Organization Development and Change

Chapter Five:
Diagnosing Organizations

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Learning Objectives for Chapter Five

- To equip students with a general framework of OD diagnostic tools from a systematic perspective
- To define diagnosis and to explain how the diagnostic process provides a practical understanding of problems at the organizational level of analysis

Diagnosis

- Diagnosis is the process of understanding how the organization is currently functioning, and it provides the information necessary to design change interventions.

- Those processes help OD practitioners and client members jointly determine which organizational issues to focus on, how to collect and analyze data to understand them, and how to work together to develop action steps from the diagnosis

- the term diagnosis can be misleading when applied to organizations; First, the values and ethical beliefs that underlie OD suggest that both organization members and OD practitioners should be involved in discovering the determinants of current organization effectiveness.

- Second, the client and the OD practitioner may be looking for ways to enhance the organization's existing functioning but not only focus on the problems.
- In organization development, diagnosis is used more broadly than a medical definition would suggest.

Diagnosis Defined

Diagnosis is a collaborative process between organizational members and the OD consultant to collect pertinent information, analyze it, and draw conclusions for action planning and intervention.

Diagnostic Model

- Entry and contracting processes can result in a need to understand either a whole system or some part, process, or feature of the organization. To diagnose an organization, OD practitioners and organization members need to have an idea about what information to collect and analyze.

- Conceptual frameworks that OD practitioners use to understand organizations are referred to as “diagnostic models.” They describe the relationships among different features of the organization, as well as its environment and its effectiveness. As a result, diagnostic models point out what areas to examine and what questions to ask in assessing how an organization is functioning.

- Potential diagnostic models are everywhere. Any collection of concepts and relationships that attempts to represent a system or explain its effectiveness can potentially qualify as a diagnostic model.

- Another source of diagnostic models is OD practitioners’ experience in organizations. So-called “field knowledge” offers a wealth of practical information about how organizations operate.

