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ORGANISATIONAL DEVELOPMENT INTERVENTIONS TO SOLVE PERFORMANCE MANAGEMENT CHALLENGES

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Abstract

Organisational development is a crucial part of the sustainability and growth of a business. Organisational development can be implemented in business by adapting efficient leadership approach, managing employee performance and designing a clear work process. This report focuses on the issue related to organisational development challenge of performance management in the firm. For this purpose, the potentiality of applying organisational development interventions has also been considered. It is identified that the company is facing challenge in managing performance due to issue in structure, culture and inability to influence employees innovation. To solve the issue, the company can able to apply the organisational development intervention technique through changes in leadership, work culture as well as adoption of structure like flat organisational structure to maintain smooth flow of communication.

Introduction:

Organisations face various challenges in relation to performance, knowledge, talent management, technology, skill etc. Organisation Development (OD) interventions help in addressing such issues to make sure a company is able to meet goals and objectives (Smither, Houston, & McIntire, 2016). OD interventions refer to structural program that enables a firm to solve any existing organisational problem. These activities are structured to enhance the functioning of a company along with enabling a leader or manager for the better management of team building or organisational culture. Organisation Development interventions can be divided into various types, such as Diagnostic Activity, Team Building, Intergroup relationship, sensitivity training etc. (Cady & Kim, 2017). The report will address performance issue

of own organisation that will be addressed through Diagnostic Activity of OD intervention. The company has been facing such issues due to not taking initiatives to implement much-needed change. Setting realistic and achievable goals are also important to develop which the company is currently lacking. The report will discuss the concept of OD interventions and the challenges companies face to develop its performance. With the help of Lewin's Change Theory and Lock's Goal-Setting Theory, the report will discuss the key reasons that lead to barriers in performance management and the reason for adapting intervention of diagnostic Activity. Based on the analysis and discussion, recommendations will be given to the company to mitigate such issues.

Concept of Organisational Development Interventions

In accordance with Sessa & London (2015), Organisational Development Interventions are of three types such as Individual, Group and Organisation. The author adds that a company should be able to identify what type of intervention is needed and start planning to implement that. On the contrary, Hammer (2015), says enterprises can only plan activities to eradicate any issue after appropriate interventions are identified. Individual and Group interventions are pertaining to an individual and a group respectively. Whereas, Organisation Intervention relies on Strategy and policy. Waddell, et al (2019) says that the process of intervention requires five steps such as entering and contracting, Diagnosis, Designing Intervention, leading and managing change and lastly evaluating and institutionalising interventions. In the first step, an organisation takes into account that an OD intervention is needed to address a specific issue. Secondly, a firm establishes a particular intervention after establishing the root causes of the issue. In the third step, a company designs the approach to sort the issue out as well as bring value to growth. The author adds that management implements the designed intervention to manage change and bring success. In the last step, managers and leaders evaluate the course of actions to see if the process is going right or it needs a redesign. The process of Interventions can be divided into four buckets, such as human process, Strategic, human resource management, technostructural. In accordance with Rothwell (2015), job analysis and activities of team building are under Human process group. On the contrary, strategic bucket refers to the activities based on organisational strategies and policies. Career Development, reward and recognition and appraisal are the activities under the group of Human Resources.

Challenges related to organisational development

Majority of the challenges faced by organisations are mostly because of employees, strategies or in effective systems. In accordance with Schwab (2017), companies can easily adapt to challenges of modern society with new technology, values and change rate. On the contrary_ says most faced challenge for development of a company is managing its performance for increasing accountability. On the other hand, while building a pipeline of qualified leaders, it has been seen that many companies fail measurably due to lack of effective strategies. On the other hand, Solaja & Ogunola (2016), argues the development mainly depends on the workforce but a company face challenge to address their needs for career development if the workforce is multigenerational. The author adds that, a firm's management face difficulty

