**L8: Soft Complexity**

Those changes that are difficult to measure and resolve, they are known as soft complexity or messy situations. Such situations normally involve organisational culture, power and leadership style. They involve people who have different interests, values and beliefs and they get emotional especially those who implement the change.

The method that is used for designing and implementing organisational change is the Organisation Development (OD). It involves redesigning of the organisation’s systems at many levels of the organisation and changing the organisation’s environment to remove the problems such as strategy, structure and processes, cultural changes, power and leadership styles. The problems cannot be resolved by a course of action or be solved by a scientific method or tool. The method used to solve soft complexity is known as the Soft Systems Model of Change (SSMC).

Definition of Organisation Development (OD) is generally viewed as a long-range programme that focuses on changing employee attitudes and behaviour throughout the organisation. It is intended to ratify the symptoms of ineffective performance in the organisation such as excessive turnover, low productivity, dysfunctional group conflict, high absenteeism and others.

The Objective of an OD programme

1. To increase trust and support among employees.
2. To encourage confronting the enterprise problems, both within groups and among groups, in contrast to ‘sweeping problems under the rug’.
3. To create a work environment in which formal authority is augmented by authority based on knowledge and skill.
4. To increase open communication.
5. To increase employee enthusiasm and job satisfaction.
6. To find ‘synergistic solutions’ to enterprise problems.
7. To increase self and group responsibility in planning and implementing enterprise activities.

Characteristics of OD

1. It is an ongoing interactive process involving a series of actions and reactions that require several years to achieve permanent organisation improvement.
2. It has top management support and involvement.
3. It applies behavioural science to improve the human behaviour.
4. It is a normative-reductive process. Old norms/ideas are replaced by new ones which involve having new values, attitudes and skills but not just new knowledge or information.
5. It takes on open-systems view – it emphasizes the interconnections of enterprise’s parts in the development of the entire system. If the enterprise is to be changed, the focus is on the entire enterprise rather than on individual parts.
6. It is data-based. It involves obtaining relevant and reliable data to solve a problem.
7. It is experienced-based. It beliefs that people learn by doing and from their experience.
8. It emphasizes goal setting. The intention of OD is to increase enterprise effectiveness. Therefore OD must examine existing goals and help to set the goals and aid individual employees to accomplish their goals.
9. It focuses on intact work groups. It is OD’s belief that an enterprise accomplishes its objectives through the efforts of work groups.
10. It uses a “change agent” to aid the organisation. The change agent can be an internal or external consultant and he/she can help to the OD programme effective.

OD assumption on people in organisations

OD approach places strong emphasis on the belief that people at all levels throughout an organisation are individually and collectively interested and responsible and contribute to the further achievement of the organisational goals.

Three fundamental concepts about managing people and gaining their commitment to their work and organisation:

1. Organisations are about people.
2. People are the most important asset and their commitment goes a long way in determining effective organisation and development.
3. Management assumptions about people must lead to effective design of organisation to bring about effective performance.

 (Paton & McCalman (200, p. 121)

According to Matsushita (1988), “…. Business, we know, is so complex and difficult, the survival of firms so hazardous in an environment increasingly so unpredictable, competitive and fraught with danger, that their continued existence depends on the day-to-day mobilization of every ounce of intelligence.”

The OD approach to change is entirely in line with these sentiments. These sentiments extend to a number of assumptions regarding people in groups.

1. People are social beings. They form groups both formal and informal, and they play an

 important role to bring about or resist change in organisation.

2. Work groups play an important role in getting the full utilization of the human resources

 for collaboration purposes but often they do not effectively do that.

3. All group members must share in problem solving and working together to satisfy both

 tasks and group needs because the formal leader of any group cannot perform all the

 leadership functions at all times and in all situations.

1. The work groups must create a climate of trust and cooperative in order to bring about a successful change in the organisation if not any change can be difficult to be achieved effectively or not at all because of competition and self-interest.
2. Individuals interact to form groups and other collective working relationships, and the groups also interact and overlap to form larger organisational systems, that in their turn, influence an organisation’s capacity to learn and change.

The significance of organisations as systems

One of the characteristics of OD is that it involves the whole organisation and its parts. Pugh, (1993, p. 109) referred to this characteristic as “a coalition of interest groups in tension”.