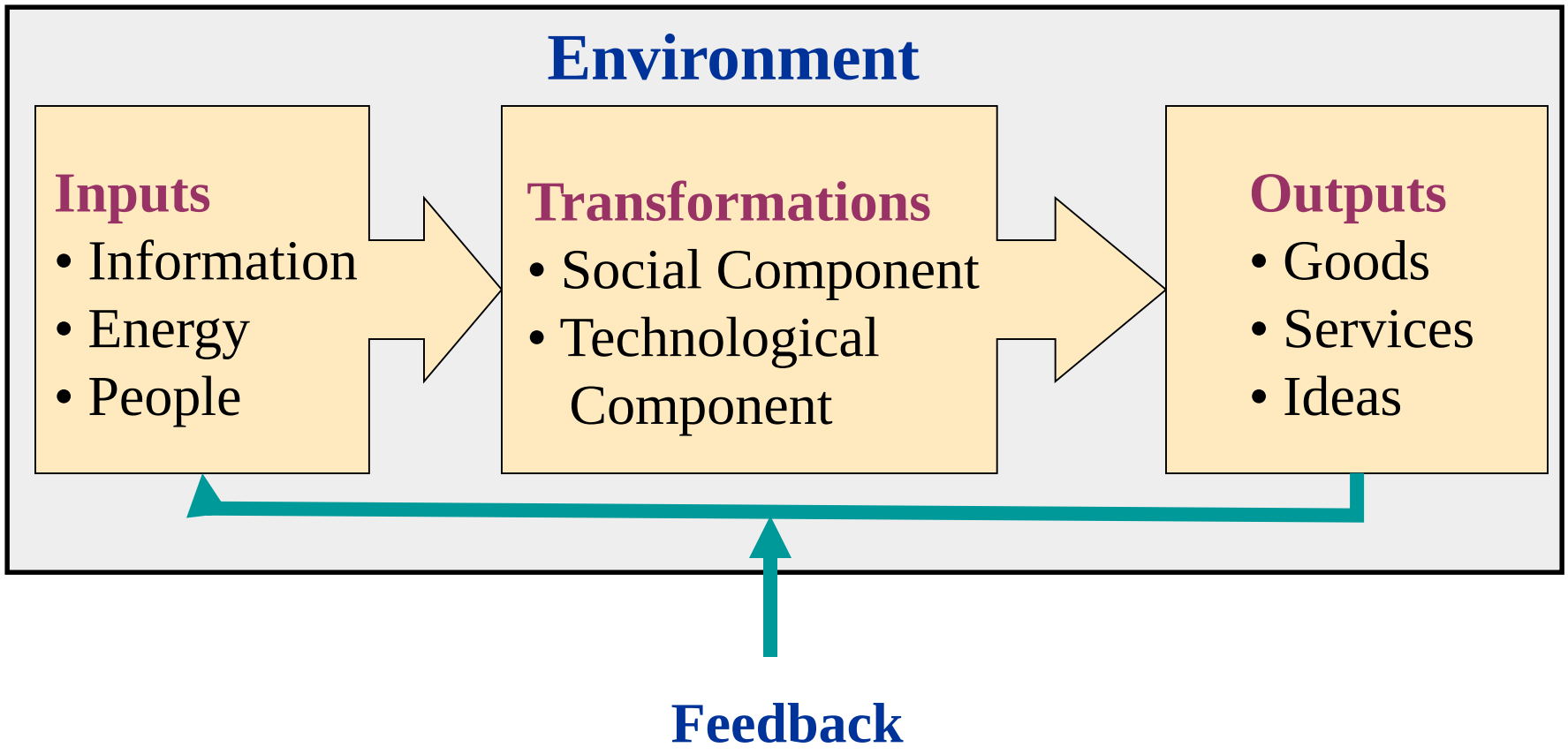
Open Systems **Model**

- Systems theory is a set of concepts and relationships describing the properties and behaviors of things called systems—organizations, groups, and jobs.

- Systems are viewed as unitary wholes composed of parts or subsystems; the system serves to integrate the parts into a functioning unit.

- The organization serves to coordinate behaviors of its departments so that they function together in service of an organization goal or strategy. The general framework that underlies most of the diagnosing in OD is called the “open-systems model.”