in strategically communicate any Organisational priorities to its employees, stakeholders etc. On the other hand, issues in engaging as well as retaining workforce a diverse workforce can be a huge challenge or threat for a company towards maintaining innovative approaches for organisational development. Diverse workforce helps in making innovative decision as they have different perspectives, ideologies, culture and language. On the other hand, Globalisation and advanced technologies have made the employee retention process easy from different countries. Most of such employees work remotely and managing such workforce which can get challenging sometimes. According to, Cascio (2015), retaining new workforce can get challenging due to issues in policies, or human resources department. Company's low budget sometimes also restricts to advertise for job vacancies. Mostly any company from any sector such as construction, healthcare, retail, education etc. face challenges in implementing change in Organisational activities or culture. The significant top down changes is needed to assure that a company do not lose its grip of market competition. Having less fund restricts an enterprise to develop skill enhancement programs for employees. This is a challenge to develop the productivity of employees and a company itself. Lastly, talent development can be a challenge for companies when they lack proper policies and strategies. Developing and managing talent is essential for companies to ensure their customers are satisfied which leads to enhanced brand image and value in competitive market scenario.

Key issues and reasons that lead to performance management issues

An organisation face issues of performance management, if there are no realistic and appropriate goals. This issue has the reason underlying, which is lack of involvement of management of a company. This issue and reason can be analysed with the help of Locke's Goal-Setting theory. This theory is based on five principles such as clarity, challenge, commitment, and feedback and task complexity (Locke & Latham, 2015). This theory refers to the fact which is how goals and feedback can motivate employee's results into Organisational development. In accordance with the theory, an organisation should establish goals which can be measurable and clear. For example, manufacturing time will be 12 minutes from 15 minutes by incorporating new technology. This gives a vivid knowledge to the employees about what is being expected from them. In accordance with McDavid, et al (2018), the goals should have their ground in the SMART principles which cover the understanding of tasks, measuring results and lastly achieving success.

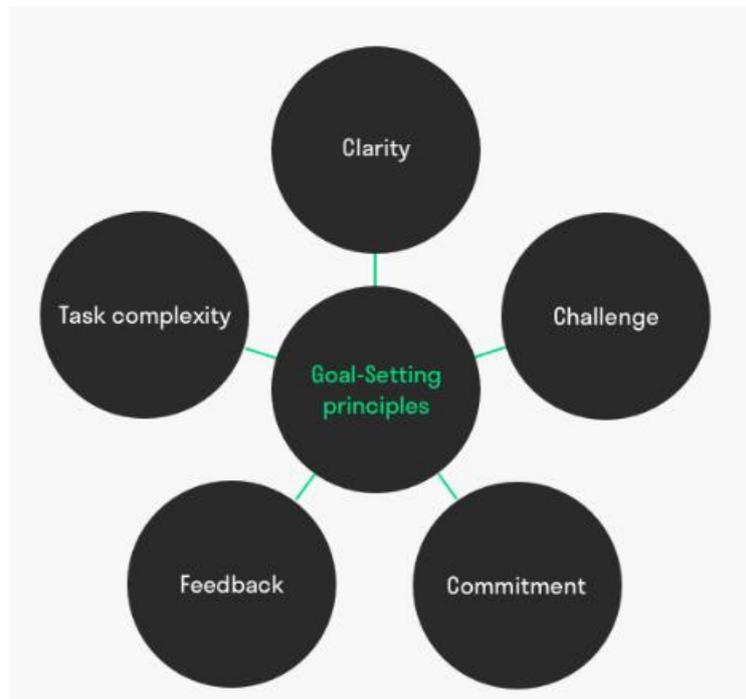


Figure1 : Locke's Goal-Setting theory Source: (Locke & Latham, 2015)

The theory of goal setting reflects on the fact that there should be an accurate balance for ensuring the right level of challenge before setting challenging goals. Therefore, a company's management should ensure that goals are neither too simple nor too difficult to achieve as it can make adverse impact on performance and motivation of employees. This issue leads to the challenges of employee retention which is a significant aspect of organisation's performance. Lastly, management or leaders should analyse the needs of workforce and collect all of the pertinent information based on the state of organisation. On the other hand, Morecroft (2015), Management of a company should take feedbacks from the workforce for determining if they are doing it right. Based on the feedbacks, management would check if they are heading towards right path. Complex goals have the ability to influence morale, motivation and productivity. Thus, while establishing a goal, adjusting complexity and level of difficulty is needed to be done. If the workforce gets enough time to accomplish the goals and enhance performance, it can help in making innovative approaches towards maintaining development.

