

Cultural change in organisations through the use of scenario analysis: some research findings

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ABSTRACT: *Organisations of tomorrow are likely to be places where leaders and staff have an agreed vision of a different kind of workplace and also possess knowledge and skills to achieve that vision. However, many external and internal influences facilitate and obstruct cultural change in organisations. The future culture of an organisation is influenced by the mindsets of present day staff. Scenario analysis is a methodology that can assist staff to think about the future.*

Scenarios consist of descriptions of different futures specifically designed to highlight the risks and opportunities inherent in specific strategic issues. This paper outlines the findings of research carried out in a large metropolitan university in Sydney where scenario analysis was operationalised.

Keywords: Scenario analysis, cultural change, empowerment, complexity theory.

INTRODUCTION

The new millennium presents substantial managerial challenges. Unprecedented and continuous change, largely driven by the forces of globalisation and the development and diffusion of new technology, requires a new managerial mindset. Hitt (2000) argued that every aspect of an organisation's operation and long-term health should be continuously re-examined and managers will need to balance both the stable and dynamic states of their organisations in order to achieve 'strategic flexibility'. A key element in the ability of an organisation to be both proactive and responsive to changing conditions lies in the level of development of employee skills and knowledge. Nonlinear thinking, dynamic core competencies and continuous learning processes will be features of successful organisations of the future.

During the 1990s interest in organisational learning and the concept of the learning organisation developed. This brought with it the search for effective methodologies to augment the learning process. Many have been developed and trialed including, dialogue exercises, the construction of learning histories, and use of scenario analysis (Flood, 1999b; Laws & McLeod, 1996, 1997, 1998, 1999). This paper will focus on the suitability and effectiveness of scenario analysis as a methodology for bringing about cultural change in a large metropolitan university faculty.

WHAT IS SCENARIO ANALYSIS?

The most common approach to organisational life is to look at all aspects of work in terms of parts rather than as interrelated events. In 'The Fifth Discipline' Peter Senge (1994) argued the case for using systemic thinking as the key understanding behaviour at work as the result of loops and interrelatedness. Robert Flood (1999a) built upon this and indicated how complexity theory can provide a further insight into the operation of 'human systems'. As he points out "human systems involve many people each with their own interpretation and experiences of social rules and practices that affect them. People respond sometimes leading to co-operation and other times to conflict" (p. 3). However, it is agreed that what is needed to 'break the mould' in everyday working life are changed mental models of

those who work in organisations. In a series of studies conducted over six years the authors have developed an approach to meeting this challenge through the utilisation of scenario development and scenario analysis.

For organisations to anticipate the future in a rapidly changing, volatile environment requires far more than systematic analysis. It demands creativity, insight and intuition. Scenarios - stories about future possible futures - combine these elements into a foundation for robust strategies. The test of a good scenario is not whether it portrays the future accurately but whether it enables an organisation to learn and adapt.

Scenarios are described as alternative environments in which today's decisions are played out. They are not predictions, nor are they strategies. Instead, they consist of descriptions of different futures specifically designed to highlight the risks and opportunities inherent in specific strategic issues confronting organisations. Alternative scenarios provide a way of focusing on the future without locking in on one forecast to the exclusion of others. Scenario analysis can be used as a means for ordering employees' perceptions about future possible work environments. In practice scenario analysis resembles a set of stories, written or spoken, that are built around carefully constructed plots. Scenario analysis presents alternative images, instead of extrapolating current trends from the present. Perhaps the most important characteristic of scenario analysis is that it challenges the prevailing mindsets of those in the organisation (Schoemaker 1995, pp.26-27).

All organisations are likely to need to possess knowledge and skills that will allow them to adapt and to adopt practices to confront uncertain futures. It is essential that many of the deep-rooted traditions of universities change and new dynamic and energetic work cultures emerge to take their place. Scenario analysis is a methodology that can assist in bringing this about.

Complexity theory informs us that we cannot know everything, nor be sure what will happen next. However scenario building with complexity theory in mind, can inform us about the sort of events that occur and the way they occur. It can alert us to issues and dilemmas that we face, facilitating relevant decision-making. And in the process, scenario building develops means that endure such as new ways of working together, rather than ends that rarely if ever come true (Flood, 1999a, p.6).

CHANGING A FACULTY'S CULTURE

Following the restructuring of a medium sized university faculty staff were asked to nominate in which new school they would like to work. This brought about staff movements across the schools and resulted in the establishment of quite different groups of people working together in different ways as new structures were introduced. It became obvious to a number of senior academics that there was a need to develop a new organisational culture with different 'mental models' and 'mindsets' to those that had prevailed prior to the restructuring.

The head of faculty proposed a 'retreat' at which staff would be given the opportunity to understand how the new structures had made the development of a new work culture an imperative and to discuss new ways of working together. Staff was asked to suggest issues and themes that should be raised. Among the suggestions was that a number of scenarios for the future be developed and that a major proportion of the retreat time be spent on involving staff in scenario analysis.

