

## CHAPTER 8

### **Managing Organization Behavior**

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Understanding and managing human behavior in work organizations requires specific knowledge and focus on that task. The knowledge required comes from many disciplines—psychiatry, psychology, sociology, and business, to name a few. Organization behavior is multidisciplinary and requires one to think across boundaries as well as within them. Focus refers to the ongoing need to systematically apply the learning and not simply react by instinct or habit. Managing organization behavior requires many of the same skills required by clinicians—getting educated and trained in the requisite knowledge areas and applying that knowledge in systematic ways that are guided by principles. Concentration, observation, analysis, and working with a plan in mind are the instincts or habits of effective organization managers.

This chapter is intended to equip you with the knowledge and examples of systematic ways to apply the knowledge to enable you to work effectively and confidently in the managerial part of your role. The literature on organization behavior keeps growing as the importance of this subject in achieving organizational effectiveness continues to be relearned. Principles will be discussed here more than procedures, since each organization is unique. Examples of the application of the principles will be provided in order to stimulate your thinking about the best way to proceed in your particular organization. The citations used in this chapter deliberately include classical references that remain timeless along with contemporary sources.

#### **The Organizational Context**

Kurt Lewin (1969), often referred to as the father of applied behavioral science, was fond of saying, “There is nothing so practical as a good theory.” One of his theories is expressed as a formula:

$$B = f(p.e.).$$

Translated, the formula reads that behavior ( $B$ ) is a function ( $f$ ) of the interaction of the person ( $p$ ) and the environment ( $e$ ). Because the individual is so tangible and visible, most managers, and many clinicians, interpret organization behavior on the basis of diagnosing and analyzing the individual who is acting out the behavior. This is done even when the manager or clinician knows better. It is the environment or context that so often gives meaning to the behavior. Dr. Larney Gump put it this way:

To say, "he took off all his clothes," would have very little meaning unless one knew the context or environment in which the action occurred, such as, "in the privacy of his bedroom," "in the middle of a busy street," or "as a stroke victim learning to care for himself again." (1983:5)

The environment or context of an organization with which the individual interacts contains variables like task, purpose or direction, structure, rewards, technology, leadership, and organization culture, which profoundly influence individual behavior. The same individual interacting within different variables will behave differently. Since understanding individuals is assumed here to be an area of expertise with the target audience of this book, that is, psychiatrists, clinical psychologists, LCSW's, psychiatric nurses, etc., our focus here will be on learning about some of the important organizational variables that constitute the context, or environment ( $e$ ), in Lewin's formula.

### **What Is an Organization?**

Just as there are many ways to define an individual or a group, there are many ways to define an organization. The approach chosen here is to provide a model of an organization—its component parts—and use that to describe the variables (or the context) that must be managed in order to manage organization behavior. While there are many other models, including later ones (see Burke 1992), this one is selected because of its simplicity and ease of use. The model selected for the purpose of this book is one developed by Marvin Weisbord (1978). His book, cited in the references here, is a good tool for managers who wish to pursue this subject and organization diagnosis in more depth and with guided, practical application.

The **Purposes** box is appropriately labeled number 1. To understand any work system—at any level of the system: individual, group, or organi-

