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IMPLEMENTATION OF CONVERSATIONAL STRUCTURE MODEL IN MEXICAN COMPANIES

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At the beginning, God *said…*

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INTRODUCTION

This research consists in exploring an organizational development model based on conversational structure. The purpose is twofold. I want to see the effectiveness of the model in changing and improving an organization, and I intent to validate the conversational structure approach itself.

In these days, one observes that many, probably thousands, of companies are closing down. This situation, in turn, causes labor to be displaced to lower income jobs and even to unemployment. The social cost is high, particularly if one considers the huge difference between first and third world economies. Inhere, there is a self-contradictory situation. On one hand, organizations close and jobs are lost. On the other, organizations take new forms and become more productive and competitive, but production is low and millions of people are deprived from the basic goods and services that these companies are supposed to produce.

Organizations need to be more effective. However, despite of hundreds of millions of dollars spent in change and improvement, organizations do not always raise themselves to a better condition. Different organizational improvement theories and strategies have appeared during the last half of the past century, from organization development (OD) to total quality, reengineering and learning organization stances. They have fully met neither organization expectations nor people needs. The actual conditions seem to demand a new approach. This is the case of developed countries. In México, the situation is no better; it is most pressing for the challenges the nation faces. For one thing, the commercial treaties that have been signed recently (North America, Europe and Israel, among others) open markets, but also demand productivity, quality and effectiveness.

In this situation, I propose the conversational structure approach. The major assumptions on conversational structure are four. First, the action of human beings in the organization is what makes an enterprise or company be what it is. Second, human beings or observers act in language: they converse. Third, one can diagnose conversations, and design them in an intended direction to obtain specific results (as defined by a vision). Finally, through designed patterns of conversations, where top management plays a central part, organizations can change from its current state to a desired future.

1. STUDY BACKGROUND AND JUSTIFICATION

Every fifty years, society altogether drifts and rearranges itself –its worldview, its basic values, its social and political structures, its arts, its essential institutions. Then, a new universe emerges and people will never recognize nor imagine the world into which their own parents were born. For Drucker,[1] our age is such a period of transformation. If history is any guide, this transformation will not be completed until 2010 or 2020.[2] We witness this process of change and we hope we can manage it. In the last scores of years, two trends are manifest. They appear to be contradictory; but actually, they seem closely related. These changes are organization growth and organization shrinking.

On the one hand, knowledge has accumulated immensely, technology innovation follows one after other at unthinkable rates, markets are open and heavily disputed, well-informed customers are exacting, and competition becomes worldwide. Corporations merge, nations sign international economic and development treaties, and even whole continents cooperate. A phrase could define the new era: economy goes global. This process includes the exchange of information, technology, labor, products and monetary and non-monetary assets. The most visible effects of globalization are the reduction of economic distance between cities, regions and countries; the instant communication among business actors, and the increase of markets.

On the other hand, the current economic environment is a turbulent one; the financial crisis, all over the world, is in the news every day. Its effects pressure every sector of the economy of almost all countries forcing both, governments and private organizations, to make decisions that affect concrete individuals in their way of living and changing the possibilities of them in the near future. This economic developments manifest themselves in closing down or reshaping organizations, job losses and salary decline what, in turn, affects individuals, families, communities, and even countries.[3]

This twofold phenomenon has forced organizations to set up new strategies for dealing with

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[1] Drucker, P. F. (1992). The New Society of Organizations. *Harvard Business Review,* 70, 95-104.
[2] Drucker, ibid.
[3] This seems to be the recurrent topic of economic conversations. At the macroeconomic level, things appear to improve. At the microeconomic level, people do not see individually the results.

these rapid changes, ensure success and often just get to survive. Cushman and King[4] depict this global struggle and some strategies to compete effectively in a turbulent international marketplace. Organizational development, continuous improvement or quality control became the war cry for not a long span. After being at the top, each of these methods surfaced an increasing dissatisfaction and showed signs of wearing away. Jelinek and Litterer,[5] Boje *et al*,[6] Worren *et al*[7] have documented this situation, among others.

Based on this perspective, the study addresses the need of a different organizational change paradigm that can make an organization last and be productive to face the challenges of the new emerging society and global economy.

In this chapter, first, I will analyze the phenomenon of *shrinking organizations* in terms of its survival rate, unemployment and displacement of labor. Secondly, the phenomenon of the new *emerging organizations* (virtual, agile, electronic…) will be presented; the focus will be on the new type of skills and strategies that these companies require. Finally, I will discuss the apparent contradiction between these two realities –shrinking organizations and growing organizations– and the worldwide want for massive production of goods and services, to conclude that a different approach to organizational change and transformation is required.

1.1 ORGANIZATION SHRINKING

1.1.1 CLOSING ORGANIZATIONS

Pattern of firm entry and exit has been well documented by numerous reports, both in business literature and organizational research, related to different countries. One can find strong evidence about numerous firm closings and great amounts of people thrown out of work.

It seems that this trend started four decades ago and sill continues. Dunne and colleagues[8] carried out a study on the U.S. manufacturing industry that covers different firm cohorts from 1963 to 1982. They found that, on the average, 61.5% of all firms exit the market in five

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[4] Cushman, D. P. and King, S. S. (1995). *Communication and high speed management.* New York: State University of New York Press.
[5] Jelinek, M. and Litterer, J. A. (1988). Why OD must become strategic. *Research in Organizational Change and Development,* **2**: 135-162.
[6] Boje, D.M., Rosile, G.A., Dennehey, R. and Summers D. J. (1997). Restoring reengineering. *Communication Research* 24, 631-668.
[7] Worren. N. A. M., Ruddle, K. and Moore K. (1999). From organizational development to change management. *The Journal of Applied Behavioral Science*, Vol. 35, No. 3, September, 273-286.
[8] Dunne, T., Roberts, M. and Samuelson, L. (1988). Patterns of firm entry and exit in the U. S. manufacturing industry. *RAND Journal of Economics,* 19, 495-515. (p. 510).

years and 79.6% of all firms exit within ten years.

For the first quarter of 1990 to the first quarter of 1995, Spletzer[9] found that, in a triennial basis, establishment births account for 49.59% of jobs created and establishment deaths account for 53.39% of jobs destroyed. He also found that the job creation and destruction does not exhibit relatively large differences across industry sectors.[10]

The Dun & Bradstreet Corporation[11] recounts, in its Business Failures Report, the amount of 83,383 organization fails in 1997, generating liabilities for 37.4 billion dollars, 26.6% more than in 1996.

In the Mexican case, I could not find detailed information about organization failures. In some cases, I was able to spot local information. For instance, in the 1995-1997 period, the graphic art industry endured a lost in the employment rate of 7.0 %, 2.15% and 2.1% respectively[12]. One also knows from the North American Agreement on Labor Cooperation[13] that, according to Mexican Social Security Institute (IMSS), 5,794 workplaces were dropped from the registry in 1995, affecting more than 500,000 workers. [14] The same study, after given detailed information about plant closing, displacement and unemployment in United States and Canada, concludes that:

> No data are available on the total number of workers displaced in Mexico. The number of unemployed Mexican workers who left their job involuntarily is the closest estimate available. Mexico has not undertaken a specific survey monitoring how displaced workers fare with regard to re-employment and earnings in a new job. Since there is no unemployment insurance program in Mexico, the length of time displaced Mexican workers spend unemployed is likely to be lower than that in the United States and Canada. However, no data are available to confirm this. Overall, duration of unemployment is much lower in Mexico compared with Canada and the United States, suggesting that the lack of unemployment benefits reduces the duration of joblessness.[15]

From this point of view, in the best of scenarios, one could conclude that the Mexican

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[9] Spletzer, J. R. (1998). *The contribution of establishment births and deaths to employment growth*. U. S. Department of Labor. Bureau of Labor Statistics. Working Paper 310. http://stats.bls.gov/orersrch/ec/ec980020.htm (04-12-01).
[10] Spletzer, ibid. (p. 20).
[11] Dun & Bradstreet Corporation (1998). Business failures rise for the first time in three years. *News and Events, March 3.* http://www.dnb.com/newsview/0398econ3.htm (04-13-01).
[12] Cámara Nacional de la Industria de Artes Gráficas. (1999). Estudio sectorial. http://www.canagraf.net/biblioteca/Estudio.htm (04-13-01).
[13] The North American Agreement on Labor Cooperation (NAALC) is an international organization created under the Commission for Labor Cooperation. The Council is composed of the Secretary (in Mexico and the United States). and Minister (in Canada) of Labor of the three countries. The objectives of NAALC are based on tri-national cooperative activities on a broad range of issues involving labor law, labor standards, labor relations and labor markets. The Secretariat of the Commission for Labor Cooperation elaborated a report to respond to a request from the Council of Ministers. The study purports to identify the effects of plant closings on the principle of freedom of association and the right to organize in the three countries that negotiated the North American Agreement on Labor Cooperation (NAALC).
[14] Commission for Labor Cooperation of North American Agreement on Labor Cooperation. (1999). *Plant closing and labor rights. A report to the council of ministers on the effects of sudden plant closings on freedom of association and the right to organize in Canada, Mexico, and the United States*. http://www.naalc.org/english/publications/nalmcp_8.htm, (04-13-01).

situation in terms of plant closing, unemployment, displacement and salary earnings is no better than the situation in United Sates and Canada.

1.1.2 DISPLACEMENT

Closing and contracting organizations affect labor in two closely related dimensions: displacement and unemployment.

Concerning the first dimension, the core issue is the decline of earnings of *displaced workers*. Couch discusses some major findings in the job displacement literature:

> Several examine the proportion of workers whose wages decline by more than a threshold amount, such as 20%. Herz (1991, p. 8) reports that among displaced workers who find a new job, 25% experience a decline in earnings of 20% or more but 29% experience an increase of 20% or more. For a similar set of workers in 1986, Horvath (1987) reports that 27% experience a decline in earnings of 20% or more but 27% also experience an increase of 20% or more. Gardner (1995) examines the change in median weekly earnings and reports a decrease from $515 to $473, or 8%. One weakness of these studies is that only provide these calculations for those who are reemployed and possibly understate the impact of displacement of earnings.[16]

Two points need to be noted in this study. First, it is true that some displaced workers earn more in their new job, but this increasing, from the social point of view, is not relevant. They were doing well in their old job also and now they improve their living standard. The issue is the 25% or more of people that earn less in their new job; they are real people who have to lower their living standards. The second issue refers to a question the study raises: What about the workers that were not reemployed?

1.1.3 UNEMPLOYMENT

In the U.S. scenario, Hipple[17] found that almost half of the 2.4 million workers lost their jobs, between 1993 and 1994, because their plant or company had closed down or moved. Approximately, 25% reported "slack work" and the rest, three of each 10 workers, reported that their individual position or entire shift had been eliminated.

In the Mexican situation, according to Banamex (Banco Nacional de México), the unemployed economically active population doubled from 0.82 millions in 1993 to 1.68

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[15] Commission for Labor Cooperation of North American Agreement on Labor Cooperation, ibid.
[16] Couch, K.A. (1998). Late life job displacement. *The Gerontologist,* **38** (1).:7-17. 00169013. (p. 9).
[17] Hipple, S. (1997). Workers displacement in an expanding economy. *Monthly Labor Review,* **120**, 26-39. (p. 4).

millions in 1995. [18] The open unemployment rate changed from 3.4% in 1993 to 3.7% in 1994 and to 6.3% in 1995[19]. Another important related indicator is the number of workers registered in the Mexican Social Security Institute (IMSS) which decline from 9.93 million workers in 1994 to 9.43 in 1995[20]. Half million people lost their job in one year in the established economy.

It seems that this situation will not change in the near future. Kletzer[21] suggests that "jobs are created and destroyed in dynamic economies, and the magnitude of job loss is likely to remain unchanged."

1.2 EMERGING ORGANIZATIONS

In addition to the closing and shrinking of productive firms, with its effect on displacement and unemployment, a different threat or opportunity for conventional business and labor is entering the scene. A new type of organizations emerges. They are different ways of doing business where people seem to require new skills and organizations fewer resources. In general, these new ways of making business are called intellectual organizations.

This new kind of organizations emerges causing that traditional organizations have a new kind of competitors that operate in a very different way. In some cases, this way is not yet well understood for those who have to make strategic decisions in organizations. These new organizations are complex. In them, different management trends, technologies and innovative methods are braided. In order to give a general picture and idea about where organizations are moving, I will discuss briefly three major trends in today business and organizational change: virtual organizations, electronic business, and flexible and agile organizations.

1.2.1 VIRTUAL ORGANIZATIONS

The first new kind of organizations is the so-called virtual organization.[22] Davidow and Malone say that there is no single answer about what a virtual corporation will look like.[23] Mowshowitz agrees in that virtual organization lacks a universally accepted definition;

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[18] Banamex, División de Estudios Económicos y Sociales. (1998). *Examen de la situación económica de* México: Banamex. (p. 7-7).
[19] Banamex, ibid. (p 7-20).
[20] Banamex, ibid. (p 7-11).
[21] Kletzer, L.G. (1998). Job displacement. *The journal of economic perspective,* **12**, 115-136. (p. 134).
[22] It should not be confused with VPB, that is, virtual private businesses that are electronic business rather than virtual organizations.

however, he states:

> I sketch a theory of virtual organization expressed as a set of principles for metamanaging goal-oriented activity based on a categorical split between task requirements and their satisfiers. In this formulation, the essence of virtual organization is the systemic ability to **switch** (my emphasis) satisfiers in a decision environment of bounded rationality.[24]

The virtual organization design is based on the construction of a hub that, according to Dickerson,[25] is the essence of the particular business. That means that the virtual organization performs just a set of core functions leaving the rest, the mercurial ones, to other organizations. A major strategy in virtual organization is outsourcing and specialization. The firm subcontracts entire functions to specialized providers.[26] In this way, the company is kept as lean as possible and focuses on what it considers the essentials necessary to deliver the greatest value possible in terms of products or services.[27]

Dickerson[28] summarizes the problem of the management commercial power of the virtual organization in the adversarial relationships among the hub, the workforce, and the suppliers. On the side of the workforce, who is mainly the supplier's workforce, there is not a direct relationship between the virtual organization and a group of people working for the suppliers. Then, the traditional way of human relations in traditional organization change: loyalty disappears, the unity of vision will not exist or will be difficult to build, and the perception of job security will change.

The relationship of the hub with the suppliers is based on a cost-shifting strategy made possible by a contract. For Mowshowitz, the hub bases its flexibility on its switching capacity of both suppliers and supplier's workers generating a gain-lose scheme and an opportunistic way of doing business based on the exercise of power. In this relationship, workforce becomes frequently a pawn in an impersonal game strategy.[29]

1.2.2 ELECTRONIC BUSINESS

Electronic business (e-business) is barely a five years old reality. Though only that young,

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[23] Davidow, W.H. and Malone, M. S. (1992). *The virtual corporation: structuring and revitalizing the corporation for the 21th century*. New York: Harper Collins Publishers.
[24] Mowshowitz, A. (1997). Virtual organization. *Communications of the ACM,* **40**, 30-39.
[25] Dickerson, C.M. (1998). Virtual organizations: From Dominance to Opportunism. *New Zealand Journal of Industrial Relations,* **23**, 36-37, p. 35.
[26] See Slywotzky, A. (1995). *Value migration*. Boston: Harvard Business School Press.
[27] See Quinn, J. B., Doorley, T. L. and Paquette, P. (1990). Beyond products: services-based strategy. *Harvard Business Review*. March/April.
[28] Dickerson, C.M. (1998). Virtual organizations: from dominance to opportunism. *New Zealand Journal of Industrial Relations,* **23**, 35-46.
[29] Mowshowitz, A. (1997). Virtual organization. *Communications of the ACM,* **40**, 30-39.

electronic business has all it takes to transform marketplace and the way business are conducted. Traditionally intermediary functions are replaced, new products are developed, markets increase and new relationships are created among business actors. Vendors, manufacturers, distributors and suppliers are using e-business to create new revenue streams. More than a new form of transactions, e-business is changing the fundamental buyer/seller, and one could add, producer/supplier relationships. Ultimately, electronic business strengthens all the elements of the sales cycle, from producing and marketing to client services and product support.[30]

For the U. S. Government, electronic business is the new promise to raise economy. On the release of the third report on *Digital Economy 2000*[31] (they drop the "emerging" of the two former reports because it is not so anymore), Shapiro, Undersecretary of Commerce, sustains this view. He considers that the American economy has reached its actual high levels thanks to e-business. For him, the economic growth, in the era of Internet and information technology, has been higher and more sustained.[32] According to the report, information technology accounts for half or more of the improvement in productivity growth since 1995.[33]

From this perspective, the Administration goes farther and the President and Vice-president themselves endorse a framework for global electronic business. They consider that the Internet has the potential to become the most active trade vehicle of the United States within a decade. They want to increase business and consumer confidence in the use of electronic networks of commerce.[35]

There is no doubt that one is living in an increasingly electronic and wired world. The remarkable growth of the Internet shows no sign of abating. "In ever grating numbers, people are shopping, looking for jobs, and researching medical problems online. Businesses are moving their supply networks online, participating in and developing online marketplaces, and expanding of networked systems to improve a host of business processes. And new

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[30] Row, H. (1997). *The Electric handshake*. http://www.cio.com/archive/ec_handshake_content.html.
[31] U.S. Department of Commerce (2000). *Digital economy 2000*, Economic and Statistics Administration, Office of Policy Development. http://www.esa.doc.gov/de2k2.htm. (12-06-00).
[32] U.S. Department of Commerce. (2000). Vice President Gore releases report showing that information technology is driving. The American Economy. *New Archive. Clinton Administration New Archive*. http://osecnt13.osec.doc.gov/public.nsf/newsroom-2000?open&count=9999 (12-05-00).
[33] U.S. Department of Commerce (2000). *Digital Economy 2000*, Economic and Statistics Administration, Office of Policy Development. http://www.esa.doc.gov/de2k2.htm. (12-06-00).
[35] U. S. Government (2000). *A framework for global electronic commerce, Executive Summary*. http://www.iitf.nist.gov/eleccomm/execsu.htm. (04-14-01).

products and services are being created into the networked world."[36]

"Although primarily an economic phenomenon, electronic business is part of a broader process of social change, characterized by the globalization of markets, the shift towards an economy based on knowledge and information."[37] In this process of global marketing, the e-business era is forcing organizations to cope with reduction in costs, new required skills, boundary crossing, new types of intermediaries, increase competition, streamlined business processes, flatter organizational hierarchies, continuous training, inter-organizational collaboration.[38] Organizations (companies, firms, enterprises and business in general) need to be ready and prepared for the new challenge e-business poses on them.

1.2.3 FLEXIBLE AND AGILE ORGANIZATIONS

One could say that the movement toward flexible and agile organizations began when Toyoda Kiichiro asked, at the end of W. W. II, to his workers "Catch up with America in three years. Otherwise, the automobile industry of Japan will not survive," and the Toyota Production System (TPS) was born.[39]

Today organizations face new challenges. Customers press organization into greater flexibility, shorter lead times and more variety of products and services with lower cost and greater quality. The lean organizations that started with TPS were approaching at its end. "Lean or world class manufacturing is being very good at doing things you can control. Agile manufacturing deals with thing we can NOT control" (Maskell;[40] see also Ligus[41] and Shafer[42]).

> Competing today requires a new business model –the model of the agile organization. By design, the agile enterprise is ready for anything and is able to evolve spontaneously, innovate instantly, seize unexpected opportunities, organize on the fly and respond instantly to unexpected demands.[43]

Consequently, Doves concludes, agility in organizations is not a goal or a strategy; it is a

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[36] U.S. Department of Commerce (2000). *Digital Economy 2000.* Economic and Statistics Administration, Office of Policy Development. http://www.esa.doc.gov/de2k2.htm. (12-06-00).
[37] OECD (1999). The economic and social impact of electronic commerce: preliminary findings and research agenda. OECD. (p.18).
[38] OECD, ibid.
[39] Ohno, T. (1978). Toyota Production System: Beyond large scale production. http://www.acq-ref.navy.mil/wcp/tps.html.
[40] Maskell. B. H. (1999). *An introduction to agile manufacturing*. New Jersey: Brian Maskell Associates Inc. http://www.maskell.com/agiart.htm. (06-26-00).
[41] Ligus, R. L. (1999). Regaining word market shares starts with getting physical…and agile. Rockford Consulting Group Inc. http://www.rockfordconsulting.com/physart.htm. (05-29-99).
[42] Shafer, R. A. (1999). Only the agile will survive. *HRMagazine*, Volume 44, No. 11, 50-51.
[43] Reid, J. (1998). Creating agile organizations. *Ivey Business Journal*, Volume 63, No. 1, 25-29. Autumn, London.

fundamental existence necessity.[44]

In fact, these traits could be easily said about virtual organization, e-business, and flexible-agile organizations and, in general, about any firm, enterprise or company that wants to compete in the today's global village. Organizations need to develop a vision based on strategic objectives in terms of quality, delivery, cost and speed of new products generation. They need also reorganize the business to satisfy the service chain. They require incorporating information and fast communication systems in their production chains, in their services and in their promotional marketing. Modern organizations need interactive data bases to predict on environment behavior, scientific and technological advancements, world economic trends, and information on markets, competitors, customers, etc.[45]

Today organizations do not look like twenty years ago organizations. Every fifty years, says Drucker,[46] society changes…and this is the time for organizations to change.

