CHAPTER 2

LITERATURE REVIEW

Soft System Methodology was developed in the 1970s. It grew out of the failure of established methods of 'systems engineering' (SE) when faced with messy complex problem situations. SSM was developed expressly to cope with the more normal situation in which the people in a problem situation perceive and interpret the world in their own ways and make judgements about it using standards and values, which may not be shared by others.

The use of SSM involves organized systemic thinking about the problem situation to enable purposeful action to occur. SSM is a powerful consensus methodology that has become a cornerstone approach for inquiring into complex situations. It generates dynamic methods that offer a people-centered way of examining complex situations. Its purpose is to intervene in a situation in order to improve it. Soft systems methodology (SSM) helps managers of all kinds and at all levels to cope with their task. It is an organized way of tackling messy situations in the real world. It is based on systems thinking, which enables it to be highly defined and described, but flexible in the use and broad in scope.

System theory is an important foundation for organisation development theory and practice. Shafritz and Ott describe the systems perspectives as follow: "The system school views an organisation as a complex set of dynamically intertwined and interconnected elements, including its inputs, processes, outputs, feedback loops, and the environment in which it operates. A change in any element of the system inevitably causes changes in its elements (Shafritz, 1987).

Organisation development (OD) is an organisational improvement strategy. It is about how people and organisations function and how to get them to function
better (French, 1999). Different OD interventions focus on aligning the individual and the organisation, aligning organisational elements, and aligning the organisation with environmental demands.

Organisation development is planned change in an organisational context. It is directed at bringing about planned change to increase an organisation’s effectiveness. It is generally initiated and implemented by managers, often with the help of OD practitioner either from inside or outside of the organisation. Organisations can use planned change to solve problems, to learn from experience, to reframe shared perceptions, to adapt to external environment changes, to improve performance, and to influence future change (Cummings, 2001).

Diagnosing organisations is one of the major phases in the model of planned change. Diagnosis is the process of assessing the functioning of the organisation, department, group, or job to discover the sources of problems and areas for improvement. Effective diagnosis provides the systematic understanding of the organisation needed to design appropriate interventions (Cumings, 2001).

In order to obtain a holistic picture of an organisation, a fair number of assessment and diagnoses need to be conducted. These diagnoses are conducted to give a fair assessment of health of the organisation. They give a holistic picture of what ails the organisation and pave the way for planned intervention and change.

The assessment on the organisation viability towards change can be gauged through organisation self-actuation (Yolles, 1999). We can identify a number of different dimensions of closure (based on Mingers, 1995, p.83) that may be attribute to viable system. The characteristics of self-actuation that define the
possibilities of viable system closure are self-influencing, self-regulating, self-organizing, self-sustaining, self-producing, self-referential and self-conscious.

Purposeful adaptive activity systems or actor systems can be examined in terms of their viability – that is, examined with respect to their survivability in situations of change. The idea of viability implies that the system must be able to maintain stability under conditions of change. Central to this is the viable system's ability to adapt the perturbations from its environment.

Prigogine and Stengers (1984) describe dissipative systems as those that have dissipative structure in which far from equilibrium process occur. It is through the production of negentropy and thus the creation of order that structures with dissipative processes can survive.

The Six-Level Organisational is a useful diagnostics tool to calibrate the situation, location, strategic business unit, departments, or a group of people against a set of criteria. These set of criteria are really the variables. There is a need to at the organisation from several hierarchical perspectives in order to conduct a fair assessment and diagnoses. The hierarchical perspectives consist of understanding diagnostics at six levels namely, general environment level, industry structure level, strategic orientation level, group-level-team effectiveness, job level-individual effectiveness and job level-personal characteristics. This is mentioned as level thinking; looking at the business process at various levels of complexity and detail. These diagnoses are conducted to give a fair assessment of health of the organisation. They will give a holistic picture of what ails the organisation and pave the way for planned intervention and change (Yusof, 2001).

Observational studies have a formulated research purpose and are systematically planned. Such studies can be structured or unstructured, with the investigator being a participant or a non-participant in the study setting.
Observational studies can provide rich data and insights into the nature of the phenomena observed. Such studies have offered much understanding of interpersonal and group dynamics. Interestingly, observational data can be quantified (Sekaran, 2000).

Participant observation refers to situations in which an observer gains firsthand knowledge by being in or around the social setting that is being investigated. The observer generally uses a combination of direct observation and interviewing (Zikmund, 1997).

The most straightforward way of collecting data about behavior in organisations is to watch the behavior as it occur. Observation removes one source of possible bias, the report of the respondent. It directly puts the data collector in touch with the actual activities about which data are being collected. Observational methods have been widely used in organisations. Many classical pieces of organisational research have relied on the presence of an on-site observer (McCall and Simmons 1969; Schatzman and Strauss 1973; Whyte 1955a), and a member of writers have pointed out the value of this approach in studying organisations (Bouchard, 1976)

An organisation development intervention is a sequence of activities, actions, and events intended to help an organisation improves its performance and effectiveness. OD interventions vary from standardized programs that have been developed and used in many organisations to relatively unique programs tailored to a specific organisation or department. Designing OD interventions requires paying careful attention to the needs and dynamics of the change situation and crafting a change program that will be consistent with criteria of effective intervention.

OD interventions seek to change specific features or part of organisations. These targets of change are the main focus of interventions, and researchers have
identified two key contingencies related to change targets that can affect intervention success: the organisational issues that the intervention is intended to resolve and the level of organisational system at which intervention is expected to have a primary impact. organisations needed to address certain issues to operate effectively such as strategic issues, technological & structure issues, human resources issues and human process issues.

According to Cummings et al. (2001), there are four major types of intervention strategy that are proved to be effective in overcoming the organisation problems and widely used in planned organisational change. There are human process interventions, techno-structural interventions, human resources management interventions and strategic interventions.

Practitioners applying human process intervention generally value human fulfillment and expect that organisational effectiveness follow from improved functioning of people and organisational processes. Human process interventions are related to interpersonal relationships and group dynamics includes T-group, process consultation, third-party intervention and team building.

Techno-structural interventions are interventions focusing on an organisation’s technology (for example, task methods and job design) and structure (for example, division of labor and hierarchy). Interventions concerned with restructuring organisations are structural design, downsizing, reengineering and work design.

Human resources management interventions focuses on personnel practices used to integrate people into organisations. These practices include career planning, reward system, goal setting, and performance appraisal.
identified two key contingencies related to change targets that can affect intervention success: the organisational issues that the intervention is intended to resolve and the level of organisational system at which intervention is expected to have a primary impact. Organisations needed to address certain issues to operate effectively such as strategic issues, technological & structure issues, human resources issues and human process issues.

According to Cummings et al. (2001), there are four major types of intervention strategy that are proved to be effective in overcoming the organisation problems and widely used in planned organisational change. There are human process interventions, techno-structural interventions, human resources management interventions and strategic interventions.

Practitioners applying human process intervention generally value human fulfillment and expect that organisational effectiveness follow from improved functioning of people and organisational processes. Human process interventions are related to interpersonal relationships and group dynamics includes T-group, process consultation, third-party intervention and team building.

Techno-structural interventions are interventions focusing on an organisation's technology (for example, task methods and job design) and structure (for example, division of labor and hierarchy). Interventions concerned with restructuring organisations are structural design, downsizing, reengineering and work design.

Human resources management interventions focuses on personnel practices used to integrate people into organisations. These practices include career planning, reward system, goal setting, and performance appraisal.
Strategic interventions consider interventions that link the internal functioning of the organisation to the larger environment and transform the organisation to keep pace with changing conditions. These includes integrated strategic change, transorganisation development and merger and acquisition integration. Strategic interventions for transforming organisation include culture change, self-designing organisation and organisational learning and knowledge management.

Researchers have identifies two major sets of contingencies that can affect intervention success: those having to do with the change situation and those related to the target of change. Few situational factors had been discovered that could affect intervention success: the organisation’s readiness for change, its change capability, its cultural context, and the change agent’s skills and abilities. Indicators of readiness for change include sensitivity to pressure for change, dissatisfaction with the status quo, availability of resources to support change, and commitment of significant management time. Managing planned change requires particular knowledge and skills, including the ability to motivate change, to lead change, to develop political support, to manage the transition, and to sustain momentum. The national culture within which the organisation is embedded can exert a powerful influence on members’ reactions to change, so intervention design must account for culture values and assumptions held by organisation members. Many failures in OD result when agents apply interventions beyond their competence. In designing interventions, OD practitioners should assess their experience and expertise against the requirements needed to implement the intervention effectively.