



Managing Organisational Change Notes

Managing Organisational Change (University of Western Australia)



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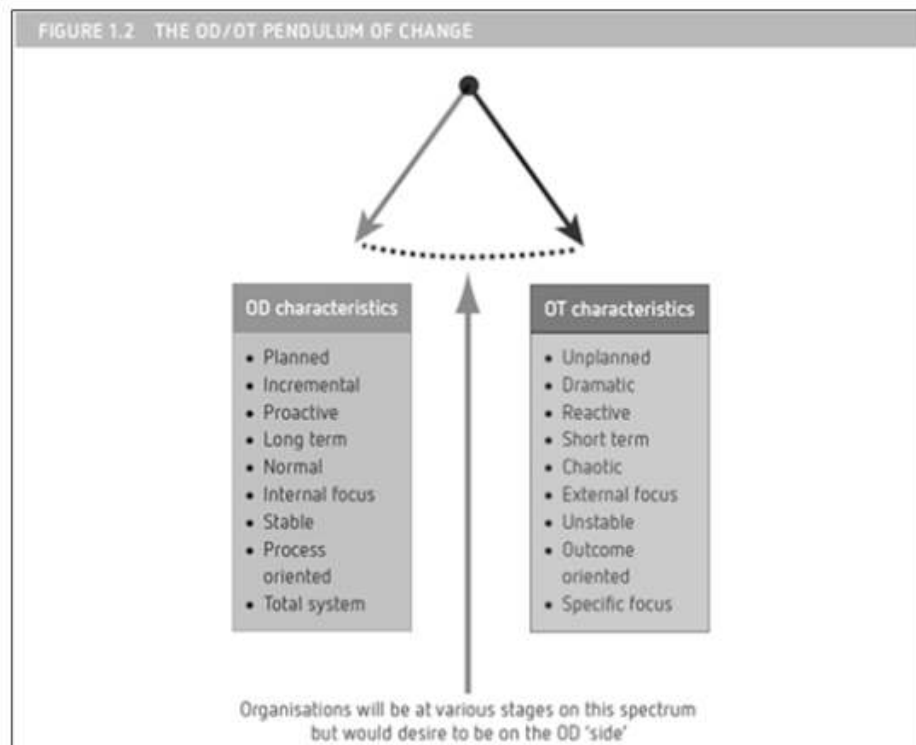
Managing Organisational Change Notes

Lecture 1: Introduction

What is organisational development?

Organisation development is a system wide application of behavioural science knowledge to the planned development and reinforcement of organisational strategies, structures and processes for improving an organisation's effectiveness.

OD: views from the field: OT = organisation transformation



What makes OD unique?

1. OD applies to an entire system
2. OD is based on behavioural science knowledge and practice
3. OD is oriented to improve an organisation's effectiveness through processes of adaptive development
4. OD creates change and also reinforces it
5. OD encompasses strategy, structure and process changes
6. OD is oriented towards improving organisational effectiveness

The interdependencies of change processes:

1. Strategy
2. Processes
3. Structure

3 major trends organisations need to understand and respond effectively:

1. Globalisation is changing markets and environments
2. Information technology is changing work and knowledge

3. Managerial innovation is responding to these trends and accelerating their effect on organisations

Lecture 2: Planned Change

What is change?

- Planned or unplanned response to external forces
- New state things different from old state

Planned change vs. unplanned change:

• Planned change-

- Performance gap between actual and desired states
- A problem to be solved
- Goal is to maximize positive outcomes

• Unplanned change-

- Unanticipated disasters
- Goal is to minimize negative outcomes

Change theories:

1. The Big 3 Model
2. Lewin's Change Model
3. Action Research Model
 - The action research cycle
 - Contemporary adaptations to action research
4. The Positive Model

The Big 3 Model:

3 kinds of movement-

- **Macro-evolutionary:**
In the environment; historical; industries or industry clusters
- **Micro-evolutionary:**
Developmental; related to co-ordination, size and shape
- **Political:**
Revolutionary; jockeying for power among stakeholders

3 forms of change-

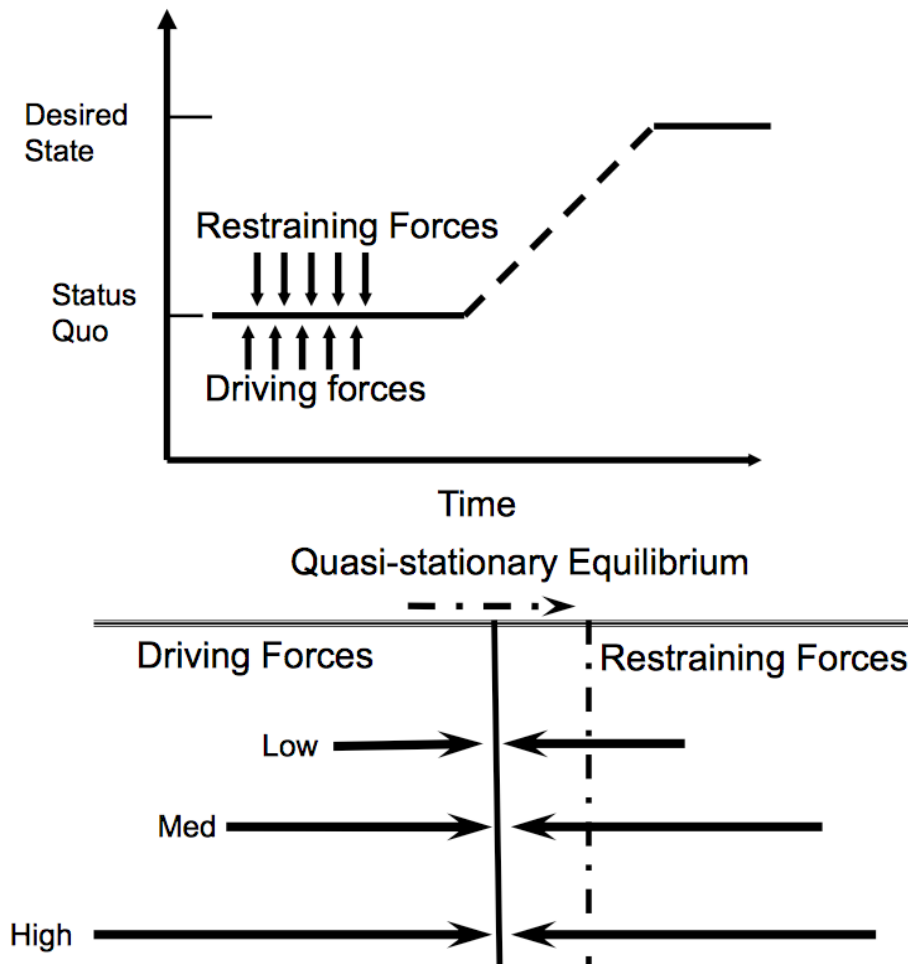
- **Identity:**
Changes in the relationships between an organisation and its environment
- **Coordination:**
Changes in size, shape and structure
- **Control:**
Shifts in dominant coalitions, ownership and governance