1.3 SOCIAL IMPACT AND ORGANIZATIONS

1.3.1 THE PROBLEM

On one hand, organizations close, jobs are lost or workers displaced. At the same time, organizations take new forms and become more productive, effective and competitive.

On the other hand, the global production of goods and services does not seem to be sufficient, and millions of people are deprived from the basic goods and services that organizations are supposed to provide. In a broad view, in which Mexico is included as developing country, the United Nations depicts the worldwide situation in these terms:

> The poorest 20% of the world's people and more have been left out of the consumption explosion. Well over a billion people are deprived of basic consumption needs. Of the 4.4 billion people in developing countries, nearly three-fifths lack basic sanitation. Almost a third have no access to clean water. A quarter does not have adequate housing. A fifth have no access to modern health services. A fifth of children do not attend school to grade 5. About a fifth do not have enough dietary energy and protein. Micronutrient deficiencies are even more widespread. Worldwide, 2 billion people are anemic, including 55 million in industrial countries. In developing countries, only a privileged minority has

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[44] Dove, R. (1999). Agility = knowledge management + response ability. *Automotive Manufacturing and Production,* Volume 111, No. 3, 16-17. March.
[45] Grudzewski, W. M. and Kozminski, A. K. (2000). Teoría y práctica de la administración en los países postsocialistas, a principios del siglo XXI. *Management Today en Español.* Febrero.
[46] Drucker, P.F. (1992). The new society of organizations. *Harvard Business Review,* **70**, 95-104.

motorized transport, telecommunications and modern energy.[47]

Here seems to be a twofold self-contradictory situation that could be briefly stated as follows:

- People need to work, but organizations close, shrink or are more effective at expense of people themselves (lay-off).

- Goods and services need to be massively produced, but organization either close or they can not produce or supply all goods and services people demand.

In other words, employment, higher salary and goods and services provision are needed; however, organizations which can provide and make available all these benefits are closing, contracting, lessening or becoming more business than human oriented.

1.3.2 A DIFFERENT APPROACH

Factors that contribute to this self-contradictory situation are numerous, from the current economic order to historical conditions and cultural views. It would be simplistic to think that this situation can be reversed with a sole strategy and in the short run. However, among all the reasons and factors that contribute to this situation, I consider that a different approach to organizational development can contribute to introduce some progress in the desired direction.

The basic assumption is that organizations neither need to close down nor to lay-off people to be more effective. Quite the opposite: the world needs more organizations and more people working in them to answer the vast amount of human needs either from a global perspective or from a specific geographic area, say, a country or a state.

From the various and numerous answers that have been implemented (I will discuss some of the major ones later), one thing is clear: organizations need to be changed and reformulated if one wants to cope with the new global order.

From this point of view, a major assumption in this study is that a different change paradigm can affect not only the effectiveness and productivity of an organization, but also the development and continuance of an organization.

Major obstacles to organization survival include over emphasizing management strategies; the focus seems to be on methods for improving problem solving or decision making skills; on ways for identifying opportunities; on means to find, correct or eliminate threats. The

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[47] United Nations Development Programme. (1999). *Human development Report 1998: Overview. Changing today's*

emphasis is on changing things, concepts, procedures, and processes. The emphasis is not on people and action, on committed leadership, on informed participation, on individuals as constituent members of an organization.

Hammer himself acknowledges he left out the "human side" of reengineering, and admits it is the hardest part.[48] This "human side" is what a different approach to organization change can contribute to organization improvement, and this is the focus of a model of organizational improvement based on the implementation of a *conversational structure*. In this respect, I fully agree with Grudzewski and Kozminski in their view of today management. For them

> One of the major problems in management is to reach a high level of innovation in enterprises oriented to new products or services when they already have a remarkable level of quality, low cost in manufacturing and operation. The results analysis show that it is due to *human performance and appropriate motivation* (my italics).[49]

From this point of view, it seems that it is worthwhile to explore a new approach that can contribute to organization from a *human side* perspective. I label the model conversational structure. The very Deming calls attention upon this issue:

> Emphasis has been on short-term profits, to the undernourishment of plans that might generate new product and service that would keep the company alive and provide jobs and more jobs. It is not longer socially acceptable performance to lose market and to dump hourly workers on to the heap of unemployed.[50]

In the next chapter, I present the theoretical background and relationships of this strategy to other organization development models. Then, in the third chapter, I will discuss the terms, concepts, and meanings used to describe the organizational model to be implemented; I will define the nature, characteristics and relationships of the elements of the proposed organizational paradigm. After the conceptual framework is determined, I will present the purposes of this study.

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comsumption patterns– for tomorrow's human development. http://www.undp.org/hdro/e98over.htm (04-15-01).
[48] Farrell, L. (1996). *Turning Culture Backlash into Corporate Renaissance,* Santa Clara, California: Hitachi Data Systems.
[49] Grudzewski, W. M. and Kozminski, A. K. (2000). Teoría y práctica de la administración en los países postsocialistas, a principios del siglo XXI. *Management Today en Español.* Febrero.
[50] Deming, W.E. (1982). *Quality, productivity, and competitive position,* Cambridge, MA: MIT, Center for Advanced Engineering Study.

2. THEORETICAL REVIEW OF ORGANIZATIONAL IMPROVEMENT

The problem this study addresses is the need of a different organizational paradigm that can make an organization last longer and be productive to face the challenges of the new emerging society characterized by globalization. From this point of view, two major questions need to be answered.

First, how the proposed organizational paradigm is place in the general and broad field of organizational development (change or transformation)?[51] Second, which ones are the elements of the proposed organizational paradigm to be implemented, and how do they relate?

I present the answer to the first question in this chapter under the label of theoretical review; I give the answer to the second one in Chapter 3, titled conceptual framework.

This chapter presents a discussion on the need of new paradigms to organizational change and improvement based on this reasoning briefly stated. In a changing society, organizations need to change and improve continuously and permanently to be more effective and productive. The *reasons for change* are external and internal; both need to be considered (section 1). To this purpose, different *change models* and strategies have been developed and applied (section 2). The *organizational change situation* is complex. In some aspects, these approaches have succeeded, in some others they have not (section 3). To this failure, *language theories* seem to offer new insights in terms of a more effective and human organizational improvement paradigm (section 4). As *conclusion*, a different model based on language use, labeled conversational structure, is suggested (section 5).

2.1 REASON FOR CHANGE

According to Hammer and Champy,[52] the forces that are driving change in organizational processes –for the authors, reengineering– are the facts that customers are taking charge,

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[51] Improvement, development and change are used indistinctly. Change is the most general term. However, when this change is radical and general, usually it is called transformation, as it will be discussed later in this chapter.
[52] Hammer, M. and Champy, J. (1993). *Reengineering the Corporation.* New York: Harper Collins Publishers, Inc. (p 11).

competition is intensifying globally and change perpetuates and increases in pace. According to them, these external forces will last for a long period and make organizational development a priority in developed countries and, for the same token, in developing countries.

In the last score of years, knowledge has accumulated immensely, technology innovations comes one after other at unthinkable rates, markets are heavily disputed, well-informed customers are exacting, and competition becomes global. In this new order, all types of organizations confront continuously increasing pressure from many battlefields. The changes that organizations have to face are unlike everything they have met before in terms of nature, scope and duration.

In the industrial sector, manufacturers, suppliers of products and providers of services face globalization and outsourcing. They move into emerging markets, strive for cost-reduction and experience competitive pressures. Increased complexity of products and processes demand creative and effective procedures and techniques from companies to obtain increased quality and price reduction for their customers and consumers.

Educational institutions, particularly colleges and universities, are being asked to prepare more adaptable and versatile graduates. They must have broader and deeper knowledge and skills that make them competent in different things, able to turn easily from one position or function to another, and capable to adjust themselves to new situations.

Health institutions face ethical, financial and operative challenges in providing care services that is medically advisable, cost effective and delivery prompt. They are required to improve their performance, use the last and most advanced technologies and, at the same time, reduce fees.

Finally, government institutions confront similar challenges. They also have to respond more efficiently to their constituency and present results to which the citizens are entitled.

These challenges require fundamental organization shifts and have forced organizations to set up new strategies for dealing with these rapid changes, ensure success and often-just survival. From a more specific approach, many things can compel systems to engage in large scale and pervasive changes. Some factors are external and some are internal.

In the first, one has some economic, some technical, and some strategic factors. For one thing, market drifts, recession or inflation can have a serious effect in terms of declining sales, rising costs, increased competition, new interest rates, and organizations have to respond and adapt to these economic shifts.

Organizations constantly experience significant pressure from the introduction of new technologies, particularly the information technology. Its incorporation and effective use require change and, sometimes, complete transformation.

In addition to these external forces behind organizational development, one can mention an internal drive to change organizations: the benefit of individuals and groups, from a social and human point of view. Organizations are part of human life; people spend at least half of their lives in some kind of organization. From organizations, they make their living, and organizations determine their quality of life.

Moreover, one could say that the economic and human dimensions of organizations are closely related, and that one dimension depends on the other, particularly in the long range. An organization whose members are happy will be more productive that one in which they are not. Focusing on organization improvement benefits both the individual and the society. From this point of view, organizational change and improvement becomes a basic strategy to increase organizational effectiveness and job satisfaction. This is, in short, the significance of organizational development efforts.

Literature is abundant on the relationship between motivation and job satisfaction, and job performance. Low job satisfaction relates to attrition, poor attendance, and substandard job performance, turnover and low moral. In general, high satisfaction is related to productivity, salary level, achievement, recognition, responsibility, advancement increase productivity and decrease turnover For example, see Syptak, Marsland and Ulmer;[53] Blum and Kaplan;[54] Herzberg *et al*;[55] Scott Myers;[56] and Davidmann.[57] However, it should be noted that Maslow[58] is one of the first theorists to posit a complete, holistic, theory of human motivation.

Organizations need to change. The relevance and importance of this imperative appears unquestionable in the fact that billions of dollars have been spent on it. By 1995, reengineering was a 51 billion industry.[59] The U. S. businesses paid $1.5 billion to consultants for knowledge-management advise in 1998 and it is estimated that they will pay

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[53] Syptak, J. M. Marsland, D. W. and Ulmer, D. (1999). Job satisfaction: Putting theory into practice. *Family Practice Management,* October. http://www.aafp.org/fpm/991000fm/26.html.
[54] Blum, R. and Kaplan J. M. (1999). *Network professionals' job satisfaction*. INS 1999 Survey Results. http://www.ins.com/surveys.
[55] Herzberg, F., Mausner, B and Snyderman, B. (1959). *The motivation to work*. New York: John Wiley & Sons.
[56] Scott Myers, M. (1964). Who are your motivated workers? *Harvard Business Review*, 42, Jan/Feb.
[57] Davidmann, M. (1989). *The will to work: What people struggle to achieve.* Solbaram. http://www.solbaram.org/articles/willwork.html. (05-16-01).
[58] Maslow, A. H. (1954). *Motivation and personality*. New York: Harper.

$5 billion a year for it by 2001.[60]

2.2 CHANGE MODELS

Many approaches and strategies have been developed to change organizations. They go from general models for changing the whole organization to specific techniques for updating concrete processes.

The numerous existing strategies can be viewed from different perspectives. For instance, Maskell[61] considers organization improvement as a progressive unfolding of different types of organization. For him, agile organization is the last link in this evolution and the journey to agility has four stages: traditional manufacturing, gaining control, world class manufacturing and agile manufacturing. For each stage, he discusses the nature of organizations, its goals, and its tools and techniques for development, improvement and change. However, with Kilmann,[62] I find useful to stipulate three unique generic models of organizational change that somehow subsume most of the approaches and strategies that are discussed in the literature: planned change, quality management and complexity management.

2.2.1 PLANNED CHANGE

The planned changed model –interchangeable with organizational development–has its roots in the T-group movement. This model includes tools and techniques that go from the extensive use of team building and diagnostic questionnaires to process consultation, cooperative projects, work and job design career planning and performance appraisal. (See, for instance, Cummings and Worley,[63] and Harvey and Brown[64]). It could be said that almost every tool and technique that can affect the individual, group or organizational behavior has been used, at one time or another, by the planned change or organizational development movement. The exception would be statistical control and information technology.[65]

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[59] Davenport, T.H. (1995). The fad that forgot people. *Fast Company*. http://www.fastcompany.com/online/01/reengin.html. (04-16-00).
[60] Hibbard, J. (1997). Knowing what we know. *Information Week Online,* October 20. http://www.informationweek.com/653/53iukno.htm. (04-16-01).
[61] Maskell. B. H. (1999). *An introduction to agile manufacturing*. New Jersey: Brian Maskell Associates Inc. http://www.maskell.com/agiart.htm. (06-26-00).
[62] Kilmann's ideas have been expressed in tens of articles and in more than fifteen books on organizational change and development. Some of these works are Managing beyond the quick fix (1989), Corporate transformation (1988) and Making organizations competitive. His latest book provides a comprehensive integration of his concepts and experience: Kilmann, R. H. (2001). *Quantum Organizations: A New Paradigm for Achieving Organizational Success and Personal Meaning*. Palo Alto, CA.: Davies-Black Publishing.
[63] Cummings, T. G., and Worley, C. G. (1993). *Organization development and change*. Saint Paul:West: Publishing Company.
[64] Harvey, D. F. and Brown, D. R. (1992). *An experiential approach to organization change*. Englewood Cliffs, NJ: Prentice-Hall.
[65] Kilmann, R. H. (2001). *Quantum Organizations: A New Paradigm for Achieving Organizational Success and Personal Meaning*. Palo Alto, CA.: Davies-Black Publishing.

From the emphasis on tools and techniques, organizational development moved to considering the fundamental problem of organizational change: the introduction and management of change itself. Argyris[66] enunciated the three essential conditions for an effective intervention: valid information, free choice of alternatives and internal commitment to change. Progressively, in the past few decades, additional principles and guidelines were introduced. Among them, they could be mentioned gaining top management support, communication of clear vision of the new future, qualifications of change agents, the need of mixed teams (external consultants and internal groups of interest), and the ethics of change. Particularly, one can mention the detailed steps of planned change, which were far beyond Lewin's unfreezing, changing and refreezing stages.[67]

They are three basic contributions of the organizational development approach to organizational change. First, it developed a broad and deep knowledge about how to introduce and manage the process of change. Second, it focused on traits and needs of those who introduce, organize and conduct planned change: the internal and external agents. Finally, planned change provided organizational improvement with a great assortment of tools and techniques that other perspectives would reformulate to foster change.

2.2.2 QUALITY MANAGEMENT

Quality management can be considered the second generic model of organizational change. The essence of this approach is, concisely stated, to describe, control and improve production processes with the aid of statistical tools. Briefly, this strategy consists in three stages. The first is translating customers' expectations and requirements in numerical data. The second deals with streamlining the processes by eliminating unnecessary steps and barriers (defects, errors, failures, and long cycle times). The third is learning how well each process, operation and action works in practice, in order to continuously improve the whole process and, therefore, obtain the results expected by customers and consumers.

The major contribution of quality management is the introduction of probability theory and applied statistics. The basic assumption is that any outcome variable (customers' expectations in terms of product or service specifications, delivery and cycle times, process costs...) can be clearly defined and translated into valid measures. Then these measures are brought to statistical control and, finally, they are improved whenever there is a variation and departure

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[66] Argyris, C. (1970). *Intervention theory and method: a behavioral science view*. Massachusetts: Addison-Wesley.
[67] Lewin, K. (1951). *Field theory in social science*. New York: Harper and Row.

from the desired outcome.

The quality control model can be seen as a movement toward a lean organization. In the 1970s and 1980s, organizations struggled to bring manufacturing operations under control. Enterprise resource planning, manufacturing resource planning (MRPII), shop floor scheduling, better customer service and better communication were major characteristics of this period. During the 1990s, quality control and continuous improvement fully developed. In this time, the struggled was to bring organizations to a world class status (See Maskell,[68] and Nadler and Tushman[69]).

During this period, lean manufacturing obtained objectives still valid. These strategies improved labor utilization, decreased inventories, reduced manufacturing cycle times (from order receipt to shipment), decreased production costs and increase organizational capacities without capital expenditure.[70]

At the same time, customers pressed organization into greater productivity, shorter lead times and more variety of products and services with lower cost and greater quality. The lean organizations that started with Toyota production system were approaching its end. "Lean or world class manufacturing is being very good at doing things you can control. Agile manufacturing deals with thing we can NOT control."[71]

2.2.3 COMPLEXITY MANAGEMENT

In this environment, another important concept started to rise: agility, which can be defined as the ability to thrive and prosper in an environment of constant and unpredictable change. In this environment, every thing is changing very fast. Markets require low volume, high quality, custom-specific and immediately delivered products, and these products have very short life cycles. Customers want to be treated as individuals; they expect high quality and high levels of service.[72]

A flexible and agile organization is one that enriches its customers, competes through cooperation, and responds to change and uncertainty. A firm or enterprise of the kind quickly integrates recent developments, possesses a highly educated, trained work force, has flexible

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[68] Maskell. B. H.(1999). *An introduction to agile manufacturing*. New Jersey: Brian Maskell Associates Inc. http://www.maskell.com/agiart.htm. (06-26-00).
[69] Nadler, D. A. and Tushman, M. L. (1999). The organization of the future: Strategic imperatives and core competencies for the 21st century. *Organizational Dynamics*, Volume 28, No. 1, Summer, New York.
[70] Zimmer, L. (2000). Get lean to boost profits. *Forming and Fabricating, 7*: 2, 36-41.
[71] Maskell. B. H. (1999). *An introduction to agile manufacturing*. New Jersey: Brian Maskell Associates Inc. http://www.maskell.com/agiart.htm. (06-26-00).
[72] Maskell, ibid.

management structures and fully integrates people's knowledge, and information technologies to include distributed information, virtual process, reconfiguration and reusability.[73] Agility, knowledge management, organizational learning and collaboration start to converge into what it can be termed the flexible organization. Dove[74] and Shafer[75] portray a clear overview of this situation.

The above approach can be considered the third generic model of change labeled complexity management. The major trait of this model is that it deals with *transformation*, which is not incremental change within the same existing paradigm, but a radical change and the creation of a new organizational paradigm. The focus in not any more on developing the organization or meeting customers requirements, but in creating a new vision, forming mergers, carrying acquisitions, establishing strategic alliances, entering the e-business, downsizing the working force, making agile and flexible the organization. Many organizations face today these transformational challenges.

The major tenet of complexity management is that uncertainty and disequilibrium are accepted and self-organizing systems are welcomed. Disturbance is not a threat, but an opportunity to transform organization. One could say that transformation occurs when the common causes that limit the performance of the organization are removed. A major tool for transformation is the use of information technology to restructure organization, primarily from tall vertical structures to flat horizontal structures. Another important issue in complexity management is that transforming an organization requires new mental models or psychological schema so that all members in the organization can cognitively and emotionally accept the radical change and behave accordingly in the new organization.[76]

Business process reengineering, process innovation, strategic management, organizational learning, knowledge management, core competencies and information technology management are different approaches that, one way or other, share with different emphasis the principles of the complexity management model.

2.3 ORGANIZATIONAL CHANGE SITUATION

Strategies to improve organizations, in many aspects, have succeeded, particularly in the field

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[73] Maskell, ibid.
[74] Dove, R. (1999). Agility = knowledge management + response ability. *Automotive Manufacturing and Production,* Volume 111, No. 3, pp. 16-17. March.
[75] Shafer, R. A. (1999). Only the agile will survive. *HRMagazine*, Volume 44, No. 11, 50-51.

of effectiveness. However, these entreaties are no guarantee for an organization to cope with the new challenges of modern open markets where customers are exacting, products can unlimitedly diversify, technologies and production methods improve, and new ways of making business appear.

There are tens and probably hundreds of techniques and strategies, which look for organizational improvement.[77] Organizational development planned change, continuous improvement, quality management and more recently, complexity management became the war cry for not a long span. However, very soon, each of these methods surfaced an increasing dissatisfaction and showed signs of wearing away (Jelinek and Litterer;[78] Boje *et al*, and[79] Worren *et al*[80]).

It should be emphasized that all models, considered either individually or generic, have contributed to change organizations and to get better and more efficient results (Farrell,[81] Hibbard[82]). In addition, it appears that a substantial percentage of implementation processes have failed (Munford and Hendricks,[83] MacIntosh and Francis,[84] Boje *et al*,[85] Davenport[86] and Farrell[87]).