In L1 organisations are considered as systems of interconnected and interrelated sub-systems and components that include more formal organisational structures and processes, as well as the more informal aspects of organisational life such as culture, politics and styles of leadership which are closely bound up with the values and attitudes people bring to their workplaces.

This idea is one of the most important assumptions of OD as a process to facilitate change in an organisation on the following bases:

1. That changes in one part of an organisation will inevitably impact on the operation in another part.
2. That a single cause of change with clear effects can be found. It may be assumed to be related to some remote past Carnall, 2003, p. 104).
3. Any organisation is a balance of forces built up and refined over a period of time. Consequently, proposed change of any significance will inevitably change this balance and will, therefore, almost certainly encounter resistance, particularly of the type that was categorized as ‘organisational’ resistance to change (see L6, p. 11 – forces for and against change). It assumes that no single person or group can act in isolation from any other. For any change to be achieved successfully, it needs the trust and cooperation of other parts and the involvement of the top management.
4. For an OD process to achieve the expected organisational change it takes time and patience.
5. It involves planned change. It involves the process of first anticipates the need to change, diagnoses the nature of the change required, considers the alternatives available and manages the change process over a period of time.

The significance of organisations as learning organisations

For organisations operating in increasing complex and turbulent environment, the possible way to survive is to be learning organisations.

This is not a goal-oriented approach, which is more like a HSMC, and to establish the most efficient means of achieving it.

On the other hand, the process-oriented approach is focusing more on fostering change process that enables the goals to be challenged. It is concerned with doing the right things while the goal-oriented approach is more concerned with doing things right.

It is expected that in the process-oriented approach, the problem is definitely messy. The change is normally of long-term duration and it involves changing the people, the structure and culture of the organisation. It starts with identifying who must be involved in the process, what sort of issues should be addressed and how all this can be facilitated. The single loop learning or adaptive learning is not suitable in the process-oriented approach. The reason is that it requires creative thinking to develop new visions and ways of doing things. This calls for a double-loop learning approach or generative learning. In a double-loop/generative learning the emphasis is on collaborative and participative approach centred on team process. The members of the team are committed to the creation of a shared vision of the future direction of the company and the necessary steps, structural and behavioural, to achieve the vision. They stress on proactive approach to learning, creating new experiences, continuous experimentation and risk-taking. Each of the members acts as leader to facilitate the change process in his respective expertise and experience and to foster a commitment to learning. ((Paton & McCalman, 2000, p.218). Figure 8.1 summarises the philosophy and underlying assumptions of OD as a process for facilitating organisational change.

More detail and nature of OD process

1. It is at heart a process of facilitation of organisational change and renewal.
2. It operates at all levels of the organisation – individual, group and organisational.
3. It takes into account the messy nature of many organisational problems, which involves unclear goals and differing perspectives on what constitutes the problems and to solving them.
4. It recognises organisations as social entities where political as well as intellectual responses to change can be expected. It implies that the motivator for change in response to environmental forces of change, results on the people of the organisation (Benjamin & Mabey’s , 1993, P.181)
5. OD as a process for instigating and implementing change has two important characteristics:
6. It is a process of change which has a framework of recognizable phases that take the organisation from its current state to a new more desired future state.
7. The OD process can be perceived to be a collection of activities and techniques that selectively or accumulatively, help the organisation and /or its parts to move through these phases. The idea of phases can be clearly demonstrated through a consideration of Lewin’s (1951) three-phase model of change.

Lewin’s three-phase model of change

Lewin’s model of change consists of three phases: unfreezing, moving and refreezing.

Unfreezing

It concerns the ‘shaking up’ of people’s habitual modes of thinking and behaviour to heighten their awareness of the need for change. It is like disturbing the status quo by either strengthening the forces that could push for change and/or weakening the forces which are maintaining the situation. This is likely to include the introduction of information showing discrepancies between desirable goals and modes of operating and what is currently happening. This could involve selectively promoting employees or terminating their employments or changing the responsibilities of other employees and invoking changes to become a learning organisation. The unfreezing is seen as challenging the prevailing situation to make the necessary change for improving the performance of the organisation.