organisational development interventions adaptation

Implementing change to enhance the performance of a company has to be one of the fundamental reason for adopting Organisational development Interventions. In accordance, to_ companies are most likely to implement OD interventions if they have the reasons to address the needs for career development and increase accountability. On the contrary, development of talents is a fundamental reason for implementing Interventions such as team building, intergroup relationship etc. Implementing change stands out as the key reason for implementing Diagnostic Activity intervention. This can be analysed by considering Lewin's Force Field Theory of change which suggests there are two distinct types of forces always oppose a company

(Burnes & Bargal, 2017). Based on this, adapting a change along with controlling and effecting is essential to make changes in organisational structure and culture. Diagnostic Activity is an intervention which helps in establishing the current health of organisation. Buchanan & Huczynski (2019) argues the activity covers taking information from operation records, task activities, meeting with the subordinates and lastly interview with workforce. In accordance with the change theory, there are two types of forces such as driving and restricting. An organisation can balance its performance if these forces are similar which can lead to level X of performance. But, change is necessary to cope with the changing market scenario due to enhanced Technology and changed demands of customers. For example, a company will thrive to enhance the driving factors of change to reach level Y of performance. Managers or leaders with the help of Diagnostic Activity intervention analyses the churned information and communicate the analysis and information to employees.

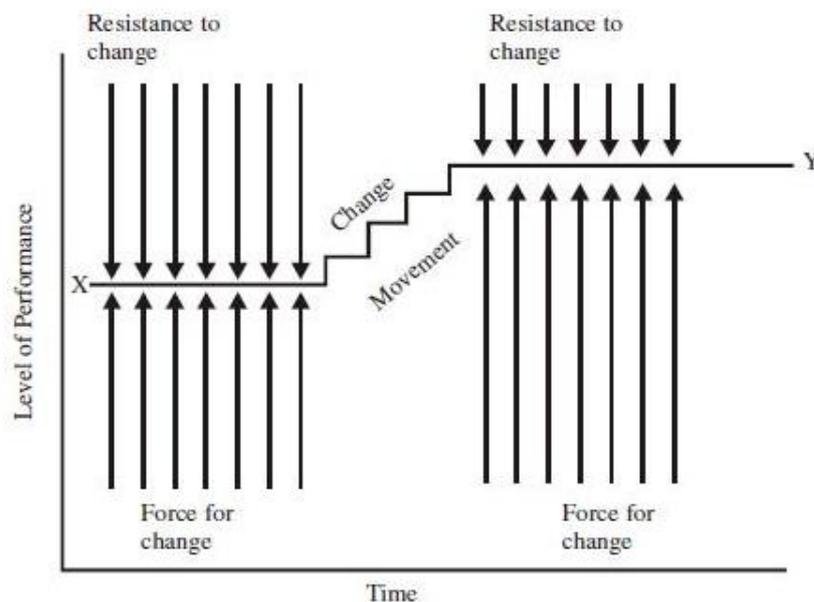


Figure2 : Lewin's Force Field Theory of change Source: (Burnes & Bargal, 2017)

Managers of firm designs action plan based on the information and feedback for improving the performance of a company. The actions plans initiate the changes in a company which can be done by three steps such as unfreezing, movement and refreeze. As per unfreezing, an organisation take the initiative to step out from the comfort zone and bring needed change to secure the performance. According to, Miskinis & Juozenaite (2015), there are a bunch of Marco- environment factors such as Tax Rate, Inflation, Exchange rate, Recession etc. make direct impact on business performance. Change management is highly appreciated phenomenon that enhances the credibility of a firm to tackle changes in macro-environment by making changes accordingly.

