

Organizational Processes for TPP

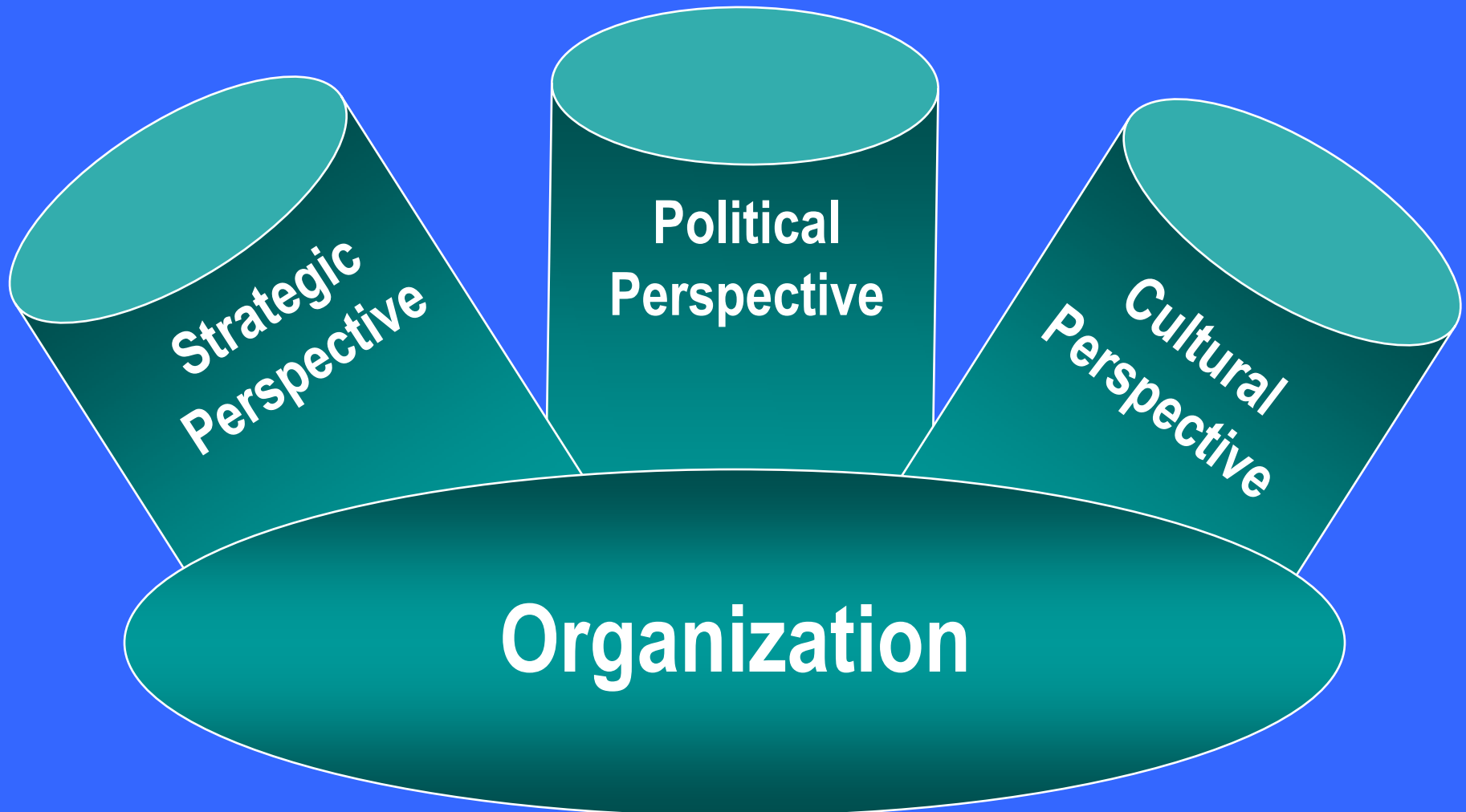
Session 2:

Organizational Diagnosis

Session Design (3 hours)

- Three Perspectives for Analyzing Organizations (45 min.)
- Application – Dynacorp Case (Three Clusters for Analysis) (60 min.)
- Use of Three Perspectives in Industry Analysis and other Technology Policy challenges (15 min.)
- Skill Module (30 min.)
- Industry Clusters (30 min.)

Three Perspectives on Organizations



Organization as Strategic Design

- **Key Concepts:** Formal structures (the “boxes”), systems (information, accounting, incentive, etc.)
- **Key Processes:** Grouping (differentiation), linking (integration)
- **View of the Environment:** Opportunities & threats, resources
- **Role of the Manager:** “Organizational architect,” strategist
- **Stimuli for Change:** Lack of internal congruence, lack of “fit” between organization & strategy, between organization & environment
- **Barriers to Change:** Inadequate analysis or information

Grouping & Linking

- **Grouping**

- By activity - e.g. functional
- By output - by service or product (SBUs)
- By market - user, customer, geography