Moving

This second phase of Lewin’s change process is essentially the process of making the actual changes that will move the organisation to the new state. It involves changing the behaviour of the people, strategies, structure and culture to secure the new ways of doing things

Refreezing

This is the final phase of Lewin’s model of change. It concerns about the stabilization or institutionalization of the changes. This may include recruitment of new staff. The continuing support and involvement of the top management is crucial to this step. Once the strategy, structure and systems have been changed it is crucial to reinforce the changes through symbolic actions and signs such as change of logo, forms of dress, buildings design and ways of grouping people to get work done. The use of continuous data collection and feedback is essential to keep track of how the change is progressing and to monitor for further change in the light of environmental changes.

Lewin’s concept of organisational change as a process dominates much of OD theory.

OD assumptions on people in organisations

1. OD is not a ‘one-off event, which ends when a change has been completed. Researches

 have shown that “organisations which are successful in maintaining their competitiveness

 have learned to view change not as a cone-time event, but an ongoing process necessary to

 remain in the cutting edge in meeting customer needs.”

1. It is an iterative or cyclical process that is continuous and which, if OD is taken as part of an organisation’s philosophy of action, continues as part of everyday organisational life.
2. Each of the components of the model may be used to form each of the phases that make up a typical OD process. Furthermore, these components may, collectively form cycles of activity within each stage of the OD process.
3. The OD approach to change is firmly embedded in the assumption that all who are or who might be involved in any change should be part of the decision-making process, to decide what that change might be and to bring it about.

**OD – an action-research-based model of change**

The OD process is likened to an action-research model. Lewin first used the term ‘action research’ in 1946. It has been subjected to many interpretations. The final theme suggests that action research should have implications beyond the immediate project; in other words, it must be clear that the results could inform other contexts and these lead to other researches to be done.

Action research is an explicit focus on action, in particular promoting change within the organisation (Marsick & Watkins, 1997). “The purpose of action research and discourse is not just to describe, understand and explain the world but also to change it” (Coghlan & Brannick, 2001). In addition, the person undertaking the research is involved in this action for change and subsequently application of the knowledge gained elsewhere.

It is a collaborative effort between leaders and facilitators of any change and those who have to enact it. In simplified form, it involves the following steps:

1. management perception of problem(s)
2. consultation with a behavioural science expert
3. data gathering and preliminary diagnosis by consultant
4. feedback to key client or group
5. joint agreement of the problem(s)
6. joint action planning
7. implementation
8. reinforcement and assessment of the change.

Building on the concept of action research, Figure 8.2 shows the major stages of the OD model. That the magnitude (margin) of change is influenced by some established facilitation function. This implies that the role of the consultant or change agent is important.

 PRESENT STATE

 (1A)

 Diagnose current FUTURE STATE

 situation (1b)

 Develop a vision

 for change

 (5)

 Assess and

 reinforce change THE CHANGE AGENT

 (4) (2)

 Implement the change Gain commitment to

 the vision

 (3)

 Develop an

 action plan

 **The OD model for change**

Stages 1(a) and 1(b) are intertwined. It involves the diagnosis of the present situation (do a SWOT analysis), develops a vision and then deciding where the organisation wants to be in the future.

The diagnosis stage would involve:

* organisational purpose and goals
* organisational structure and culture
* prevailing leadership approaches and styles
* recruitment practices, career paths and opportunities
* reward structures and practices
* individuals’ motivation and commitment to their work and organisation
* employee training and development provision
* intra- and inter-group relationships.

The methods used to collect the data are: questionnaire, interviews and observation or from available records.

The development of a vision for the future depends on the outcome of the diagnosis and creative thinking. The vision normally describes the core values and purposes that guide the organisation and the envisaged future direction. It allows for changes to be made in its direction towards achieving its goals/purposes.

Stage 2: Gain commitment to the vision and the need for change

The feedback from stage 1 (such as the vision) provides the answers as what are needed within the organisation e.g. the human resource, expertise and knowledge, strategy, structure and culture and leadership, to bring about the change in order to achieve the goals/purposes.

It also requires the active participation of the top management.

Stage 3: Develop an action plan

This stage involves the development of an action plan that can bring about the change from the current state to its desired future state. Certain issues to be solved incurred who is the person to guide the planning and the implementation of the change (e.g. the change agent).