It was decided that in the weeks prior to the retreat that staff be invited to provide input which would inform the development of scenarios for analysis. An e-mail message was sent to all staff asking them to think about what their 'ideal' faculty might be like and to list up to five of its features. Staff were also invited to illustrate these characteristics by identifying policies and events that would help their ideal faculty thrive and succeed, and by thinking about how members of the faculty could interact with each other in such an 'ideal' situation. Staff were asked to consider the way the faculty was operating at that time and to identify how that differed from their 'ideal' and list the differences. Finally staff were asked to try to identify the barriers and obstacles that would need to be overcome if they were to work towards developing the 'ideal faculty' in the next five to ten years. The staff responses to these questions were to be treated confidentially, and at no time would the head of faculty see the responses of individual staff members. These were to be collated by an outside consultant who would report in general terms to the faculty administration.

1st International Conference on Systems Thinking in Management, 2000

About half of the staff accepted the invitation and responded to the questions. An interesting feature of some of the comments related to whether a person was nearing retirement (“I won’t be here next year so I don’t think I should have anything to say”) and a new member of staff (“I’m probably not the best person to ask as I am too new to uni”). The perspective of both of these people would have been very useful when considered with the other responses.

The ‘ideal faculty’ was perceived as one where faculty ‘managers’ and senior personnel were more visible; a mentoring system operated to assist in facilitating research, teaching and administration; ‘family’ values were practiced regarding staff wellbeing; transparent policies were in place; regular social functions allowed informal discussions of issues; good teaching was as highly valued as research; faculty policies were made clear to all; individuals were valued for their contributions; good students were encouraged to achieve to their highest level; staff members worked as a team; closer links between the wider community were established and supported; joint research teams were encouraged; and a ‘community of practice’ flourished.

The major differences between the way in which the faculty operated and the ‘ideal’ revolved around issues such as the operation of a culture of individualism rather than collaboration (although it was noted that there were some small clusters of people who worked together); the lack of active researchers and conversations about research; the lack of ‘fun’; the lack of visibility of the management team; the perceived regular absence of some senior staff members, the need for more open meetings where all contributions are valued, the perceived differences in the way researchers were treated in relation to those “who mainly taught”; the lack of provision for opportunities to dialogue; about “our teaching and research”; and the time spent on “petty administrative tasks”.

Barriers and obstacles that would need to be overcome in order to develop a new organisational culture reflected many of the differences contained in the last paragraph. These included “teaching and research need to be accorded equal status”; the need to become more active in external professional associations to draw attention to the positive contributions that the faculty could make; the lack of a good management plan and quality control; the lack of goodwill; and the need for a manager who could see beyond ensuring minimum teaching loads for staff.

It can be seen that there was a degree of unhappiness among some staff members who responded to the request. However, the information obtained, both positive and negative was considered and discussed with the faculty head, at all time ensuring the anonymity of respondents. Three scenarios were then created.

THE SCENARIOS

The scenarios were set in the year 2005. This year was chosen because most of the staff would still be working at that time. The first scenario portrayed the story of a young graduate teacher who was a student in the faculty the previous year. At the conclusion of her first year of teaching she was reflecting on her sad experiences in a school that displayed an unhappy culture. Staff in her new school were just as unhappy and displayed just as spiteful an attitude as did the staff from the faculty the previous year. Staff at both organisations were balkanised in their views of what other staff members were working on and the contributions that they were making to the school. She had described the faculty in conversation with her friends as “the corridor of wounded egos”. The scenario however went on to illustrate with increased dialogue and teamwork the culture of faculty changed and a new culture was possible with staff actively sharing ideas and experiences. She decided to strive to employ similar methodologies at her school in the future.

The second scenario described a lecturer on exchange from overseas who noticed that there was a high degree of fractured dialogue evident among the staff. He also observed that those staff who were mostly engaged in teaching considered themselves as second class citizens as teaching was not being given the same status as research. He also identified that there was only limited evidence of collaboration between staff and that the importance of working in teams was being given little priority by staff members. The scenario went on to illustrate the importance of dialogue within the faculty by utilising a number of effective techniques.

The final scenario outlined the story of a faculty member who was very progressive and had been happy to work on a circuit of different campuses as well as being prepared to work from her home office. Her teaching program divided her time between face to face teaching and IT contact with her students. She had also gained considerable success in

attracting funding for research. This member of staff was also contributing to a series of articles (with multiple authors) and was a key force in developing team spirit. Such development of research teams fostered highly sophisticated levels of dialogue taking place among all levels of staff within the faculty.

The three scenarios developed to capture many of the positive and negative qualities of the workplace culture of the faculty undergoing cultural change. It was hoped that the scenarios would prompt a critical yet positive response to the opportunity to create a new workplace culture.

