

Organization Development and Change

Diagnosing Organizations

Thomas G. Cummings

Christopher G. Worley

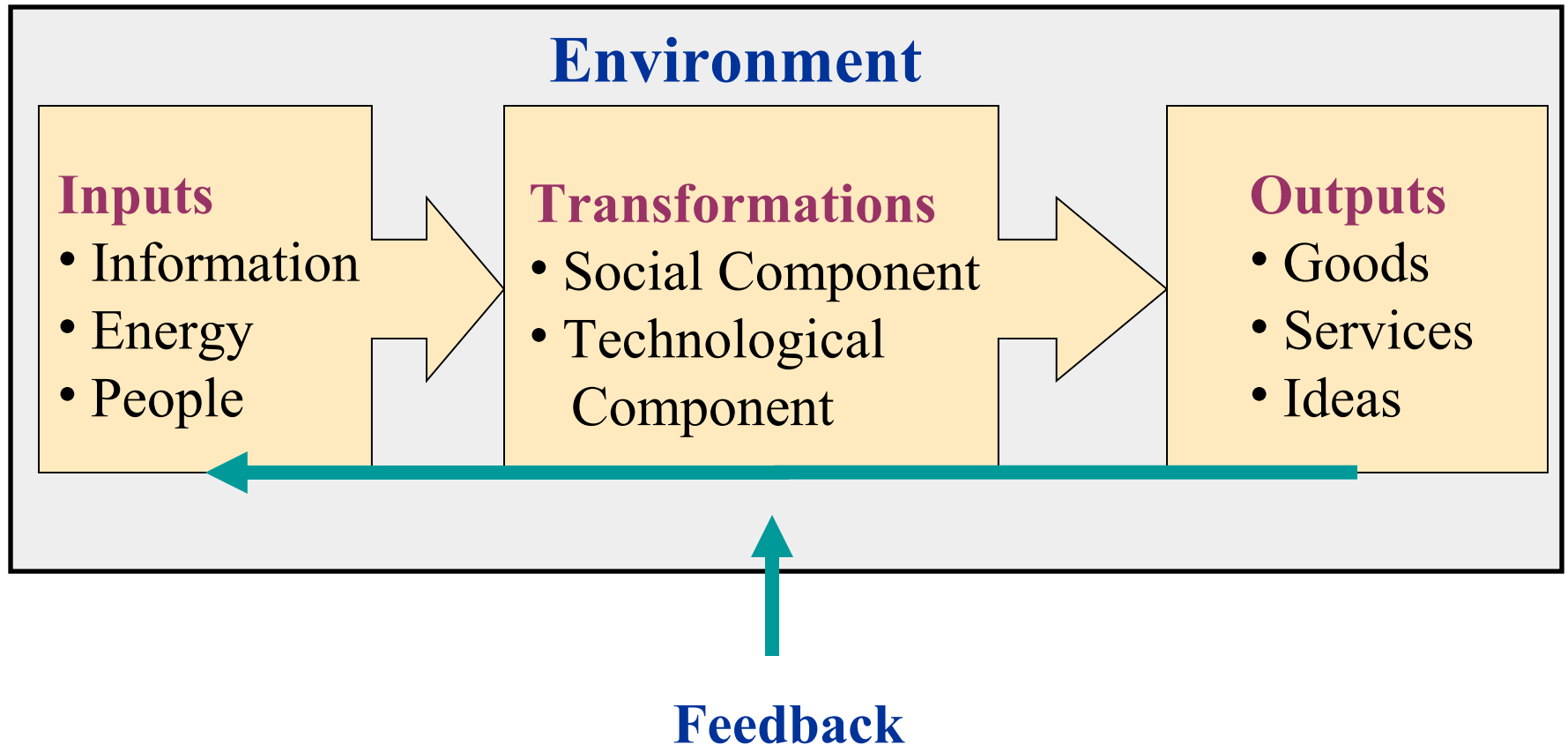
Learning Objectives for Chapter Five

- 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 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.