Organization development models seem to focus more on tools, techniques and strategies and less on the people who foster, introduce and sustain change. Quality management model appears to emphasize the work processes over the people involved in change; for complexity management model, a major challenge is to integrate cognitively and emotionally people to the newly changed or transformed organization. In all three generic models of organizational change and transformation, it seem that the missing component is the emphasis on people, with their own values, beliefs, traditions; and with their own live inside and outside the

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[76] Kilmann, R. H. (2001). *Quantum Organizations: A New Paradigm for Achieving Organizational Success and Personal Meaning*. Palo Alto, CA.: Davies-Black Publishing.
[77] Enderby, J.E. and Phelan, D.R. (1994). Action earning groups as the foundation for cultural change. *Quality Management,* 42-49.
[78] Jelinek, M. and Litterer, J. A. (1988). Why OD must become strategic. *Research in Organizational Change and Development,* **2**, 135-162.
[79] Boje, D.M., Rosile, G.A., Dennehey, R. and Summers D. J. (1997). Restoring reengineering. *Communication Research,* 24, 631-668.
[80] Worren. N. A. M., Ruddle, K. and Moore K. (1999). From organizational development to change management. *The Journal of Applied Behavioral Science*, Vol. 35, No. 3, September, 273-286.
[81] Farrell, L. (1996). *Turning culture backlash into corporate renaissance.* Santa Clara, California: Hitachi Data Systems.
[82] Hibbard, J. (1997). Knowing what we know. *Information Week Online.* October 20. http://www.informationweek.com/653/53iukno.htm. (04-16-01).
[83] Munford, E. and Hendricks, R. (1997). Reengineering rethorics and reality: The rise and fall of a management fashion. *Business Process Resource Centre,* 1-15.
[84] MacIntosh, R. and Francis, A. (1997). The market, technological, and industry context of business process re-engineering in UK business. *Business Processes Resource Centre*. http://bprc.warwick.ac.uk/glasgow1.html.
[85] Boje, D.M., Rosile, G.A., Dennehey, R. and Summers D. J. (1997). Restoring reengineering. *Communication Research,* 24, 631-668.
[86] Davenport, T.H. (1995). The fad that forgot people. *Fast Company*. November. http://www.fastcompany.com/online/01/reengin.html. (04-16-00).
[87] Farrell, L. (1996). *Turning culture backlash into corporate renaissance,* Santa Clara, California: Hitachi Data Systems.

organization.

I consider that this statement needs to be further and deeper analyzed. For this purpose, I have selected three of the most influential movements in changing and transforming organizations:[88] total quality management, business process reengineering and knowledge management. On the one hand, I intend to discuss briefly the major achievements and limitations of each model. Then, I will present an overview of some common aspects of the different approaches to organizational improvement and some relevant issues related to conversational structure model.

2.3.1 TOTAL QUALITY MANAGEMENT (TQM)

The background for TQM is Statistical Quality Control (SQC) developed by Deming in the late 40's; it has been widely used in Japan since 1950. SQC is a set of statistical tools oriented to decrease variance in processes. SQC in Japan evolved from just a set of statistical tools to a complete management concept based on the Deming's work better known as the Deming's "Fourteen Points."

Total Quality Management (TQM) is probably the oldest and strongest of the still used management modern approaches to improve organizations and their results. This fact is important because it gives us a large time span to analyze success and failure factors.

Deming's statistical quality control of the 40s and 50s evolved as Company Wide Quality Control in Japan (CWQC) and as Total Quality Management (TQM) in Western countries. In fact, the Malcolm Baldrige Award in the U. S., the Deming Prize in Japan, and the Premio Nacional de Calidad in México are examples of TQM's schemes widely used to acknowledge organizational efforts in this area.

TQM impact is out of question. This model has helped numerous firms and industries to be more productive and effective, particularly overseas. However, despite its major achievements, it seems that only one third of TQM efforts have partially succeeded. In 1993, Jacob found that up to two-thirds of American managers think TQM has failed in their companies.[89]

Four years later, Harari[90] reported similar findings; based on what leading consulting firms have found in independent research, he concludes that no more than on third of TQM

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[88] The main reason to analyze these three movements is its wide use in the industry as a way to improve performance in organizational systems.
[89] Jacob, R. (1993). TQM: More than a dying fad. *Fortune,* **128**, 6612891993.

programs have achieved significant success. For him, there are ten reasons for the cause for failure. For him, 1) TQM focuses people's attention on internal processes rather than on external results. 2) It focuses on minimal standards. 3) It develops its own cumbersome bureaucracy. 4) It delegates quality to quality czars and experts rather than to real people. 5) It does not demand radical organizational reform. 6) It does not demand changes in management compensation. 7) It does not demand entirely new relationships with outside partners. 8) It appeals to faddism, egoism, and qick-fixism. It drains entrepreneurship and innovation from corporate culture. It has no place for love.[91]

2.3.2 REENGINEERING (BPR)

The Business Process Reengineering (BPR), the new insignia for reengineering, can be seen as a second most important example of a modern and widely used methodology of organization intervention.

In 1993, Hammer established in a very concise way the principles of reengineering. He define it as "the fundamental rethinking and radical redesign of business processes to achieve dramatic improvement in critical, contemporary measures of performance, such as cost, quality, service, and speed."[92]

From the abundant literature on reengineering, what seems to be clear is that the improvement strategy offers to decision-makers specific tools to transform their organizations in order to cope with competitors in a very fast way. Reengineering, based in radical and quick change, comes as an appropriate answer to their search. The question is whether the cost, in terms of people, is worth the effort, taking in account the risk of failure.

The above statement seems to summarize opinions on BPR. One can find radically different approaches regarding the role BPR is playing in the organizational world; Munford and Hendricks can be mentioned as representative of the ongoing discussion on BPR. The title of their paper is by itself eloquent: *Reengineering rhetoric and reality: The rise and fall of a management fashion.*[93] These authors found basic inconsistencies about reengineering methods. In a detailed study of 20 cases, the necessity of a good diagnosis of needs and problems is established; however, they found no mention of such a diagnosis tool in the five factors for success suggested in the same article.

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[90] Harari, O. (1997). Ten reasons TQM doesn't work. *Management Review,* **86**, 38-44.8611997.
[91] Harari, Ibid.
[92] Hammer, M. and Champy, J. (1993). *Reengineering the corporation.* New York: Harper Collins Publishers, Inc. (p. 32).

MacIntosh and Francis suggest that "a [second] area of debate within the BPR literature is the definition used to describe a business process and the extent to which a generic set of business processes can be developed which will fit any enterprise."[94] They also consider that BPR's development is not yet a mature area and that there is still a lot to discuss about this issue. Boje and colleagues reported that 65% or more of the reengineering efforts as not successful; his thesis is that

> Reengineering is really just one more version of the story of bureaucracy. It really is not a revolutionary, or even different, modus operandi. It is just the learning of a new story, in which the same old characters play out the same old plot.[95]

Perhaps the most critical drawback attributed to reengineering is, as Davenport puts it, "treating people inside companies as they were just many bits and bytes, interchangeable parts to be reengineered."[96] The extreme consequences are the "massive layoffs." Davenport, he himself one of reengineering creators, explicitly opposed using this strategy for cost reduction alone.

Hammer and Champy agreed and they insisted that layoffs should not be the point. "But – Davenport continues– the fact is, once out of the bottle, the reengineering genie quickly turned ugly. So ugly that today, to most businesspeople in the United States, reengineering has become a word that stands for restructuring, layoffs, and too-often failed change programs." Despite that in 1995, reengineering was a 51 billion industry.[97]

This situation takes us back to unemployment and job displacement. The social cost to be paid can be out of proportion, but this time in the name of efficiency.

Arunachalam and Subrahmanian suggest that "reengineering is the overture for a paradigm shift in the business processes, not dissimilar to the Moving Assembly Line of Taylorism. The coming years will see more companies taking this route for their very survival and growth."[98] However, 65% or more of the reengineering efforts as not successful.[99] The trend is to agree with Boje's above mentioned position: "reengineering is really just one more

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[93] Munford E. and Hendricks, R. (1997). Reengineering rethorics and reality: The rise and fall of a management fashion. *Business Process Resource Centre,* 1-15.

[94] MacIntosh, R. and Francis, A. (1997). The market, technological, and industry context of business process re-engineering in UK business. *Business Processes Resource Centre* 1-17. (p. 6).

[95] Boje, D.M., Rosile, G.A., Dennehey, R. and Summers D. J. (1997). Restoring reengineering. *Communication Research,* 24, 631-668.

[96] Davenport, T.H. (1995). The fad that forgot people. *Fast Company*. November. http://www.fastcompany.com/online/01/reengin.html. (04-16-00). (p. 70).

[97] Davenport, ibid. (p. 3).

[98] Arunachalam, V. and Subrahmanian, E. (1995). Business process analysis, a letter from America: A report to Engineering and Social Science Research Council, UK. *Business Processes Resource Centre* 1-16. (p. 14).

[99] Boje, D.M., Rosile, G.A., Dennehey, R. and Debra J. Summers (1997). Restoring reengineering. *Communication Research,* **24**, 631-668. (p. 636).

version of the story of bureaucracy. It really is not a revolutionary, or even different, modus operandi."[100]

2.3.3 KNOWLEDGE MANAGEMENT

Knowledge Management can be considered one of the three most recent and influential trend in organization development, together with TQM and BPR.

On one side, one sees a strong development of information technology, based on the development of computational systems and in telecommunications. On the other side, organizations face a complex and problematic economic environment. This combination of realities pose to managers one of the biggest organizational challenges: how to integrate information technology with human process within organizations in a complex environment. The so-called Knowledge Management (KM) addresses this challenge.

As early as 1983, Thurow former Dean of the MIT's Sloan School of Management, said that "Standards of living rise not because people work harder but because they work smarter... Economic progress is the replacement of physical exertion with brain power."[101]

Probably, Drucker is who addresses the knowledge issue in a broader and precise sense that is used by KM:

> In this society, knowledge is the primary resource for individuals and for the economy overall. Land, labor, and capital-the economist's traditional factors of production- do not disappear, but they become secondary. They can be obtained, and obtained easily, provided there is specialized knowledge. At the same time, however, specialized knowledge by itself produces nothing. It can become productive only when it is integrated into a task. And that is why the knowledge society is also a society of organizations: the purpose and function of every organization, business, and non-business alike is the integration of specialized knowledges into a common task.[102]

The challenge appearing in the so-called knowledge organizations is how to put knowledge that resides in people, accessible to the whole organization in order to be more productive.

It may be true that the only competitive advantage the company of the future will have is its managers' ability to learn faster than their competitors (De Geus,[103] Welch,[104] Argyris *et al*,[105]

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[100] Boje *et al*, ibid. (p. 637).
[101] Feigenbaum, E., Mc.Courduck, P. and Penny Nii, H. (1988). *The rise of the expert company,* New York: Times Books. (p. 3).
[102] Drucker, P. F. (1992). The new society of organizations. *Harvard Business Review, 70*, 95-104. (p. 95).
[103] De Geus, A. (1998). Planning as learning. *Harvard Business Review,* 66, 2, 70-74.
[104] Welch, J. (1996). 1995 Annual Report. To our share owners. Stamford, CT: GE. http://www.ge.com/annual95/ibb3a18.htm. (04-20-01).
[105] Argyris, C., Putnam, R. and McLain Smith, D. (1985). *Action science: concepts, methods, and skills for research and intervention,* San Francisco, CA: Jossey-Bass.

and Fulmer and Keys[106]).

However, KM has to be thought yet as a trend. While the idea of knowledge management appeals to many managers, some skeptics say it smacks of the worst sort of here-today-forgotten-tomorrow business fad. For example, Gartner Group Inc. predicts that within two years, the initial peak of interest in knowledge management will be followed by a "though of disillusionment." KM solution looks very similar to that adopted by TQM systems where quality structures are built to support organizational efforts. This approach seems to be risky and can lead to the creation of a strong bureaucracy that can work against its own objectives.[107]

The future of KM may be uncertain, but for now, knowledge management is big business. U. S. businesses paid $1.5 billion to consultants for knowledge-management advise last year and will pay $5 billion a year for it by 2001.[108]

As conclusion, it should be noted that knowledge management is more than a theoretical approach. This trend is closely related to the use of information and communication systems. Computer technology, including telecommunications and computer programs, should not be taken for granted. Modern organizations depend heavily on these technologies. Without them, neither virtual organizations nor e-business would even exist. Management in post-socialist countries is fully aware of the power of computer technology. From a fresh view, they call attention upon it.[109]

2.3.4 AN OVERVIEW ON ORGANIZATIONAL CHANGE MODELS

Total Quality Management, Business Processes Reengineering, and Knowledge Management were discussed for the sake of illustration; they form part of the three generic models of change and transformation previously discussed. TQM belongs to the second model; BPR and KM are instances of the third model. These three approaches were selected because their today pervasive use and influence in modern organizations.

There is no doubt that all three models –including organization development or planned change, the first model–have contributed to improve organizations. Organization development offers a set of effective tools and techniques; quality movement focuses on

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[106] Fulmer, R.M. and Keys J. B. (1998b). The second generation learning organizations: New tools for sustaining competitive advantages. *Organizational Dynamics,* **27**, 6-20.2721998b.
[107] Hibbard, J. (1997). Knowing what we know. *Information Week Online,* October 20. http://www.informationweek.com/653/53iukno.htm. (04-16-01).
[108] Hibbard, ibid.

obtaining the best results by statistically controlling all processes, and complexity management sees turbulence and apparent disorganization as an opportunity to organizational development.

However, as I discussed earlier, organization development models seem to focus more on tools, techniques and strategies and less on the people who foster, introduce and sustain change. Quality management model appears to emphasize the work processes over the people involved in change. For complexity management model, a major challenge is to integrate cognitively and emotionally people to the newly changed or transformed organization. In all three generic models of organizational change and transformation, it seem that the missing component is the emphasis on people, with their own values, beliefs, traditions; and with their own live inside and outside the organization. Hammer himself acknowledges he left out the "human side" of reengineering, and admits it is the hardest part.[110] Enderby and Phelan portray a clear picture of this situation:

> Over past decades, there have been myriad techniques tried, concepts rolled down and innovative programmes run as attempts to better harness the people power within organizations so there will be better bottom-line results. These have included sensitivity training, skill-based training, effectiveness groups, quality circles, productivity teams, elaborate performance-appraisal systems, communication videos, team building, and many, many more. They are all generally rated highly by participants and, for a time, 'converts' create pockets of highly successful endeavor. And yet, despite the enthusiasm of those involved, when you step back from it all, the organization seems to remain much the same and bottom-line results seem to click over in much the same way.[111]

From this perspective, this dissertation argues that conversational structure is a model of organizational change that focuses on the human element of an organization to make change happen effectively and successfully. In this approach, change and improvement rely less on planning, tools or techniques for quality or complexity management and more on a method focused primarily on conversations among members of the organization. By conversations, I mean language, viewed not as a communication or a symbolic or narrative device, but as a reality construction and action generator to reach the organization desired future. In the next section, I explained this view.

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[109] Grudzewski, W. M. and Kozminski, A. K. (2000). Teoría y práctica de la administración en los países postsocialistas, a principios del siglo XXI. *Management Today en Español.* Febrero.

[110] Farrell, L. (1996). *Turning culture backlash into corporate renaissance,* Santa Clara, California: Hitachi Data Systems.

[111] Enderby, J.E. and Phelan, D.R. (1994). Action earning groups as the foundation for cultural change. *Quality Management,* 42-49.1994. (p.42).

2.4 IMPORTANCE OF LANGUAGE IN ORGANIZATIONS

The theoretical framework of the conversational structure model is based on the role of language in organizations. The major authors who have developed a solid and consistent study about language use as a form of social realization are Mintzberg,[112] Flores,[113] Winograd and Flores,[114] Cossette,[115] Echeverría[116]and Maturana.[117]

Mintzberg has shown that managers devoted between 57% and 89% of their time to communicate verbally with others. Similarly, workers, at the shop floor, use verbal communication to coordinate actions with their peers, supervisors, and with their internal suppliers and clients.[118]

Flores sustains that "action is something profoundly linguistic" and "...language is not a system to represent the world or to transmit thoughts and information. Language is ontology: a series of distinctions that allow us to live and act together in a world we share."[119] His approach is oriented to computers and software design based on this assumption. For this reason, I will focus on those authors who put a major emphasis on social interaction: Cossette, Maturana and Echeverría.

It should be noted that the conversational structure model follows the generative approach proposed by Maturana and Echeverría rather than the Cossette's symbolic one. However, to establish the differences and similarities between the various organization improvement models and the one language oriented paradigm, I consider useful to discuss the major trends in this field.

2.4.1 COSSETTE'S SYMBOLIC INTERACTIONIST STANCE

Cossette[120] takes, in the debate on the study of language in organizations, a *symbolic interactionist* stance. He proposes and discusses an explicit model where the language and the

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[112] Mintzberg, H. (1973). *The nature of managerial work,* Englewood Cliffs, N. J.: Prentice-Hall, Inc.

[113] Flores, F. (1989). *Inventando la empresa del siglo XXI.* Santiago de Chile: Hachette.

[114] Winograd, T. and Flores, F. (1994). *Understanding computers and cognition: A new foundation for design.* U.S.A: Addison Wesley.

[115] Cossette, P. (1998). The study of language in organizations: A symbolic interactionist stance. *Human Relations,* **51**, 1355-1377.

[116] Echeverría, R. (1995). *Ontología del lenguaje,* Santiago de Chile: Dolmen.

[117] Maturana, H. (1988). Ontology of observing: the biological foundations of self consciousness and the physical domain of existence. *Conference Workbook: Texts in Cybernetics, American Society For Cibernetics Conference*. Felton, CA; 18-23. http://www.inteco.cl/biology/ontology/index.htm. (10-09-99); Maturana, H. (1997a). *Emociones y Lenguaje en Educación y Política,* Santiago de Chile: Dolmen; Maturana, H. (1997b). *La Objetividad: Un Argumento para Obligar,* Santiago de Chile: Dolmen.

[118] Mintzberg, H. (1973). *The nature of managerial work,* Englewood Cliffs, N. J.: Prentice-Hall, Inc.

[119] Flores, F. (1989). *Inventando la empresa del siglo XXI,* Santiago de Chile: Hachette. (p. 41 and 75). My translation.

[120] Cossette, P. (1998). The study of language in organizations: A symbolic interactionist stance. *Human Relations,* **51**, 1355-1377.

meaning ascribed to it depend on three elements. The first is the tongue. The second is the psychological schemata of the actors. The third is the environmental, cognitive, and emotive contexts that define the interactive situation in which the actors are engaged.

Language has two functions: communication and representation. The *communication* or discursive function of language refers to acts related to organizational activities (objectives definition, goals setting, task definition), to acts linked to the interpersonal social relationships and to the ritual and ceremonies which take place within the organization. The *representation* or cognitive function refers to the set of symbols used to build knowledge in organizations (written documents, ways of interpreting organizational events…).

Communication and representation mesh in a dynamic process of reciprocal influence. The discursive dimension of language (communication) is based on its cognitive dimension (representation). Discursive language is based on what the individuals think and individual thinking is influenced by what is communicated.

In fact, Cossette argues, the very process of transforming representations into speech or communication, the transition from the cognitive dimension of language to the its discursive dimension ("schematization"), has the effect of modifying the former. In short, communication is influenced by cognition. Cossette's concern is on communication, although "the *cognitive* representations preceding and following the discursive ones are not forgotten."[121]

According to Cossette, neither an objective approach nor a subjective vision can explain adequately language in organizations, particularly in its communicational dimension. For the "objectivists," language has an objective, real and true meaning, equal and the same for everybody. For the "subjectivists," language draws its meaning from the subject, and it means different things for different people; the meaning of a word depends on the person using it.

Cossette rejects both positions and he suggests a combination of both approaches: words certainly have a meaning, but the subjects who use them, both the speaker and the hearer influence this meaning. Language can only be understood in the context of the interactive situation in which it is produced. This approach is called interactionism, or more specifically, *symbolic interactionism*. From this point of view, actors' language must be examined in the light of the meaning each ascribes to the words of the other according to the context where

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[121] Cossette, Ibid.

they are produced.[122]

From the symbolic interactionist stance, Cossette concludes:

> Language is considered to be a reality that cannot be understood without reference to what the actors involved in an interactive situation are thinking. Language thus becomes a dynamic reality that is shaped by events which it, in turn, helps shape. It is not independent of the spatial and temporal context in which it is produced, and it acquires a sense only through the meaning ascribed by individuals to their own and other peoples.[123]

2.4.2 MATURANA'S THEORY OF OBSERVING

From the point of view of language, Maturana purports "to explain *cognition* as a biological phenomenon." He also intends to show, in the process, "how *language* arises and gives origin to self consciousness, revealing the ontological foundation of the physical domain of existence as a limiting cognitive domain." He purposes to explain cognition and language but, as he states, "I must use cognition and language in order to explain cognition and language."[124]

According to Maturana, adequate behavior or action specified by a question is the only criterion that I have to assess cognition; consequently, the adequate behavior or action is the phenomenon to be explained to explain cognition.[125]

For Maturana, the validity (or acceptability) criterion of cognition (when I can say that I know that I know something) is the answer to a question. This question is posed in terms of the adequate behavior or action I expect when I ask a question in a specific domain. If I ask whether you are a mathematician, I expect you to do mathematics; if you *do* mathematics, then I *know* you are a mathematician; my cognition then is validated, is accepted. The adequate behavior or action *is* the validity (or acceptability) criterion of cognition. From this epistemological stance, Maturana explains organizations and language.