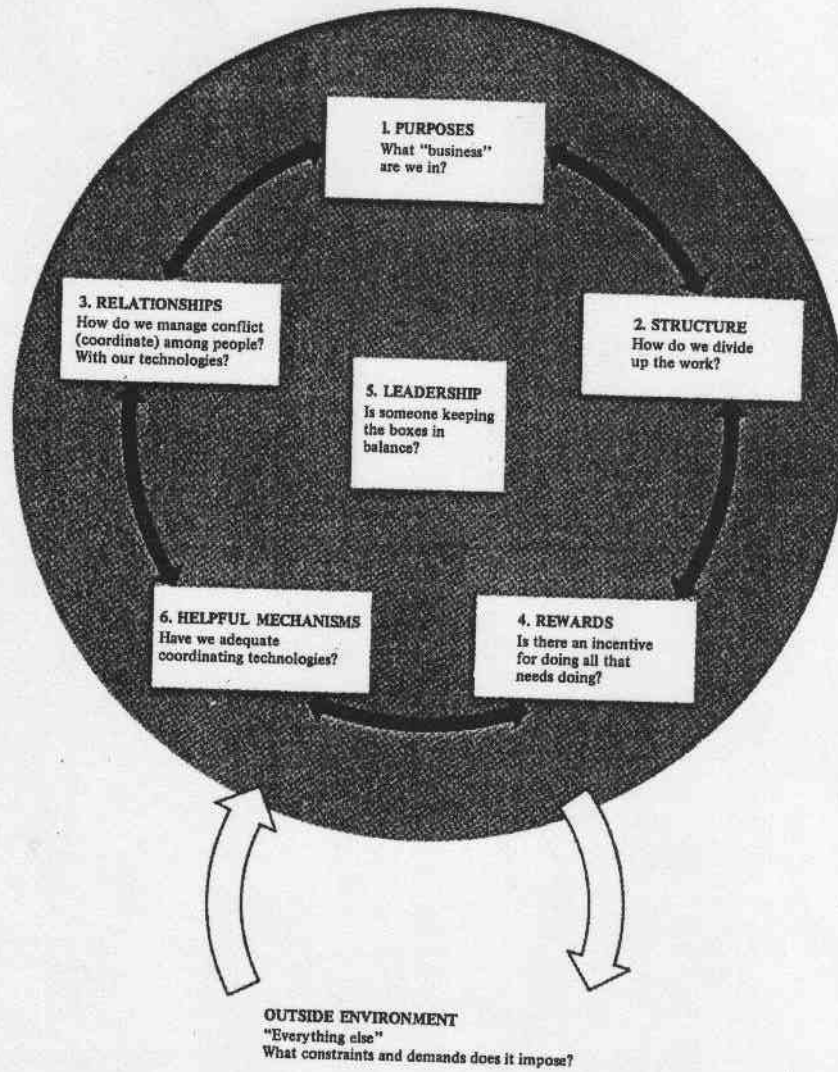


Fig. 1. Weisbord's six box model. (From Weisbord 1978, 9.)

zation—one must understand its purpose. Why is it here? to do what? for whom? At the largest system level this would be the mission of the organization. A modification of this model is extension of this box to include smaller units of the organization—or levels of the system and refer to this box as Direction Setting. Achievement of organization and group purpose is dependent upon having defined goals. At the individual level we have objectives. In all cases it is essential that people know the direction in which the organization or group is headed, and the aim of collaborative effort. One definition of a work group is people collaborating on a task. If the purpose or task is unclear or if members of the group have different understandings of them, confusion and counterproductive behavior will occur. Progress in the task will be difficult and conflict will be rife. In such an event, if the manager focuses on the individual, the intervention will be targeted on interpersonal relationships, motivation, cooperation or conflict management. The real problem here, however, is lack of clarity about what the group is convened to do. Clarifying that will resolve many of the behavior problems.

In addition to clarifying the mission or purpose, key operating goals—what must occur if the mission is to be accomplished—must be established by each work unit. Only at that time will individuals have the necessary context to think about what they can do to ensure the accomplishment of unit goals. They are then ready to negotiate objectives with their bosses. This is part of **performance management** discussed in chapter 9, “Human Resources in Mental Health Care Organizations.”

Direction Setting at all organization levels, from purpose or mission (what business are we in?) to strategic organizational or system level goals, to unit goals, to individual objectives—is one of the most important tasks of management. It is probably best to assume the direction setting is not clear enough and always needs reiteration, monitoring, and reinforcement. This is especially true in today’s turbulent operating environment, where things like goals and objectives are dynamic and, by necessity, are changing during an operating period.

In practice, the manager of a unit large enough to define a mission (e.g., a hospital, separate clinic, or major operational unit) must ensure that all of the key subordinate managers understand and agree upon the *raison d’être* of the organization. Understanding and agreement is best achieved by participation in the process of defining the mission. The rest of the management cadre must be educated to the mission, preferably by having personal, face-to-face discussion and dialogue with the key managers who created the mission.

Consider the following situation that illustrates the conflicts that arise

from unclear purpose. Remember that purpose relates to what is done, for whom, and how.

A large urban teaching hospital established an Emergency Psychiatric Service (EPS) center as a satellite unit in the community. The hospital management viewed the purpose or mission of the new center as a vehicle for providing time-limited mental health services to a population that was unable or unwilling to use other forms of psychiatric treatment. The intent was to assist in the resolution of crises and/or refer to suitable resources such as community mental health centers and other community-based programs. The limited number of psychiatrists was to be used for diagnosis and consultation with other professional staff (primarily psychologists, nurses, and social workers), who were to provide brief therapy and manage referrals, family involvement, etc. The manager of the service was a psychiatrist whose career had been in private practice, was near retirement, and was recruited for the job by the hospital's chief of psychiatry, who was an old friend.

The hospital management assumed the recruit knew how to manage and did not want to offend by insisting upon an extensive orientation. The perception of the community was that a new treatment center had opened in their neighborhood. Many nonemergency clients came through the door, and the manager's background was in providing treatment. Transition care was not fully anticipated, and staff, feeling guilty about not having suitable referrals, engaged in traditional treatment. The unit became swamped and perpetuated the community view of its purpose as a treatment center. Hospital residents assigned to the unit to learn about diagnosis and consultation spent most of their time as therapists. The unit was in competition with the existing programs in the hospital and performed poorly because it was not resourced for that work. The manager constantly argued with the hospital administrator about resourcing.