Open Systems Model

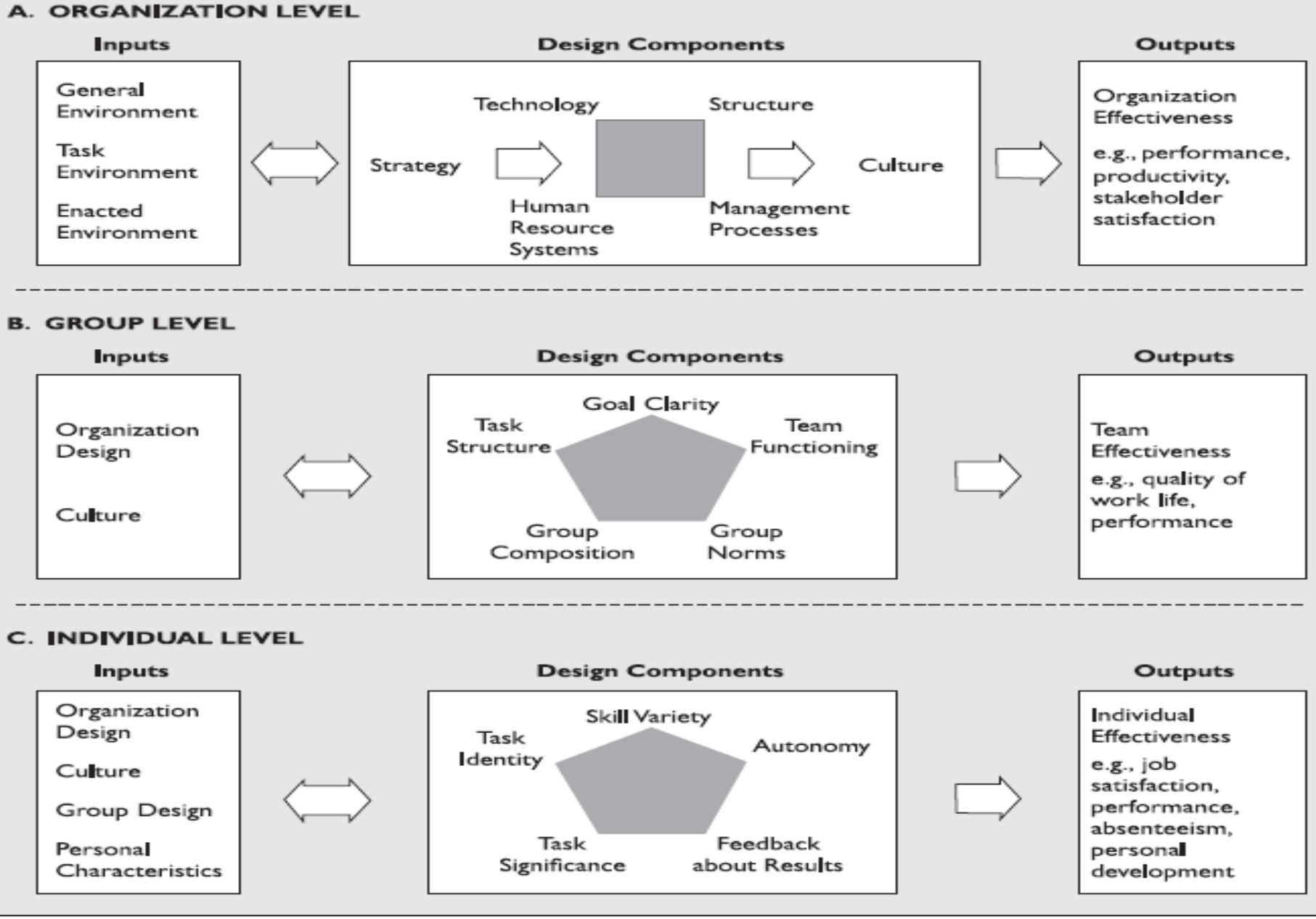


Properties of Systems

- Inputs, Transformations, and Outputs
- Boundaries; borders or limits of the system, help to protect or buffer org transformational process from external disruptions.
- Feedback; data about actual performance, information used to control the future functioning of the system is considered feedback.
- Alignment; alignment or fit concerns the relationships between the organization and its environment as well as among the components that comprise the design of the organization.