A concise description of the major interconnected reflections and tenets with which Maturana relates organization and language includes these basic terms: observer, distinction, unity, organization, structure, adaptation or structural coupling, interaction and, finally, language. These concepts will be explained with detail later, since most of them are subsumed in the conversational structure model. Here, I will limit to enunciating them briefly.

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[122] Cossette, Ibid.
[123] Cossette, Ibid.

An *observer* is any human being operating in language. "We are already observers by being in language when we begin as observers to reflect upon language and the condition of being observers."[126]

The basic operation that observers perform is the operation of *distinction*. By distinguishing an entity from it medium, observers bring forth *unity*, as if they said this entity is no its medium or surroundings, consequently is a unity. By distinguishing, observers can tell unity.

Observers, by the basic operation of distinction, can perceive clearly and recognize two kinds of unity: a simple unity and a composite unity.

A *simple* unity appears when observers distinguish it from its medium as a set of attributes or a collection of properties.[127] A *composite* unity appears when observers distinguish it as a simple unity **and**, through further distinctions, they decomposed it into its *components* that constitute the simple unity. A particular composite unity has organization and structure.

The *organization* of a composite unity is the set of relations between its components that specify the identity of that composite unity. If the organization of a composite unity changes, the composite unity losses its identity and disintegrates. It is not a unity any more or, at least, is not that unity any more.

The *structure* of a particular composite unity is constituted by the *actual* components and *actual* relations, which realize and make real the unity. The structure brings into being the organization or the organization becomes actual and real through its structure.

The relation between the structure and its medium from which the composite unity is distinguished is called *adaptation* or structural coupling. Since organization realizes and becomes real only through structure, it follows that a particular composite unity exists as far as it conserves its identity and its adaptation to its medium.[128]

When two or more systems (composite units) interact recurrently, a structural change or drift takes place and gives rise to a domain of recurrent interactions. For an observer, these recurrent interactions appear as a domain of consensual coordination of actions (relations between components) and distinctions (relations to an environment). "I claim –Maturana states– that such recursive consensual coordination of consensual coordination of actions and

[124] Maturana, H. (1988). Ontology of observing: the biological foundations of self consciousness and the physical domain of existence. *Conference Workbook: Texts in Cybernetics, American Society For Cibernetics Conference*. Felton, CA; 18-23. http://www.inteco.cl/biology/ontology/index.htm. (10-09-99).

[125] Maturana, ibid.

[126] Maturana, ibid.

[127] Maturana, ibid.

distinctions in any domain, is the phenomenon of *language*."[129] An observer is one who makes distinctions, and "everything said is said by an observer to another observer that could be him or herself."[130]

2.4.3 ECHEVERRÍA'S ONTOLOGY OF LANGUAGE

Echeverría, in his search for a general understanding of what human beings are, arrived at the conclusion that he is proposing an ontology (understanding of the being) of language (the only space where beings can manifest and reveal themselves). This ontology of language is based on three postulates and three basic principles.[131]

The interpretation of human beings as *linguistic beings* is ontology of language first postulate. Language is what makes humans beings be the kind of beings they are; human beings live and dwell in language. The key, therefore, to understand human beings is language.

The interpretation of language as *generative* is the second postulate. Language allows human being to talk about things but, above all, language makes things happen; language describes reality and makes reality; language generates being. For Echeverría, *generative* means to have the power of producing or generating reality, action and identity. Our world and we are constituted in language.[132]

The third postulate specifies the other two: "We interpret that human beings create themselves in language and through language."[133] Humans being are not something fixed and determined; human being are a space of possibilities to become infinite types of human being, and this is possible because of language.

Based on these three postulates, Echeverría goes on explaining his ontology of language and establishes three basic principles:

> We do not know how things are. We only know how we observe them o how we interpret them. We live in interpretive worlds.

> We do not act only according to how we are (and how we do it), but also we are according to how we act. Action generates being. He or she becomes according to what he or she does.

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[128] Maturana, ibid.
[129] Maturana, ibid.
[130] Maturana, ibid.
[131] Echeverría, R. (1995). *Ontología del lenguaje,* Santiago de Chile: Dolmen. (Translations from Spanish to English are mine). All cites are my translation from Spanish.
[132] Echeverría, ibid.
[133] Echeverría, ibid.

> Individuals act according to the social systems to which they belong, but though their actions, although conditioned by these social systems, they also can change these social systems.[134]

After declaring his postulates and establishing his principles, Echeverría approaches the central question of his ontology: what is language? In the explanation of language, he follows closely Maturana's position, as he himself recognizes:

> Language, as phenomenon, is what an observer sees when this observer sees a consensual coordination of coordination of actions, when the members participants of an action coordinate the form in which the coordinate together the action. Language, we maintain, is a recursive coordination of behavior.[135]

The central point in Echeverría's view is that language is action. How comes that language is or becomes action? The answer is through linguistic acts. When I affirm, declare or promise something, I make the world go around, I set, through linguistic acts, the world in motion. According to Echeverría (1995),[136] there are five basic linguistic acts that we produce action with and these are: affirmation, declaration, promise, offer and request.

If one focuses closely on what is a linguistic act, one sees that, in addition to the speaker, the one who produces the linguistic act, there is a listener. A linguistic act to become a linguistic act needs to be between a speaker and a listener, even if the listner is the same as the speaker. Moreover, for Echeverría, hearing or listening is the fundamental factor of language. "We speak to be heard. The effective speaking is obtained only when it is followed by an effective listening. **Listening validates speaking**. It is listening what give meaning to what we say. Consequently, listening is what directs the whole process of communication."[137]

> A conversation, consequently, is the dance which takes place between speaking and listening, and between listening and speaking. Conversations are the effective components of linguistic interactions, the basic units of language. Therefore, every time we deal with language, we are dealing, directly on indirectly, with conversations."[138]

In brief, for Echeverría, human beings become what they are through language. Language is action, action that is produced by means of the linguistic acts. These linguistic acts assume a speaker and a listener, that is, a conversation. Consequently, human beings become what they are in language, in conversations. Finally, an organization can be changed if one takes into account its conversations.

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[134] Echeverría, ibid, passim.
[135] Echeverría, ibid. p. 150.
[136] Echeverría, ibid, passim.
[137] Echeverría, ibid, p. 136.
[138] Echeverría, ibid, p 217.

2.5 CONCLUSION

The problem this study addresses is the need of a different organizational paradigm that can make an organization last longer and be productive to face the challenges of the new emerging society.

I have established that, in our days, people are living an age of transformation and that organizations –commercial and industrial firms and companies– need to change and improve to cope with the new social demands. Organizations can not be the same as they were few years ago.

I have also examined different methodologies and strategies that have intended to change and improve organizations. However, one knows that the impact and results obtained with these methodologies and strategies have fallen short to what they promised. Consequently, my stand is that a new organizational improvement paradigm needs to be explored. The proposed strategy for change relies heavily on the theorists that attribute language a major role in the constitution of individuals and social systems.

Cossette[139] is the first major author, after Mintzberg,[140] to call attention to the fact that language and communication are a new trend that has not been fully explored in organization improvement. However, I consider that Cossette is more concerned with language as *meaning* and linguistic skills than with language as *action*, as Maturana and Echeverría do.

For Maturana, the richness attained by a language does not depend on the *meaning* related to tongue, schemata and context. It depends "on the diversity of *behaviors* that can be generated and distinguished by the organisms that participate in the consensual domain."[141] Moreover, language is the ultimate explanation of individual and organization behaviors and, in this sense, even if I do not use the autopoietic approach to organization,[142] I agree with Whitaker in that:

> (Autopoietic) theory provides a rigorous theoretical basis for addressing people and the social system in which they participate…Because it is rooted in a formal analysis of living systems and cognition, the theory can support research focusing on individual subjects and their activities within an enterprise… Because the theory include an explanation for linguistic interaction, it can support research focusing on

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[139] Cossette, P. (1998). The study of language in organizations: A symbolic interactionist stance. *Human Relations* **51**, 1355-1377.
[140] Mintzberg, H. (1973). *The nature of managerial work,* Englewood Cliffs, N. J.: Prentice-Hall, Inc.
[141] Whitaker, R. (1996). *Tutorial: Autopoiesis and Enaction.* The Observer Way. Hhttp://informatik.umu-se/~rwhit/Tutorial.html. (10-24-99).

enterprise social interaction and communications…[143]

In Echeverría's view,[144] there is a closely interconnected trilogy: human being, language, and action; all these three manifest themselves or take place in linguistic acts and conversations. For him, language is not simply considered as a form of communicating or describing objects and processes; language is considered a way of taking action, and what is more, a way of being. Specific actions occur in language, and these actions can or cannot contribute to a satisfactory organizational performance.

This study relies upon these three language approaches and it borrows from them different concepts to develop what is called the conversational structure paradigm for organization improvement and change.

In the next chapter, the specific and particular *concepts* that are going to be used in this study will be discussed. Various of these concepts have been taken from the ontology of observing and the ontology of language, particularly the ones related to language, linguistic acts, conversation, organization, structure, and culture. It should be noted that not all concepts presented in the conceptual framework come from Cossette, Maturana or Echeverría. However, their general approach certainly is fully incorporated into the conversational structure paradigm in that an organization can be changed trough language.

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[142] In strict sense, social organizations are not autopoietic; in this aspect, I follow Varela's concept of social organizations. For a discussion of the autopoiesis and autonomy, see Whitaker, Randall (1995). Overview of Autopoietic Theory: Background for Maturana and Varela's Work. In *Randall Whitaker's Autopoiesis*, http://www.acm.org/sigois/auto/ATReview.html. Even if the quotation refers to autopoietic theory, it is still relevant, since the distinction does not affect the essence of the theory.
[143] Whitaker, R. (1995). Overview of autopoietic theory: Background for Maturana and Varela's work. In *Randall Whitaker's Autopoiesis*, http://www.acm.org/sigois/auto/ATReview.html (06-27-99).
[144] Echeverría, R. (1995). *Ontología del lenguaje,* Santiago de Chile: Dolmen.

3. CONCEPTUAL FRAMEWORK

I label *conversational structure* the approach I am proposing as a different managerial paradigm to make an organization reach its desired future. As any organization change and improvement proposal, one can explain conversational structure stance as having three dimensions: elements, connections and method of implementation.

- The first dimension includes the ***elements*** of the model, that is, a set of concepts and propositions that define, from the conversational structure view, the parts and components of an organizational system.

- The second dimension comprises the ***connections*** or dealings between the elements, that is, the concepts in terms of their interactions and processes among them. It should be noted that I do not use the term relation or relationship because this is a concept that has a specific meaning within the proposed approach, as it will be explained later.

- Finally, the third dimension is the ***method of implementation*** of the conversational structure. This dimension consists of a set of sequential and interrelated steps through which the conversational structure is carried out within an organizational system (company, firm, and enterprise).[145]

This chapter is divided in four sections. In the first, under the title of *elements*, I present the different concepts, definitions and propositions that constitute the conversational structure paradigm. These elements are the observer, organizational system, language, culture and conversational structure.

In the second section, under the title of *connections*, I describe the different interactions between the elements from the view of conversational structure. In this second section, I discuss the elements and their links in regard to two major concepts or categories any management improvement approach takes into account: change and organization behavior.

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[145] The **method of implementation** of the conversational structure is different from the **methodology** to carry out the research on the conversational structure model. The method of implementation is a dimension of the model; it is part of it; it is the way change and improvement can be obtained. The methodology of the research refers to the way a study is conducted. In this case, the methodology deals with the whole model –elements, connections and method of implementation– as being carried out in a specific organizational system. I am going to use a descriptive, correlational and explanatory approach. This research will be conducted in concrete organizations, each of them with a concrete structure, concrete subjects and so on. This is the methodology of the research. The method of implementation refers only to the model and it is only one part of it.

The third sections deals with the *method of implementation* of the conversational structure, that is, the stages or steps that are followed to introduce the necessary changes and reach the desired future of an organizational system. Essentially, they are seven steps and they go from top management commitment to assessment of the whole process of change.

Finally, in the forth section, I discuss the goals and objectives pursued in the implementation of the conversational structure, in terms of *purposes* of the study. Essentially, they consist in exploring the effectiveness of the model in changing and improving an organization, and in validating the conversational structure approach itself. This section also deals with the hypotheses for the study derived from the purposes.

It is important to point out that, in this stage of the study, the elements and their connections of the conversational structure only will be enunciated. The reason is that their development is considered a part of the very same process of research: elaborate a framework for the conversational structure.

I make this remark for two reasons. First, it is possible that in the process of implementing the design of the conversational structure model, new terms, concepts or different links or sequences can emerge. These new terms or connections have to be added to the original components of the conceptual framework. Secondly, it is probable that some of the concepts, terms or propositions of the framework have to be redefined in the light of the results obtained in the process of implementing the conversational structure model. I think that these modifications, if any, must be incorporated to the conceptual framework. Briefly, I consider that the conversational structure paradigm I intend to explore is dynamic and that it is being constructed at the same time it is being implemented.

Conversational structure, as managerial paradigm, aims at making an organization reach its objectives set for it in terms of a desired future whatever it may be. From this point of view, I define conversational structure as:

A process in which observers, as constituents of the organization,[146] envision a desired future for the enterprise and make it be reached by means of transforming conversations structures into aligned and productive relations between constituents and coadjutants of the firm.

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[146] From now on, the term organization has two meanings. First, it refers to any organization, that is, company, enterprise, firm or business. Second, it refers specifically to the invariant dimension of a social system in contraposition to structure, the variant part of a social system. Whenever there is confusion, the term organizational system will be used to denote the company, firm, enterprise or business and the term organization will be use to denote the invariant dimension of the firm, company, or enterprise.

It should be noted that the three dimensions that constitute the model are only conceptually different. In practice, elements (set of concepts and propositions), connections or dealings between the elements (the concepts in terms of their interactions and processes among them), and the method of implementation relate.[147] Observers (*an element*) are the ones who interact and converse (*a connection or dealing*) and, by doing so, they commit and envision a desired future that they pursuit (*method of implementation*). If one considers all the elements as the whole organization and all the connections as change, then one can say that an *organization changes following a set of steps*. In any organization, change to occur follows a method.

The *model* has three dimensions: elements, connections and method of implementation. However, the model is not yet the process of change. The model is the referent to be followed. Based on this referent or model, the process of change has to be devised and defined into an *intervention program*. Once the intervention program has been established, then one can carry out its *implementation*.

This implementation has to be according to the conversational structure model. In other words, the conversational structure or, more specifically, the method of implementation is the referent or **model**. Based on this model, the **design** of the intervention program is conducted. Finally, this designed intervention program is executed or implemented; then, one is dealing with **performance**.

One could say that the process of change has three different stages or moments: how it has to be developed (model), the way it is devised (design) and the actual implementation (performance). These three moments or stages are called *method of implementation*, *intervention program* and *implementation of the intervention program* (sometime I will call this third stage simply "intervention"). Figure 1 presents the relation between these terms.

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[147] I do not use the term relation or relationship because this is a concept that has a specific meaning within the proposed approach, as it will be explained later.
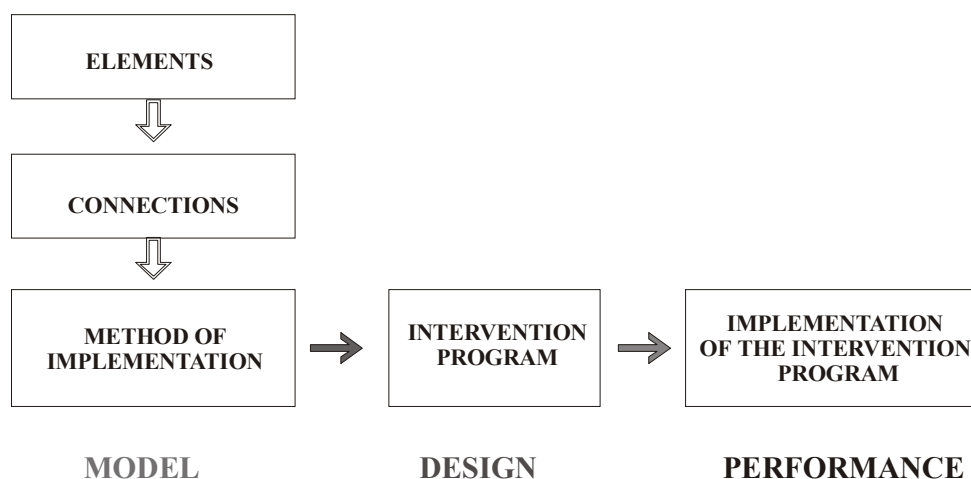
Figure 1. Moments or stages for change in the conversational structure approach.

In this chapter, I will discuss the model (elements, connections and method of implementation). The design and implementation of the intervention program are discussed in chapters 4, 5 and 6.

3.1 ELEMENTS

In this section, I describe the concepts, give the definitions and set forth the propositions that will lead the implementation (performance) of the intervention program (design) based on the conversational structure (model). This set of concepts, terms and propositions that are going to be used in the implementation process could be considered the pieces with which the conversational structure is made of, and this is the reason why I label them elements.[148]

Conversational structure concepts and principles are borrowed almost entirely from two practical philosophers of language. The concepts and principles of observer, organization, structure, system, culture, environment, languaging, emotioning and related terms are excerpts from Maturana.[149] Additionally, the concepts of observer and conversation rely

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[148]It should be noted that these concepts and propositions are drawn mostly and primarily, but not exclusively, from Maturana's and Echeverría's approaches to the study of language. Particularly, Echeverría, R. (1995). *Ontología del Lenguaje,* Santiago de Chile: Dolmen, *and* Maturana, H. (1988). Ontology of observing: the biological foundations of self consciousness and the physical domain of existence. *Conference Workbook: Texts in Cybernetics, American Society For Cibernetics Conference.* Felton, CA; 18-23. http://www.inteco.cl/biology/ontology/index.htm. (10-09-99).

[149] See particularly Maturana, H. (1988). Ontology of observing: the biological foundations of self consciousness and the physical domain of existence. *Conference Workbook: Texts in Cybernetics, American Society For Cibernetics Conference.* Felton, CA, 18-23; http://www.inteco.cl/biology/ontology/index.htm. (10-09-99).; Maturana, H. (1997a). *Emociones y lenguaje en educación y política.* Santiago de Chile: Dolmen. Maturana, H. (1997b). *La objetividad: un argumento para obligar.* Santiago de Chile: Dolmen. Whitaker, R. (1995). Overview of autopoietic theory: Background for Maturana and Varela's Work. In *Randall Whitaker's Autopoiesis*, http://www.acm.org/sigois/auto/ATReview.html (06-27-99). Whitaker, R. (1996). *Tutorial: Autopoiesis and Enaction.* The Observer Way. Hhttp://informatik.umu-se/~rwhit/Tutorial.html. (10-24-99). and Whitaker, R. (1998). Encyclopaedia Autopoietica. An annoted lexical compendium on autopoiesis and and enaction. Randall Whitaker. http://www.informatik.umu.se/~rwhit/EA.html. (06-13-00).

heavily on Echeverría.[150] I fully recognize the authorship of the ideas, definitions and principles, many of which are quoted verbatim; by the same token, I assume the responsibility in their interpretation that in some cases may depart from the authors.

In essence, conversational structure is a process in which observers, as constituents of the organization, envision a desired future for the enterprise and make it be reached by means of transforming conversational structure into productive relations between constituents and coadjutants of the firm.

Individuals by acting constitute the organization and the organization is defined in terms of individuals. Constituent members relate and act by means of language; through it, individuals determine, design, implement and assess change. Persons' well being, but particularly their being, is of paramount importance and, consequently, culture plays an essential role in change. Finally, change is carried out primarily by means of conversations among people who relate. Planning, quality tools and ability to handle complexity are basic, but their use and selection depends on the type of change that is carried out in the conversational structure by the members who constitute the organization.

Conversational structure, as change paradigm, aims at making an organization reach its objectives set for it in terms of a desired future whatever it may be. As any organization change, transformation or improvement proposal, one can explain conversational structure stance as having various dimensions and principles; these can be structured under five closely related major categories: observer, organization system, language, culture and conversational structure. I deal next with these five constructs.

3.1.1 OBSERVERS

In any intervention program, people play an essential role. In the conversational structure approach, people are the central element of organizational change and transformation. They create the conditions for change, lead it, implement it, manage it and maintain it. In this approach, change agents or, for that matter, all members of the organizational system, are considered *observers*.

- An **observer** is a human being operating in language. In language, the observers make distinctions and, by them, constitute what a social system is. For specific subjects, a social system is what they, as observers, observe it is. Any company, enterprise or

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[150] Particularly Echeverría, R. (1995). *Ontología del lenguaje,* Santiago de Chile: Dolmen.

firm is a social system; consequently, for specific subjects a company, enterprise or firm is what they, as observers, observe or perceive it is.

The relevance of observers resides on that the way they observe determines their actions and, consequently, defines for them the forms, functions, and operation of a social system (company, enterprise, or firm...).