Stage 4: Implement the change

Suitable methods are adapted to implement the action plan to bring about the change in the organisation.

It is necessary to make a survey of the attitude and morale of the people in the organisation before actually implement the action plan. There may involve inter-group confrontation and the need to communicate and resolve differences and team building to get the people motivated to accept the required change. Implementation of the change is not that simple. It requires good leadership and creativity to get the people together to work towards implementing the change.

Stage 5: Assess and reinforce the change

In situations of hard complexity it is quite easy to assess the extent to which change has been achieved. Its objectives provide the standards to be compared with what have been achieved and the necessary adjustments or remedial actions can be taken.

However it is not the same with soft complexity issues. It requires to make surveys, interviews with certain people or groups, examining available records of absenteeism, turnovers, and the use of questionnaires or observations to obtain the necessary facts and figures.

Once the results have been obtained and conclusions are drawn the need for reinforcement of those changes that have taken placed should be done. Rewards, incentive schemes, training and development plans and team works and decision making are means to bring about the internal integration of the change situations.

**Limitations of OD approach**

1. It is a model recommended to cope with situations of soft complexity where goals and means of achieving them are unclear. But in situations where goals are predetermined and the means of achieving them are set the OD approach may be constrained. The Hard System Model of Change (HSMC) is more appropriate.
2. It is given more emphasis on attitudinal and behavioural aspects of organisational life and has given little attention to the other aspects such as strategy, structure, technology and the needs for customers and suppliers, shareholders and the financial environment within which organisations operate.
3. OD does not always face up to the harsh realities of change. The OD approach assumes that the unfreezing of the organisation can be achieved through the process of action- research involving data collection, analysis and feedback. In reality it is not as simple as that. Researchers like Clarke (1994) and Johnson (1990) it required harsh situations for organisations to unfreeze. They spoke of harsh situation like crises to occur before organisations are prepared to unfreeze.

Crises must be resolved as soon as possible if not; these crises would deteriorate further and may be too late to save the organisations.

1. OD may be limited when change situations are ‘constrained’. The predetermined goals and the established means to achieve them may interfere and constrained the decision of the top management in the implementation of the OD model of change.
2. An organic structure is more suitable to OD model of change. Therefore the application of OD model to bureaucratic structure like that of the government and publicly accountable organisations is a difficult undertaking and the reasons are:
3. Basic philosophical differences between assumptions and values of OD and those of bureaucratic model such as strong adherence to norms and behavioural patterns.
4. Public sector has multiple authoritative decision-makers and multilevel accountability and reporting relationship.
5. Difficult to provide financial support.
6. Rigid habit like delegation- unhospitable for OD.
7. Many conflicting interests
8. Decision-making must refer to the top.

**Skills required of the Change Agent**

1. Interpersonal skills – he must have the ability to facilitate clear communication between people in a situation that is often tense and emotionally charged. In such conditions people tend not to say anything. He is able to recognise ad understand nonverbal behaviour. He knows how to construct feedback without having to hurt the people and enable them to make the necessary action to rectify the situation.
2. Problem-solving skills – the change agent must be able to sort out the issues faced and to recognise which issues are critical. He is able to keep his emotion and not get caught up in the dynamic of the situation.
3. Skills in group dynamics – he is able to get the group to move along in its communication and to intervene and help the group to focus its effort in what it is doing. He knows how to help people confront each other in appropriate and productive ways.
4. Political skills – he is not oblivious to the political interaction in the organisation and is able to get the people to be open and to trust each other. He knows what to say and how to handle various situations as part of the political skills the change agent has.