- **Linking**

- Reporting structure
- Information systems
- Planning systems
- Managerial roles - liaison, integrator
- Cross unit groups - informal/temporary groups (e.g. task forces, projects), formal structures (e.g. councils, steering committees)
- Shared socialization processes - cultivation of informal information networks

Summary Points: Strategic Design Perspective

- **Need for Fit**
 - Environment, Strategy, Structure
- **Need for Linking**
 - Integration Structures
- **Structures Necessary**
 - Integration only occurs when *INTEGRATING PROCESSES WORK WELL*
 - Structures create interests, power, identities -- analyzing these require political & cultural lenses

Organization as a Political System

- **Key Variables:** Power & influence, interests, dominant coalition
- **Key Processes:** Conflict, negotiation
- **View of the environment:** Stakeholders
- **Role of the manager:** Forging coalitions, identifying and leveraging interests, negotiating
- **Stimuli for change:** Shifts in dominant coalition, in power of stakeholders
- **Obstacles to change:** “Entrenched interests”

The New Organization & Sources of Conflict

- **Flat**
 - Responsibility exceeds authority
- **Flexible**
 - Change means dealing with resistance
- **Networked**
 - Cross-functional collaboration means conflict at site of decision-making
- **Diverse/Global**
 - Challenges of working across differences

Analyzing Interests

- **Substantive**
 - Costs, resources, quality, time
- **Organizational**
 - Protect function, promote career, look good, save face
- **Relational**
 - Maintain relationships, short v. long term
- **Individual**
 - Commitment to work, personal life, community

Sources of Power

- **Formal Authority:** Power of position
- **Control of Scarce Resources:** Access to resources (funds, skills, knowledge) that others depend on: E.g.:
 - » Information is Power—so hold on to it
 - » Information sharing promotes learning; filling “structural holes” (linking two groups who need info) enhances power
- **Control of Decision-making:** Influence over premises, processes, objectives, outcomes
- **Ability to Cope with Uncertainty:** Environmental (financial, markets, raw materials) & operational (breakdowns)
- **Alliances/Network:** Ability to call on powerful others
- **Symbolism & Management of Meaning:** Ability to define reality for others; style/charisma

Forms of Negotiations/Change

- **Negotiations:**
 - » **Forcing:** Domination, the use of power and position; hard bargaining; “Position Based”
 - » **Fostering:** problem solving, working toward integrative outcomes; “Interest Based”
 - » **Smoothing/Avoidance:** Gloss over differences, play down disagreements, let problems pass, avoid the other
 - » **Compromise (split the difference), problem solving (work for an integrative outcome)**

Conflict Management

- **Manager as Arbitrator:**
 - » Makes decisions when others can't agree
- **Manager as Mediator**
 - » Helps others resolve their differences voluntarily
- **Manager as Facilitator**
 - » Assists others in addressing their underlying interests
- **Manager as Negotiator**
 - » Represents interest of his/her group/unit/organization

Manager as all of the above!

Summary Points: Political Perspective

- Politics usually lie under the surface
- Managing politics requires **legitimizing differences**
- To Analyze & Manage Ask:
 - Who are the stakeholders?
 - What are their interests?
 - Who has power?
 - How can power be changed: allies & blockers?
 - What options are possible for achieving interests?
 - What happens if interests are not met?
- Manager must be a **Skilled Negotiator & Conflict Resolver**

Organization as Cultural/Social System

- **Key variables:** Shared mental maps, organizational culture (artifacts, values, basic assumptions)
- **Key processes:** Meaning and interpretation, legitimation, rhetoric, vision
- **View of environment:** Social and cultural network
- **Role of the manager:** Articulating vision, managing the culture
- **Stimuli for change:** Challenges to basic assumption, contending interpretations
- **Impediments to change:** Dominant culture

Culture Defined

Shared understandings a given group has developed to deal with the problems of external adaptation and internal integration.

- Historical: Passed across generations
- Moral force: Normative not utilitarian
- Associated with stability of a group
- “The way we do things around here”
- Differentiating/identity device: Relative to other groups
- Associated with the intensity of common problems faced by members
- Changes across time (usually small) related to the degree the internal and external environment shift

What is Organizational Culture?

Visible Artifacts

Visible organizational structures and processes (hard to decipher)

Stated Values

Strategies, goals, philosophies (espoused justifications)

Underlying Assumptions

Unconscious, taken for granted beliefs, habits of perception, thought, and feelings (ultimate source of values and action)

Dynacorp

- See Dynacorp Org Charts, pp. 98-99 of text
- Divide into three groups according to the perspective you want to work on:
 - » Meet, discuss what data, info you will look for to answer two questions:
 1. What's the problem here?
 2. What actions would you recommend?

WHEN YOU REPORT OUT, STAY IN YOUR PERSPECTIVE!

Dynacorp & 3 Lenses: Lessons

- 3 different lenses; 3 different sets of actions
- Use lenses to differentiate -- not integrate or homogenize problem definition/diagnosis
- Key skills: Look & read a situation from each of the 3 Perspectives
- Then, devise strategies that draw on all 3
- Beware of consultants or parties in an organization with limited vision!!