In the last instance, the most complex problems and most creative solutions come from the most influential active agents of the organization, and active, influential agent is an observer. Then, an observer is any member of an organization considered from his/her active and influential participation in shaping and defining its nature and characteristics. One could say that what "observing" adds to a member of the organization is the active and influential component in his or her behaving through language in shaping that organization.

- The **standard observer** is an observer of a particular group or set of observers adhering to or espousing the criterion of acceptability which circumscribes a given such community of observers. When an observer shares his/her view, in terms of criterion of acceptability, with other observers, all of them are standard observers and, for the same token, they constitute a group or community.

- A **community of observers**, consequently, is a multiplicity of standard observers participating in a common view about something. One can consider management as a community of standard observers in that they may share the same view about running the company. From this point of view, one may consider management, suppliers, customers, labor or a combination of them, a community of observers.

- The fundamental operation in observing is that of distinction. **Distinction** is the pointing to a unity by performing an operation that defines the boundaries of this unity and separates this unity from a background or medium. It consists in the specification of an entity by cleaving or splitting it from that background or medium. Distinction, then, is the process through which a unity becomes asserted or defined. When observers declare that this is their company, they separate this company from other companies, enterprises or firms. They are making a distinction between their company and other social systems, and by making this distinction, they establish their company as a unity separated from other unities.

- The **criterion of acceptability** is the *standard* by which an observer assesses an

explanation as either viable or not. Adequate behavior or adequate action in any domain specified by a question is the phenomenon to be explained. Is this a mathematician? If the individual behaves or acts in the way I expected to behave or act a mathematician, then I *accept* he/she is a mathematician. Is this our enterprise? If the enterprise behaves or acts the way the observers expect to act or behave, the observers *accept* this is their enterprise. This is the criterion of acceptability.[151]

A social system emerges from observers in two basic operations. First, observers, by means of an operation of distinction, declare a unity; this company is distinct from other companies. Secondly, observers, by means of the criterion of acceptability, declare the nature, in terms of viability, of that unity; this company behaves and acts the way they expect to behave and act. If these observers share the same view, then they are standard observers and they constitute a community of observers. Figure 2 presents graphically these concepts.
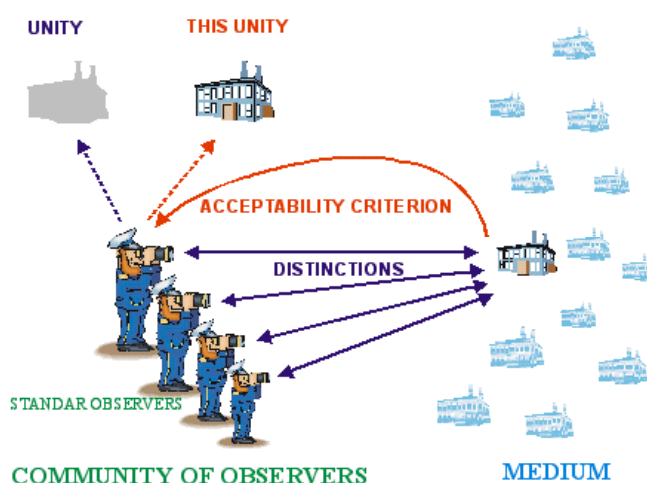
Figure 2. Observers

3.1.2 ORGANIZATIONAL SYSTEM[152]

- Observers, by means of an operation of distinction,[153] separate a social system as a

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[151] Maturana, H. (1988). Ontology of observing: the biological foundations of self consciousness and the physical domain of existence. *Conference Workbook: Texts in Cybernetics, American Society For Cibernetics Conference*. Felton, CA; 18-23. http://www.inteco.cl/biology/ontology/index.htm. (10-09-99). In daily life –say Maturana-in the actual dynamics of human interactions, an explanation is always an answer to a question about the origin of a given phenomenon, and is accepted or rejected by a listener who accepts or rejects it according to whether or not it satisfies a particular implicit or explicit criterion of acceptability that he or she specifies (4-1).

[152] There are three terms that should be explained. Social system, organizational system and organization. *Social system* is any system in society, from a nation, an ethnic group or religious group to a family, firm, company or club. Social system counterpart is a living or biological system. *Organizational system* in this research is an organization, that is, a firm, a company, an enterprise, an educational institution, a hospital, a government department. I do not use the term organization because in Maturana it has a specific meaning. Every time I use organizational system, I mean an organization in the common meaning. Organizational system, then, is an organizational system; this is the reason sometimes I use any of these terms. Finally, organization –from now on– means what that makes a system (social or living). be what it is.

unity from other unities. This unity is a **simple unity**. They simply declare that this unity is not other social systems or unities. As the observers said that this company, which has this nature or these properties, is not those other companies that have other nature or other properties. Observers are interested in determining the social system unity, but also they are concerned on how this simple unity is composed.

- Observers, by further operations of distinction, decompose a social system into its components (elements) that constitute that unity and into the ways in which these components relate. From this point of view, observers declare that this is a unity composed by elements and its relations. This unity is a **composite unity**. Observers observe that this unity is not other social systems or unities (simple unity) and they *further* observe that this unity is a unity composed by elements and relations (composite unity). As the observers said that this company is composed by these people who interact and relate in a definite way.

As composite unity, a social system has two dimensions. First, it has an *invariant* dimension that makes that system be what it is. Second, it has a *variant* dimension that makes the invariant dimension real and actual. From the production stand, a car making company is not real until it makes a type of cars and uses a type of production technology. Conversely, it is still a car making company even if the type of cars or the production technologies change, as it often happens. The first dimension is called *organization* and the second one *structure*.

3.1.2.1   ORGANIZATION

- **Organization** is the configuration of static or dynamic relations between its components that specifies its class identity as a composite unity that can be distinguished as a simple unity of a particular kind. What make a social system be this social system is its organization, that is, the components and their relations among them. What makes a triangle be a triangle, and not, say, a pentagon, is the position (relations) of three sides (components). This company is an automotive parts company because its components relate to produce automotive parts. Alternatively, this company is efficient and productive because its components relate to be an efficient and productive company.

- The organization of a social system (composite unity) is necessarily **invariant** because

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[153] Distinction is the fundamental operation that an observer can perform and consists in the specification of an entity by cleaving or splitting it from a background. Distinction, then, is the process through which a unity becomes asserted or defined

if you change it, you create something else. If the components and their relations that constitute the unity change, the identity of the unity changes and that social system is not any more that unity. Organization must remain invariant for the unity to conserve its class identity. If one breaks the union between sides or one adds other side, the figure is not any more a triangle. If, in the company, the components are not any more related to produce automotive parts, it is not any more an automotive parts company. Alternatively, if the components do not relate any more to be efficient and productive, the company ceases to be an efficient and productive company.

3.1.2.2   STRUCTURE

- The **structure** of a given social system is the way by which their components interconnect and work together with no changes in their organization. Structure refers to the *actual* components and the *actual* relations that realize a particular composite unity. The three sides united in three vertexes is the organization. These same three sides are actual when one observes them drawn or built; the color, size and thickness of the lines together with a specific opening of the three angles is the structure of the triangle. The structure, therefore, realizes *in it* the organization of a composite unity.

- The structure of a social or organizational system is necessarily a **variant** dimension. A social system[154] (composite unity) changes all the time; it is continuously adapting itself to the equally continuous environmental changes. Since the organization of a composite unity is invariant, then any change in a composite unity is a structural change.

3.1.2.3   ORGANIZATION AND STRUCTURE

- The structure is the **realization** or materialization of the organization. Whenever there is a composite unity, there is an organization defining that unity as being of a particular class and there is a structure determining the actual manner in which that particular unity is materialized. The organization is always realized through the structure. The importance of this idea is that the organization of a social system can be realized through many different changing structures.

- Structure entails many more components and more relations than organization. In fact, one can consider organization as a **subset** of structure. Organization only includes those components and relations that give a composite unity its class identity. Structure

includes the actual components and relations that realize the organization and keep adapting it when responding to the medium. An increase in demand of automotive parts may trigger a major change in structure (for instance, the organizational system may increase labor, inventories, or introduce new technologies), but it leaves organization unchanged– the company continues being this automotive parts enterprise.

- Organization is what gives a composite unity its **class identity**; structure gives its realization and opens a range of possible realizations. A particular composite unity conserves its class identity only as long as its structure realizes *in it* the organization that defines its class identity. The moment in which a system loses its organization corresponds to the limit of its tolerance to structural changes. In a composite unity, the loss of the organization would result, eventually, in the death of the social system.

- Social systems continuously interact with its medium and **change**. While the organization is necessarily invariant (to conserve identity), structure is not; every thing that happens in a composite unity, consequently, is a structural change. A dynamic composite unity is in continuous structural change with conservation of its organization. This is a basic idea in organizational improvement. The organization of the social system remains; change occurs in the structure.

- Every thing that happens in a composite unity is a structural change, but this change is **structure determined**. Changes take place in the interplay or interactions of the properties of the components of the structure. Any external agent that interacts with a composite unity only triggers in it a structural change, but it does not determine it. Consequently, every thing that happens in a composite unity is determined by its structure, that is, by the *interactions* of the components. A change in demand market can trigger the structural change in the organizational system, but it does not determine the structural change. The way components of the structure react and *interact*, according to their properties, is what determines the structural change.

- The relation or interaction of the structure with its medium in which a unity conserves its class identity (organization) is called **adaptation** or structural coupling. Structural change, therefore, is the result of adaptation, that is, the result of the interactions with its medium or with other social systems. A social system survives –exists– only if it

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[154] For that matter, any living system or simply any system.

conserves its class identity (organization) and its ability to respond to its medium (adaptation). Consequently, the conservation of organization and the conservation of adaptation are constitutive conditions for the existence of a social system. If a company or firm does not adapt, say, to the pressures of the new market demands, eventually it will cease to exist.

- Interactions with its medium or other social systems are called **perturbations** in the sense that the source only triggers, induces or effects indirectly the structural changes, but it does not determine them. Changes are determined by the structure of the social system: what happens to the social system in a given moment depends on its structure in this very moment. Global competition, outsourcing, exacting customers or technology innovations can only perturb the enterprise and trigger a change, but the nature of this change will depend on the company structure.

- A dynamic composite unity is in continuous structural change with conservation of its organization. The ongoing determination of a dynamic social system's course of change and transformations is often described and explained as purposeful. However, the **purpose** ascribed to a unity is not a feature of the unity itself; it is an explanation devised by observers. One of them may see the purpose of the company to be productivity or performance, other quality or profitability, a third observer can see organization as an opportunity of self-realization or a way of living. What is important is that the notion of purpose induces an economy in addressing social systems. It reduces the task of conveying to a listener the organization of a particular social system. When people say this company purports to be an international competitive company, it is equivalent to explain that its *constitutive components relate* (organization) as an international competitive enterprise.

- Every social system exists in a **medium**. This necessary relation between social system and medium, that is called adaptation, is a condition of existence for every system. Adaptation is also a condition of structural complementarity between the social system and the medium in which the interactions of the system in the medium are only perturbations. Perturbations do not determine changes, but they trigger them in the structure.

- The dimension or part of the medium in which a system is distinguished and which is operationally complementary to it is the **niche**. Structure relates directly and, one

could say, overlaps to the niche. Interactions take place between the structure and the niche. One could say that the niche is the interactive extension of the social system. Consequently, the niche is always specific to a social system and, more concretely, to the organization of the social system.

- **Environment** is the dimension or part of the medium that an observer sees surrounding the social system and the niche. In this sense, environment is larger than the niche. It is the background where the observer sees a social system to operate as a unity. The corner store has as niche the customers of the neighborhood and the suppliers of goods; in turn, an observer distinguishes this corner store as a unity in the background formed by many other food and goods suppliers, including supermarkets. Figure 3 presents graphically these concepts.
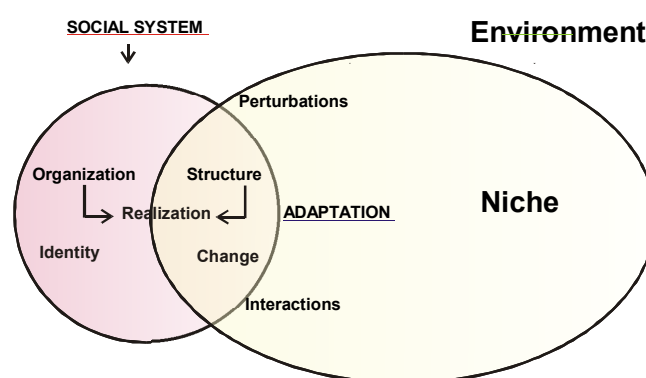
Figure 3. Social system, adaptation and medium

3.1.2.4   COMPONENTS

Both the organization and the structure of a composite unity are constituted by components that relate. Therefore, any social system is composed by components that relate. In strict sense, these components may be persons, resources, organisms or things that along with others serve in making up a complete whole or unity: they are considered essential or necessary part of the whole. From the conversational structure view, however, the focus is on persons. In a social system (enterprise, firm or company), there are two major types of components: constituents and coadjutants.

3.1.2.4.1   Constituents

- Any person participating in the constitution of the *organization* of a social system (company, firm, or enterprise) is a **constituent**. Constituents, therefore, are observers who are active members participating in the conservation of the class identity of the

organization of the social system.

- A constituent is an observer, either a **person** or a **group**, who contributes to make the organization be what it is. A constituent, therefore, can be a standard observer or a community of observers related with other constituents, as part of the organization of the social system. The CEO, top managers, and shareholders, for instance, could be considered constituents of an organizational system.

- A dynamic composite unity is in continuous structural change with conservation of its organization. This continuous structural change (ongoing determination of a dynamic social system's course of change and transformations) is often described and explained as purposeful. However, the purpose ascribed to a unity is not a feature of the unity itself; it is an explanation devised by *observers* as I mention before. Then, from this point of view, a constituent can be defined also as an observer that determines the **goals** to be achieved. From this point of view, a constituent is an observer or group of observers who determine the organization of the social system and, consequently, they determine its purposes in terms of vision, goals, objectives or a desired future.

- Constituents, either as standard observer or as community of observers, show (make apparent) their operational coherence in the **relationship** with every other constituent. The organization of a social system is not a static set of people, but observers who, as components, relate actively to constitute the class identity (organization) that defines what a social or organizational system is.

3.1.2.4.2   Coadjutants

- Any person contributing to the realization of the organization of a social system (company, firm, or enterprise) is a **coadjutant**. Coadjutants, therefore, are observers who, as active components of the structure, have a share in bringing about what the social system actually and concretely is.

- A coadjutant is an observer, either a **person** or a **group**, who contributes in the realization of the organization of a social system. A coadjutant, therefore, can be a standard observer or a community of observers related with other constituents and coadjutants, as part of the structure of the organizational system. Chambers, industrial associations and owner unions, for instance, can be considered coadjutants in that help the company to achieve its purposes by providing assistance, counseling or

information.

- If one considers that course of changes and transformations of a social system through its structure is purposeful, a coadjutant can be defined as a component related with an organizational system that helps the later to achieve its **goals**. From this point of view, a coadjutant can be person, group or organism helping the organization to achieve its goals through specific actions.

A social or organizational system has two main types of components: constituents and coadjutants. What makes an observer to be a constituent or a coadjutant is the role the play in the configuration of the social system. From the conversational structure point of view, managers, customers, suppliers, partners, competitors, workforce (organized as unions or not), owners, regulators lenders and other observers can be, as individuals or group, either constituents or coadjutants. They either constitute the organization (they set the goal of the organizational system) or contribute to realize the organization in the structure (what is equivalent to contribute to reach the goals of the social system).[155]

3.1.3 LANGUAGE

Both organization and structure of a social system are configured by components that relate. Components are either constituents or coadjutants, according to whether they constitute or help the social system to accomplish its goal, i.e., to realize in the structure its organization. These components relate. However, what is the **essential character** of this relation? I now focus on this social system dimension or element.

Human beings are linguistic beings. Language takes place in the praxis of living of the observer, and it generates the praxis of living of the observer. From this perspective, language is central to the conversational structural approach; for this reason, I present with certain detail this concept. First, I explain the nature of language (languaging), then I discuss the realization and materialization of language (conversation) and, finally, I deal with the path or bridge that conversations contribute to build between observers (relation).

3.1.3.1 LANGUAGING

- In strict sense, component of a system can be anything, organism, resource or person in operation within the system. Since one is dealing with social systems, the most

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[155] In the conversational structure approach, one defines organizational systems mainly in terms of their constituents as observers. It should be interesting to compare this conception with other views of organizational improvement. These comparative studies may constitute an important line of research to be pursued.

relevant components are observers. However, immediately it should be noted that an observer is also a **unity** and, by the same token, a system but, in this case, a living system.[156] The components of social systems are persons who, in turn, are systems and, therefore, simple and composite unities. The first thing that needs to be established is that language occurs among living systems as unities, and these unities are observers, that is, persons.

- As unities, living systems come together and, trough their properties, they influence one another. When two or more unities, through the interplay of their properties, modify their behavior, there is **interaction**. However, interaction is only a process or dynamic in which each unity triggers a response in the other. In interaction, there is not yet communication, just perturbation. When you see an individual coming toward you in the sidewalk, you may move aside or continue your path; you are interacting, but you are not communicating. Simple interaction is not yet language, but language takes place in the interaction of structures of the living systems.

- Living systems interact structurally (trigger structural changes) and, in this interaction, they *orient* each other's behavior to the point at which each of the interacting systems obtain and accomplish a *similar* or comparable stance. In this condition, people –as observers– can say that there is "communicative" interaction. **Communication**, then, is the degree of consonance or congruence of mutually oriented behaviors observed among participant living systems. Note that communication is defined in terms of behavioral consonance or congruence, not in terms of transmitted information as if observers were dealing a commodity termed data. People can "talk" each other without orienting their behaviors and they can orient their behaviors without "talking."

- Communication, as the *appearance* or manifestation of behavioral congruence *observed* among living systems, is not the most relevant issue. What is important is the reciprocal or mutual orientation that occurs among adapting living systems and that is observed by the participant systems themselves. In this sense, the mutual orientation or congruence of behavior among systems is termed **coordination** of behaviors. The behavior that is coordinated can be either an action or a distinction. Thus, there is a coordination of actions and a coordination of distinctions.

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[156] It is obvious that there are differences between mechanic, social and living systems, but essentially all of them are systems

- **Coordination of actions** emphasizes what takes place when an observer interacts as living system with one or other observers as living systems. Coordination of action, then, focus on the living system as a composite unity in terms of the structural changes that it undergoes through the operation of its components. Consequently, coordination of action implies consonance and congruence in performing, functioning, executing, accomplishing and, in general, acting by two or more observers as living systems, which mutually and reciprocally orient their operations. In short, coordination of action means that a consistent and congruent action is generated among observers.

- **Coordination of distinction** emphasizes what takes places when an observer interacts as living system with its medium or, mores precisely, with its environment. Coordination of distinction,[157] then, focuses on the living system as a simple unity that can be distinguished in a medium. Consequently, coordination of distinction implies consonance and congruence –agreement–in bringing forth, describing, asserting, defining or explaining a unity, entity, thing or object. In short, coordination of distinction means that a consistent and congruent definition or explanation has been generated among observers.

- Actions (and distinctions) can occur repeatedly. If these actions are realized independently and they do not have any effect on the consequences of the previous action, it is simply a *repetition*. If these actions are realized dependently and they do have some effect on the consequences of the previous action, it is a **recursion**. In repetition, observers see that everything remains the same. In recursion, observers see the appearance of new domains, i.e., new sets of interactions and transformations. The first time a child hears *come*, it happens nothing. Gradually and progressively, *come* will make him orient his/her action and move toward the person is calling, provide there is not other recursion.

- When two or more systems interact recurrently and the structure of each follows a course of change dependent on their history of these interactions, they create a set or domain of **consensual** interactions. After "come," a parent may add "go", "stop",

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that share the same basic distinctions and concepts. Consequently, all that was said about a social system applies to living systems.
[157] Distinction is the fundamental operation that an observer can perform and consists in the specification of an entity by cleaving or splitting it from a background. Distinction, then, is the process through which a unity becomes asserted or defined. A unity (entity, object). is brought forth by an act of distinction. Conversely, each time I refer to a unity in our descriptions, I am implying the operation of distinction that defines it and makes it possible.

"sit" and "stand", and the child will behave accordingly. Every consensual action serves a referent for further action; in this recurrent process, a consensual domain of interactions is established.

- When living systems continue recursively interacting in a consensual domain, it is possible for a recursion to take place within consensual behaviors and the result will be the production of a *consensual coordination* of consensual coordinations of actions. If observers are already in a consensual domain (set of consensual interactions and transformations), any further operation will be a consensual coordination of consensual coordination of actions. In this recursive process, the first consensual coordination of action becomes token or sign for another coordination of action which, in turn, becomes a coordination of distinction that becomes a token for a coordination of action. This is precisely **languaging**: an ongoing process of recursive consensual coordination of consensual coordination of actions or distinctions in any domain.