Open Systems Model



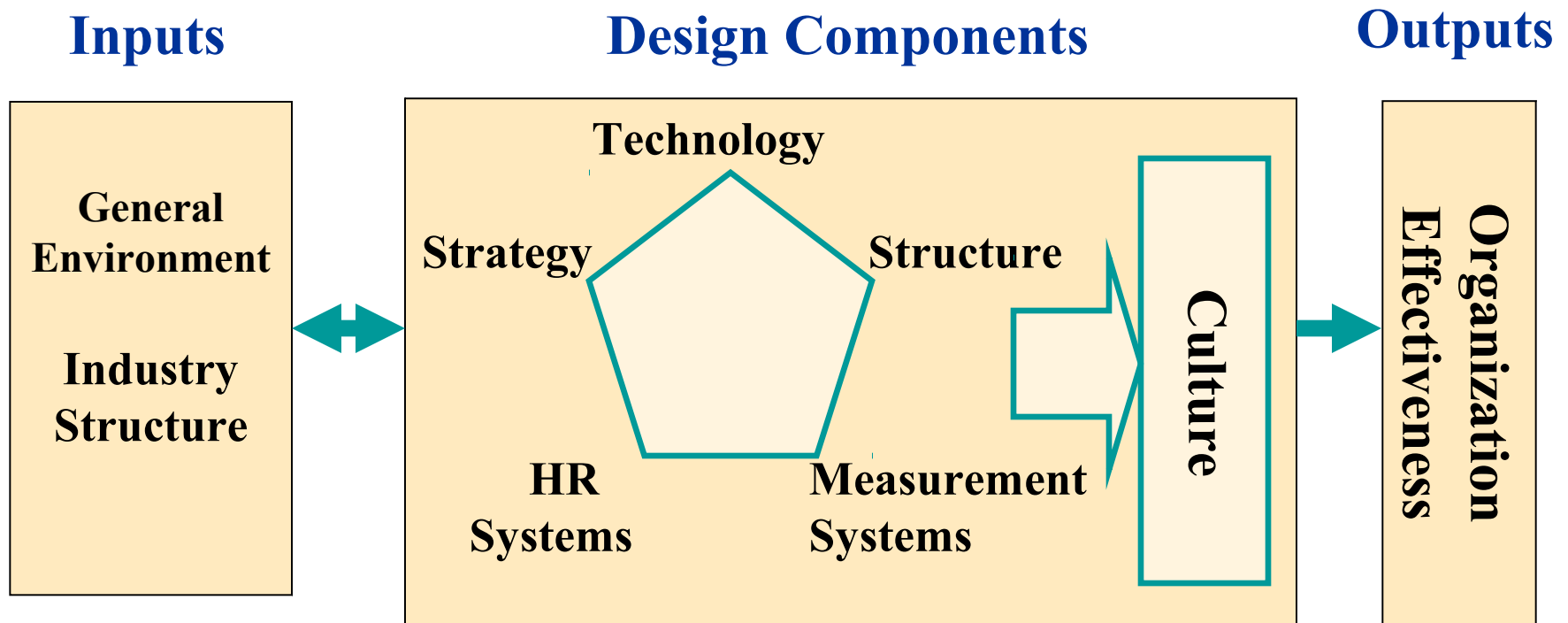
Properties of Systems

- Inputs, Transformations, and Outputs
- Boundaries
- Feedback
- Equifinality
- Alignment

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



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?

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**
- **Industry Structure**
 - **External forces (task environment) that can directly affect the organization**
 - **Customers, suppliers, substitute products, new entrants, and rivalry among competitors**

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

Organization Design Components

- Human Resource Systems
 - the mechanisms for selecting, developing, appraising, and rewarding organization members
- Measurement Systems
 - methods of gathering, assessing, and disseminating information on the activities of groups and individuals in organizations

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

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.