3 roles in the change process-

- **Change strategists:**
Concerned with the organisation's overall direction; tend to be involved early; tend to be leaders of the organisation
- **Change implementers:**
Concerned with project management; middle level

- **Change recipients:**
Often involved at the end; are affected and react to change

Lewin's 3 Phase Model:



Assumptions:

1. There are usually multiple causes
2. Most issues are held in equilibrium by opposing forces
3. We are more likely to accomplish change if we identify those forces
4. It's often easier to manage change by reducing restraining forces

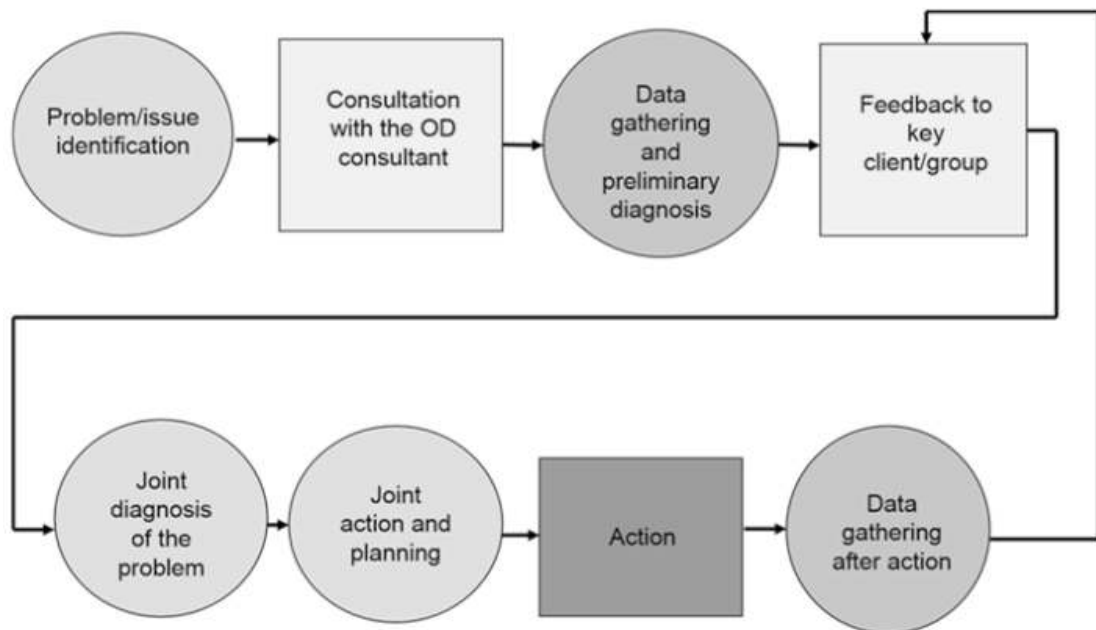
3-stage process:

- **Unfreezing:**
Involves overcoming inertia and dismantling the existing 'mind set'
- **Movement:**
This is typically a period of confusion and transition
- **Refreezing:**
This involves reinforcing and consolidating changes made

Action Research Model:

- Very popular in OD as a way of planning and implementing a change
- Planned change is seen as a cyclical process where action is guided by preliminary research about the development needs of an organisation

- Feedback loops allow it to be an iterative process between gathering information, making changes and then gathering more information



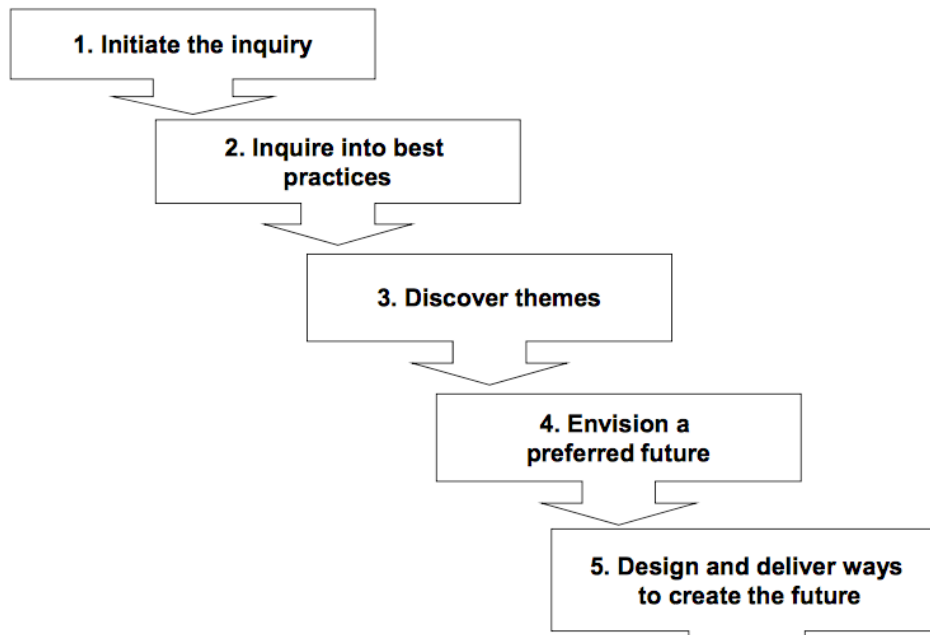
Contemporary adaptations to Action Research:

- Moving from smaller subunits to total systems and communities: more complex and multiple stakeholders
- Being applied internationally: needing to find its 'cultural 'fit'
- Being applied to achieve positive social change: community development and global social change movements

The Positive Model:

- Fundamentally different to Lewin's and the Action Research Model
- Rather than focus on what is not working, it focuses on what is working
- Uses an approach known as Appreciative Inquiry (AI)

- Everyone is involved in creating the 'positive vision' and so is more motivated and committed to making the change happen



Comparison of change models:

Similarities:

- Change is preceded by diagnosis or preparation
- All involve organisation members in the change process
- All have an evaluation at the end of each process

Differences:

- The role of the OD specialist
- Fixing problems versus building on strengths approaches

General Model of Planned Change:

- Entering and contracting
- Diagnosing
- Planning and implementing
- Evaluating and institutionalising



Entering, contracting and diagnosing:

- The problem, issue or strength is identified
- Organisation makes commitment of time and resources

- Role of OD practitioner is clarified
- Data is gathered

Planning and implementing:

- Agreeing on an approach to the agreed change
- Planning the process
- Motivating and sustaining the process to achieve the change

Evaluating and institutionalising:

- Determining success and limitations of the change
- Embedding change through feedback, training and rewards

Different types of planned changes:

- **Magnitude of change-**
 - Incremental
 - Quantum
- **Degree of organisation:**
 - Over-organised
 - Under-organised
- **Domestic versus international settings**

Critique of planned change:

In conceptualisation:

- Limits to our knowledge about how to change behaviour `
 - Context is an important variable and current models are limited in adapting to context
 - Change is not linear or rational – emergent conditions make planned change chaotic
 - Evaluation methods are imprecise

In practice:

- Limitations in OD practitioner skill
- Failure in diagnosis
- Unrealistic expectations within the organisation

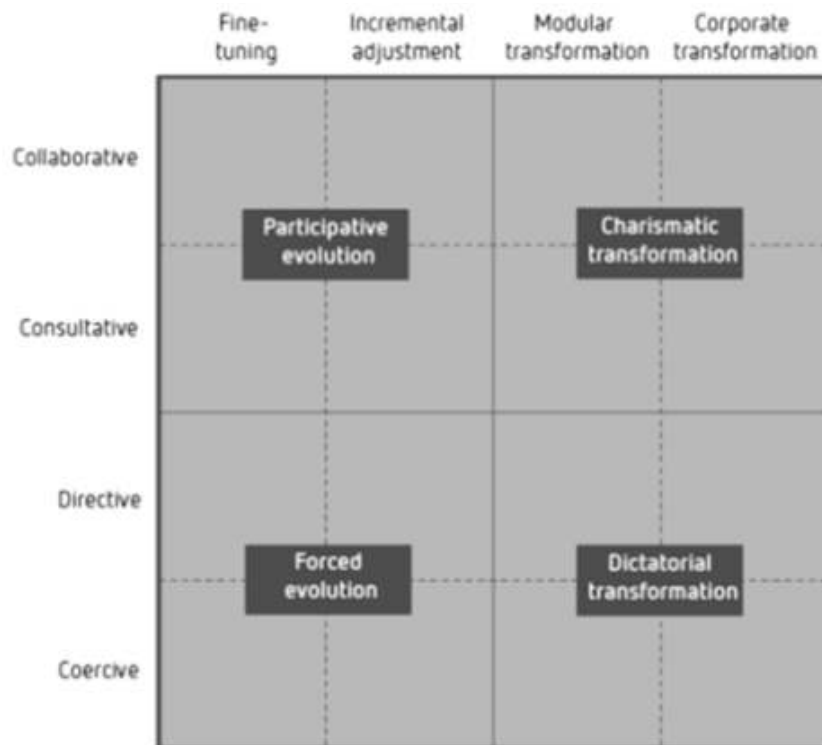
The Contingency Approach to change management:

- Dunphy and Stace criticise planned change models that try to determine the outcome through a fixed process
- The theory is situational because the changes are contingent on how to achieve optimum fit with the changing environment
- They identify 2 aspects of change that will assist in deciding what type of change needs to be made:
 - Scale of change-
 - Does the organisation need:
 - Fine-tuning
 - Incremental adjustment
 - Modular transformation
 - Corporate transformation
 - Management style needed to achieve a change-
 - Does the style need to be?
 - Collaborative

- Consultative
- Directive
- Coercive

Depending on the mix of the scale of change and the style of management needed, Dunphy and Stace identified the following:

- Participative evolution
- Charismatic transformation
- Forced evolution
- Dictatorial transformation



Lecture 3: Leadership and Change

Who is the change leader?

There are 3 types of person now involved in leading a change process in an organisation:

1. OD professionals
 - With qualifications, training and experience
2. Professionals from other related disciplines
 - With OD skills gained 'on the job'
3. Managers and administrators
 - With applied OD skills gained 'on the job'

Competencies of an effective OD practitioner:

- Intrapersonal skills- self-awareness and enquiry
- Interpersonal skills- sustaining effective relationships with individuals and groups
- General consultation skills- managing all facets of the consulting process
- Organisation development theory- knowledge of OD change processes

OD practitioner as leader of change:

- Increasingly, organisations call on OD practitioners to lead a change process. They are often involved in:
 - Working with the organisation to clarify the issue or problem
 - Determining the relevant 'client' within the organisation
- The organisation must then select an appropriate OD practitioner
 - Will it be the external or 'in-house' OD professional, a professional in the organisation with related professional and OD skills or a manager with applied OD skills?

- OD practitioners are now expected to have a wide array of personal and professional skills

The role of the OD professional:

- Position:
 - Internal versus external
- Marginality:
 - Ability to straddle boundaries
 - Maintaining independence and flexibility
- Emotional demands:
 - Emotional intelligence
- Use of knowledge and experience
- Careers of OD professionals

Disadvantages of an internal change agent:

- Lack of objectivity
- Overly cautious, likely when dealing with internal power structures
- May lack certain skills and experience in facilitating organisational change

Advantages of an internal change agent:

- Time-saving
- Ready access to clients
- Intimate knowledge of the organisation, its dynamics, culture and informal practices
- Access to a variety of information: internal company reports and direct observations
- Less threatening than 'outsiders' and better able to establish rapport and trust

Disadvantages of an external change agent:

- Extra time required to familiarise themselves with the organisation
- Organisation may be wary of outsiders
- Perception within the organisation that outsiders have little invested in outcomes

Advantages of an external change agent:

- Expertise that is unavailable internally
- More objective perspective into the organisation development process
- Ability to probe difficult issues and to question the status quo
- They are also afforded some deference and power

Emotional demands:

- Research has identified that the OD role is emotionally demanding
- The role requires emotional intelligence (EI)
- EI refers to the ability to recognise and express emotions appropriately, to use emotions in thoughts and decisions, and to regulate emotion in oneself and in others
- Evidence suggest that EI increases with age and experience and can be developed through personal development

Thinking about marginality:

- The marginal person is one who successfully straddles the boundary between two or more groups that have differing goals, value systems and behaviour patterns
- Some people are better at marginality than others; they are said to have a 'marginal orientation'
- Some personal characteristics identified are:
 - Low dogmatism, neutrality, open-mindedness, objectivity, flexibility and adaptable information-processing ability
- The marginal role of the OD practitioner can have positive effects when it is filled by a person with a marginal orientation

Professional ethics:

As the profession of the OD specialist matures, there has been increased attention on establishing ethical standards and guidelines to deal with a complex array of ethical dilemmas faced by the OD professional. Areas of emerging concern are:

- Misrepresentation
- Misuse of data
- Coercion
- Value and goal conflict
- Technical ineptitude

Professional values:

- Traditionally OD values have been democratic, working to improve organisations for humans
 - Building trust and collaboration
 - Creating a culture of openness
 - Committed to problem solving
- New values are now shaped by a concern to improve organisation effectiveness and performance
- Potential values tension

Kotter's 8 stage process of leading major change:

1. Create a sense of urgency
2. Create a guiding coalition
3. Develop a vision and strategy
4. Communicate the change vision
5. Empower broad base action
6. Generate short-term wins
7. Consolidate gains
8. Anchor new approaches

Prosci on change leadership and vision:**Key elements of leadership:**

- Communications from key leaders about the importance of managing the people side of change
- Strength of sponsor coalition for change management deployment
- Vision for the change management deployment effort
- Funding and resources for the change management project
- Leadership accessibility, decision making and engagement with the project team working to institutionalise change management
- Creation of business rules, policies and procedures that establish change management

Why does change fail?

- Allowing too much complacency
- Failure to create a powerful guiding coalition
- Underestimating the power of a vision
- Under-communicating the vision
- Allowing obstacles to block the vision
- Failure to acknowledge short term wins
- Declaring victory too soon
- Failure to anchor new approaches in corporate culture

Key elements for effective communication of a vision:

- Simplicity
- Metaphor, analogy and example
- Multiple forums
- Leadership by example
- Explanation of apparent inconsistencies
- Give and take

Lecture 4: Managing Resistance and Organisational Culture

Sources of resistance to change:

- No general agreement
- Most research has focused on individual resistance to change
- At different stages in the implementation of a change process

3 ways of thinking about resistance:

1. Mechanistic: natural and everyday; neutral; a product of interactions
2. Social: exceptional; detrimental; 'over there, in them /it'
3. Conversational: socially constructed meaning that can be asserted and changed

Responses to change: drivers:

TABLE 4.3 DRIVERS OF RESPONSES TO CHANGE	
FACTORS	INDICATORS
Economic	<ul style="list-style-type: none"> ◊ Job loss or job security and impact on self-image ◊ Economic future for family ◊ Reduction of value of existing skills for future promotion ◊ Transfer of organisation or components of the organisation to less costly locations ◊ Vested interests in position or salary benefits
Uncertainty	<ul style="list-style-type: none"> ◊ Doubt about the stated benefits of the change ◊ Doubt about ability to undertake new role or tasks ◊ Rumours that destabilise the benefits of the change ◊ Impact on relationships and values
Inconvenience	<ul style="list-style-type: none"> ◊ Additional load to current role ◊ Relocation of office or home ◊ Loss of security of the familiar ◊ Challenge to familiar routine
Threats to interpersonal relationships	<ul style="list-style-type: none"> ◊ Status among employees ◊ Threat to work team ◊ Impact on morale of work team ◊ Impact on organisation culture ◊ Impact on social relationships
Impact on internal processes and systems	<ul style="list-style-type: none"> ◊ Technology ◊ Structure and dependencies ◊ Inadequate communication to explain the change ◊ Impact on resources
Impact on social functions	<ul style="list-style-type: none"> ◊ Cognitive dissonance or incompatibility with new values ◊ Fear of the unknown

Concrete responses to change:

- Change resisters may have important information that the change agent needs to consider when planning and implementing a change process
- The change agent needs skills to differentiate between 'knee-jerk' resistance and 'considered' resistance
- Is there too much change? New research is beginning to report change fatigue
- Cooke has developed a useful checklist called 'Reasons Why' for managers

Managerial responses to resistance:

Managers employ a variety of strategies to deal with resistance:

- Empathy and support for peoples responses
- Clear and effective communication about the change
- Ensure the involvement and participation of the maximum number of people in the organisation and also key external stakeholders where relevant

Cooke's 'Reasons Why' list:

1. Employees may know something you do not know, which may, make their resistance not only understandable but also even correct
2. People who are happy with the status quo will fight to protect it
3. If they can see no clear path between their current state and the new position then they cannot begin to move forwards
4. If they do not believe they have the necessary skills to be successful in the new order or are heavily invested in the current order then they will resist
5. They need to have clear and credible role models of the new behaviours
6. They need to understand why the change is in their interests

Getting people ready for the change:

- Skills and knowledge will be needed to effect a successful change, involving:
 - Education and communication

- Participation and involvement
- Facilitation and support
- Negotiation and agreement
- Manipulation and co-option
- Explicit and implicit coercion: avoid at all costs

Sustaining momentum for change:

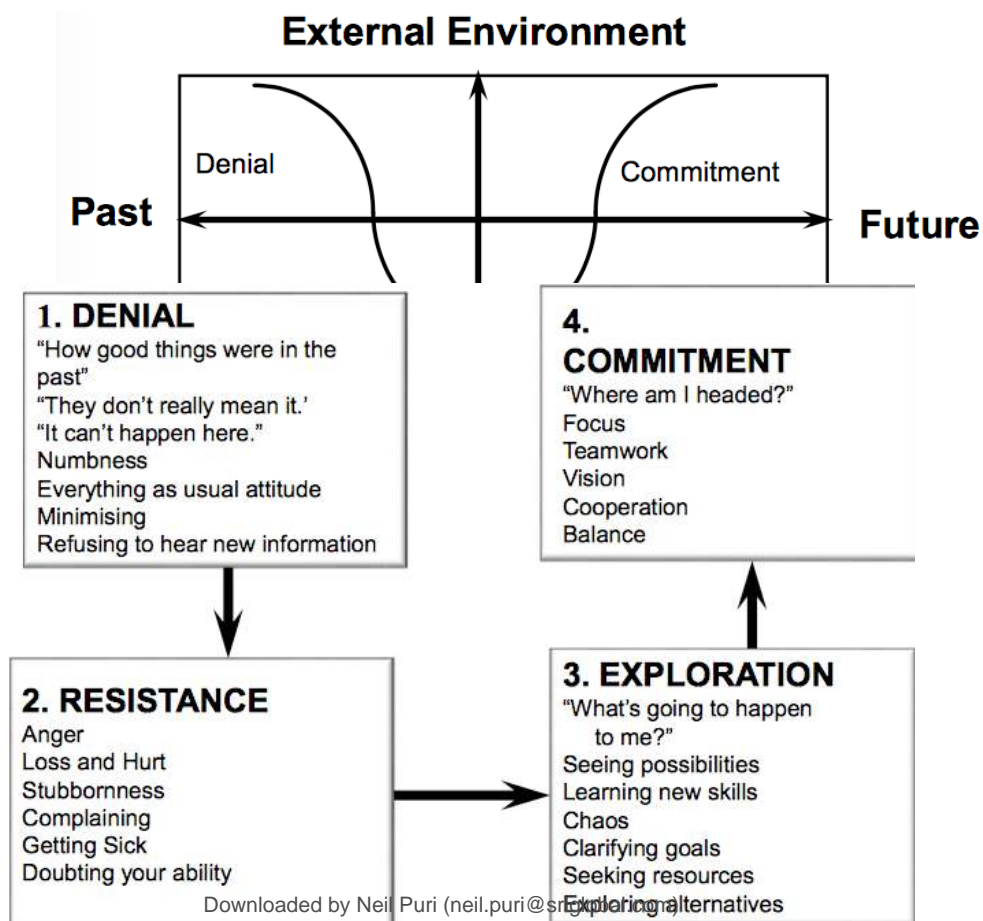
The momentum for change, once started, needs ongoing managing through:

- Providing resources (including sufficient time)
- Building a support system for the change agents
- Developing new competencies and skills
- Staying the course

Bruckman's list of learnings:

1. Work with the group
2. Confront the fear of change
3. Consider the group's perspective
4. Build trust
5. Avoid manipulating the work group
6. Be willing to compromise
7. Allow group ownership
8. Actions versus words
9. Reward new behaviours
10. Financial rewards rarely reinforce behavioural change
11. Manage the myths and realities
12. Integrity – the most important variable

Resistance as a natural stage:



Cynicism:

- Cynicism is an attitude, a "disposition to respond unfavourably to an object, person or event"
- Organisational cynicism is a negative attitude to one's employing organisation, compromising 3 dimensions:
 1. The belief that the organisation lacks integrity
 2. Negative affect toward the organisation
 3. Tendencies to disparaging and critical behaviours toward the organisation that are consistent with these beliefs and affect

Functions of cynicism:

- Making sense from confusion
- Defence and self protection

Persistence and validation of cynicism:

- By other individuals
- By the organisation

Understanding and managing cynicism:

- Provide opportunities to air feelings
- Keep people involved in decisions that effect them
- Keep surprises to minimum
- Publicise successful changes
- Emphasise and support supervisors for their efforts to communicate
- Enhance credibility
- Deal with the past
- Understand change from employees position

The internal environment:

Compromises:

- Corporate/organisational culture
- Production technology
- Organisation structure
- Physical facilities

Organisational culture:

Can be analysed on two levels:

- Visible or surface level
 - Physical symbols
 - Dress codes
 - Ceremonies
 - Office layout
- Invisible, deeply embedded assumptions and beliefs that guide behaviours

Organisational culture:

- Key to competitive edge
- Refers to the shared knowledge, beliefs, values, behaviours and ways of thinking among members of the organisations
- Taught to new members
- Can also have negative influences

Types of culture:

- Cultures vary across organisations
- Right fit between culture, strategy and the environment associated with 4 types of culture:
 - Adaptability culture
 - Response to environment that requires fast responses in such industries as:
 - Cosmetics
 - Electronics
 - Values creativity and innovation
 - May involve employee autonomy in decision making
 - Achievement culture
 - A results-oriented culture
 - Values competitiveness, personal initiative, cost-cutting and achievement
 - Handsome rewards for high performers
 - Suited to organisations in specific customer niches
 - Less intense need for flexibility and rapid response
 - Involvement culture
 - Places high value on meeting the needs of employees
 - Values cooperation, consideration and equality
 - Characterised by family-like atmosphere
 - Consistency culture
 - Values and rewards a methodical, rational, orderly way of doing things:
 - Following rules
 - Being thrifty
 - Uses an internal focus and a consistency orientation
 - Not always suitable for today's fast changing environment

Shaping corporate culture for innovative response:

- Corporate culture an important key for organisational success
- But organisations also need to manage for high business performance
- Need for managers to create and influence organisational culture to meet strategic goals

Cultural leadership:

- Defines and articulates important values that are tied to a clear and compelling mission

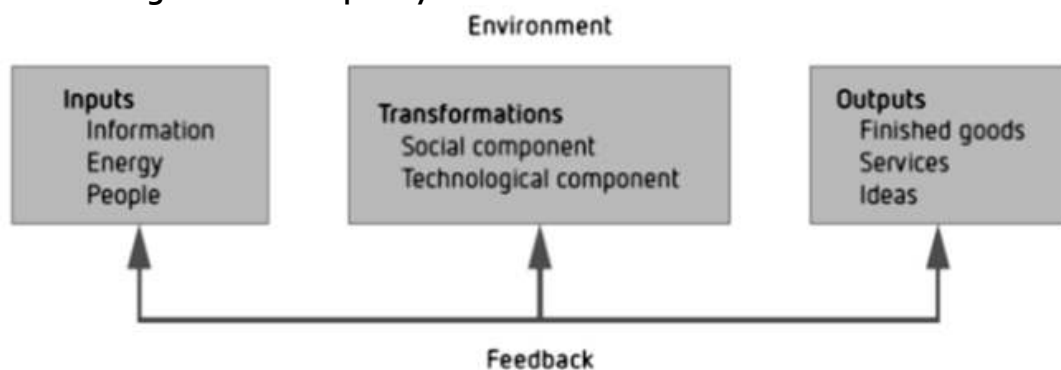
- Managers must over-communicate to ensure employees understand the new culture values (in actions as well as words)
- Influence culture in 2 key areas:
 - Articulation of a vision for the organisational culture that employees can believe in
 - Heeds the day-to-day activities that reinforce the cultural vision

Lecture 5: The Process of Organisational Change

What is diagnosis?