- In language, one can emphasize either the origin of the behavior or the present state of the interactions. When one focuses on the origin, one observes a consensual domain. When one directs his/her attention to the present implications and consequences that the different ongoing interactions are having among two or more observers as living systems, then one observes a **linguistic** domain. By linguistic domain, I mean a set of interactions taking place that I can explain in semantic terms. Coded symbols, lexical references and grammatical performance are secondary to language. What is important is meaning, and meaning can be found in verbal and non-verbal signs or signaling.

- Once I have determined what is language, I derive, from the above discussion, the following basic **propositions** in terms of the conversational structure:

  - Observers, as major components of a social system (company, firm, or enterprise) operate in language. Language, then, is the capacity of a living system operating as observer.
  - The functional role of language is the creation of a cooperative domain of interactions between linguistically interacting systems (observers) through the development of common frame of reference.
  - Linguistic interaction is a venue for action, not conveyance of information.
  - Language is not a tool for describing the world; it is action. When persons are *languaging,* they are acting. If observers of a social system want to achieve a

purpose –realize the organization in its structure– they need language, they need to coordinate in a recursive and consensual operation their actions.

- Notions as transmission of information, symbolization, denotation, grammar or syntax are reflections on what takes place in language, but they do not constitute language. Language, again, is a generative process of action.

- Language is not a conventional system of symbols used in communication. It is not constrained to coded symbols, lexical references or grammatical performance. The richness of language depends on the diversity of behaviors it can generate in and by the participating observers.

Language goes beyond interaction and communication. Language results from coordination. If an observer interact with other observer, then language is coordination of coordination of actions. It implies consonance and congruence in performing, functioning, executing, accomplishing and, in general, acting by two or more observers as living systems which mutually and reciprocally influence. If observers interact with its environment, then language is coordination of coordination of distinctions. It implies consonance and congruence – agreement– in bringing forth, describing, asserting, defining or explaining a unity, entity, thing or object. From this perspective, language –languaging– is acting, doing, consenting, and transforming.

3.1.3.2   CONVERSATION

- Language is, essentially, an ongoing process of interactions among observers. However, language does not exhaust human beings. In daily life, one distinguishes in people different **emotions** when one looks at their actions, corporal posture or behavior.[158] Moreover, one also knows that in daily life every emotion implies that only certain actions are possible to the person that exhibits them. For these reasons, I define emotions as inner body or corporal dispositions for action that specify at every moment the domain of actions that a living system can operate at that specific moment.

- Emotions, as body dynamic dispositions, determine what living systems can do or not do, in what interactions they can enter or not enter, at any moment. Consequently, emotions define the space in which actions can take place; they are **relational behaviors** or, more precisely, dynamic body dispositions for relational behaviors, but they are neither actions nor interactions.

- Languaging does not exhaust human action. There are also emotions. Emotions are

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[158] Emotions can also be attributed to other non-human living systems (animals).

neither actions nor interactions. They are dynamic body dispositions for action. They determine what a living system can do or can not do. They define in what interaction observers can enter or not enter. Emotions, in a word, determine the actions that a human being can perform. From this perspective, emotioning and **motivation** relate. Moreover, one could say that they are the same dimensions considered from different perspective. Emotioning is motivation in act; motivation is the content of emotioning. In other words, when people are emotioning, they do so because they have a reason, a *motive,* to do so.

- Languaging is essentially action. When one operates in language, emotioning (the flow of one emotion to another) changes his/her domain of actions and, therefore, the path of his/her languaging changes.[159] Emotions, consequently, determine the concrete and specific languaging in a given moment. From this perspective, language to materialize has to take into account emotions. In other words, language takes place when the flow of coordination of actions and the flow of emotions come together. The emotioning of a given moment determines the languaging of that given moment. This is **conversation**: the flow of languaging and the flow of emotioning. Conversations are the effective components of linguistic interactions, the basic units of languaging. In conversations, semantics, emotions and coordination of actions come together.

- What one observes when human beings operate in language is a conversation. Conversation, therefore, is the manifest and visible dimension of human interaction. Conversations do not happen fortuitously; they have a **development**. Consequently, I consider that conversations, as any other observable action that develops, can be designed, implement and evaluate. Moreover, conversations as identifiable elements can be studied and analyzed.[160]

- In a conversation –languaging and emotioning together–, an observer can distinguish six specific **elements** that characterize it. Conversations primarily are about a topic or *theme*. The contribution of a conversation to the realization of the organization is its *purpose*. If one considers the consistence and congruence of the interaction

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[159] In strict sense, emotions effect language and language effects emotions. When we move within language in interactions with others, our emotions change according to an emotioning which is the function of the history of interactions that we have lived and in which our emotioning emerged as an aspect of our coexistence with others outside and inside languaging. At the same time, with the flow of our emotioning in a path that has resulted from our history of common life inside and outside language, we change our domain of actions and, therefore, the path of our languaging and of our reasoning changes. In Whitaker, R. (1996). *Tutorial: Autopoiesis and Enaction.* The Observer Way. Hhttp://informatik.umu-se/~rwhit/Tutorial.html. (10-24-99).
[160] My discussion on conversations and relationships limits its scope to organizations. However, we know that conversations and relations are essential to human beings in many other different setting. This situation opens a broad field of research. For instance, in family and couple social or therapeutic studies.

(coordination of behavior) among observers, one can talk about the *nature* of the conversation. In language as coordination of actions, conversers effect a change in each other; the success or no success of this change refers to the *function* of the conversation. Conversers can be constituents or coadjutants, and they can be individuals or groups; this condition makes conversations take different *attributes*, depending, among other factors, on the emotions and positions of participant conversers. Finally, since language is above all action, then conversations are bound to produces a *result* and they can be studied from this point of view.

- Conversations take place in a specific social system: company, enterprise or firm. When observers converse, they can include in their conversations different ideas, happenings, feelings or perceptions, but usually is a recurring and unifying subject or topic. I call this recurrent subject or topic the **theme** of the conversations. Themes represent or convey the major or more important coordinated behaviors or emotions in a conversation. A theme can be a single subject or a pattern of subjects. The usefulness of identifying a theme in conversations is that also you can identify the variations developed upon it.

- Social systems can be considered purposeful in terms of the organization that constitutes them. Conversations are interactions between components that interact within the social system to realize the organization of the system, that is, to accomplish the goals of the system. Consequently, the **purpose** of conversations is the contribution or not contribution of the components to realizing the organization (purpose) of the social system. In general, the purposes of conversations can be coordination of future conversations and/or actions, evaluation, speculation, complaint, alignment to the company goals, integration, motivation, gathering of information, conflict resolution, among others.

- In terms of the consistence and congruence of coordinated behaviors (mutual and reciprocal orientation), the **nature** of conversations[161] can take two major forms that, briefly described, have as its prime value a reciprocal manipulation or a reciprocal understanding among people.[162] (Talking of the nature of conversations is a way of

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[161] Conversation is the concretion of languaging. From this point of view, the nature of conversation is tantamount to say languaging. Our languaging is action, and this action can be directed positively (manipulation) or negatively (understanding) among people.

[162] For the nature of conversations, I follow the seminal article by Kenny. Kenny, V. (1999). *Toward an ecology of conversations – live speech & dead speech in 'psychotherapy'.* (draft of a book to be published by Gregory Bateson). http:/www.oikos.org/livedead.htm. (10-04-99).

talking of its possibility. In strict sense, conversations should always be of a reciprocal understanding in nature. However, one needs the distinction between reciprocal understanding and manipulation precisely to identify the conversations as recurrent coordination of coordination of actions).

- Conversations of *reciprocal manipulation* may include progressively these traits:

  - They are preemptive: there is a close and deliberate intent to arrive at a preconceived destination. Participants know exactly what others expect them to say; they also know that someone else has already decided the way things are and the way things will be.
  - They are predictable: there is no space for spontaneous and improvisational speech; who converse, what will be conversed and how conversations unfold are predictable events. Personal contributions are excluded.
  - They are manipulative: there is a unilateral stance in relation to others; individuals look for their own purpose or benefit regardless of the means.
  - The progress of this form of conversation can go from preemptive, predictable and manipulative to a high degree of extortionist hostility (the worst case).

- Conversations of *reciprocal understanding* may include progressively these traits:

  - They are participative: there is an open dynamic and healthy engagement between individuals.
  - They are spontaneous: individuals are called upon to improvise and bring about their own contributions as the conversation unfolds. In this improvisational and spontaneous situation, high level conversations emerge.
  - They are socially genuine: all participants have a mutual influencing relationship with one another. They even can include mutual caring, mutual acceptance and mutual regard.
  - The progress of this form of conversation can go from participative, spontaneous and socially genuine to fully facilitating group participativeness (the best case).

- Conversations, as materialization of language and expression of emotions, take place in speech (verbal and non-verbal). When utterance or words effect a change, then we have a speech or linguistic acts. From this perspective, conversations take place in linguistic acts, and a linguistic act is an effective utterance that has a **function** that is closely related to the purposes of the conversation. In other words, for a conversation to accomplish its purpose must include a function aligned to that purpose.

- In conversations, as materialization of language and expression of emotions, speech (verbal and non-verbal) is a main component of those, who use linguistic acts. From this perspective, in conversations people use linguistic acts, and a linguistic act is an effective utterance that is part of what I call **function** that is closely related to the

purposes of the conversation. In other words, for a conversation to accomplish its purpose must include a function aligned to that purpose. Speech acts can be classified in different ways. For instance, Edelman[163]uses ideals, appeals, rules and deals, and perhaps the most classical classification is the one Austin proposes: directives (commands, requests), representatives (assertion, affirmation, conclusion), commissives (promise, offer), expressives (congratulation, apology), declaratives (nominating, hiring).[164]

- Theme and function are different. A theme is a recurring and unifying subject or topic in conversations; the function conveys the inner or essential structure of the conversation. You may have different themes with a function or different functions in a theme.

- As components, conversers are at different positions, spaces or stances in the organization or structure of the social system. As unities, observers are individuals that each of them has his/her own history of emotions or emotioning. From these two conditions, an observer observes conversations as exhibiting different **attributes** or specific traits. These traits may vary according to the specific point of view from which the conversations are observed. Among others, these are examples of conversation attributes: emotional flow or state and symmetry/asymmetry of power.

- Every conversation is aimed to have a specific **result** that supposedly, but not exclusively, contributes to the organizational system's goals or realization of its organization in its structure. It is important to note that this is not always the case. Then, a successful conversation is that which achieves the intended purpose of all observers involved, both constituents and coadjutants.

- The result of a conversation is not the same as its purpose. The purpose of a conversation is always to contribute or not to the purpose of the social system. The result of a conversation can contribute to the purpose of the social system, but also contribute to individual purposes of the conversers. The **ideal result** of a conversation could be the one that contributes to the purposes of the conversers as individual unities and as components of the social system. This is the reason why the results of conversations always affect the interaction among participant observers both as

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[163] Sillince, J. A. A. (1999). The role of political language forms and language coherence in the organizational change process. *Organization Studies*, Vol. 20 No. 3, pp. 485-518.

unities and as components of a system.

Emotioning is, above all, a feeling, disposition or attitude to act. If this attitude is added to language, to acting, the result is conversation. By conversing, observers do not just act, but they act with a purpose, with goal and with a rationale. In conversation, observers converge, they come together, move and are directed toward the same purpose or result. This result will depend on the nature, function, theme and attributes of a given conversation. Perhaps the most relevant issue about conversations is that they can be designed.

3.1.3.3 RELATIONS

- When observers as components of a system or unities converse, a **relation** is established, that is, an understanding and awareness that they are interacting emerges. In a relation, observers as components or unities know that its behaviors are being coordinated, that is, that they are being mutually and reciprocally oriented. Since the components of a social system can be constituents and coadjutants, relations take place between constituents, between coadjutants, and between constituents and coadjutants.

- Observers are units or systems. They also have organization and structure. From this view, they also adapt, that is, they respond to their environment, which is this case is other observer as system. In other words, their structures interact and changes occur only in their structure. It should be remembered that a social system survives –exists– only if it conserves its class identity (organization) and its ability to respond to its medium (adaptation). Consequently, the conservation of organization and the conservation of adaptation (structural coupling) are also constitutive conditions for the existence of observers, since they are systems too.

- A relation is always actual. However, from a potential point of view, a relation can be designed and established for a given observer or community of observers. However, this **potential relation** does not emerge until it is actualized by the concrete observers (as components or unities) of the organizational system.

- Actual relations and possible relations form a **domain of relations**. This domain is a realm or sphere which includes the relations among observers as components or unities with which they can be observed to interact and all potential states of relation

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[164] The function of conversation is drawn as an interpretation of what Austin (1962) calls the performative dimension of speech (promising, warning, declaring) and of Searle's (1969 and 1979). categories of linguistic acts.

among these given observers.

- As a spiral curve occurring in a series of planes, once the relation is established, this serves as **vehicle** for further conversations and, further conversation strengthen the relation and so on. The helix will continue growing as far as purpose, nature, function, attributes and results of conversations are consistent with the realization of the organization in the social system structure.

Conversations do not happen in vacuum; they occur in a relation. When observers coordinate their actions and, in this coordination, they direct toward a shared purpose or result, then they relate, they establish a relation. If one wants an organizational system to change, one should bear in mind that this change will occur in the relations of observers who converse.

3.1.4 CULTURE

Up to now, I have discussed the organizational systems as they were separated and independent unities from our world. I have discussed what a social system is (organization and structure), I have defined its components (constituent and coadjutants) and I have established the way they interact (languaging, conversations and relation). At this moment, the basic question is how can I refer these elements to actual people and to actual organizational systems. The answer is through the concept of culture.

- In conversations, distinctions are always present. In the operation of distinctions, when one asserts or defines a unity, one begins to establish some **criteria**[165] of distinctions that can be present in the next operation of distinctions. With these criteria, one begins to judge, measure and value those unities that one distinguished. Given some criterion, then, people can start to distinguish and recognize things such as animals, objects, families, persons, and nations.

- Since these criteria of distinction arise and are present in recurrent conversations that interweave, the actual distinction and recognition of things like person, community, formation, family and nation happen essentially in a **network of conversations**. However, people, as observers, grow in that social system by living in it as a particular way of being human in the network of conversations that defines it.

- Distinctions and criteria of distinction occur in conversations. Consequently, **culture**

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[165] Actually, the term criterion is akin to distinction, since criterion comes from a Greek word meaning separating, discerning, and distinguishing.

can be defined as a network of conversations that determine a way of living, a way of being oriented in existence in the human domain. Culture involves a manner of acting, a manner of emotioning, and a manner of growing in acting and emotioning.

- Culture, as a network of conversations, is the **milieu** in which the organization of the organizational system is realized or materialized. In other words, organization realizes in its structure that ultimately is composed by observers that relate in conversations with a theme, purpose, nature, function, attributes and results.

- In a social system, as a composite unity, culture can refer either to the organization or to the structure. From this view, culture has two **types** of cultural elements. If they refer to the organization, they are primary elements. If they refer to the structure, they are secondary cultural elements.[166].

- The basic or **primary** cultural elements are the coherent system of assumptions and basic values that, as criteria of distinction, distinguish a group and orient its actions and choices. In this sense, culture relates to organization –these basic cultural elements focus on the conservation of organization, that is, on keeping identity and expressing the purpose of the social system.

- The **secondary** cultural elements are a distinct set of features or traits, which include beliefs and conduct models of the social system. It also consists of the technology it uses, its symbols and artifacts, the prescriptions and preferences, the behavioral codes, the rituals and heroes. In this sense, culture relates to structure –these secondary cultural elements contribute or not to the realization of the organization in its structure and to the adaptation of the social system to its medium.

- There is a strict connection between culture and relations. When observers interact in languaging and emotioning, a relation is established. Relations, in turn, facilitate the taking place of conversations. If I consider that a relation is the vehicle for conversations, then culture, as net of conversations, takes place in relations and relations are realized in culture. In this case, a recurrent spiral curve develops in different planes: from conversations to relations to culture to further conversations to further relations, and so on. From this point of view, culture can be considered the **total domain** where social systems operate as simple unities and as composite unities.

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[166] Gagliardi, P. (1990). The creation and change of organizational cultures: A conceptual framework. In Tosi Jr, H.L., (Ed.). *Organizational Behavior and Management: A Contingency Approach*, pp. 287-303. Boston, MA: PWS-KENT Publishing Company.

In a social system, as a composite unity, cultural elements can refer either to the organization or to the structure. Cultural elements of organization include the set of values and assumptions that focus on the conservation and identity of the social system. Cultural elements of structure include the set of values and assumptions that focus on the realization of the social system. The most relevant aspect of culture is that, as net of conversations, takes place in relations and relations are realized in culture. In other words, conversations, relations and culture are a continuum that defines the total domain where social systems operate.

3.1.5 CONVERSATIONAL STRUCTURE

Conversations are the most basic element in the development of a social system. In conversations, language as a recursive consensual coordination of actions takes place. In them, as structure in action, a social system realizes its organization, that is, accomplishes its purposes. In conversations, observers as components of the organization (constituents) and component of the structure (coadjutants) interact and relate. On the other hand, conversations are the departure point to relations and to culture. From this broad perspective, what is the role of conversation in the being and development of a social or organizational system?

- A social system is and develops itself in and through conversations. The identity of a social system resides in its organization. The actual realization of the same system dwells in its structure. They are components that relate in the organization of the social system. However, the components that relate to make a social system be what it really is are in the structure. These components are observers that operate in languaging and emotioning or, for short, they are human beings that converse, they are conversers. From this perspective, I conclude that the actual structure that makes a social system be what it is and develop to reach its purposes is the **conversational structure**, that is, the structure as conversations.

- A conversational structure can be considered as a whole, as a complex of all the conversations in the social or organizational systems. That is not precisely the way conversations take place. Individuals or groups can structurally operate in a congruent and consistent set of conversations. When this occurs, a **conversational pattern** emerges. A conversational pattern is a set of conversations where specific individual or groups learn as they solved their problems of adaptation and integration. In this set of conversations, individuals promote their own security and their continuity within

the organizational life and in realizing the organization of the social system.[167]

- Within a social system, there is not a unique conversational pattern, but a set of them. Organizational systems can be seen as a set of non-homogeneous **cultures** that coexist and work to perform a specific and, supposedly, common task. These conversational patterns have worked well enough to be considered valid and, therefore, are learned by new members as the correct way to act, converse, and interpret the organization as a whole. It is in the conversational patterns where operationally a conversational structure takes place; it is in them where the social system realizes its organization.

- Conversational patterns, thus, are the basic **units** that need to be observed, analyzed and, given the case, intervened to reach the purposes of the system (realize its organization).

The conversational structure approach is an organizational improvement model. Improvement can be defined as any change carried out into an intended direction. In the conversational structure model, improvement is a positive assessment made by one or more of the constituents regarding the current state of the organization compared with the perceived past. From this point of view, improvement is the same as development, transformation or any other action that involves infusion of energy in the organization. In a more general way, improvement or change refers to moving the organization system from a current state to a desired future.

The basic assumption underlying the conversational structure approach is that conversational patterns and conversations can be developed, that is, designed, implemented and evaluated. The axle on which change and improvement of an organizational system (enterprise, company or firm) can take place is the development of conversational patterns. I focus now in how all the elements of the model geared in its implementation.

Table 1 presents an overview of the different elements that constitute the conversational structure model.

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[167] Compare with the definition of culture developed by Schein (1992).

Table 1. Overview of the major elements of the conversational structure model

Element	Subelement	Description	
Observers	Observer	Human being operating in language.	
	Standard observer	Observer of a particular group or community.	
	Community of observers	Observers sharing a common view.	
	Distinction	The pointing out of a unity as perceived by an observer.	
	Criterion of acceptability	Language standard for explaining an object or reality	
Organizational system	Organization	Identity	What makes a system be what is.
	Structure	Realization	The actualization of the system
		Adaptation	System interaction with its medium
	Medium	Niche	Interactive extension of the structure
		Environment	The surroundings of the system
	Components	Constituents	Person participating in the constitution of the organization
		Coadjutants	Person contributing to the realization of the organization.
Language	Languaging	Generative action.	
	Emotioning	Flow of emotions, which determine languaging.	
	Conversation: flow of coordination of actions and emotions.	Theme	Recurrent and unifying subject or topic.
		Purpose	Relation to the realization of the system.
		Nature	Reciprocal manipulation or understanding.
		Function	Act or set of linguistic acts.
		Attributes	Traits perceived by observers.
		Results	Contribution to the system goals
	Relations	Interactions among observers who converse	
Culture: network of conversations that determine a way of living.		Total domain where social systems operate as simple units and as composite units.	
	Criteria	Distinctions that can be present in the next distinction.	
	In organization	Assumptions and basic values that orient group actions.	
	In structure	Symbols, prescriptions, preferences, rites and codes.	
Conversational structure: the structure as conversations.	Conversational patterns	Congruent and consistent set of conversations.	
		Basic units observed, analyzed and intervened to reach the purposes of the organizational system.	
	Basic assumption	It can be developed, that is, designed, implemented and evaluated.	
	Improvement	Conversational patterns directed toward a goal.	

