

# ORGANIZATIONAL DIAGNOSTICS

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## ABSTRACT

Organizations often fail to improve as a result of poorly founded, poorly designed, or poorly implemented improvement programs. Effective efforts to improve the organization must begin with an unbiased and comprehensive assessment. We describe a general, objective organizational assessment and describe its use in formulating improvement programs. Application in a specific organization is described.

*No organization is perfect*  
- Peter Drucker (and many others)

## INTRODUCTION

Every organization could be improved and every individual in an organization can tell you *how* it should be improved. There are as many perspectives (and suggestions) as there are members of the organization. Consultants and managers charged with responsibility for improving organizational performance face a truly challenging task: how to determine what the actual problems are, and knowing that, formulating an effective “program” (intervention in Organization Development terms) that will result in improved performance.

Diagnosis, formulation, and delivery of improvements to organizational effectiveness is the charter of Organization Development (OD). OD is defined as involving the application of behavioral science knowledge in a long-range effort to improve an organization’s ability to cope with change in its external environment and to increase its internal problem-solving abilities (Warner 1987, French and Bell 1990, Huse and Cummings 1989). Diagnosis is principally achieved by Action-Research, a process that is the principal basis for formulating OD activities in the organization. (Checkland & Howell 1998, Dick 2007, Hult & Lennung 1980) Action-Research is initiated when a key executive perceives a problem or recognizes a ‘gap’ in performance that should be addressed. Action-Research begins with data gathering and has the formulation of remedial intervention (the organization development activity) as its goal. The

Action-Research process and evaluation of results (including formulation of appropriate interventions) is typically conducted by a consultant, either internal or external.

All too often, biases in the perspective of the “key executive” or consultant produces Action-Research defined to identify a particular ‘problem,’ one which has a ready-made solution. The all-too-common outcome is that the real problems of the organization remain unaddressed and everyone becomes just a bit more cynical about the value of OD. Reports of ineffectual OD efforts (Bradford and Burke, 2005) lend credence to this perspective.

## **ASSESSING ORGANIZATIONS**

The quality and effectiveness of OD in the organization is direct proportion to the extent to which it addresses the actual problems of the functioning organization. As noted, these are not necessarily the problems perceived by the key executive nor are they necessarily those promoted by a consultant, who may wish to provide a certain mix of services. In the ideal, Action-Research will identify actual problems, but the biases and preconceptions of managers and consultants may easily act to produce an inaccurate or misleading assessment.

These considerations are the basis of an argument for a generally applicable assessment, addressing a broad range of issues on a consistent basis, to form an objective foundation for designing appropriate interventions. A general assessment has many benefits: (1) it may be consistently applied to the entire organization or organizational subunits, (2) it may be applied at various times to formulate an estimate of the effect of interventions, (3) it may be used to compare conditions in various organizational subunits, (4) it allows cross-organizational comparisons (on a certain dimension, how does organization A compare to the average of all organizations?), (5), it may be employed to assess executives’ perception of the organization as well as those of middle management and first line supervisors. The design of an effective intervention could then address differences in perception that occur at different levels (or in different subunits) of the organization

Appropriate Research assessments characterize the organization in operational terms, that is, with respect to procedural norms and values. Broader issues such as the design or structure of the organization or mission or strategies are not a subject of the assessment. The objective is incremental change for the purpose of improving productivity and effectiveness of the existing organization. The appropriate assessment thus centers on the prevailing customs and attitudes in the organization, in effect the operational culture of the organization.

There is a large and varied literature devoted to organizational culture (Hofstede 1991, Trompenaars 1994, Schein 1990, 2002, Coole & Rosseau 1988, Schweiger 2002). Many sources identify variables which may be used to describe the culture of an organization. Some are appropriate for use in Action-Research. One source (Schweiger, 2002) has identified a set of cultural variables demonstrated to be significant in predicting the success of mergers and acquisitions. This use validates the usefulness of the variables as appropriate descriptors of organizational culture and suggests their appropriateness as a basis for a generalized Action-Research assessment. This source, appropriately, attends to achieving an objective description of

the culture for an entire organization. This is essential if a prediction of the successful integration of two organizations is required.

The focus of Action-Research as a means of developing appropriate interventions is typically an organizational subunit, often a department or a workgroup. Specific aspects of culture can vary widely across departments. For example, one would expect different “local” cultures in accounting, marketing, and research & development. At this level, it is convenient and efficient to treat culture as defined by the perceptions of the individuals in the subunit.

### **ORGANIZATIONAL CHARACTERISTICS**

A broad spectrum of supervisory and management personnel in a wide range of industries were asked to complete a generalized assessment. Respondents were presented with fifteen pairs of opposing descriptors of operational characteristics. These pairs are illustrated in the following table.