- Broadly, the process of understanding how the organisation is functioning
- The client and the OD practitioner, internal or external, working together to identify the focus of the issue or problem
- The process of the OD practitioner, using diagnostic models and various methods for gathering data, collecting and analysing diagnostic information about the issue or problem

A useful diagnostic tool: open systems model:



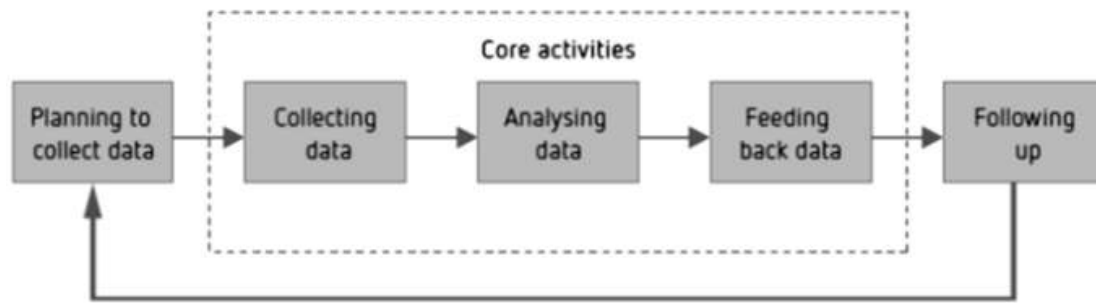
Diagnostic considerations using the open systems model:

- Inputs, transformations and outputs
- Boundaries
- Feedback
- Equifinality
- Alignment

Collecting and analysing diagnostic information:

- The data-collection and feedback cycle
- Methods for collecting data
- Sampling
- Feeding back diagnostic information
- Characteristics of the feedback process

The data collection and feedback cycle:



Major methods for collecting data:

- Questionnaires
 - One of the most efficient ways to collect data
 - Contain fixed-response questions
 - Administered to large numbers of people simultaneously
 - Can be analysed quickly
 - Permits quantitative analysis
 - Data can easily be fed back to employees
 - Advantages:
 - Large quantities of data
 - Relatively inexpensive
 - Drawbacks:
 - Little opportunity for empathy with subjects
 - Rigid structure
- Interviews
 - Interviews may be highly structured
 - Resembling questionnaires
 - Interviews may be highly unstructured
 - Starting with general questions that allow the respondent to lead the way
 - Advantages:
 - Adaptive
 - Empathic
 - Builds rapport with subjects
 - Potential problems:
 - Relatively expensive
 - Coding and interpretation can be difficult
- Observations
 - A more direct way of collecting data
 - Observe organisational behaviours in their functional settings
 - Advantages:
 - Yields data on actual behaviour
 - Real time, not retrospective
 - Potential problems:
 - Difficulties in interpretation
 - Sampling inconsistencies and observer bias
 - Expense
- Unobtrusive methods

- Data is collected from secondary sources
 - Records of absenteeism, tardiness, grievances, quantity and quality of production or service, financial performance, correspondence with key stakeholders
- Helpful in diagnosing group and individual outputs
- Advantages:
 - Non-reactive, no response bias
 - High face validity
 - Easily quantified
- Potential problems:
 - Access and retrieval difficulties
 - Validity concerns
 - Coding and interpretation difficulties, for example, the information is mostly general and not specific to an individual

Sampling:

- Population versus sample
- Importance of sample size
- Process of sampling
- Types of samples:
 - Random
 - Convenience

Feeding back diagnostic information:

- **Determining the content of the feedback:**
 - Relevant
 - Understandable
 - Descriptive
 - Verifiable
 - Timely
 - Limited
 - Significant
 - Comparative
 - Unfinalised
- **Possible effects of feedback**
- **Characteristics of the feedback process:**
 - Attention to the following will enable the OD practitioner to move forward to design a successful intervention
 - Motivate everyone to work with the data
 - Structure the meeting for focus and clear effective communication of the message
 - Ensure appropriate membership
 - Be clear about what can be changed and what cannot
 - Use effective process skills to support positive outcomes

Designing interventions:

- **Criteria of an effective intervention**
 - An intervention is a set of sequence planned actions or events that are intended to help an organisation increase its effectiveness
 - Criteria that define an effective intervention are:
 - The extent to which it fits the needs of the organisation
 - The degree to which it is based on casual knowledge of intended outcomes
 - The extent to which it transfers competence to manage change to organisation members
- **How to design effective interventions**
 - No 'one size fits all' recipe
 - Two sets of contingencies that impact on the design of successful intervention
 - Contingencies related to the change situation
 - Contingencies related to the target of change
- **Contingencies related to the change situation**
 - Readiness for change
 - Capability to change
 - Cultural context
 - Capabilities of the change agent
- **Contingencies related to the target of change**
 - Strategic issues
 - Focus on the big picture ensuring that the organisation is competitive, well-positioned in the market and ready to meet new challenges
 - Technology and structure issues
 - Focus on ensuring that the design structure and the technology are aligned to the strategic goals of the organisation
 - Human resource issues
 - Focus on ensuring that personnel practices are aligned to recruiting and retaining the best people for the organisation
 - Interpersonal issues
 - Focus on developing people and their interpersonal skills

Evaluating OD interventions:

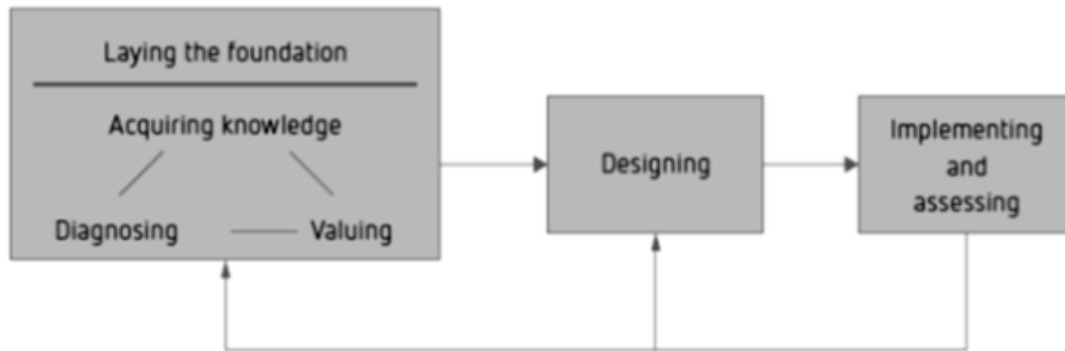
- Implementation and evaluation feedback
 - Process must not be taken for granted
 - Evaluation aimed at guiding implementation is *implementation feedback*
 - Assessment intended to discover intervention outcomes is called *evaluation feedback*
- Measurement
 - Selecting variables
 - Should derive from the intent that underlies the interventions; should incorporate the key features as well as expected results
 - Designing good measures