FIGURE 5.2

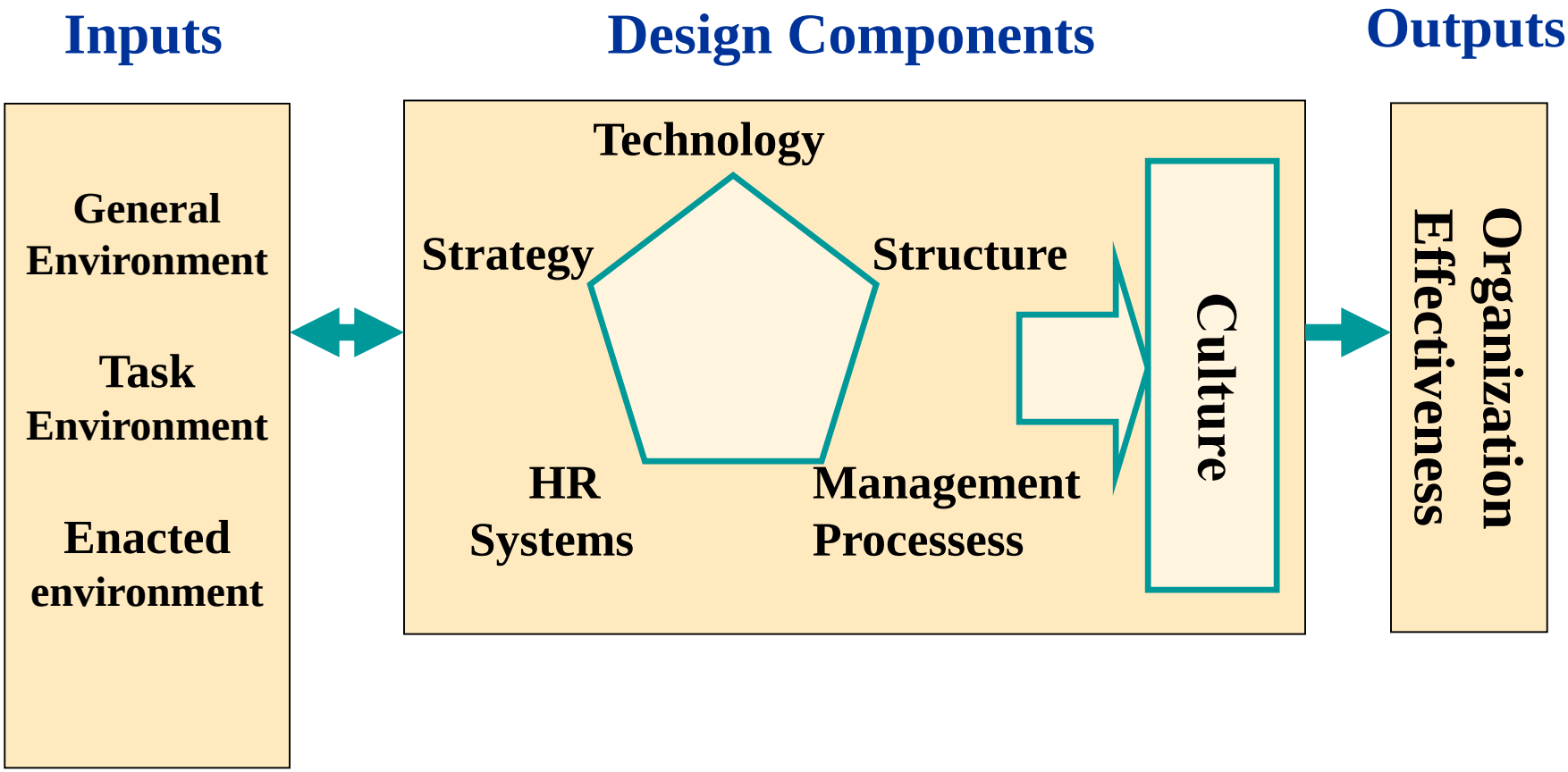
Comprehensive Model for Diagnosing Organizational Systems



Diagnosing Organizational Systems

- **The key to effective diagnosis is…**
  - Know what to look for at each organizational level
  - Recognize how the levels affect each other

Organization-Level Diagnostic Model



Organization-Level Inputs

- General Environment
  - **External forces that can directly or indirectly affect the attainment of organizational objectives**
  - **Social, technological, ecological, economic, and political factors**
- Task Environment (Industry Structure)
  - **External forces (task environment) that can directly affect the organization**
  - **Customers, suppliers, substitute products, new entrants, and rivalry among competitors**
- Enacted Environment
  - **It consist of organization members' perception and representation of the general and task environment.**
  - **Environment can be understood in terms of its rate of change and complexity. And information uncertainty.**

Organization Design Components

- An organization's design is composed of four components—technology, structure, management processes, and human resources systems.
- It is surrounded by an intermediate input—strategy—and an intermediate output—culture—that need to be considered along with the organization's design.
- Effective organizations align their strategy to environmental inputs and then fit the design components to each other to support the strategy and to jointly promote strategic behaviors.

Organization Design Components

- Strategy
  - the way an organization uses its resources (human, economic, or technical) to gain and sustain a competitive advantage
- Structure
  - how attention and resources are focused on task accomplishment
- Technology
  - the way an organization converts inputs into products and services; production methods, workflow, equipment.

Organization Design Components

- Human Resource Systems
  - the mechanisms for selecting, developing, appraising, and rewarding organization members
- Management processes
  - methods for processing information, making decisions, and controlling the operation of the organization.

Organization Design Components

- Organization Culture
  - The basic assumptions, values, and norms shared by organization members
  - Represents both an “outcome” of organization design and a “foundation” or “constraint” to change

Outputs

- Organization Performance
  - e.g., profits, profitability, stock price
- Productivity
  - e.g., cost/employee, cost/unit, error rates, quality
- Stakeholder Satisfaction
  - e.g., market share, employee satisfaction, regulation compliance

Key Alignment Questions

- Do the Design Components fit with the Inputs?
- Are the Design Components internally consistent? Do they fit and mutually support each other?