3.2 CONNECTIONS

The first and most important component of a process of implementing the paradigm is a set of defined terms and propositions which must guide the change and improvement of the organization. These definitions and assumptions have been grouped into five major related concepts or categories (observer, organization system, language, culture and conversational structure) and have been set in the former section. These concepts and propositions make up the components of the conversational structure paradigm; they are its constitutive parts or *elements*.

The next step toward defining the conversational structure for organizational change and improvement is determining how the major elements connect in terms of their functioning. From a broad point of view, I could say that, in these two sections, I am describing the conversational structure model. First, I have the elements (first section), then I have the links and connections between these elements (second section). At this point, by model I only understand a cognitive mapping or representation in which I attempt to describe the conversational structure in terms of nodes representing factors or elements and links representing the connections between them.[168]

I present the conversational structure elements and their links concerning only two major concepts or categories any management improvement approach takes into account: change and organizational behavior. First, I describe how *change* occurs in any organizational system; then, I discuss how observers (constituents and coadjutants) interact and *behave*, from the conversational structure view.

3.2.1 CHANGE

Organizational system *change* is taken in its most common and accepted sense in management theory: any transformation, improvement, development, revitalization or any other concept that deals with the infusion of new energy, vitality or strength into the organizational system.[169] From this point of view, in the conversational structure approach, change is defined as any movement of the organizational system from a current state to a desired future. In this view, the crucial question is how an organizational system changes and

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[168] I use the term model in a broad sense. However, I consider the term model is most appropriate in its narrow sense, since an essential element in *organization change and improvement* is a model conceived as a particular hypothetical-deductive system which aim is to represent a specific set of objects or entities and their interactions. From this point of view, the usefulness of a model consists of being an economic and powerful tool that represents and communicates the complexity of reality. See Argyris, C., Putnam, R. and McLain Smith, D. (1985). *Action science: concepts, methods, and skills for research and intervention.* San Francisco, CA: Jossey-Bass.

what makes it happen. Figure 4 represents, from the conversational structure perspective, what causes an organization to become different and to undergo a variation in the intended direction.

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┌──────────────────┐      ┌──────────────────┐      ┌──────────────────┐
│  ORGANIZATIONAL  │  →   │   CONVERSATIONS  │  →   │     STRUCTURE    │
│      SYSTEM      │      │                  │      │                  │
└──────────────────┘      └──────────────────┘      └──────────────────┘
         ↑                         ↑                         ↓
┌──────────────────┐      ┌──────────────────┐      ┌──────────────────┐
│ ORGANIZATIONAL   │  ←   │   CONVERSATIONS  │  ←   │     STRUCTURE    │
│ SYSTEM REDEFINED │      │     REDEFINED    │      │     REDEFINED    │
└──────────────────┘      └──────────────────┘      └──────────────────┘
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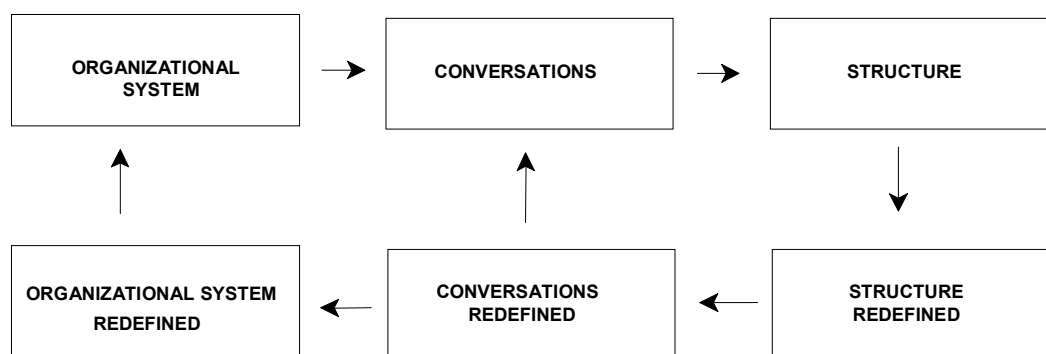
Figure 4. Conversational structure core elements

Essentially, what the Figure 4 tell us is that organizational system is actually realized in its structure through conversations. Consequently, if one defines a new structure, then one needs to define a new set of conversations and a new organizational system's behavior (organization identity can not be changed).

In order to have a clearer view of the core elements, I present them with terms closer to the organizational system change and improvement paradigms. These terms are presented in Figure 5 and they are further explained.

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┌──────────────────┐      ┌──────────────────┐      ┌──────────────────┐
│     STANDARD     │  →   │   CONVERSATIONAL │  →   │     COMPANY      │
│   CONSTITUENTS   │      │     STRUCTURE    │      │      ACTUAL      │
│  AND COADJUTANTS │      │                  │      │     SITUATION    │
└──────────────────┘      └──────────────────┘      └──────────────────┘
         ↑                         ↑                         ↓
┌──────────────────┐      ┌──────────────────┐      ┌──────────────────┐
│   NEW SET OF     │  ←   │       NEW        │  ←   │     COMPANY      │
│    STANDARD      │      │  CONVERSATIONAL  │      │     DESIRED      │
│   COADJUTANTS    │      │       MAP        │      │      FUTURE      │
└──────────────────┘      └──────────────────┘      └──────────────────┘
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Figure 5. Basic elements of the conversational structure paradigm

There are six major interconnected nodes or elements in the conversational structure model

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[169] See, for example, Griffin, R. W. (1990). *Management*. Boston: Houghton Mifflin Company. pp. 389-431.

from the perspective of change.

- An organizational system is set up by two groups of active observers: ***constituents*** and ***coadjutants***. These constituents and coadjutants are observers that converse, and their conversations have a purpose. Standard observers or constituents constitute the organization of the company (the organization of organizational system).

- Constituents and coadjutants, as conversing with a purpose, make different conversational patterns emerge, which as a whole determine the ***conversational structure***, that is, the structure of the organization as conversations. Through the conversation patterns, the company is configured and shaped and attains a given situation in time.

- This ***actual situation*** of the company is its structure and is defined in terms of its effectiveness in reaching its goals (realizing its organization) which, in turn, are set by the constituents.

- The actual situation can be improved. Improvement refers to a direction, to a goal. Consequently, change and improvement to happen entail a ***desired future***; without this vision, companies will continue static and the same for long periods; they may wander astray or even die. Specifically, the desired future of the company is not but the expression of the organization of that social system.
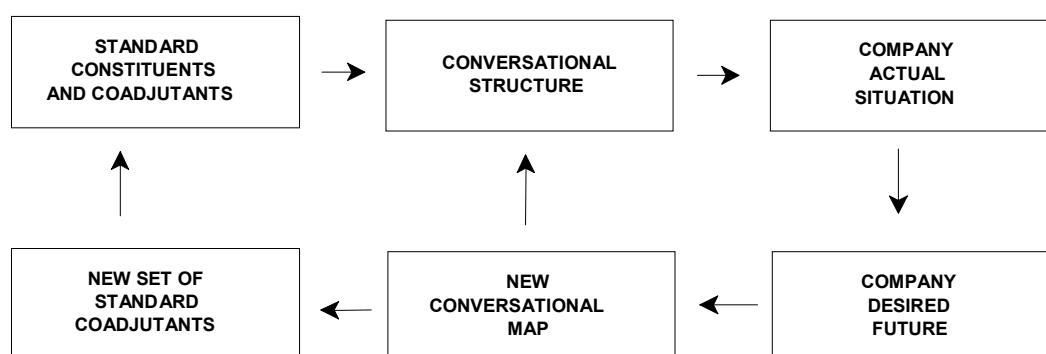The desired future is the organization itself of the organizational system seen as its driving force. It should be remember that social systems are nor "purposeful." Observers attribute purpose to the social system. Purpose refers to the organization of the organizational system. When one says that the purpose –mission or vision– of this company is international competitiveness, one means that the organization of that organizational system is international competitiveness and the structure has to realize that international competitiveness.

- From the desired future of the company, a set or ***new conversational map*** is developed to change the old ones. In any organizational change process, a new conversational map is developed willingly or not, implicit or explicit, intended or not. Conversations before the change are different from conversations during change. In the conversational structure view, the map of new conversations if purposefully designed in terms of a new vision.

- Finally, the new map of conversational patterns may require a definition of the

organizational system that includes *new coadjutants* to carry out the map of new conversation patterns. Here the cycle starts again, the process will repeat itself, and it will be recurrent. From this stand, change can be a continuous process.

To some extent, I am also dealing with organizational system culture change. I understood culture as a net of conversations that define a way of living and a way of being oriented in existence in the human domain. It also involves a manner of acting, a manner of emotioning, and a manner of growing in acting and emotioning.[170] Consequently, if conversational patterns change, organizational system culture also changes.

3.2.2 ORGANIZATIONAL BEHAVIOR

Organization is the configuration of static or dynamic relations between its components that specifies its class identity as a composite unity that can be distinguished as a simple unity of a particular kind.[171] From this point of view, two clearly distinct dimensions form an organization: *components* and *relations*. Figure 6 presents in a graphic and schematic way these two dimensions.
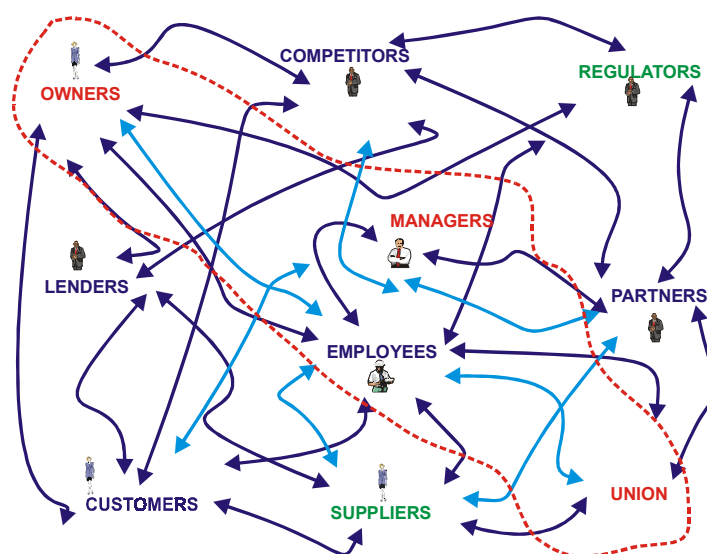
Figure 6. Organization as formed by components and relations.

The *components* of a social system are people as observers. However, observers to be

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[170] Maturana, H. (1988). Ontology of observing: the biological foundations of self consciousness and the physical domain of existence. *Conference Workbook: Texts in Cybernetics, American Society For Cibernetics Conference*. Felton, CA; 18-23. http://www.inteco.cl/biology/ontology/index.htm. (10-09-99).
[171] Whitaker, R. (1998). Encyclopaedia Autopoietica. An annoted lexical compendium on autopoiesis and and enaction. Randall Whitaker. http://www.informatik.umu.se/~rwhit/EA.html. (06-13-00).

considered as components of the organization need to be grouped into communities, that is, to participate in a common inquiry with respect to a system of interests.[172] The observer who is part of a community of observers is called a standard observer.

There are two kinds of standard observers: *constituents* and *coadjutants*. In terms of an organizational system (company, firm, enterprise), the standard observers, either constituents or coadjutants, can be the managers, employees, owners, partners, competitors, lenders, customers, suppliers, union and regulators. In general, a standard observer can be any group of people that may be considered a community of observers.

These communities of observers can be internal or external to the organizational system (firm, company, or enterprise). In strict sense, the internal and external communities of observers do not correspond to the constituent or coadjutant, but often this is the case. Usually, the *internal* components in a company are the owners, the managers, the employees and perhaps the union (the components inside the dotted line). Conversely, the *external* components in a company are the competitors, regulators, lenders, customers and suppliers (the components outside the dotted line).

These constituents and coadjutants are observers that interact, and their interactions are made though conversations that have a purpose in order to produce a result. Constituents and coadjutants, as conversing with a purpose, make come forth into view different conversation patterns that can be developed (designed, implemented and evaluated).

Conversational patterns and conversations do not occur in a vacuum; they take place in the *relations* between components, between standard observers. A relation is the understanding and awareness that emerge when observers are interacting. In a relation, observers as components or unities know that its behaviors are being coordinated, that is, that they are being mutually and reciprocally oriented.

In Figure 6, lines between standard observers represent relations. However, the bare lines do not convey the whole meaning of the relation. Figure 7 is a more accurate representation of it.

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[172] Whitaker, Ibid.
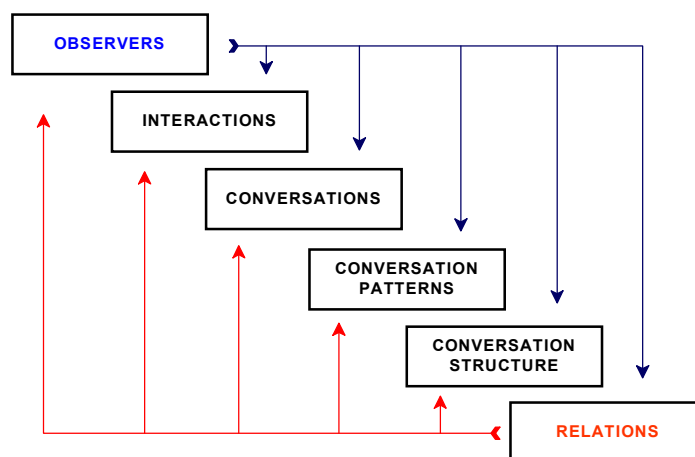
Figure 7. The relations in the conversational structure.

From the conversational structure perspective, a relation could be considered the milieu in which observers interact and converse. One could say that interactions and conversations between observers, consequently conversation patterns and even the conversational structure ride on the relations between observers. Without established or emerging relations, conversations between standard observers can not take place, but at the same time, standard observers constitute the relations. That is the reason why a relation is a domain circumscribing all potential states of interaction and/or activity among standard observers.

An organizational system can be viewed as a set of observers that behave differently from three points of view.

- First, they act as constituents or coadjutants, and they exert different functions within the company, enterprise or firm. In other words, they form part of the organization of the organizational system or they form part of its structure. In the former case, they constitute the nature, the purpose, and the identity of the organization, that is the reason these observers are called constituents. In the later case, they realize and materialize in a specific structure the organization of the organizational system; they help and contribute to make actual the organization of the organizational system. That is the reason they are called coadjutants.

- Secondly, observers, both constituents and coadjutants, play a role in relation to the organizational system. They can be owners, management, labor or clients. From this view, observers are not only constituents or coadjutants; they also play different specific roles in the organization or in the structure of the organizational system. In this sense, observers are internal or external components in the organizational system.

- Finally, observers –exerting different functions and playing different roles– interact, have conversations (constituting conversational patterns and structures) and relate. Relations between observers is the core dimension of the conversational structure model. Observers are important because they exert a function and play roles; and relations are important because the put together observers to make an organizational system be what it is o want to be.

It is important to mention here a basic dimension in any organizational change strategy: Motivation. The three central dimensions are observers, conversations and relations. At a first glance, it seems that motivation, the driving force for change, is missing. It is not. Motivation is an essential part of conversations. In fact, emotioning and languaging are equally important in constituting conversations.

Emotions are neither actions nor interactions. They are dynamic dispositions to action and interaction. They determine what a living system can do or can not do. They define in what interaction observers can enter or not enter. Emotions, in a word, define the space in which actions can take place. From this perspective, emotioning and **motivation** relate. Moreover, one could say that they are the same dimensions considered from different perspective. Emotioning is motivation in act; motivation is the content of emotioning. In other words, when people are emotioning, they do so because they have a reason, a *motive,* a force that moves them to do so and behave in a specific way.

From the conversational structure view, motivation is always present through conversations and in relations. Motivation, as in other organizational change strategies, is the driving force behind improvement. However, in my approach, motivation is more an intrinsic element than an extrinsic one. I could say that motivation –any kind of incentives, rewards or *motives*– is not actual until it takes place in emotioning, until it takes place, together with languaging, in conversing and in relating.

3.3 METHOD OF IMPLEMENTATION

I have discussed the elements that intervene in the conversational structure paradigm: observer, organization, language, conversational structure and culture. I also have described the relationships or connections in terms of change and organizational behavior. Therefore, I have the *basis* for implementing the conversational structure model (CSM), but a third major

element needs to be defined: the method for implementing the conversational structure.[173]

The *implementation method (IM)* is a general layout of essential moves, tools and actors to obtain the desired results of the conversational structure. The moves, tools and the actors should be placed within the conceptual framework of conversational structure. To some extent, the implementation method takes back the framework, the model core elements, and gives direction to the design which will make operative all these elements.

The object of the implementation method is the process of carrying out the conversational structure. From the broadest point of view, I want an organization behave differently and change its structure through conversation. At this moment, the pertinent question is how the process of implementing the conversational structure is carried out. For that, I need a method in which the different elements of the conversational structure relate from the starting point, the commitment to change, to the final point, assessing the change and a new beginning of the process.

The implementation method of the conversational structure consists of seven steps or processes: pre-diagnosis, diagnosis, establishing the desired future, developing the intervention strategy, intervention, diagnosis posterior to intervention and evaluation of the obtained results and of the realized process.

Before discussing the seven processes of the implementation method for the conversational structure, I present a conceptual map of the *content* that in each process or stage should be taken into account. When the diagnosis is being developed, I have to take into account the vision, the current state and the desired future in terms of the constituents, relationships, culture (distinctions and assumptions), conversations and being of the observers. When the intervention strategy is being designed, I have to do the same, that is, to take into account the vision, the current state and the desired future in terms of the constituents, relationships, and so on.

By the same token, in each process or stage of the implementation method, the major operations or activities I will be conducting are defining, determining, implementing, contrasting or assessing. Figure 8 presents the elements that have to be taken into account and the operations that have to be conducted in each process or stage.

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[173] It should not be confused the implementation method of the conversational structure model with the method to carry out the research. The method of implementation refers to the actors and steps that constitute the implementation of the conversational structure model. The method to carry out the research refers to the actual ways and means that I am going to use to see how the implementation of the conversational structure paradigm works.
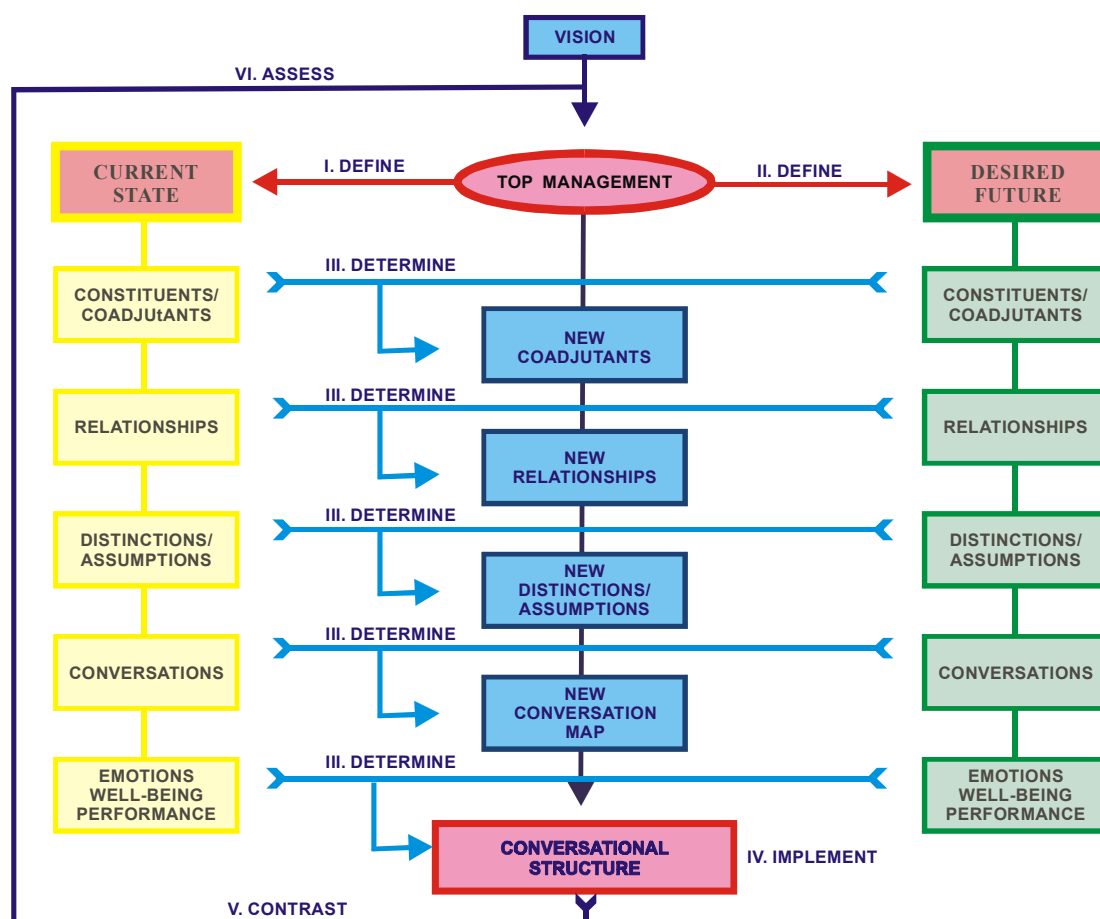
Figure 8. Design for the implementation process of the conversational structure.