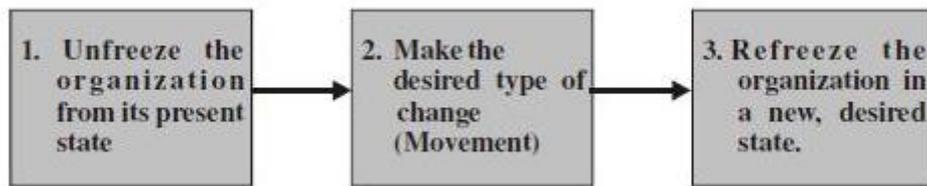


Figure3 : Lewin's Force Field Theory of change Source: (Burnes & Bargal, 2017)

As the change theory, transition process is difficult to maintain my managers or leaders. A firm's management should give support to employees which helps in coping with change and enhance performance. Such support can be in form of training or coaching which keep the subordinates motivated as this stage is uncertain. The OD intervention, namely the Diagnostic Activity helps in measuring attitudes and perceptions of job satisfaction, the style of supervisory through the feedback obtained from employees. Therefore, supervisors of a company can understand the needs of employees and build a good relationship with them which helps in building trust and increasing performance.

Analysis

The company has been facing issues related to its performance such as lack of customer satisfaction, not meeting the goals in time etc. There are reasons why the company has been facing such issues and made an adverse situation. The situation can be analysed with a diagnosis model, namely McKinsey's 7S model. This model helps in analysing how well a company is positioned (Ravanfar, 2015). Besides that, the model also helps in identifying what elements are needed to realign to improve performance. The 7S of this model are structure, Strategy, system, style, staffs, shared values and skills. The firm has seen a loss in revenue of nearly \$0.9 Million because of poor strategy, unclear goals and lack of trained and motivated staffs. According to the model, managers can identify where they need to work on and improve performance. The hard elements of the models are strategy, structure and systems are easy to analyse and are directly influenced by Management. Such as, systems can be formal processes and IT system and strategy can be analysed as it comes in strategy statement. Structure of the organisation can be easily accessible as it comes with organisation charts and reporting lines. Whereas, Soft elements such as Style, Staff, skills and shared values are difficult to understand and tangible. These factors are majorly influenced by culture. In order to perform well, each of the elements is needed to be aligned with one another.

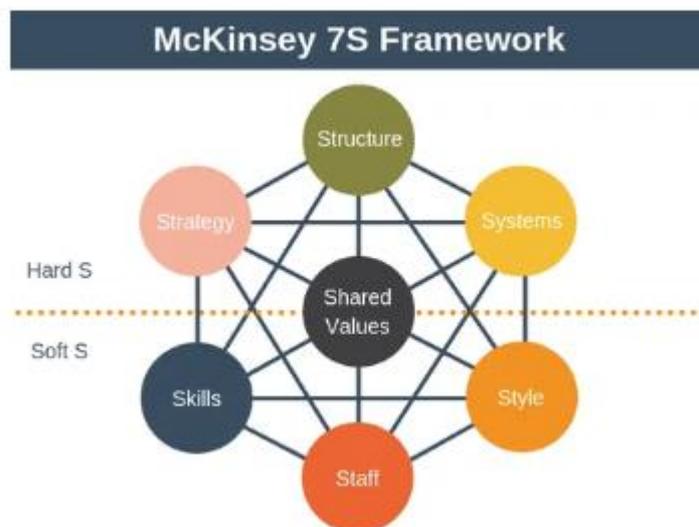


Figure4 : McKinsey’s 7S model Source: (Ravanfar, 2015)

The strategy to the company is to establish a more innovative approach of sales to meet customer satisfaction. In accordance with the 7S framework, Employees of each sector of the company are given with different sets of objectives but manufacturer department has the objectives not clear and reachable in given time of 6months. The company has been facing competitive pressure due to globalisation as the sources have been evaluated. Employees work over time to maintain the process in control which is making negative impact on the performance of them. In this era of industrialization, the firm has been facing issues in terms of customer demand (Hammer, 2015). In order to mitigate with demand, the Business Development managers also focus on identifying and analysing the new trends in the market. As per the strategy element of McKinsey's Framework, the company's strategy does not align with the environmental issues as the company has been focusing on maintaining the sustainable business or implementing activities of Corporate Social Responsibility (CSR). CSR strategies refer to maintaining ethics related to business and environment (Crane, Matten, & Spence, 2019). Ignoring CSR strategy as a part of organisational structure can be harmful to the performance as a whole.