1. Centralized decisions	Decentralized decisions
2. Fast decision making	Deliberate decision making
3. Short-term focus	Long-term focus
4. Individual orientation	Team orientation
5. Conflict Confronted openly	Avoidance of conflict
6. High risk tolerance	Low risk tolerance
7. Focus on results	Focus on process
8. Individuals held accountable	Groups or organizational units accountable
9. Horizontal cooperation (cross-departmental)	Little or no horizontal cooperation
10. High trust among people	Highly political
11. Bureaucratic	Entrepreneurial
12. Resistant to change	Open to change
13. Open & honest communication	Guarded communication
14. Fast communications	Slow communications
15. Direct face-to-face communications	Indirect communications

Respondents were asked to describe the most important characteristics of effective and productive organizations by rank ordering the ten most important from the list of thirty. Overall responses are as follows.

**Importance**  
1

**Characteristic**  
Open to change

**Reality**  
3.02

2	Team orientation	2.86
3	Long-term focus	2.83
4	Open & honest communication	1.79
5	Conflict confronted openly	2.05
6	Horizontal cooperation (cross-departmental)	1.67
7	High trust among people	1.74
8	Focus on results	1.48
9	Fast decision making	2.00
10	Direct face-to-face communications	1.81

This ordering represents the average of respondents' opinions.

Respondents were also asked to describe how well their organizations performed in these essential areas. A five-point Likert scale is utilized with categories "Always (5)," "Usually," "Mixed," "Sometimes," and "Never (1)."

Entries in the Reality column summarize respondents' opinions about how well their organizations are doing with respect to the ten characteristics they deemed to be most important to effectiveness and productivity. The entries represent the distance (measured in scale points) between the ideal represented by the characteristic and their opinion of the reality existing in their organization. For these respondents, the reality is closest to the ideal in the organization's Focus on Results. The "Reality" of 1.48 for this characteristic indicates the respondents feel their organizations perform at approximately the mid point of the "Usually" category (this is 1.48 scale points away from a perfect score of 5). The worst "Reality" score (3.02 for Openness to Change) represents a judgment that organizations are "Mixed" in their openness to change.

It is notable that the three organizational characteristics judged to be most important are the three for which the Reality is furthest from the ideal.

These results clearly indicate the appropriate focus for efforts to improve the organization. They are based on (1) a set of variables shown to be significant to organization function, (2) opinions of individuals in the organization about what is important to the organization, and (3) an indication of what is (in relative terms) right or wrong with the organization. This broad based, cross-organizational result may be used as a backdrop for the evaluation of specific organizations or subunits. OD interventions for this "average" organization should be directed towards:

- Change management
- Effective teaming
- Achieving Long term goals,

Secondary emphasis should be placed on

- Conflict management
- Decision making

These broad results are interesting, but they may have little to do with a particular organization or subunit. Clearly, each organization is unique with unique developmental needs. We now turn our attention to application of the assessment to a specific organization.

### ***Solutions Tailored to Specific Organizations***

Consider the following results, based on the opinions of a dozen managers and supervisors in a single company, a medium sized producer of industrial equipment.

Company		
<b>Importance</b>	<b>Characteristic</b>	<b>Reality</b>
1	Individuals held accountable	2.17
2	Open to change	2.83
3	Team orientation	2.67
4	Open & honest communication	1.58
5	Conflict Confronted openly	1.67
6	Focus on results	2.00
7	Horizontal cooperation (cross-departmental)	1.42
8	Long-term focus	2.83
9	High trust among people	1.42
10	Direct face-to-face communications	1.5

Notice first that the three high “Reality” scores (i.e., problem area) occur for the same three organizational characteristics as in the broad based sample. Also note that, for this organization, the Importance of Long Term Focus has dropped to number eight in the importance ranking.

The interesting result is that Individual Accountability shows up as the most important characteristic for this organization while it does not appear in the top ten for the broad sample. In the view of the managers and supervisors of this organization, it does not do a good job of measuring (and rewarding) individual performance. The Reality score for this area is fourth worst. Given its number one Importance ranking, a developmental activity addressing this area should be designed and implemented. .

The appropriate activity may be viewed from two perspectives. First, the organization may desire to reward group performance (and not individual performance) but has not properly “sold” the importance of group performance to its employees. Alternatively, the reward/recognition system for individual contributions may be poorly designed or implemented. For this company (based on information and analysis of data not described here), the second perspective was actually appropriate.

In this organization, developmental programs should be designed to address:

- Improving the recognition/reward system
- Change management
- Effective teaming

Additional emphasis for this organization should be placed on

:

- Long term goals
- Results orientation (this relates to issues with the reward/recognition system)

## SUMMARY

The desirability of a generalized organizational assessment is illustrated by these results. By soliciting employees' responses to a broad based instrument, covering a wide spectrum of operational issues in the organization, a perspective on the relative importance of specific, significant issues may be achieved. This perspective may then be employed in the design of effective development programs.

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