- Operational definition
 - Reliability
 - Validity
- Institutionalising interventions
- Characteristics that effect institutionalisation
 - Organisation characteristics
 - Congruence
 - Stability of environment and technology
 - Extent of unionisation
 - Intervention characteristics
 - Goal specificity
 - Programmability
 - Level of change target
 - Internal and external support
 - Sponsor
- Processes and indicators of institutionalisation
 - Processes of institutionalisation
 - Socialisation
 - Commitment
 - Reward allocation
 - Diffusion
 - Sensing and calibration
 - Indicators of institutionalisation
 - Knowledge
 - Performance
 - Preference
 - Normative consensus
 - Value consensus

Lecture 5: Organisation Development and Change

Self-designing organisations:

- **The demand of adaptive change**
 - Systemic change process altering most features of the organisation
 - Process is ongoing, never finished – continuous improvement and change
 - Learning as you go – on-site innovation
 - Need support of multiple stakeholders
 - All levels of the organisation adopt new strategies and change behaviours
- **The self-designing strategy**



- **Applicability of the self-designing strategy**
 - Existing organisations and new organisations
 - Changing the total organisation or only some subunits
 - Following the existing organisation structure, top down or using special design and implementation teams

Organisational learning (OL)- conceptual framework:

- This approach helps organisations develop and use knowledge to change and improve themselves constantly
- Organisation learning:
 - Interventions emphasise the structures and social processes that enable employees and teams to learn and share knowledge
- Knowledge management:
 - Focuses on the tools and techniques that enable organisations to collect, organise, and translate information into useful knowledge

Organisation learning characteristics:

- Structures:
 - Emphasise teamwork, information sharing, empowerment
- Information systems:
 - Facilitate rapid acquisition and sharing of complex information to manage knowledge for competitive advantage
- Human resources:
 - Reinforce new skills and knowledge
 - Organisation culture
 - Encourages innovation
- Leaders:
 - Model openness and freedom to try new things while communicating a compelling vision

OL process:

- Information acquisition
 - Exploitation and acquisition
- Information dissemination
 - Information increases in value when each piece of information can be seen in the broader context by affected players in the organisation
- Shared interpretation:

- Consensus on meaning of information and its implications for business

Senge's 5 disciplines:

1. Personal mastery:
 - Accepting responsibility for your continuous personal growth and learning
 - Being the best you can be
2. Shared vision:
 - Encouraging personal vision and linking it to organisational vision
3. Team learning:
 - Creativity and collective action through mastering dialogue and discussion
4. Mental models:
 - Recognising and surfacing deeply ingrained assumptions
5. Systems thinking:
 - Seeing whole, relationships and points of leverage

Garvin's OL building blocks:

1. Systematic problem solving:
 - TQM tools – evidence based management
2. Experimentation:
 - Systematic searching for and testing of new knowledge
3. Learning from past experience:
 - Review successes and failures, record lessons by level or stage of understanding
4. Learning from others:
 - Benchmarking, customer feedback
5. Transferring knowledge:
 - Written/oral reports, site visits, job rotation, training and development, standardisation of best practice

Knowledge management and organisational performance:

- Organisation knowledge must be relevant and applied effectively to the competitive strategy
- Link organisation learning processes to organisation performance
- Growing emphasis on the value of intellectual assets and services

Application of KM interventions:

- Generating knowledge:
 - Identify knowledge for competitive strategy
 - Develop way to acquire or create that knowledge
- Organising knowledge:
 - Put knowledge into a usable form
 - Codification and personalisation
- Distributing knowledge:
 - Making knowledge easy to access, use and reuse

Lecture 7: OD Interventions: People and Process

Individual and group performance:

- A model of performance management
- Goal setting
 - Interaction between managers and employees to define behaviour
 - Establishing challenging goals
 - Challenging but realistic
 - Goals are set participatively
 - Clarifying goal measurement
 - Goals are specific and operationally defines
 - Resources for goal achievement are negotiated
- Performance appraisal
 - Collecting and disseminating of performance data to improve work outcomes
- Reward systems
 - Eliciting and reinforcing desired behaviours and work outcomes

Management by objectives (MBO):

- Involve the whole work group
- Goals are set jointly by manager and subordinates
- Action plans, criteria and yardsticks are established
- Work progress and contract reviewed and adjusted periodically
- Records of meetings are maintained

Performance appraisal:

- A feedback system involving direct evaluation of individual or work group performance by a supervisor, manager or peers
- Most organisations use some kind of evaluation system for performance feedback, pay administration and sometimes, counselling and developing employees
- Organisations do a poor job in appraising employees

Effect of performance appraisal:

- Feedback is the most effective element of this process
- Feedback with clear messages about behaviour change has a very positive effect

6 factors influencing efficacy of rewards:

- Availability
- Timeliness
- Performance contingency
- Durability
- Equity
- Visibility

Interpersonal Process Approaches:

T-Groups (sensitivity training):

- Traditionally designed to provide members with experiential learning about group dynamics, leadership and interpersonal relations
- Goals of T-groups:
 - Understanding one's own behaviour
 - Understanding the behaviour of others
 - Understanding group processes
 - Increased interpersonal diagnostic skills
 - Transforming learning into action
 - Self-analysis
- Results of T-groups:
 - Controversial approach
 - Can show increased flexibility in role behaviour; more openness, receptivity and awareness; more open communication; better listening skills and less dependence on others

Process Consultation:

- Activities that help the client perceive, understand and act upon the process events which occur in the client's environment
- Designed to help improve group processes by working with individuals to develop their understanding of the processes involved in:
 - Communication
 - Functional roles
 - Problem-solving and decision-making
 - To identify problems and examine alternatives
 - Group norms and growth
 - Standards of behaviour and what is good or bad, allowed or forbidden
 - Leadership and authority
 - How different leadership styles can facilitate group functioning

Basic process interventions:

- Process interventions
- Diagnostic and feedback information
- Coaching or counselling of individuals or groups
- Structural suggestions

When is process intervention appropriate?