As per the model, the second ‘S’ which is structure refers to the way how a company is structured. The company follows a hierarchical structure in which the board of members are the head of all departments. Manager of production, marketing and human resources are under Board of members. Each team have nearly 50 members but the ratio of female and male are ways to different in mainly manufacturing process. This can bring up organisation's culture as a whole that is making an impact on performance. The department coordinate activities with conducting a meeting which is mainly to discuss the progress of the company so far. But, the frequency of the meeting is so low, which might cause lack of understanding of the future activities among the employees. The team members organise the work based on the skills of the members and coordinate activities through encouraging to establish bond among others. But, in the time of pressure, they give lack of time to complete

a project which makes employees stressed out and reduces motivation. Job dissatisfaction is one of the major issues that bring down the morale of an employee which lead to worse performance of him or her and the firm as a whole. In accordance with the 7S model, the decision making process of the firm is centralised as the power is in the hands of board of directors. This refers to the autocratic leadership of a company as one person takes the decision without considering others ideas and viewpoints (Fiaz, Su, & Saqib, 2017). This should not be like this as employees feel they are not valued and their opinion does not matter. The lines of Communication is explicit, which refers to the communication which is said or written. Some examples of the conversation in a business environment will be, Do this, Do not do that etc.

According to the 7S framework, the main systems that run the organisation are HR systems and communication system. The management of the systems controls the process by evaluating the progress report, appraisal report of employees. This gets monitored with the KPI which is key performance indicator as this tool of performance measurement that demonstrates how effectively the company is achieving key business objectives (Cascio, 2015). The teams maintain organisational ethics to keep the performance on track but have failed measurably last year when the demand for customers increased and the company had fewer employees. Existing employees have to work more without getting extra payment which was the destruction of ethics. The core values of the company are to provide customers with good quality clothing items in a low range. The values are strong which often make adverse effect on employee performance. The leadership style is autocratic and highly maintained by the board of directors. Employees of the company are mostly competitive rather than cooperative as the pressure is high all the time. There is no trainer or coach to help new employees to learn about the whole process which needs to be filmed. Lastly, the strongest skills are competitiveness and dedication are represented within the company. Though, there are gaps in skills such as communication, inclusiveness, decision making etc. Many of the employees lack skills due to absence of training and developing programmes. This is mainly due to cutting out the cost for employee wellbeing to invest that into advertising and manufacturing products. There is no proper process to monitor their skills, although there is appraisal system it is not frequent enough which is why the skills of workforce do not get properly monitored or accessed.

Discussion:

Organisational development is the process that is highly dependable on the adoption of effective leadership in an organisation. This is because the leaders are responsible for communicating the priorities and objectives of an organisation to other employees. The review of literature has shown that communication helps in maintaining an effective relationship between the employees and higher authority of a business. The productivity or performance of employees is also related to the fact as efficiency in maintaining communication helps to direct the workers to achieve the desired goal (Cady & Kim, 2017). However, this is quite dependable on performance efficiency of workers as the issue in performance create productivity issue in business. It is identified from the analysis using the McKinsey's 7s model that the business firm is facing issue in maintaining performance of employees.

Main reason behind this is lack of support from the leaders to implement effective work design. In regards to this, the establishment is needed to implement the concept of organisational development intervention techniques so that the employees can improve their performance. However, the lack of leadership is creating barriers in the firm in both ways as the leaders are unable to manage performance as well as intervene in the organisational development.