This scenario could have been avoided or minimized by paying more attention to purpose. Involvement of the community in the creation of the unit and education about its purpose would have helped shape appropriate perceptions of the purpose. Proper selection and orientation of the new manager (including a different selection process) as well as orientation of all of the unit staff would have made a difference. The multitude of interpersonal conflicts that occurred were not rooted in personal differences. The systemic problem was inadequate attention to the creation and implementation of purpose.

**Structure** refers to ensuring that the organization is designed to carry out the purposes and the work. "Form follows function" is a wise guideline in deciding how to structure. A common mistake in structuring is to

have a familiar or preferred structure in mind and then fit the work into it. While there is rarely one way to do anything in human systems—a concept known as “equifinality” (Katz and Kahn 1966)—that does not mean that any way will do. Organization design is a popular topic now, precisely because most people who manage complex organizations are struggling with how best to organize in order to get the work done most effectively. Contemporary technology, democratization of the workplace, increasing interdependence, virtual organizations, etc., make structure very confusing. Structure refers to how the work is divided up and then, of course, how to coordinate and control those interdependent parts. It is important to remember that there is no perfect structure.

Return again to our example of the newly established EPS unit. The work as defined by the mission or purpose of the organization was to provide time-limited services to resolve crises and refer clients to other resources for further treatment. The manager could divide up the work on the basis of the function served—psychiatrists, nurses, psychologists, social workers, and administrative assistants. Or staff could be grouped around the service provided by forming an interdisciplinary mix of each of the functional groups. Limited specialist resources such as diagnosis and consultation could be retained as a separate group available as needed by service-providing groups. Coordination and control could be centralized by having direct reporting to the manager or decentralized to service-providing groups who operate within unit guidelines established by the manager. Each organization will determine what is best for its circumstance, taking into account factors like mission or purpose, patient load, nature of crises presented (related in part to the nature of the catchment area), number and qualifications of resources available to the unit, etc. The point here is that preconceived notions of what a structure should look like are often not useful. The structure must fit the work and the situation.

Another example is the case of an ambulatory care program in a state mental hospital that is mandated to address the homeless population. A traditional functional and hierarchical structure may have to give way to a decentralized community-based organization organized around multidisciplinary teams. Matrix relationships provide professional supervision and support, while a central management team coordinates the overall program.

Each structure has advantages and disadvantages. In thinking through and choosing a structure, anticipate the disadvantages and do whatever is possible to address them. For example, matrix structures (where people have more than one boss and/or have responsibility but not authority) are especially useful in organizations with complex technology and project-type work (hospitals) but are sure to generate conflict. The enlightened manager will know that the conflict in this case is largely a

product of the structure and will support the structure with things like periodic coordinating meetings, training in negotiation skills, and reward systems that reinforce collaboration.

Structure rarely stays in place very long in today's organizations. As the work and direction of the organization change, it is often sensible to adjust or even rethink the structure in order to ensure that it helps (not hinders) carrying out the work. After the structure has been selected from the several possible alternatives (to force thinking and debate), it is up to the manager to make it work. Most often, that means that he or she must be the major force for keeping the organization integrated. While it is a hackneyed concept, "management by walking around" (Peters and Waterman 1982) is of enormous value in learning about problems before they become dilemmas and for keeping the interdependent people and groups in contact with one another. **No structure will be so elegant as to preclude the constant need for making it work.**

The **Relationships** box refers to the way individuals and work units interact. Where people need to work together, they must do it well. It is less important if the individuals or the work units are not interdependent—that is, do not have to cooperate in order for either of them to do their work effectively. The manager should first assess the amount of interdependency involved when there are relationship problems. That will determine the seriousness and need or priority for intervention. Some technologies (e.g., administration and medicine) will be in constant tension. At least some of that tension is desirable in order to ensure that each does its job and stays focused on its task. This kind of tension is not likely to be eliminated, nor should it be. **The way conflict is managed is as important as the presence of conflict itself.** For reasons assumed to be well understood by the audience of this book, conflict is loaded with psychodynamics, and they are heightened by authority relations. The way conflict is managed—much more than the presence of conflict—is a key ingredient in the formation and existence of organization culture. Culture is a powerful force and one that can be relied upon to override individual judgment. The culture provides—and limits—many individual choices about how to behave in the organization.

**A useful checklist in managing conflict in the organization is as follows:**

1. understand that conflict exists and must be managed between individuals, groups, and kinds of work;
2. some conflict should exist and not be suppressed if it is important for each party to stay clear about its particular purpose;
3. it is most important to attend to conflict where the people or groups must cooperate in order for either of them to do their work well;

4. some conflict may be caused by unclear direction setting or by the structure;
5. the part that is not dealt with by preceding advice on managing those variables needs to be addressed with individuals and groups involved;
6. the way all conflict between key individuals and groups is managed sets the tone for managing differences and creating the culture for everyone else in the entire organization;
7. the manager is responsible for how conflict is managed; it is essential that the manager be objective—for example, not favor the person, function, or group that the manager used to be a part of.