Alignment

- Diagnosis involves understanding each of the parts in the model and then assessing how the elements of the strategic orientation align with each other and with the inputs.

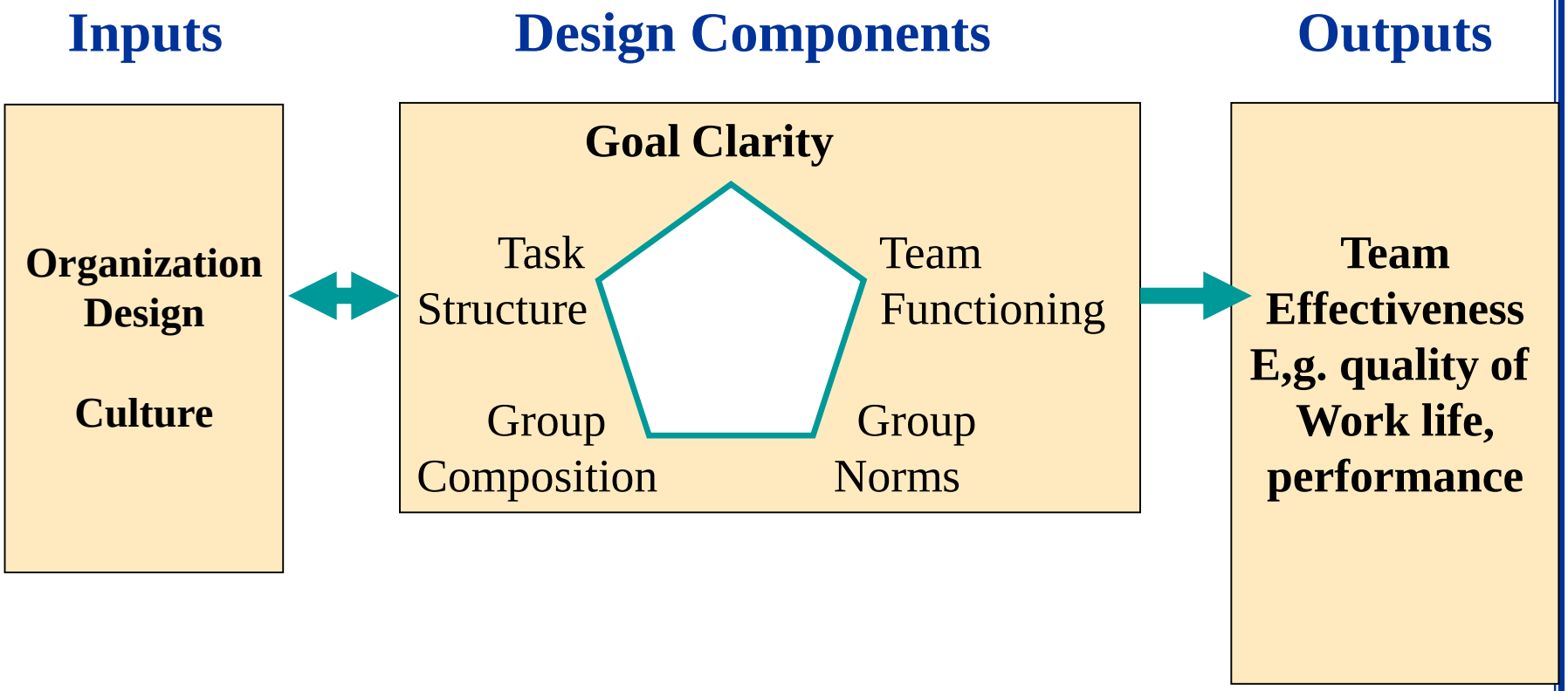
- Organization effectiveness is likely to be high when there is good alignment.

Analysis

- Analysis based on the input, processes and output.
- Inputs; environment

- Strategy and organization design; technology, structure, management processes, human resources and culture.