SCENARIO ANALYSIS

At the retreat an outline of the process of scenario analysis was given and staff were asked to read each scenario and identify two positive aspects and two negative aspects that were evident within each scenario. Then they were asked to identify what could be done today that would prepare themselves, their students and the community for the impacts of such scenarios. Staff were invited to team up with one other staff member and discuss the same questions and come to an agreement about the issues and the strategies that could be employed to turn the organisational cultures embedded in the scenarios around. This teaming up process continued until there were just three groups. Each group then produced an overhead transparency containing the positive and negative elements contained in the three scenarios and a plan that would assist in the preparation of staff, students and the faculty community for the three possible scenarios.

RESULTS

The positive and negative aspects in the scenarios that were identified and agreed upon by staff reflect the types of responses obtained during the earlier stages of preparations for the activity. These are displayed in the table below:

Positive Aspects in the Scenarios

Respect / trust for individuals,
Teamwork
Ability to learn from mistakes
Opportunities to participate in dialogue
All staff valued
Change implementation in a non-confrontational manner
Flexibility in the system to allow for time to meet and discuss
Support for change
Research links between university and schools

Negative Aspects in Scenarios

Need ways of overcoming problems
Fractured dialogue,
Group disharmony,
Lack of professionalism
Overworked staff
Isolated staff
Poor induction procedures
Lack of real trust
Research valued more than teaching
Decreased levels of human contact
No time for reflection

Although it was confirming to note that the scenarios specifically developed for the retreat actually reflected the perceived situation in the restructured faculty a more important outcome was the staff input and acceptance of the need to develop procedures, strategies and plans to prepare for possible futures.

An interesting outcome was the dialogue around the desirability of having an external change agent work with the faculty as new procedures, strategies and plans were implemented. Not all individuals and groups agreed but there was sufficient support for the idea to suggest that this was something that was well worth considering further, especially in regard to the evaluation of current practices and the desirability of having them transparent and equitable.

The generic skill of developing problem solving across all members of staff was another feature to emerge during the discussions. There were those staff members who did not see it as their role to solve problems, but merely to refer problems to the senior executive of the faculty for resolution. On the other hand there were those members of

staff who believed it was their responsibility to solve their own problems within guidelines set by the faculty. They saw their personal development in problem solving skills as an important ingredient in their own professional development.

The desirability of involving as many staff as possible in the administrative tasks across the faculty was seen as an important issue. Academic staff did not wish to be loaded down with trivial tasks, however, there was general acceptance that their needed to be academic input and oversight of many of the areas of faculty operation. Ways of sharing the burden of administration, but at the same time providing individuals with opportunities to demonstrate leadership and management skills was important, especially as those seeking promotion had to be able to provide evidence of their abilities in these areas.

The need for those in positions of administrative responsibility to provide a human face to times of financial restraint and increasing work demands placed upon staff was a further feature of the process. The perceived emphasis on the 'bad news' regarding financial cut backs and reduced resources depressed many staff members. Staff wanted to be encouraged to look for innovative solutions to issues confronting them in their work. They liked the idea of being given opportunities to take risks and to look at problems from different perspectives. Many staff, through their comments, indicated that they wished to try to change their mind sets in response to the new structures that had been put in place.

The issue of finding more time to research, write, meet and discuss was identified as one which needed to be given careful consideration. Although staff accepted the importance of teaching, a desire was expressed to identify ways in which face-to-face teaching could be reduced, while at the same time improving the quality of the teaching that did take place. Much of this discussion was linked with the issue of ensuring equitable work loads across the faculty.

The introduction of formal mentoring arrangements in order to assist staff in the development of new skills in teaching, research and administration was mooted. Teams of people undertaking teaching, research and administration was seen as a means of lessening the load on some individuals while at the same time developing new skills in others. It was thought that through this process the level of collegiality within the faculty would increase.

Although the retreat concluded with a list of issues to be further worked upon, there was a general feeling that staff were beginning to work together. Informal conversations and e-mail messages sent and received after the retreat confirmed that staff had been moved by the scenarios, and the fact that they had been created from the input of the faculty had given them validity and impact. The opportunity to openly dialogue on key issues that concerned staff resulted in a change of mindset about the issues and the faculty was moving on a path toward reconciliation and harmony.

CONCLUSION

Two things emerge from the process that began with the faculty retreat and which continues today. Firstly, the use of organisational learning methodologies, in particular scenario analysis, have allowed staff opportunities to reflect upon their work and changes that are occurring within the faculty. Secondly, the success in utilising specific scenarios that were developed within the context of a university faculty adds to the number of reports indicating that generic scenarios are not as effective as those prepared for particular contexts (Flood, 1999b; Laws & McLeod, 1999).

Scenario analysis, as used in this study, has allowed staff and faculty managers to begin a problem solving approach that highlights the "complex interrelationships and spontaneous emergent behaviour that is unknowable to the human mind" (Flood, 1999a, p. 4). In implementing change organisations and the people who work in them face uncertainty right from the start. It is impossible to know in advance the complex dynamics involved and thus there is only one constant and that is change itself. It is necessary in this uncertain and complex environment to prepare staff for the future and one effective way to achieve this objective is to take them on a journey of discovery that helps them experience the unknown. The processes that are experienced on the journey are critical in preparing staff for change. Scenario analysis can be used to facilitate the processes.

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