As an example of items 6 and 7, consider the case of a planning committee in a hospital. The members of the committee represent various professional specialties, and each member is interested in garnering scarce resources (e.g., beds, OR time, diagnostic equipment) for his or her part of the system. The chairperson does not want to confront the differences expressed in the meetings and makes one-to-one deals outside the meetings. As a result the larger system goes unattended, since the work of the group becomes individual maneuvering by members with the chairperson. That person's power is exaggerated, and power politics becomes the norm, which soon becomes the culture of the organization. Members of the committee do not take responsibility for the larger system and do not try to balance it. Instead, they try to maximize their part of it.

No one is exempt from difficulties in addressing conflict situations. The manager plays a key role in setting the tone and modeling effective conflict management behavior. Peter Block (1981) advocates "moving toward the tension," since most people avoid it. As a person, you too may wish to avoid conflict in the organization. As a manager, you have a responsibility to move toward it and manage it. Conflict can be avoided, suppressed, and smoothed over or else confronted and worked through to agreed-upon actions. The first step in intervening in conflict situations is to work with the individuals or groups involved and reach an agreed-upon definition of the problem. It is possible that the conflict involves different views of purpose or goals or differences about the way work is divided up or coordinated (structure). In these cases the preceding discussion about these issues can be useful. Do not hesitate to seek training in conflict management. Several references that are useful in learning about managing conflict are:

*Managing Conflict: Interpersonal Dialogue and Third Party Roles*, by Richard Walton (Reading, MA: Addison-Wesley, 1987)  
*Getting to Yes: Negotiating Agreement without Giving In*, by Roger



Fisher, William Ury, and Bruce Patton (New York: Penguin Books, 1991)

(See references for full citation.)

Your human resources officer can also provide you with information on readings, workshops, and/or consultation. It is essential to keep the larger system perspective in mind when dealing with conflict situations. That is, seek the outcome that will best serve the larger unit or organization's purpose and goals.

The **Rewards** box is usefully divided into two parts—reward and reinforcement. Reward refers to the longer-term performance period, say twelve months, at the end of which one's performance is evaluated and rewarded by merit pay, bonus, or longer-term incentive. Salary, benefits, and reward, as defined here, most likely will encourage high performance if they are seen as symbols of high-quality work valued by the organization. Rewards frequently get diluted in motivational value over time, however, and become expected or do not truly discriminate among different performance levels. It is well to remember that a satisfied need is not a motivator.

Reinforcement refers to the day-to-day shaping of behavior by recognizing and providing psychological as well as tangible encouragement of incremental behavior. Certainly, appreciation, when earned, is appropriate as well as being a useful reinforcement. The more specific the recognition, the more valuable it is as a motivator. "Good job, Bill" is not as useful as "Bill, the plan you created for that project, the agendas, and the conduct of the three monitoring meetings as well as the measurements you devised really helped to make that project a success." This is an area in which knowing the individual is an asset. Some people are fueled by recognition from authority figures; some get more from increased responsibility; some like being able to learn new skills. Use what works best for the individual. Most of all, reward what the organization says it rewards; for example, getting work done, demonstrating the desired organization values, and taking responsibility. Few managers can control the reward system. They administer parts of established programs. **All managers, however, have complete control of the reinforcement system or the day-to-day shaping of behavior.**

Opportunities for reinforcement and reward are often missed. For example, attending a training program (especially if it is in a nice place) can be a reward initiated by the boss rather than a request granted by the boss to an employee pleading a case to attend. Tying rewards to development is essential. For example, development and use of skills in communication, collaboration, and group decision making is not likely if rewards

and reinforcement are only on the basis of individual professional and technical competence.

**Rewarding and reinforcing how the work is done as well as what is done is important.** For example, rewarding someone who accomplishes work at the expense of others or by monopolizing scarce resources does not build an effective organization or group culture.

Rewards is another area in which you will need counsel and interaction with the Human Resources function. It is well to remember that the work itself should be a reward by being a source of psychic income. This means that jobs should inherently contain opportunities for things like achievement, feedback, responsibility, and recognition (Herzberg et al. 1959; Hackman and Oldham 1980).

**Helpful Mechanisms** includes traditional management systems like planning, budgeting, control, and measurements. These systems have a great deal to do with organization behavior. For example, performance management (the individual objective-setting process part) must be integrated with organization planning and budgeting to ensure that individuals will have the prerequisite context of organization and unit goals from the planning process in order to set their objectives. Resources must be available from the budgeting process to carry out the objectives. Otherwise, individual work, no matter how diligently pursued, will not contribute to larger organization efforts.

Helpful mechanisms also include formal things like policies, procedures, and meetings as well as informal things like bulletin boards, lunch gatherings, and even social events. Informal mechanisms can be created rather than leaving them to chance. One organization intentionally put comfortable benches near water fountains and other gathering places as a way of encouraging people to talk. Some managers feared it would encourage idling, but that did not happen. Whether formal or informal, the question to ask continually about any mechanism is "Is it helpful?" For example, a budgeting or performance management system that is not helpful needs attention. Helpful mechanisms and leadership are important integrators of organization behavior.