Group-Level Diagnostic Model



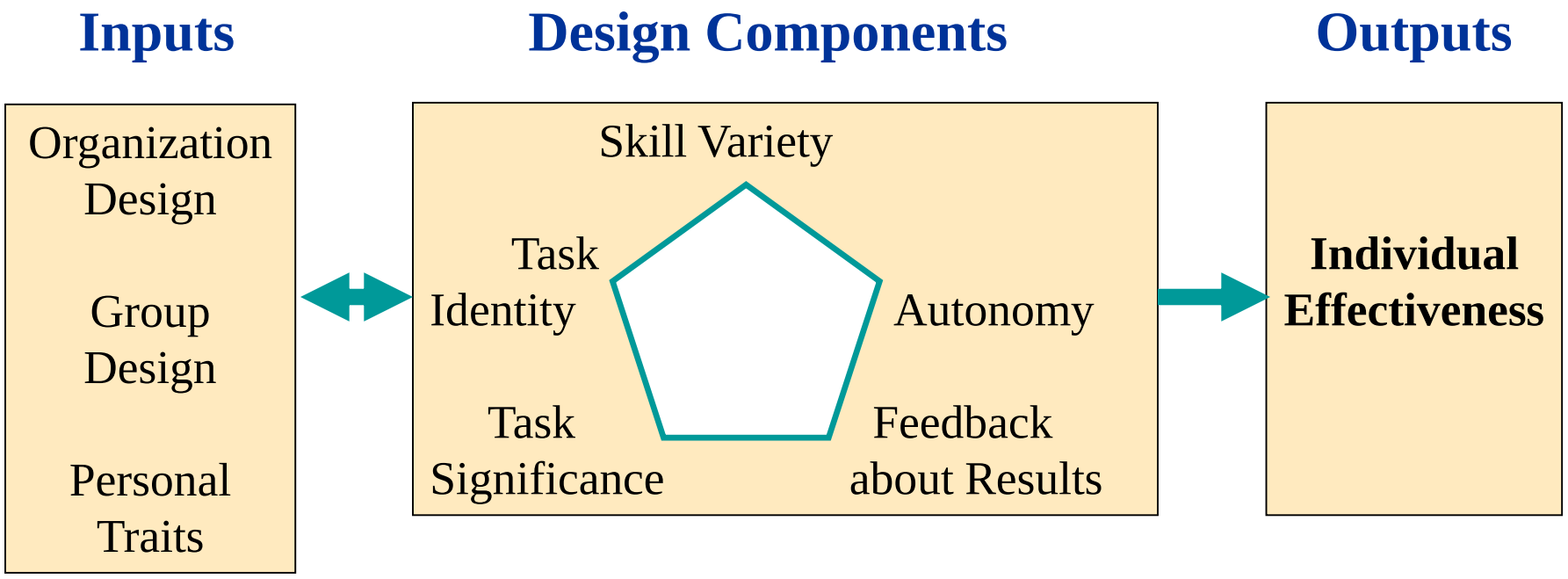
Group-Level Design Components

- Goal Clarity
  - extent to which group understands its objectives
- Task Structure
  - the way the group's work is designed
- Team Functioning
  - the quality of group dynamics among members
- Group Composition
  - the characteristics of group members
- Performance Norms
  - the unwritten rules that govern behavior

Group-Level Outputs

- Performance and Quality of work life
- Productivity
  - e.g., cost/member, number of decisions
- Team Cohesiveness
  - e.g., commitment to group and organization
- Work Satisfaction

Individual-Level Diagnostic Model



Individual-Level Design Components

- Skill Variety
  - The range of activities and abilities required for task completion
- Task Identity
  - The ability to see a “whole” piece of work
- Task Significance
  - The impact of work on others
- Autonomy
  - The amount of freedom and discretion
- Feedback about Results
  - Knowledge of task performance outcomes ; job enrichment

Individual-Level Outputs

- Performance
  - e.g., cost/unit, service/product quality
- Absenteeism
- Job Satisfaction
  - e.g., internal motivation
- Personal Development
  - e.g., growth in skills, knowledge, and self