**Compare and contrast the Hard Systems Model of Change (HSMC) and the Organisational Development (OD) approach to change (SSMC)**

|  |  |
| --- | --- |
| OD approach | HSMC |
| 1. Operates at all levels in the organisation –  individuals, groups & organisational to bring  about organisational change & renewal. | 1. Only operates at certain aspect or area in the organisation – at a department or specific level of organisation t bring change or improvement. |
| 1. As an ongoing process and usually on a long term basis meant to move the entire organisation improving greatly the performance & satisfaction of organisational members.
 | 2. Usually as a project or is a short-term basis particularly appropriate for solving immediate and specific problems or isolated or temporary problems. |
| 1. Concern messy situation where politics, culture or leadership involved & objectives & problems are unclear.
 | 3. Concerns hard or difficult situation where objectives are clear and problems are known.  |
| 1. The design & implementation model has a frame work of recognizable phases that take the organisation from its current to a new desired future state. The phases can overlap each other.
 | 4. The model has three phases – description, option and implementation. Each phase does not overlap with the other, unlike the OD approach, it must follow the steps. |
| 1. A collection of activities or techniques to help the organisation and/or its parts to move through the frame of recognisable phases. It involves many people.
 | 5. Similar to OD approach where HSMC has activities or techniques to help the organisation to move through the phases and involves the managers. |
| 6. An interactive or cyclical process which is continuous or continues as part of the everyday life of the organisation. | 6. Once it is settled the problem is over. |
| 7. A facilitator is required. The theory and technology of applied behavioural science including action research are applied. | 7. A facilitator is not required. The manager becomes the agent of change to set the objectives, generate options and implement the options and monitor the results. |
| 8. Applicable to organic structure such as network organisations. | 8. Applicable to bureaucratic structures such as government or publicly accountable organisations. |

**Conditions for OD effectiveness**

1. Key employees must realize there are certain problems in the organisation and they need to be solved.

2. The top management must be committed and give support to the search for solution.

3. A research frame work which covers 4 phases such as

1. preliminary diagnosis
2. data gathering
3. feedback and
4. implementation

4. Change agents must be honest and consistent with all employees. They are open and line

 up to whatever they find. They communicate with everyone in the organisation and keep

 the people informed of what is happening.

5. The initial OD activities must be very successful so that other work units are attracted to

 request for the same treatment.

6. If external agents are employed, ensure that some others are being trained to take over

 when the external agents leave.

7. There is continuous monitoring of the changes to ensure that they remain stable over time.

8. Change agents do not look at past management practices as ineffective but continue on to

 improve the situation from the time they arrive.

9. There is no top management interference and the change agents must ensure that such

 interference does not occur or else the OD progress will be badly affected.

**External and Internal Change Agents**

An external change agent is someone from outside the organisation e.g. a consultant.

An internal change agent is someone from the organisation e.g. a team leader, a line manager, a human resource practitioner or someone working in the staff function or a member of a special project team who is given the task to introduce a change programme.

*Advantages of External Change Agents*

1. They can bring fresh ideas into the organisation which challenges existing ways of doing things in organisation.
2. They can work with people in different levels in the organisation structure as they are not restricted by the existing hierarchy.
3. They can take greater risk because they are not dependent on the organisation for their salary or promotion.

*Disadvantages of External Change Agents*

1. Extra time is needed to enable them to enter the organisation and to gain a working knowledge of it.
2. Organisation members may be wary of outsiders and may not trust them enough to give them pertinent information.
3. They are viewed negatively because they have little investment in the organisation and in the outcomes of change effort; should there be problems, they can simply walk away with little negative consequences.

*Advantages of Internal Change Agents*

1. They have first-hand knowledge of the organisation’s business and operation.
2. They understand the organisation’s culture and power structure and therefore they know where the barriers to change existing.
3. They offer greater continuity by working in an organisation over an extended period of time.

*Disadvantages of Internal Change Agents*

1. There may be a loss of objectivity because of their strong ties to the organisation.
2. They become too careful, especially to those who are more powerful and can decide on their careers.
3. They may lack certain skills and experience in facilitating organisational change and do not have the clout often associated with external experts.

What can Change Agents change?

1. Change structure: involve making an alteration in authority relations, coordination mechanism, job redesign or similar structural variables.
2. Change technology: involves modifications in the way work is processed and in the methods and equipment.
3. Change physical setting: covers altering the space and layout arrangements in the workplace.
4. Change people: refers to changes in employee attitudes, skills, expectations, perceptions and /or behaviour.

**Review Assignment 8**

1. What is the purpose of OD approach to change?
2. Who can be a Change Agent and what can he change?
3. Debate the pros and cons of using external change agents compared to internal ones.
4. Compare and contrast the HSMC and the OD approach to change.