The **Leadership** box is a critical one because the way the leader behaves is of such consequence to the behavior of others in the organization. Here the words *manager* and *leader* are used interchangeably even though much has been said about the differences in recent years. Rather than examining the traits or styles of leaders, the emphasis here is on the work of the leader. While much has been written about the work of leaders, a classic article by Selznick (1957) identifies **four tasks that must be performed by a leader in order to make the system as a whole operate effectively**. They are:

1. **Defining purpose** (and direction-setting, as discussed previously)
2. **Ensuring that programs exist for purposes** (turn the aims into action)
3. **Defending institutional integrity** (ensure that the organization meets external needs and stays healthy)
4. **Ordering internal conflict** (that critical role of conflict management).

In addition, leaders must balance the other boxes. An effective work system optimizes all of the parts instead of maximizing any of them. In a hospital physicians want to maximize medical delivery; administrators want to maximize financial health; medical technologists want to maximize the technical systems. The leader balances the competing desires for getting the most for their part with a view toward the effectiveness of the larger system. This may be done by allocating resources in a seemingly unfair way. For example, salary increases for people who do a particular kind of work may be necessary in order to compete in a tight labor market, or membership in some decision-making process may need to be altered to insert a necessary point of view. As always, **leadership carries with it the role of modeling and setting the tone in all aspects of organization work and life.**

Change in any part (or box) affects some or all of the other parts. For example, change in mission and key goals may dictate a review of structure to ensure that the current function is not being carried out by a form designed for a different function. Change in structure may necessitate work on the rewards system to ensure that the behaviors desired in the structure are appropriately encouraged by rewards and reinforcements. Change in leadership—or the kind of leadership—can affect everything. This is illustrated by the fact that most organization change efforts that terminate prematurely or do not become institutionalized are related to changes in leadership where the new leader is not supportive of the change or operates inappropriately in it.

#### **Diagnosing the Organization**

One of the many uses of an organization model is that it provides a framework for diagnosis. You may wish to conduct a diagnosis because you sense something is systematically dysfunctional or because you simply want to monitor the general health of the system. In either case you can use this organization model to answer your questions.

The variables or component parts of the model enable you to concentrate your focus, after which you can examine the relationship between the

parts. Follow the sequence in which the variables are presented here—that is, start with purpose/direction setting, followed by structure, etc. If you are examining the larger system or a major component such as a significant department or function, think of the questions needing to be asked in each variable. For example, if you are diagnosing the Purposes or Direction Setting box of the hospital (the larger system) you would want to find out things like:

1. What purpose(s) do we serve? (mission)
2. Who are our clients/customers?
3. How well are we accomplishing our mission?
4. What are our priority goals for the operating year?
5. Are subunit goals aimed at accomplishing the hospital goals?
6. Are those goals understood and agreed upon by key subunit managers?
7. Do individuals in those units have objectives aimed at accomplishing unit goals?

Taking each of the variables in sequence, you can involve key managers in whatever level of the system is being diagnosed in deciding what to inquire about, from whom, and how (survey, interview, focus groups, etc.). If you are a group manager, working at a lower level of the system, you would approach the task the same way but ask questions appropriate to your level of the system. You would likely start with the purpose of the group and its goals, then ask how your group is supporting the accomplishment of the larger system mission and goals, etc.

Organization diagnosis is an extremely useful concept for managers, and most will need to learn more about the subject or use an external or internal organization development consultant to do anything other than an overview diagnosis. In addition to Weisbord, a recommended reading in this area is *Diagnosis for Organizational Change: Methods and Models*, by Ann Howard and Associates (1994).

**Organizations are open systems and continually redefine themselves as they interact with their environment.** An organization is embedded in a society and community, an industry, and an economy. A subunit of an organization is embedded in a larger organization, and a work group is embedded in a department that is embedded in a larger organization. Because of these environments, it is usually wise to expand a problem and ask, "What is that problem connected to?" in order to truly define an organizational problem. For example, a manager may define performance appraisal as a problem. Expanding the problem, we see that appraisal is connected to objective setting, which is related to the planning process.

After analysis it may be that appraisal is not so much the problem as is the problem of setting useful individual objectives when the planning process does not make unit goals and budgets available at the time when individual objectives are negotiated.

While managing organization behavior (primarily by managing the contextual variables that lead to a lot of the individual behavior) is complex, we have been using the existing organization as a reference. What about the issues involved in managing organization behavior when the organization is changing?