Analysis of performance management issue has also reflected on the fact that the presence of hierarchical structure has also created difficulties for the firm to manage the performance. In this context, application of organisation development is needed in the business. This would help the company to increase the profit rate. Main reason behind this is the enhancement of employee performance will help the company to introduce innovation. Introduction of innovation will also require assistance from the leaders which is essential for business growth. However, the business is needed to make focus on the solution to problem related to hierarchical structure. This is because present of such structure hinders the decision making process that is a vital aspect of organisational development (Sessa & London, 2015). For this reason, the company can adopt the flat organisational structure that removed the barriers of communication in business and simplified the procedure to make a decision. Considering this the innovation will assist in improving the manufacturing procedure. Further, adoption of leadership like democratic can also be effective to improve the organisational culture. Improvement of organisational culture can also motivate the employees in delivering more productivity to the firm. Another issue related to business performance that has been identified in the company is over time in working due to pressure of competition in the market. This is also indicated on the issue among leaders to implement an effective work design. In this context, the adoption of organisational development can help in designing the work. This is because the review of literature has shown that effective work design is a process that can be implemented by adopting a proper leadership approach.

The information of literature review reflects on the fact that organisation tends to face challenges related to performance if there is absence of realistic goals. From the analysis, it has been seen that the clothing company's management does not establish vivid goals which were not achievable by the employees. In accordance with the information based on Locke's Goal-Setting theory, it has been seen that goals should be challenging and complex but the level of difficulty should be analysed (Locke & Latham, 2015). But, the fashion company's board of directors has been focused on analysing the intensity before setting the goals. From the data of literature review, it has been seen that OD interventions help in managing the performance of a firm if it requires career development and enhanced accountability. Team Building and maintaining relationship between the intergroup is important for a company to achieve brand value and image. Where its own organisation has not focused on the problems of work groups which led to excessive competitiveness among themselves.

The team building intervention reflects on the fact that such problems should get detected as early as possible as solutions can be found before it does any damage. The company has been compromising the need for enhancing the skills and motivation of employees to get competitive advantage. But, it made an adverse effect on the firm's annual report. The workforce is the asset of a firm which is why they should get proper recognition and support. The data from McKinsey's 7S framework suggests that the company have no initiative to make workforce motivated and skilled (Cascio, 2015). Issues mostly occur if the organisation has no strategy to maintain transparent communication which is why sensitivity training and intergroup relationship interventions are needed. Sensitivity training suggests that the participants can tell their thoughts, perceptions and beliefs in a certain topic which may help the company to empower their employees and gain performance benefits. Incorporating intergroup relationship intervention may lead to free of unhealthy competition, overlapping responsibly and help the clothing company to get success in near future.

Conclusion:

After analysing the organisation's performance through the application of McKinsey's 7S Framework, this is to conclude that there are various loopholes to the organisation's structure, system, style, skills, and staffs. The current situation of the company has been analysed and such issues were the reasons why the company failed miserably last year to ensure its revenue. In order to improve the performance, organisational development interventions such as Diagnostic Activity, Sensitivity training, intergroup relationship, process consultation are crucial to follow by the level of the firm. Management of the company is not focusing on providing proper training to the employees which is why they are not able to focus on their work. Lack of communication among each department has added up to the situation which can be solved with proper integration of managers and board of directors. Leader's idea to only focus on the productivity of the organisation in terms of sales has been the reason for the lowered performance level. They can take feedback from the employees and take actions bases on that.

Recommendation:

The enterprise should focus on enhancing communication among departments to ensure that they are going towards right direction. The managers or leaders should collect information from meeting with subordinates and operation record take proper decision based on that. The goals should be achievable by the employees and they should be given enough time to accomplish that. In order to do so, the management and board of directors should focus on providing training sessions for the employees to work more effectively. The members from the Board of Directors should maintain transformation leadership to implement change easily and motivate works to work towards gaining success in the competitive market. Employees should be rewarded frequently for their contribution to the performance of the company. This will help them to boost morale and get motivated to put more efforts.

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