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

Environment

Inputs
• Information
• Energy
• People

Transformations
• Social Component
• Technological Component

Outputs
• Goods
• Services
• Ideas

Feedback

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

Inputs
- General Environment
- Industry Structure

Design Components
- Technology
- Strategy
- Structure
- Culture
- Measurement Systems

Outputs
- Organization Effectiveness

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.