### Managing Organization Change

Because change is now the constant state for organizations, it has received a lot of study. Change is now divided into categories, which are:

1. **First-Order Change**—also known as incremental change. This refers to the alteration of organization characteristics by some degrees. Examples are adding a new incentive program to the compensation system, rearranging reporting relationships in a new configuration of an existing structure, or changing work unit goals to fit new conditions.
2. **Second-Order Change**—also known as fundamental change or transformational change. This refers to a shift in basic understanding of the organization. Examples are changing the mission, changing compensation philosophy (e.g., from salary to incentive), or creating a new structure (e.g., from functionally based to matrix or changing the organization's strategic goals).

Some would say that transformational change is also defined by movement into the unknown, which makes it more difficult (Reddy 1994). For our purposes we will use *incremental* and *fundamental* for the two basic kinds of change. While strategies for managing organization behavior differ with the two kinds of change, the approach taken here is that the principles are common (e.g., the use of participation), and fundamental change is becoming so prevalent that it is probably the more useful overall template to use.

Kurt Lewin (1958) developed a model for change that is useful at any level of the system—individual, group, or organization. Simply stated, the model is: Unfreeze—Change—Refreeze. Let us examine that three-phase model more closely because its simplicity belies its profundity.

**Unfreezing** refers to readiness for change. An organization will not be able to change unless it has a readiness or motivation arising from things

like poor performance, poor morale, or a need to acquire (or be acquired by) another organization in order to remain viable. Readiness for change often means feeling enough pain in order to be willing to accept the difficult task of major change. Sometimes the awareness of a more desirable future state can create a readiness. Unfreezing is where letting go of existing beliefs occurs. We have already discussed the value of creating a clear purpose and direction in order to manage organization behavior. This is equally true in managing change. People will not let go of what they have until they can see what to hold on to, which is the basis of vision-driven change.

Unfreezing often means disconfirming existing views or realities. For example, if people believe they are providing appropriate services, they will resist changing those services. They must have information or experience that disconfirms their belief that they are providing appropriate services. The best way to do this is to involve them in some sort of data collection to surface the issue. They could be asked to do a customer service or quality research effort in which they would be involved in deciding what information to collect, from whom, and how. Matching that information against the organization's mission or purpose and asking, "Are we accomplishing our purpose or stated reason for being?" can lead to questioning current programs and services, which can disconfirm the belief that existing ones are appropriate. It is important not to have an outsider design the data collection effort, conduct it, and report back, since that person will simply become a messenger to be shot and reinforce the belief of group or organization members that "we're OK." Appropriate consulting help would be used to work collaboratively with the members to help them design, collect, and interpret the data.

Unfreezing can also be accomplished when people experience guilt or anxiety by understanding that a gap exists between the present state and the desired state. In any event unfreezing will not occur if people believe they are at risk, for example, viewing decisions made in the past as wrong. Any disconfirming activity to create readiness or motivation must protect members' self-esteem or the esteem of others.

**Change**, or movement, is the intervention phase that moves the organization from its previous state to the desired one. This includes planning what needs to be done and how to implement the change. Effective change is planned change. This is the period of transition from what was to what will be. Again, a well-defined vision of the future state is essential here. The tasks needing to be accomplished for the change to occur must be defined, management mechanisms (e.g., task forces, coordinating bodies) must be created to accomplish the tasks, strategies must be developed to obtain commitment from key players, communications strategies and mecha-

nisms must be created and resources, experts, and consultants to assist in the transition must be put in place. This is what is meant by managing the transition (Beckhard and Pritchard 1992), or the change part of Lewin's theory.

If appropriate staff have been involved in creating the readiness for change, and are themselves motivated to consider change, they are well positioned to use the data collected and conclusions drawn from it to ask, "What might we do to close the gap or achieve the desired state?" Joint action planning not only creates possible action steps but engages key members in accepting and working toward the change. It is common to see temporary groups created within the organization to think through and recommend action steps. Doing this enables people to take responsibility and identify with the new state. Compare this to a consulting firm that comes into the organization at the request of top management (and is often a mystery or threat to everyone else) and tells the organization what its problems are and what to do about them. Many such reports that cost enormous amounts of money sit unused on managers' bookshelves.

**Refreezing** means doing what is necessary to stabilize the new state and behavior. Many writers about organization change recommend establishing guardians of the new culture—carefully selected leaders who model the new culture and are charged with keeping others aware of it. The rewards system is important in institutionalizing change because it can reinforce the desired behaviors.

Refreezing also means institutionalizing the new state or building it into the infrastructure of the group or organization. This is where the organization model is useful. Taking each of the six boxes one can ask what can be done to encourage the change. One thing that is clear throughout Lewin's model is the value of data in making change, from unfreezing to refreezing. Lewin referred to the role and importance of data-based change as Action Research, where no data was collected unless there was a commitment to act on it and no action was taken without data. In the refreezing step it is essential to build in ongoing data collection to monitor the effects of the changes made. This also keeps the organization more able to adapt to the inevitability of ongoing change. This is the essence of the popular concept of the "learning organization" (Senge 1990).

Some argue that the environment is so turbulent today that there is no refreezing phase. Yet the need for psychological closure with humans is such that, even if there is not refreezing, it is important to mark the attainment of a "changing new state." The three stages of Lewin's change theory are not discrete steps and probably better described as phases where overlap occurs. Few behavioral models involving sequential or predictable

movement, such as stages of group development, are able to be divided into discrete steps. **Organization change is always messy, never neat, and the effective change agent is one who can work with messiness.**

Refer again to our example of the new EPS unit. It is clear that not much attention was paid to unfreezing or ensuring the readiness for change. Gatekeepers, in Lewin's terms, would be people like the new unit director, the chief of psychiatry at the hospital, key clinical and administrative people there, and some community leaders. Useful data to collect would include existing perceptions of services provided, services needed but not provided, the purposes of the proposed unit, its relationship to the hospital, staff and competencies required. The gatekeepers would be in charge of the data to collect and the analysis of the data. Prior to collecting data, there must be clarity about how decisions regarding its use would be made (e.g., by consensus, by authority, or by selected individuals) and by whom (e.g., managers only or managers and community leadership).

The change phase would be where the purposes or mission of the new EPS unit would be developed. The desired state of the new unit when the unit is up and running would be described. A transition plan that describes how the gap between the existing state and the desired state would be developed. Human resources systems such as performance management and compensation would be reviewed to ensure that they support the desired state. A communication plan—very important—would be developed to ensure that people in the hospital, the new unit, and the community would be continuously aware of what was taking place. Forums for information exchange and dialogue would be created. The structure of the unit would be established. All of these activities would likely be done by temporary groups that included relevant people in the hospital (including Human Resources and Psychiatry), the new unit, and the community. The managers in the organization who will implement the change will need support as the change is implemented. All of this would be overseen by a coordinating group of managers senior enough to support the work of others by removing roadblocks and obtaining resources.

Refreezing (to the extent that this occurs today) would be accomplished by establishing performance measurements for the new organization, monitoring, and acting on them. The supporting systems mentioned previously, such as individual performance management and compensation, would be continually monitored and aligned to support the desired state and high organizational performance. Ongoing diagnosis of the organization using the variables described earlier can be a form of monitoring. This ongoing monitoring becomes a way of developing a learning organization. In short, the culture of the new organization is built so the change is not left to the determined effort of individuals.



**Resistance to change is a major issue in the planning and implementation of organization change.** The tendency is to speed toward change once it has been decided upon. A useful formula (Beckhard and Harris 1987) for anticipating resistance to change is:

$$C = (A + B + D) > X, \text{ where}$$

$C$  = Change

$A$  = Level of dissatisfaction with the status quo

$B$  = Desirability of the proposed change or end state

$D$  = Practicality of the change (minimal risk and disruption)

$X$  = Cost of changing.

The authors say that

factors  $A$ ,  $B$  and  $D$  must outweigh the perceived costs ( $X$ ) for change to occur. If any person or group whose commitment is needed is not sufficiently dissatisfied with the present state of affairs ( $A$ ), eager to achieve the proposed end state ( $B$ ) and convinced about the feasibility of the change ( $D$ ), then the cost ( $X$ ) of changing is too high, and that person or group will resist the change. (Beckhard and Pritchard 1992)

It is critically important to diagnose the readiness for change and do whatever is necessary, collect whatever data is needed, educate and communicate about the present state of the organization, and ensure that all of the key people who will be involved in the change truly understand the need for it. They must agree that it is worth the cost of the change. Many a change effort has failed at this point. Even though the change was, on the surface, implemented quickly, no change in fact occurred even though people went through the motions.

**Four of the most common reasons, given by Kotter and Schlesinger (1979), that people resist change are:**

1. A desire not to lose something of value
2. A misunderstanding of the change and its implementation
3. A belief that the change does not make sense for the organization
4. A low tolerance for change

People understandably focus on their own interests. They may, for example, perceive a potential loss in status or power as a result of the change. They may fear they will not be able to do what is required of them in the

new state or may believe that support of the change would be an admission that some of their previous decisions or beliefs were in error. There are many ways in which individuals can perceive the change as a threat.

Most managers vastly underestimate both the many ways in which resistance can be manifest as well as their ability to constructively address the resistance. Kotter and Schlesinger provide **tips on dealing with the four kinds of resistance** they identified. Some of their recommendations are:

1. **Education and Communication**
2. **Participation and Involvement**
3. **Facilitation and Support**

As stated in the preceding example, educating and communicating with people about the need for the change is essential. This can take the form of seminars, one-to-one discussions, informal talks (e.g., at lunch), written documents, videotapes, teleconferences, and Internet communications. **Personal contact with authority figures, especially the boss, is the best form of education.** This is why key managers must be committed to the change before reaching out to others. One cannot fake commitment to change—that is all too detectable. **Be assured that the amount of education and communication needed is always, always, underestimated.** The guidelines here are: (1) **Communicate**, (2) **Communicate**, and (3) **Communicate**. **Key managers must be personally involved, especially when there are difficult issues involved.**

As described in the unfreezing phase discussions, participation and involvement of potential resisters early on will pay large dividends. Identify resisters who are key to the change before proceeding, involve them in the design and implementation of the effort. Also, listen and take advice from those who do the work. They will always know something that the change planners do not. In general, participation helps gain commitment. Some managers are resistant to any participation, and some believe everyone should participate in everything. We are talking here about appropriate participation. Remember that participation in identifying issues and planning change strategies does not necessarily mean that those same people participate in decision making. The more people who can, appropriately, be involved in decision making, the better. Coordination and control is not lost by involving people in thinking through and understanding change issues. There is seldom reason why some form of involvement is not possible.

Facilitation and support can take the form of listening and being emotionally supportive, or it can be tangible, such as providing training. Cutting some slack in the work rules when people are coping with

change—for example, attendance or time off—can help. When the resistance is rooted in fear of performing poorly in the new state, skill training and education costs are good investments. **When planning for change, anticipate things like time required for communication and education, time required for listening, and money required for training, education, and counseling.**

Since many activities will be going on simultaneously, **it is advisable to create a coordinating committee** like the one in the example to ensure that the activities are integrated and result in the desired total system change. While it might be seen in the traditional sense as a steering committee, it has more complex responsibilities, which include:

1. **Viewing the change from the system (vs-part) level**
2. **Ensuring that system-wide and system-level communication occurs**
3. **Balancing the change activities for the benefit of the system (e.g., allocating resources appropriately)**
4. **Setting the tone and creating the culture for the change.**

It is important that this group keep in mind that the parts of the system are related. Change in any part affects the other parts. Leaving the change interventions to the individual parts of the organization can result in duplicate efforts, canceling out of efforts, competition, and larger system failure. One might compare this group to the family practice physician who monitors and integrates the work of specialists.

### Summary

Managing organization behavior can often mean taking your eye off the person who is acting out the organization dynamics and looking instead at the organization itself. This means that managers need to understand what an organization is, its component parts, how they interact, and how the context of the organization can affect individual behavior. Before intervening with individuals, examine the group and organizational context, for example, to ensure that the person understands and agrees with the purposes and goals. The way conflict is managed is a major factor in creating the culture of an organization. Conflict management is, therefore, a major responsibility of managers.

Since change can be assumed to be a constant in today's organizations, managing change is essential for managing organization behavior. **Having a concept for change and its dynamics is essential for good managing.** Often, organizational change is implemented before establishing a readiness for change. Data are required. Involving key people in collecting

and interpreting data is essential throughout the change process, from creating readiness to planning of change to implementation and monitoring. Resistance to change is part of change. Anticipating and dealing with resistance is part of planning for change. It cannot be overemphasized that appropriate use of consultants who work in organization change will pay dividends. While communication, education, participation, and training are necessary, individual training is never a change strategy; it supports change strategy. To change an organization, one must change the context in which individuals live and work.

There are many theories of organization change. Although Lewin was aware of and accounted for unconscious behavior, this chapter did not refer much to psychodynamic theories such as those of Kernberg (1978), Kaplan (1974), Levinson (1972), and Hirshhorn (1989). **The particular theory or theories used are not as important as being sure you are operating from a concept and not reacting intuitively or shooting from the hip.** As stated in the opening of this chapter, managing organizational behavior is a complex task and requires a disciplined and thoughtful approach.

#### GLOSSARY

- Change* Movement from current state to future state—hopefully the desired future state
- Diagnosis* Data collected and analyzed to prepare people to act and to provide baseline data on the present state in order to compare it to the desired state; diagnosis is only done if one is prepared to make necessary changes
- Direction setting* Clarifying and articulating the aim of organization work at any level of the system, from organization purpose or mission to individual objectives
- Helpful mechanisms* Anything that helps coordinate the organizational system from traditional control and coordination systems such as budgeting and planning to monthly meetings or hallway bulletin boards
- Leadership* Work done by anyone who has the role or opportunity to define direction and align individual and group efforts to achieve it
- Organization* An open system of related parts that continually redefines itself as it interacts with its environment
- Refreezing* Making the future state the norm or “the way things are done here”
- Reinforcement* Benefit accrued to a person at any time (e.g., praise for a task well done or an on-the-spot cash award)
- Relationships* The way in which individuals and work units interact, especially in regard to how conflict is managed
- Resistance to change* The natural state of not wanting to let go of what is cur-

rently valued or understood—even if it is only “the devil I know!”—will exist unless attention to the unfreezing and change processes are done well

- Rewards* Benefit accrued to a person at the end of a defined period of time (e.g., bonus at end of year)
- Structure* The division of labor and the authority and coordination necessary to integrate it in order to achieve the purpose of the organization
- Unfreezing* Getting people ready for change
- Work group* People collaborating on a task

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