Work Climate - the attitudes and expectations of people in the organisation
- Task and Individual Skills - the knowledge and skills needed to perform effectively
- Individual Needs and Values - the psychological factors that provide desire and worth for employees
- Motivation - the factors required to get employees to perform actions and move towards goals

All twelve variables affect one another, but in the model several are joined by two-way arrows. These represent the strongest relationships, where changes in one variable will most likely have an impact on one or more other variables.

The order of the elements is important too. Burke and Litwin believed that the variables at the top - the external environment, mission, strategy, leadership and organisational culture - carry the most weight when it comes to effecting organisational change. It is these variables that usually need to be used when trying to make a radical or transformative change to the organisation - for example, following an acquisition or merger.

For example, a change in leadership is likely to have far-reaching effects across the entire organisation, particularly in terms of mission and strategy, organisational culture, structure, management practices and systems.

The lower variables are referred to as 'transactional' elements. This includes management, as well as the structure of the organisation and its systems. Burke and Litwin suggested that these variables are most effective at bringing about transactional or incremental changes to an organisation - such as modifying the reward system.

For example, introducing a new bonus scheme (which would fall within the motivation variable) may impact individual needs and performance as well as task and individual skills - the specific skills required to secure a bonus will likely be pushed to the fore and individuals may be more motivated to work hard on tasks that are likely to help them win a bonus than on other activities. But it is unlikely to have a dramatic impact in other areas, such as leadership or strategy.

The model is designed to show how a change in one element of the organisation can cause effects across the entire business. It is not a prescriptive model - it does not aim to tell employers *how* they should manage change. But it provides a framework within which to consider change and how it could best be implemented to achieve its desired outcomes.

Reference

Burke, W. W. & Litwin, G. H. (1992) A Causal Model of Organizational Performance and Change, *Journal of Management*, Vol. 18, No. 3, pp. 523-545.