1. The client has a problem but does not know its source or how to resolve it
2. The client is unsure of what kind of help or consultation is available
3. The nature of the problem is such that the client would benefit from involvement in its diagnosis
4. The client is motivated by goals that the consultant can accept and has some capacity to enter into a helping relationship
5. The client ultimately knows what interventions are most applicable
6. The client is capable of learning how to assess and resolve his or her own problem

Third-Party Intervention:

- Focuses on conflicts between two or more people
- Conflict is inherent in groups and is neither good nor bad
- Conflict can enhance motivation and innovation and mutual understanding

4 strategies for dealing with conflict:

1. Prevent ignition of the conflict
2. Set limits on the form of the conflict
3. Help parties to develop coping strategies to deal with the conflict
4. Eliminate or resolve the underlying issue

Team Building:

- Refers to a broad range of planned activities
- Helps groups improve the way we accomplish tasks
- Helps group members enhance their interpersonal and problem-solving skills

Team building activities:

- Activities related to one or more individuals
- Activities oriented to the group's operations and behaviours
- Activities affecting the group's relationship with the rest of the organisation

Factors affecting outcome of team-building activities:

- Length of time allocated to the activity
- Team's willingness to look at the way it operates
- Length of time the team has been together
- Permanence of the team

Types of teams:

- Groups reporting to the same manager
- Groups involving people with common goals
- Temporary groups formed to accomplish a single task
- Groups consisting of people with interdependent roles
- Groups with no formal links but whose collective purpose requires coordination

Lecture 8: OD Interventions: Strategy and Structure:**Environment:**

- Consists of everything outside organisations that can affect, either directly or indirectly, their performance and outcome
- General environment:
 - Social, economic and ecological factors
- Task environment:
 - Customers, suppliers, competitors, producers or substitute products/services, unions and potential new entrants
- Enacted environment:
 - Managerial perceptions and representations of the environment

Systems theory:

- Synergy
- Interdependence
- Interconnections
 - Within the organisation
 - Between the organisation and the environment
- Organisation as organism

Strengths:

- ST recognises...
 - Interdependence of personnel
 - Impact of environment on organisational structure and function
 - Affect of outside stakeholders on the organisation
- Focuses on environment and how changes can impact the organisation
- Seeks to explain 'synergy' and 'interdependence'
- Broadens the theoretical lens for viewing organisational behaviour

Organisations as systems:**Closed systems:**

- Do not recognise they are surrounded by a relevant environment
- Overly focused on internal functions and behaviours
- Do not recognise or implement equifinality (multiple ways to achieve same end)
- Are unable to use feedback appropriately

Open systems:

- Exchange material, energy, capital, people and information with their environment

Systemic failure:

- Poor holistic understanding
- Inappropriate or confused goals
- Structural design flaws
- Reward systems that support sub-ordinate rather than supra-ordinate goals
- Lack of feedback
- Poor accountability

The organisation-environment relationship:

Environmental uncertainty: leaders know what goals they wish to achieve, but information about alternatives and future events is incomplete

Strategies for coping with uncertainty:

1. Adapt the organisation to changes in the environment
2. Influence the environment to make it more compatible with organisational needs

Techniques for influencing the environment:

- Political activity
- Advertising/public relations
- Trade associations

Organisation structures for adapting to the environment:

- Boundary-spanning roles
- Forecasting/planning
- Flexible structures
- Mergers/joint ventures

Organisational responses: scanning units:

- Special units for scanning particular parts or aspects of the environment:
 - Market research
 - Public relations
 - Government relations
 - Strategic planning
- Gather and interpret relevant information about the environment, communicating it to decision makers
- Enables organisations to monitor and make sense of their environment and gives competitive edge

Organisational responses: proactive:

- Engage in political activity to influence laws and regulations
- Seek government regulation to control entry to industries
- Behave in a socially responsible way
- Acquire control over resources
- Introduce new products/services and use advertising to shape customer preferences

Organisational responses: collective structures:

- Organisations deal with problems of environmental dependence and uncertainty by building alliances with other organisations, e.g. bargaining, contracting, joint venture, strategic alliances, consortia, etc.

Open systems planning (OSP):

Four underlying assumptions of OSP:

1. Perceptions play a major role in environmental relations
2. Organisation members must share a common view of the environment
3. Perceptions must accurately reflect the condition of the environment if organisational responses are to be effective
4. Organisations can not only adapt to their environment, but can also create it proactively

OSP implementation process:

1. Assess the external environment
2. Assess how the organisation responds to the external environment
3. Identify the core mission of the environment

4. Create a realistic future scenario of environmental expectations and organisational responses
5. Create an ideal future scenario of environmental expectations and organisation responses
6. Compare the present with the ideal future and prepare an action plan for reducing the discrepancy

Guidelines for implementing OSP:

- Devote sufficient time and resources
- Document all steps
- Deal only with key parts of the environment
- Follow the steps in order
- View planning as a process, not an outcome

Transorganisational development:

- An emerging form of planned change aimed at helping organisations develop collective and collaborative strategies with other organisations
- When one organisation forms a partnership with another to perform tasks and solve problems that are too complex to be handled alone

Downsizing:

- Refers to interventions that are aimed at reducing the size of the organisation
- Application stages:
 - Clarify the organisations strategy
 - Assess downsizing options and make relevant choices
 - Implement the changes
 - Address the needs of survivors and those who leave
 - Follow through with growth plans
- Results:
 - Research shows mixed results
 - The way in which downsizing is conducted may explain these divergent outcomes
 - Following a well planned application of the process seems to improve outcomes

Downsizing tactics:

- Workforce reduction-
 - Aimed at headcount reduction
 - Short-term implementation
 - Fosters a transition
 - Examples:
 - Attrition
 - Transfer and outplacement
 - Retirement incentives
 - Buyout packages
 - Lay-offs
- Organisation redesign-

- Aimed at organisational change
- Moderate-term implementation
- Fosters transition and, potentially, transformation
- Examples:
 - Eliminate functions
 - Merge units
 - Eliminate layers
 - Eliminate products
 - Redesign tasks
- Systemic-
 - Aimed at culture change
 - Long-term implementation
 - Fosters transformation
 - Examples:
 - Change responsibility
 - Involve all constituents
 - Fosters continuous improvement and innovation
 - Simplification
 - Downsizing a way of life

Re-engineering:

- The fundamental rethinking and radical redesign of business processes in order to achieve dramatic improvements in performance
- Implementation steps:
 - Prepare the organisation
 - Fundamentally rethink the way work gets done
 - Identify and analyse core business processes
 - Define performance objectives
 - Design new processes
 - Restructure the organisation around the new business processes
- Results:
 - Wide variation
 - Little systematic research despite popularity

Work design- 3 approaches:

1. Engineering approach:
 - Focuses on efficiency and simplification
2. Motivational approach:
 - Uses motivational theories
 - Focuses on enriching the work experience
3. Sociotechnical systems (STS) approach:
 - Seeks to optimise both the social and technical aspects of work systems

Self-managed work teams:

