Bridging the Gap of Relevance: Strategic Management and Organisational Development

Loizos Heracleous and Sylvia Devoge

I. The Need for Relevance of the Strategic Management Field

Strategic management is an applied field and as such its survival and growth depends not only on its theoretical sophistication and methodological rigour, but also on its relevance to practitioners. In spite of that, practitioners often do not perceive such relevance. It has been argued that strategy research is prematurely stuck in a normal science straightjacket, is based on out-dated concepts, relies too much on statistical methodologies which often compromise relevance for scientist rigour, and is characterised by a lack of prescriptive guidelines for practitioners based on research findings.

Research aiming to develop a research agenda for strategic management in the 1990's has acknowledged the importance of practitioner viewpoints but has only utilised academic viewpoints for the development of this agenda. More recent research which elicited practitioners' viewpoints and compared them with academics' agenda has confirmed that the interests of academics and practitioners are indeed substantially different.

The main aims of this article are thus twofold:

1. to propose that organisation development (OD) is uniquely positioned to fulfil the criteria of research relevance;
2. to suggest therefore that closer interaction between organisational development and strategic management is a potent way to bridge the gap of relevance between academic and practitioner interests in the strategic management field.

This article suggests that (i) organisation development is uniquely positioned to fulfil commonly accepted criteria of research relevance, and (ii) that closer interaction between organisational development and strategic management is a potent and fruitful way to make strategic management relevant to practitioners. An 'integrated organisational model' is presented and its use in an organisational development intervention is discussed. The process of applying the model and learning from this and other OD interventions, illustrate how closer interaction between the fields of OD and strategic management can help to bridge the gap of relevance between academic and practitioner concerns. The findings also highlight useful lessons which merit careful consideration by top management teams when developing strategy, and planning and leading strategic change. © 1998 Elsevier Science Ltd. All rights reserved.
II. Linking Strategic Management and Organisation Development

The barriers inhibiting closer interaction between the fields of strategic management and OD have been continually eroded. It has been suggested for example that strategic management has a primarily external focus whereas OD has an internal focus, but this is rather an oversimplification. It has been recognised within the strategy field that unless broad strategic directions become translated to internal operational systems, processes, structures, competencies and cultural norms then the desired strategic direction cannot be pursued effectively. The OD field has itself from its early days been concerned with 'long range efforts to improve an organization's problem-solving capabilities and its ability to cope with changes in its external environment'. It has since developed a number of approaches relevant to system-wide, strategic change. Strategic change has in fact formed the latest influence on the development of the theory and practice of OD.

Strategic management has been said to be mainly concerned with financial performance and survival, and OD mainly with interpersonal processes within the organisation. Recent meta-analyses of OD interventions, however, have shown that OD can lead to long-term improvements in worker productivity and worker satisfaction and attitudes, thus pointing to the strategic value of OD in increasing organisational effectiveness. Strategic management and OD have also differed in their emphases on 'hard' elements (structure, rewards) and 'soft' elements (processes, culture, interpersonal relationships). It has increasingly been recognised as critical, however, that both hard and soft organisational features should be congruent and in support of a particular strategic direction, if this direction is to be successfully implemented.

Lastly, while the knowledge and skills of agents within strategic management and OD have differed, strategic management has increasingly incorporated concerns traditionally within the domain of OD and vice versa. For example, strategic management researchers have focused on the human aspects of strategy; the social, cultural and political issues. Effective human resource management, moreover, (traditionally enjoying more emphasis in the OD than the strategic management field) has increasingly been recognised as an invaluable strategic resource and particular human resource practices have been shown to lead to improved long-term organisational performance. It has also been recognised in both the strategy and OD fields that issues of power and politics are central to organisational life and should therefore be given due consideration in both strategic management processes and OD interventions.

III. Organisation Development and the Relevance of Strategic Management

After a brief exposition of the action research approach as the primary methodological model of OD, we shall set out the five criteria for research relevance from the practitioner's frame of reference developed by Thomas and Tymon (1982). Based on these criteria, we will then discuss (i) how OD within an action research framework is uniquely positioned to fulfil these criteria (ii) how closer interaction between OD and strategic management can help to bridge the gap of relevance. Organisation development is an application of behavioural science knowledge related to system-wide planned change, aiming to increase organisational effectiveness and foster employee development. The primary methodological model for OD is action research. Kurt Lewin, the founder of action research, was concerned with the application of social science to pressing social problems of his time, suggesting that research capable of aiding the improvement of social conditions was 'a type of action-research, comparative research on the conditions and effects of various forms of social action, and research leading to social action. Research that produces nothing but books will not suffice'. According to Rapoport (1979, p. 499) 'action research aims to contribute both to the practical concerns of people in an immediate problematic situation and to the goals of social science by joint collaboration within a mutually acceptable ethical framework'. Figure 1 portrays the cyclical process of action research:

Thomas and Tymon (1982) suggested 5 criteria of research relevance based on a practitioner perspective (Table 1). Action research (AR) as the primary methodological model of OD is uniquely positioned to fulfil these criteria for two main reasons: firstly because it is carried out by definition in organisations rather than the laboratory or being based solely on conceptual research, and secondly because it upholds such guiding principles as the commitment to joint diagnosis, action planning and implementation with the practitioners concerned, and the con-
### Table 1. The Practitioner’s Need for Relevance

<table>
<thead>
<tr>
<th>Practitioner needs</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Descriptive relevance</td>
<td>The accuracy of research findings in capturing phenomena encountered by the practitioner in his or her organisational setting</td>
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<tr>
<td>Goal relevance</td>
<td>The correspondence of outcome variables in a theory to the things the practitioner wants to influence</td>
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<tr>
<td>Operational validity</td>
<td>The ability of the practitioner to implement action implications of a theory by manipulating its causal variables</td>
</tr>
<tr>
<td>Non-obviousness</td>
<td>The degree to which a theory meets or exceeds the complexity of common sense theory already used by a practitioner</td>
</tr>
<tr>
<td>Timeliness</td>
<td>The requirement that a theory be available to practitioners in time to use it to deal with problems</td>
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Strategic Management and Organisational Development
cern to impart diagnostic and process management skills to them for future use. More specifically:

- **Descriptive relevance:** Action research takes place by definition in the practitioners’ organisational setting. The action researcher aims to help practitioners both with respect to particular issues they encounter but more importantly with passing on diagnostic skills and knowledge to them for recognising and acting on similar issues in the future. Involving the practitioner in the whole process of action research and especially in the diagnostic stage to arrive at a definition of the issues faced, means that the knowledge generated by action research interventions is highly relevant to issues encountered by practitioners in their organisational settings.

- **Goal relevance:** As a corollary of high descriptive relevance arising from both the location of AR in the field and practitioner involvement in the AR process, the outcome variables in theories developed or elaborated are more likely to correspond to the issues practitioners wish to influence. Such issues include, for example, how to improve leadership, communication processes, group and inter-group effectiveness, and performance management, how to intervene and manage change, or how to create a learning organisation.

- **Operational validity:** Knowledge derived from AR interventions has high operational validity for two main reasons. Firstly, because it has emerged from the field and not from the laboratory or purely conceptually. Secondly, because the action researcher and the practitioners jointly conduct action planning and implementation and therefore take into account the particular contingency conditions of the social system under consideration. The actors’ commitment to achieving change is also increased through involvement in the whole AR process. The ability of the practitioner to implement the action implications of a theory is increased, therefore, through the content of the theories which exhibit high descriptive and goal relevance, as well as through the process of implementation which can draw from the knowledge and skills of the action researcher as well as the local knowledge of the practitioners.

- **Non-obviousness:** Common sense theories (or cognitive maps) of practitioners are themselves not obvious and require particular methodologies to be determined. Action research interventions often involve a comprehensive diagnosis of the social/cultural aspects of social systems which are subconscious and taken for granted and therefore not immediately obvious to the actors concerned. They can act, however, as very potent barriers or facilitators to change and thus surfacing these social/cultural aspects and considering their implications for the particular strategic direction an organisation wishes to pursue is necessary for the success of system-wide strategic interventions. OD theories do contain a wealth of non-obvious insights, as even a cursory consideration of important OD works can reveal.

- **Timeliness:** The timeliness of OD theories derives firstly from the fact that the action researcher intervenes in a social system when its members determine the need for change themselves. Secondly, from the fundamental aim of organisational development of passing on to practitioners diagnostic and process management skills so that practitioners can avoid or resolve future issues themselves in a timely fashion.

**IV. An Integrated Organisational Model**

One example of an OD model which is relevant to practitioner concerns and which has been used in several action research interventions is the ‘integrated organisational model’ portrayed in Figure 2.

The OD process shown in the model draws from the action research paradigm, which includes the stages of diagnosis, action planning, implementation, and monitoring and evaluation. Because this model was developed with the main aim of being utilised in strategic, system-wide interventions its content includes categories which are empirically highly relevant to organisations (e.g. the specification of external direction and internal characteristics supporting this direction, the seven ‘levers’ included in the model, and the end goal of increasing organisational effectiveness).*

The ‘integrated organisational model’ (IOM) bears similarities in content to other models such as Weisbord’s (1976) six-box organisational model and the ‘Burke-Litwin model of organisational performance and change’, which contain strategic, leadership, structural, cultural, systemic and processual vari-

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* This model was developed for use in system-wide, strategic organisational development interventions with the critical requirement that it should address the practitioners’ needs within an action research context. Therefore organisational effectiveness is included as the end result of the intervention, in accordance with the aims of both practitioners and the OD field. Given the above, the step of specifying learning deriving from the intervention with respect to existing behavioural science knowledge, is not explicitly portrayed in the model but should nonetheless be conducted by the action researcher and fed back to the social system and to behavioural science (e.g. as the authors aim to do in this paper).
facilitate and encourage practitioner involvement in the whole process of intervention;
- it is based on extensive research which links each of the content variables to definable measures of organisational effectiveness. Substantiating the linkages to organisational effectiveness was seen as critical by the developers of the model, since a common primary aim of both organisational development and of practitioners is to actually make a difference through their interventions and managerial activities (to increase organisational effectiveness). A subset of the research on which the model is based is discussed in the appendix.

V. Applying the ‘Integrated Organisational Model’ in a UK Commercial Bank

In 1996 Hay Management Consultants was approached by the asset finance division of a UK Commercial Bank, when around 30 internal change projects were already under way; the internal change initiative was characterised by ambiguity and confusion which had prompted top management to seek external help. Initially there was a diagnostic phase, the main objectives of which were

- to gather information on such issues as the internal situation of the organisation and the views of the top management team;
- to introduce the process based upon the ‘integrated organisational model’ through which a deeper joint diagnosis, action planning, implementation, and monitoring of the strategic change program would be conducted.

The diagnostic phase utilised the following data sources:

- Interviews with the Managing Director and with each of the seven members of the top management team;
- A half day pre-workshop with the Managing Director and the top management team;
- Observation of behaviour of top management team and other employees;
- Internal documents related to the existing change programs;
- Published annual reports of the company.

All these were interpreted in the context of the organisation developers’ in-depth knowledge of the sector, based on extensive experience of conducting organisation development interventions in this sector.
TABLE 2. Stages in Action Research

<table>
<thead>
<tr>
<th>Phases</th>
<th>Guiding Questions</th>
<th>Activities</th>
<th>Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Set External Direction</td>
<td>• What is our vision for the future?</td>
<td>A. Agree Vision</td>
<td>• Vision statement</td>
</tr>
<tr>
<td>(Strategic Objectives)</td>
<td>• What do we want to achieve externally?</td>
<td>B. Agree Strategic Objectives</td>
<td>• 4–6 statements of strategic objectives</td>
</tr>
<tr>
<td></td>
<td>• How do we define our strategic objectives? What are the measures?</td>
<td>C. Define Strategic Objectives</td>
<td>• Elaboration and measures of strategic</td>
</tr>
<tr>
<td>• Set Internal Direction</td>
<td></td>
<td>D. Agree Measures</td>
<td>objectives</td>
</tr>
<tr>
<td>(Critical Success Factors)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• What internal results are critical to achieving strategic objectives?</td>
<td>A. Brainstorm CSF’s</td>
<td>• A list of CSF’S per strategic objective</td>
</tr>
<tr>
<td></td>
<td>• What are the measures of success?</td>
<td>B. Agree Priority CSF’s</td>
<td>• 3–4 prioritised CSF’S per strategic</td>
</tr>
<tr>
<td>• Integrated Change Planning</td>
<td></td>
<td>C. Agree merged list of CSF’s</td>
<td>strategic objective</td>
</tr>
<tr>
<td></td>
<td></td>
<td>D. Prepare a CSF matrix linking Strategic</td>
<td>• Merged list of CSF’s</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Objectives to CSF’s</td>
<td>• CSF matrix</td>
</tr>
<tr>
<td>• Action Planning and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation</td>
<td>• Change management</td>
<td>A. Clarify and describe CSF’s</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Change leadership</td>
<td>B. Plenary review</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Integrated monitoring</td>
<td>C. Re-cap</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>D. Input: Organisation levers and Integration</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>E. Brainstorm impact of levers to CSF’s</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>F. Plenary review and consolidation of lever</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>outcomes required to achieve CSF’s</td>
<td></td>
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</tbody>
</table>

Three workshops were held with the MD and the top management team, with the following themes:
1. Set internal and external direction
2. Integrated change planning
3. Development workshop on leading change

Table 2 gives an overview of the main phases of the organisation development intervention, the questions that were used to guide joint diagnoses, direction setting and action planning, the main activities and lastly the outputs of the first two workshops.

Although it is the primary task of top management to think strategically, there is extensive evidence to suggest that top management teams often get caught in fire-fighting, operational issues and do not devote enough time to developing a competitive strategy and the internal arrangements to support this strategy, or to learn how they might go about performing this task more effectively.40,41 The need for strategic change was reactively sensed by top management in this case, for example, when external data revealed that market share was declining and internal data showed that the organisation’s cost base was too high.

Workshop 1 was essentially a team-building intervention aimed at helping the top management team clarify its vision for the future, its strategic objectives and the measures for these objectives. The output from this workshop included the following vision statement:

The Vision:
- We aim to be the dominant provider of asset finance in our chosen markets.
- We want to be feared and admired by our competitors, and we want our competitors to benchmark us.
- We wish to remain a desirable place to work, characterised by honesty and integrity.
- We aim to achieve sustained, long-term profitability and customer satisfaction.

Four strategic objectives were developed and connected to 2–3 critical success factors each:
### TABLE 3. Identifying Strategic Objectives and Critical Success Factors.

<table>
<thead>
<tr>
<th>Strategic Objectives</th>
<th>Critical Success Factors</th>
</tr>
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<tbody>
<tr>
<td><strong>Vendor Finance</strong></td>
<td><strong>A.</strong> Able to identify material leakage points through dealerships</td>
</tr>
<tr>
<td>Minimise the leakage points in primary Bank channels and seek to dominate the provision of asset finance to the customers of our chosen vendors</td>
<td><strong>B.</strong> Have tailored relationship (package services) offerings to capture dealer distribution business (Bank and non-Bank)</td>
</tr>
<tr>
<td><strong>2. Bank Personal Car Finance</strong></td>
<td><strong>C.</strong> Includes the most innovative product</td>
</tr>
<tr>
<td>Dominate the provision of Personal car finance to the Bank’s personal customers</td>
<td><strong>D.</strong> The most effective and efficient processing system in the world</td>
</tr>
<tr>
<td><strong>3. Bank Commercial Agri Customers</strong></td>
<td><strong>E.</strong> The most efficient way to identify, retain and capture our personal customers for car finance (integrated with bank sales process)</td>
</tr>
<tr>
<td>Dominate the provision of asset finance to the Bank’s commercial customers</td>
<td><strong>F.</strong> Most efficient and effective customer sensitive (world class) sales process</td>
</tr>
<tr>
<td><strong>4. Franchise</strong></td>
<td><strong>G.</strong> The best sales support training (integrated with Branch)</td>
</tr>
<tr>
<td>Perceived (and in fact) by the Bank as adding customer value to the Bank’s franchise: Bring something to the party</td>
<td><strong>H.</strong> The smartest and most suitable credit policy and assessment processes/criteria for our markets</td>
</tr>
<tr>
<td>Consistent with the Bank’s vision and values</td>
<td><strong>I.</strong> Must have good ‘PR’ with the Bank—world class communication—sell/market our crucial position with the Bank</td>
</tr>
<tr>
<td><strong>J.</strong> Have a climate which reinforces the Bank’s values</td>
<td></td>
</tr>
</tbody>
</table>

Then CSF ‘owners’ were assigned for each critical success factor. They had the responsibility for fulfilling the CSF, which would in turn achieve the strategic objectives. This and other OD interventions have shown that individuals should not be responsible for change projects per se, but for CSF’s, as will be discussed below.

The ‘integrated change planning’ phase involved use of the ‘integrated organisational model’
- to stimulate thinking about what actions should be taken, by thinking through the change levers portrayed and how they related to the CSF’s, i.e. what actions should be taken to fulfil the CSF’s
- to remind the top management team that the elements of social systems are interdependent, so that changes in one sub-system (e.g. work processes and business systems) necessitates changes to other sub-systems (e.g. individual and team competencies, and reward and appraisal systems).

Essentially, as was shown in Table 2, the main questions asked at this phase were:
- what organisation levers will get us the internal business results we want?
- how do these relate to each other for an integrated change plan?
- what are the priorities? What change projects do we terminate or initiate based on the above?

Because of the clarity provided by asking the right questions, the number of internal change programs already under way was reduced by around 50%; the change programs which remained were then redefined according to the focus provided by the processes of diagnosis, setting internal/external direction, and integrated change planning.

### Results

The results achieved by integrating OD in the strategic change process were:
- top management had a clear, relevant and useful way of thinking about how to clarify their strategic direction and how to effectively manage the transition, by going through the four main phases of setting external direction, setting internal direction, integrated change planning, and action planning and implementation (see Table 2);
- this decision process which is characterised by clear guiding questions, group activities and production of desired outputs, provided crucial clarity to management on the strategic objectives, critical success factors linked with each objective, and actions required to achieve each CSF;
- the clarity provided meant that unrelated and wasteful change projects were eliminated, and energy was...
focused on the ones clearly related to the CSF’s and strategic objectives, leading to more focused, effective and efficient change management;

- the group activities involved in the whole decision process were in themselves productive team-building interventions, increasing the integration and effectiveness of the top management team as a whole.

**VI. Implications for Management**

The OD processes portrayed in Figure 2 and Table 2, as utilised in this and other OD interventions have revealed several important characteristics of situations relevant to top management teams, change management, and the OD process itself:

- often top management teams do not share a common vision and strategic objectives;
- top management teams often confuse strategic objectives with measures. When asked to develop strategic objectives they come up with measures instead, e.g.: instead of posing ‘vendor finance’ as a strategic objective, the top management team referred to achieving ‘higher volume’ or ‘market share’, which are measures for the objective. They also confuse critical success factors with actions, e.g.: instead of posing ‘able to identify material leakage points through dealerships’, the top management team referred to the need to install an IT system which is an action needed to achieve the CSF;
- top management teams tend to try to link strategic objectives directly with actions without developing CSF’s. Trying to establish required actions from strategic objectives leads to numerous unrelated change projects, whereas change projects based on CSF’s focus on what needs to be achieved to reach the full array of strategic objectives;
- top management teams tend to assign loose ‘stated’ accountabilities of change, e.g. the only point of real accountability for change in this case had been with project managers (accountable for time, cost and delivery to specification). By establishing accountabilities directly based on the CSF’s developed, however, individuals were clear about what needed to be achieved to reach the full array of strategic objectives;
- the theoretical content/process distinction is practically debatable. To be a process consultant is more productive than being just a content expert without much knowledge of organisational processes. Experience of several OD interventions has shown, however, that being knowledgeable about both content and process while carrying out OD interventions is highly useful. Content knowledge enables the organisational developer to challenge practitioners’ assumptions and proposed actions if it is appropriate to do so.

The lessons from this and other OD interventions have important implications for senior managers:

- do not assume or take for granted that your top management team as a whole has a shared vision and a clear strategic direction for the future, because the odds are that it does not;
- set aside enough time to discuss and debate strategic, long-term issues looking at the big picture, instead of focusing exclusively on operational issues;
- when having such debates, use frameworks which can direct the debate and make it more focused on relevant issues and productive (e.g. the process described in Table 2, and the ‘integrated organisational model’, Figure 2). Make sure that there is open, constructive interaction as opposed to, for example, someone having a pre-determined idea of what the result of the debate should be and directing it to that end;
- beware of the common mistakes of confusing strategic objectives with measures for these objectives, or critical success factors with actions needed to fulfill these CSF’s;
- ensure that your change projects are clearly focused on the actions required to achieve CSF’s, and eliminate any projects that are unrelated. Unrelated projects arise when trying to establish required actions directly from strategic objectives instead of establishing CSF’s for each objective;
- assign clear accountabilities to project managers, not so much for delivering change projects on time, cost and specification, but for achieving the CSF’s linked to each project, since this makes individuals clear about what needs to be achieved to reach the strategic objectives.

**The Need for Closer Interaction**

We have suggested that closer interaction between the OD and strategy fields can help to bridge the gap of research relevance by providing insights on issues emerging from practice rather than the laboratory or purely conceptually, within a process whose guiding principles render it uniquely positioned to claim practitioner relevance. The ‘integrated organisational model’ presented portrays the process and the organisational levers used to stimulate thinking so as to determine appropriate actions to be taken to fulfil CSF’s and thus reach the strategic objectives set. Application of this model at the asset finance division of a UK commercial bank has:

- illustrated generic processes of strategic change planning and implementation which would be relevant in any strategic change program (setting external direction, setting internal direction, integrated change planning, and action planning and
implementation); the 'integrated organisational model' being particularly useful in the 'integrated change planning' phase;

- clarified how strategic objectives are linked with critical success factors and the critical focus this can provide in any change program, with less time, money and energy being wasted on ill-defined change projects which are not connected with particular critical success factors;
- discussed how in this and most other strategic OD interventions in the authors' experience, there are common detrimental features of the thinking of top management teams as well as their management of strategic change programs, which severely jeopardize such programs.

These features merit further investigation, not only because of their intrinsic importance, but most importantly because substantial experience of carrying out OD interventions suggests that similar features are present in the majority of organisations in which interventions were conducted, irrespective of industry or sector. This means that they are highly relevant to the needs and concerns of practitioners who have to develop and implement strategy. Some of the above findings are vital to understanding managers' strategic thought: if further research supports the findings, for example, that top managers routinely confuse strategic objectives with measures and CSF's with actions, what are the implications of this critical fact for both the strategic management field and managerial education and development? Such OD findings could be very productively studied by the strategy field, e.g.

- What is the population validity of OD findings such as the above in different industries and national cultures? This could be determined by quantitative studies utilising large samples of organisations, building on the qualitative findings of OD interventions.

- What are the implications of such findings for the strategic management field, management education and organisational developer training?

These findings also illustrate how closer interaction between the OD and strategy fields can lead to more fruitful inter-disciplinary linkages for both the academic and practitioner communities. Strategic management can address new problem areas emerging from practice or can elaborate existing theories based on practice, thus helping to bridge the gap of relevance between practitioner and academic concerns.

Appendix: The Integrated Organisation Model

- **Strategic Planning**: The presence of strategic planning positively influences firm performance, irrespective of firm size and capital intensity. The more turbulent a firm's environment, moreover, the more it can benefit from strategic planning. Firms higher on a planning continuum of: Short-term forecasting → Budgeting → Annual planning → Long-range planning → Strategic planning, were shown to achieve higher 10-year total returns to investors both relative to their industry and in absolute terms. The degree of formality of strategic planning was also positively correlated with higher financial performance.

- **Leadership**: Leadership is included as the core of the model because of its critical role in organisations. Leadership actions were shown to strongly influence employee commitment, job satisfaction, and reduce role ambiguity. Leadership is central to managing change, and effective leadership in the context of change varies with respect to situational contingencies.

- **Management processes and systems**: Investment in high-performance human resource management practices is associated with lower employee turnover and greater productivity and corporate financial performance. The higher the employees' perceptions of a company's commitment to its human resources, the more their attitudes towards company values are improved and their job satisfaction increased. Use of more sophisticated staffing practices is associated with higher levels of annual profit and profit growth.

- **Organisation, team and job design**: Job redesign was shown to increase functional behaviours and decrease dysfunctional behaviours by employees, and job enrichment interventions were shown to be effective at reducing employee turnover. The relevance of several criteria of team effectiveness derived from the literature was confirmed empirically. Lastly, organisation performance is higher when organisation/environment alignment is higher and vice versa.

- **Work processes and business systems**: Organisational variables (emphasis on human resources and goal accomplishments) were shown to be twice as important as economic factors (industry profitability and firm size) as determinants of performance. Spending on information systems and on IS labour was shown to produce a net marginal product of 67% assuming a service life of seven years, and a net marginal product of 48% assuming a service life of three years. Re-engineering which defines processes to be redesigned broadly and which utilises several 'depth levers' can lead to dramatic cost reductions.

- **Values and Culture**: Several studies have shown that certain cultural characteristics lead to higher organisational performance, e.g. 'constructive' cultures which encourage interaction and ways of approaching tasks that will help employees meet their higher-order satisfaction needs, and which are characterised by achievement, self-actualising, humanistic-encouraging and affiliative norms as well as more homogeneous cultures which value adaptability. In addition, the higher the employee's commitment to the organisation and overall job satisfaction, the lower their intent to leave the organisation. The higher the individual/organisation fit, the higher the organisation's effectiveness.

- **Individual and Team Competence**: Employee competencies are critical for improved organisational performance. Eleven high-performance managerial competencies were identified and validated. Employee training to enhance individual and team competencies was shown to lead to higher productivity and performance.

- **Reward and recognition**: It is vital that performance appraisal systems reward desired behaviours and are congruent with the organisation's human resource and competitive strategies, among other things.
much as a 127% potential variability in employee performance in high-complexity jobs\textsuperscript{72} which the reward systems can capitalise on by enhancing employee satisfaction and commitment. Reward systems featuring pay-for-performance were shown to lead to higher employee satisfaction\textsuperscript{73} and profit sharing was shown to lead to higher productivity.\textsuperscript{74}

N.B. Because of space limitations, only a selective exposition of the research on which the integrated organisational model is based is given. For a full bibliographical list of the research please contact Dr Loizos Heracleous, Department of Business Policy, Faculty of Business Administration, National University of Singapore, Singapore 119260.

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