To illustrate the case, I will assume that there is only one process or stage, say, diagnosis. To conduct the diagnosis, I need to take into account both the current state and desired future as **defined** by the vision of the top management. Then, by contrasting the elements of the current state and desired future (constituents, their relations, their assumptions, their conversations), I **determine** the *new* constituents, their *new* relations, their *new* assumptions, and the *new* conversational map. Once the new conversational map is determined, one **implements** the conversational structure (conversations or conversational patterns). One could say that the conversational structure is the operation of all components involved in the change process.

I am still in the diagnosis process. Once the conversational structure is operating in this stage, I need to **contrast** its actual situation with the vision of the top management (in strict sense, with the organization of the organizational system). In the contrast, I will find similarities or differences. I have to **evaluate** them. Given the case, if the results of the evaluation –within the diagnosis process– are deviant, I need to correct the process toward its desired outcome

until I have a result, in this case the diagnosis.

The actions I just described (defining, determining, implementing, contrasting and evaluating) are conducted recurrently in all and each of the seven processes or stages of the implementation method of the CSM. The conversational structure approach is not a linear sequence of actions that one realizes one after the other. That is the reason I called processes rather than steps or stages. A process involves different operations and actions; among them, the most necessary and recurrent are defining, determining, implementing, contrasting and evaluating. Whether one is diagnosing, implementing or even evaluating, one needs to define, determine, implement and so on. It is a recursive process because essentially one is dealing with conversations.

Similarly, the elements that intervene in the diagnosis process –current state, desired future, constituents, their relations, and so on–, are the same that intervene in all and each process or stage of the implementation method. Consequently, all seven processes include some basic recurrent operations or actions, and some essential elements. This set of basic actions and elements that configure each process is what I call the content or prime matter for each of the seven processes of the implementation method. Once the essential character of the process has been defined, I will explain each of the seven steps or stages.

3.3.1 TOP MANAGEMENT COMMITMENT

The starting and generative point for implementing the conversational structure model is the vision and the commitment of the top management, including the CEO and chief executives of the organizational system. They are the ones who will define de current state and the desired future of the organizational system. Consequently, they also have to determine the other factors of the conversational structure design: observers, relationships, shared values, conversations, and organizational system indicators. I call *pre-diagnosis* (PDX) this process of reaching commitment to carry out the conversational structure model.

3.3.2 CURRENT STATE DEFINITION

Define the communities of observers and the most important observers in these communities (constituents and coadjutants) together with their relationships, shared values (main distinctions and basic assumptions) conversations and observers' situation (emotional states, well-being and performance indicators). From this process of identifying these elements, a description of the current state of organizational system will be obtained, and the *first*

contrasting point to establish the conversational structure is determined.

This step consists of determining a set of criteria that define an organizational system in terms of the theoretical assumptions of the conversational structure. These set of criteria will include concepts as constituent relationships, organizational system's coadjutants, types of organizational restrictions, ways of living within the organizational system, conversation nature, conversational patterns, culture elements, etc. The process that takes place in this stage is a *diagnosis* (DX).

3.3.3 DESIRED FUTURE DEFINITION

Based on the established and declared vision, define the desired communities of observers and the most important observers in these communities (constituents and coadjutants). In the same process, determine the desired relationships, shared values (main distinctions and basic assumptions), conversations and observers' situation. From this process of identifying these elements, descriptions of the desired future for the organizational system will be obtained, and the *second contrasting* point to establish the conversational structure is determined. I label this process *establishing the desired future* (DF).

3.3.4 GAP BETWEEN CURRENT STATE AND DESIRED FUTURE

By comparing the results from stage one and two, determine the differences and establish the needs[174] for the conversational structure. By comparing the current and desired constituents, define the new constituents and coadjutants. By comparing the current and desired distinctions and assumptions, define the new distinctions and assumptions. By comparing the current and desired conversations, define the new conversations. Finally, by comparing the current and desired emotions, well-being, being and performance for participant observers, define the new indicators. It should be noted that current and desired emotional, well-being, being and performance situation can be used to determine the level of efficiency of the conversational structure paradigm implementation, as it can be seen in the next section.[175]

The major purpose in this stage is obtaining information to design the strategy to carry out the program of intervention based on the conversational structure model. I call this process

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[174] Here, a *need* is understood as the difference between the actual and the desired state; this difference becomes a want to be satisfied in the conversational structure.

[175] This research will use these elements as variables to formulate a general hypothesis. However, it is important to mention that these elements are constitutive part of the conversational structure model. I need to determine the emotional states and/or well-being feeling as a starting point for change in the organization, no necessarily to make a point in a study. Notwithstanding, I assume that changes in these indicators correspond to changes in the organization and, consequently, one can infer that something has happen due to the conversational structure.

developing the intervention strategy (DIS).

3.3.5 CONVERSATIONAL STRUCTURE IMPLEMENTATION

Once the gap is determined and the new elements of the organizational system are defined, the process of implementing the conversational structure can take place. One has the new observers (constituents and coadjutants), the new relationships, the new-shared values (basic distinctions and assumptions) and the conversations map; now, the new conversational pattern can be carried out and implemented. I simply name this process *intervention* (INT).

3.3.6 CURRENT STATE AFTER THE CONVERSATIONAL STRUCTURE

With the conversational structure strategy implementation, the process is recurrent. One needs to check continuously on the current state to see if changes are occurring. If changes are not occurring, then, one needs to compare the current state elements with the desired ones and determine the gap again to feed back the conversational structure. From this point of view, the conversational structure becomes an ongoing process that continuously is checking the different elements of the organization to immediately introduce the relevant changes to keep the process going in the right –in the desired– direction.

At this point, two considerations concerning this stage are pertinent. First, comparing the current state with the desired future of the organizational system is an inherent task of the organizational improvement conversational structure paradigm. From this contrasting (including the relations, the well-being perceptions and the performance indicators), the actual elements and components of the conversational structure are determined. For example, people need to be conscious of their emotions if they want to change; emotions, as I said before, are part of the conversation. Similarly, well-being perceptions and performance indicators are elements of the conversational structure.

Secondly, if the current and desired states represent two different situations on time, it means that I can establish a comparison between these two points. Additionally, if I can compare these two points, I can infer whether a change has occurred or not. If I can establish this change, then I can infer that change has occurred because of the conversational structure implementation. For this reason, I call this process *diagnosis posterior to intervention* (DXPI).

3.3.7 ASSESSMENT OF THE WHOLE PROCESS OF CHANGE

The conversational structure paradigm aims at improving the organization in a given direction determined by the organization (constituents) under the lead of the top management. However, changes may or may not be occurring. Determining the amount of change, if any, involves assessing the whole process. If things are not going in the desired course, the process can be redirected. Moreover, a given situation or element can be purposely modified, including the vision itself; if that happened, the whole process has to be reviewed and, accordingly, adjusted to the new conditions. This is a reason why the process has to be assessed as a whole. From this point of view, assessing and feeding back the whole process is also an inherent element of the conversational structure.

Assessing the whole process has a research purpose too. On the one hand, assessing can provide evidence about the efficiency of the conversational structure paradigm and, from this point of view, one could infer its usefulness. On the other hand, assessing provides information useful to feed back the model; with this information, changes and improvements to the conversational structure approach can be introduced. In this way, the model can evolve to a more structured conceptualization.

In this stage, not only the products are assessed; the procedures themselves are also validated. For this reason, I call this process *results and processes evaluation (RPE)*. It should be noted that in this process or stage, the assessment is made upon the obtained results and the realized processes of all previous stages.

Figure 9 presents the seven processes that constitute the implementation method (IM) in terms of their relationships.
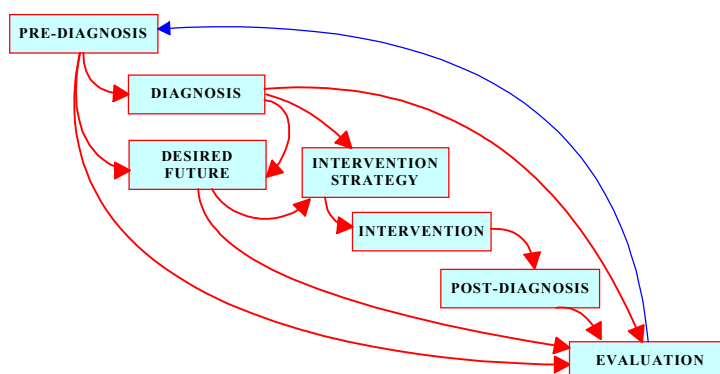

Figure 9. The seven processes of the implementation method of the CSM.

Additionally to the elements and relationships of the conversational structure model (its

theoretical and practical dimensions), two other elements play an essential part and need to be considered: a diagnosis and a planning tool.

Together with the conceptual framework and the seven process involved in the implementation method, a most important element, from the intervention view, are the tools to collect the information. In this regard, perhaps the most relevant is the *diagnosis tool* to evaluate the standard constituents and coadjutants, their relationships, the basic shared values and the conversation patterns of both the current state and desired future or the organizational system. This tool has to be congruent with the built interpretation of the organizational system. The result expected here is a diagnosis statement, which yield up a base line for future action. One uses this diagnosis tool directly in three of the seven processes (PDX, DX and DXPPI) and indirectly in the rest of them (DF, DIS, INT and RPE). In addition to the diagnosis tools, it is fundamental, for the design of the intervention program, a planning tool. Fortunately, literature and practice are abundant on this respect.

The implementation method (IM) of the conversational structure model (CSM) consists of seven processes, each with its tools, resources and a basic guiding line. This basic line is the expected results in each process. These expected results are essential to the implementation method because each result or output of a process is the basis or input of the next process. In order to go on to the diagnosis (DX), it is necessary to obtain a result from the pre-diagnosis (PDX) process. The result of the diagnosis process (DX) is the basis for establishing the desired future (DF), and so on. Figure 10 is a summary of the CSM with its elements, connections and implementation method.

Conversational structure model (**CSM**)	Elements: *concepts, terms and principles the CSM consists of*	Observer: *human being operating in language*
		Organizational system: *observed unity that has organization and structure*
		Language: *languaging plus emotioning equal conversation*
		Culture: *network of conversations*
		Conversational structure: *the structure as conversations*
	Connections: *components interaction*	Change: *infusion of new energy to improve, develop or transform the system*
		Organizational behavior: *static or dynamic relations between observers*
	Implementation method (**IM**): *essential moves, tools and actors to carry out the CSM*	Pre-diagnosis (**PDX**): *conditions and top management commitment to change*
		Diagnosis (**DX**): *definition of the current state of the system*
		Establishing the desire future (**DF**): *envision of the desired future of the system*
		Developing the intervention strategy (**DIS**): *design of the intervention*
		Intervention (**INT**): *performance of the intervention or simply intervention*
		Diagnosis posterior to intervention (**DXPI**): *definition of the new current state*
		Results and processes evaluation (**RPE**): *global and final assessment*

Figure 10. Dimensions and components of the conversational structure model

In Appendix A, [176] the *processes* (which, in turn, include operations and activities), the *tools* for each process (operation or activity) and the *expected results* are fully detailed. The set of these descriptions constitutes the **manual** of the implementation method (IM) of an organizational intervention program based on the conversational structure model (CSM). From now on, I will use the acronym IMCSM when referring to the implementation method.

Here, a general remark is appropriate. All improvement strategies have elements, connections and an implementation method. The substantial difference between other managerial models and the proposed paradigm is the primary emphasis on the active role observers play in defining the improvement strategy by themselves based on a diagnosis of the situation made also by themselves.

I have delineated the conceptual framework to carry out an intervention program based on the conversational structure model. First, I defined the elements. Then, I discussed the connections between these elements in terms of change and organizational behavior. Finally, I presented the implementation method to intervene an organization. What this study intends is to find out to what extent the conversational structure model works and is consistent with the theoretical assumptions it is based on. From this perspective, I discuss next the purposes and hypothesis of the research.

3.4 STUDY PURPOSES

The goal of this research is to describe and demonstrate the theory and practice of the conversational structure as an efficient strategy for organizational change and development in order to increase the probability of organizational effectiveness and survival. The focus is on developing and probing a change paradigm, not only on implementing it and proving that a change has occurred as a result of its implementation. From this broad and global purpose, three general objectives are considered. For each of the three general objectives, specific objectives are presented.

3.4.1 OBJECTIVE 1

The first general objective consists in investigating how one can design, implement and evaluate a conversational structure as a strategy for changing and improving an organizational system. This general objective includes the following specific objectives:

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[176] Appendix A is included, with other appendixes, in a separate volume that I label Part II

- To determine the current state of the organizational system as a departure point.

- To determine the desired future of the organizational system as an arrival point.

- To design the conversational structure strategy for changing an organizational system from its current state to a desired future.

- To implement the conversational structure strategy for changing an organizational system from its current state to a desired future.

- To evaluate the conversational structure strategy for changing an organizational system from its current state to a desired future.

3.4.2 OBJECTIVE 2

The second objective consists in showing that the development of a conversational structure will change an organization from its present situation to a desired future. This general objective includes the following specific objectives:

- To determine that the organizational system has changed from a present situation to a desired future in terms of the observations of the participants in the implementation of the conversational structure paradigm.

- To determine that the organizational system has changed from a present situation to a desired future in terms of specific performance indicators set by the participants in the implementation of the conversational structure.

3.4.3 OBJECTIVE 3

The third objective consists in showing that the use of the theory and practice of the conversational structure will set the foundations for a model or paradigm for organizational change and development. This general objective includes the following specific objectives:

- To validate the conceptual framework of the conversational structure strategy for changing an organization system from its current state to a desired future.

- To validate the elements and the connections between them of the conversational structure model.

- To validate the implementation method for carrying out the conversational structure.

The first general objective purports primarily to show that a conversational structure can be

developed as a strategy for changing an organizational system. The emphasis is on investigating the *development* (design, implementation and evaluation) of the conversational structure. In this objective, I intend to answer questions like how the participants are chosen, what is the role of top management, what strategy was developed to cope with change and what type of conversations and relations developed. The results of this objective will be presented primarily in a descriptive way.

In the second general objective, I intend to show that the organizational change, if any, is due to the development of the conversational structure. In this objective, the emphasis is on the *change* that the development of the conversational structure does or does not induce in the organizational system. In this objective, I intend to answer questions like whether the change did or did not occur, what type of change, if any, took place and how the change is observed. In order to accomplish this purpose, I will formulate a hypothesis to see, from a quantitative and qualitative point of view, whether the organizational system changed or not from the current state to the desired future.

It should be noted immediately that the criteria and standards to assess the results of this research are internal. Constituent observers set the results they want to obtain based on the establishment of an initial diagnosis. The same constituent observers will assess whether or not the desired outcomes were reached; they will do this assessment based in a second diagnosis carried out after the intervention. Consequently, the evaluation will consist in contrasting the two diagnosed situations, the initial and the final one. It is a question of relating a set of criteria and standards in two different moments, before and after the implementation of the conversational structure strategy.

Consequently, the very same participant subjects who were responsible for its design and implementation will judge the effectiveness of the process of change. However, it does not mean that there are not objective criteria and standards. The only difference will be that the same subjects will set these criteria and standards. Later in this chapter, the nature of these criteria and standard will be explained.

Finally, in the third general objective, I intend to lay down the foundations for a different and efficient paradigm of organizational change and improvement. In this objective, the emphasis is on the *conceptual elements* that do or do not contribute to or intervene in the development of the conversational structure and in the results obtained in terms of the organizational system change. In this objective, I intend to answers questions related to the need of

introducing, eliminating or reformulating some of the concepts of the conversational structure. This purpose refers to a conceptual *analysis* of the sufficiency and consistency of the concepts, principles or procedures used in the conversational structure paradigm.

These three objectives coincide with the three dimensions of the conceptual framework. The first objective refers to the implementation method. The second objective refers to the change and organizational behavior of the participants and, finally, the third objective refers to the conceptual elements of the conversational structure model.

In the presentation of the objectives, the order is reverse to the order of the dimensions of the conceptual framework. It could not be different. From a *theoretical* view, first one determines an idea or state the model (the concepts and principles the conversational structure is made of). Then, one defines the purpose of the idea or model (the explanation of change and organizational behavior). Finally, one explains the way the idea or model is carried out (the implementation method). From the *practical* view, first you carry out or implement the model. Then one sees whether the purpose, that is, the change did or did not occur. Finally, one analyses how the idea or model was implemented and how the change did or did not occur, and why so.

3.4.4 HYPOTHESIS

The major assumption that underlies any organization development strategy is that an organizational system (company, enterprise or firm) can be moved from its actual condition to different or better one. In this sense, an essential aspect of this study is to see whether the conversational structure paradigm fosters a change in the organizational system, moving it from its actual situation to desired future. Consequently, from this perspective, the formulation of a hypothesis is relevant in order to reach the second objective of this study. The first and third objectives do not ask for hypothesis; they require primarily descriptive and analytical tools, respectively. This situation will be further explained in Chapter 4.

Therefore, in terms of the second objective, a conceptual hypothesis could be stated as follows:

A change in the conversational structure changes an organizational system from its current state to its desired future.

This conceptual hypothesis could be further specified and restated as a working hypothesis as follows:

The results of a diagnosis for determining the situation of an organizational system will be different when applied before and after the implementation of a change in the conversational structure.

In this hypothesis, the independent variable is the conversational structure and the dependent variable is the organization present and future state in terms of the results of a diagnostic tool that determines a current situation and desired future. These variables will be defined operationally once the diagnostic tool and the conceptual framework of the desired future are developed. It should be noted that the conversational structure model postulates that observers, as constituents, are the ones who define and determine the criteria to assess the change from the present situation to the desired future of the organization.

Even if non yet in an operational and definite way, I can still further specify the variables of the hypothesis in a general way. The question to be answered is how do I know that the current state has changed to a desired future.

As I established previously (see Figure 7), what people can observe are relations among observers; these two dimensions are the focus of the model. These relations emerge directly from the conversational structure that is a consequence of four independent factors. These factors are the following:

- The set of previous declarations of the top management.

- The way observers interact.

- The way observers observe.

- The history of the organizational system.

The set of previous declarations of the top management, the way observers observe and interact, and the history of the organizational system determine the conversational structure, which can be observed through the analysis of the relations among constituents and coadjutants. This is tantamount to say that one can determine the actual situation of the organizational system in the *actual* conversational structure.

More precisely, the current state of the organizational system and the desired future of it can be measured in relation to one major concept or variable. This variable is organizational system *performance*.

To have a better understanding of organizational change, one needs to look at it as a whole, as

a totality. A way to look at the organizational system as a whole or totality is observing its performance as defined by some indicators. The nature of these indicators depends on the performance aspect or dimension one wants to observe. Consequently, as in the case of the being attributes, these indicators can not be determined beforehand; these performance indicators are set by the very same constituents of the organizational system.

These performance indicators could range from profits, client and job satisfaction to international competitiveness, company's growth or the impact that the organization's environment has in the individuals who work in the organization.

Whatever the performance indicators, these must be clearly stated and defined. For instance, the impact of organizational system on individual can be measured in two different ways. The first, at the individual level, consists in measuring the most common different physical pathologies that are present in the people. The second refers to the use of global indicators like turnover, sick leaves, and unjustified leaves. Another performance indicator could be profit. If this is the case, it should be defined quantitatively to see whether there is a change or not.

From this point of view, the general hypothesis can be further determined into a more specific hypothesis than can be stated as follows:

The performance indicators of the organizational system current state will be different from the performance indicators of the same organizational system after implementing the conversational structure strategy. Or more specific:

The current state of the organizational system, as defined by a set of performance indicators, will be different from the desired future of the organizational system as defined by the same set of performance indicators, after implementing the conversational structure strategy.

Performance indicators may emphasize a more objective measurement, but it depends on the nature of the selected performance indicators. It should be noted again that the performance indicators would be those constituent observers chose.

The general hypothesis states that implementing a conversational structure can change an organizational system from its current state to a desired future. In order to see this change, I need to define the current state and the state at a given point in time. The current sate and the desired future are defined in terms of one dimension that, in turn, becomes a specific hypothesis.

From a research view, I consider that this approach can account for testing the changes in the organizational system after implementing the conversational structure strategy. However, it should be noted that this aspect is intended to form part of the conversational structure itself. In other words, determining the change is an inherent process of the conversational structure paradigm itself.

I intend to probe a different improvement and change paradigm, but at the same time, I purport to prove that it works. From this view, I will describe what the strategy is and how it works (first objective) and I will analyze how it worked (third objective). In addition, I intend to show that it works by means of testing a hypothesis (second objective). In short, I will implement the conversational structure paradigm, see whether a change was or was not produced, and explain the intervening factors in producing the change.

4. RESEARCH ON CONVERSATIONAL STRUCTURE

I aim at improving an organizational system by means of implementing a conversational structure and, from this action, lay down the foundations for a different paradigm of organizational change. From this point of view, in the broadest sense, I am dealing with an intervention program to take an organizational system from a given situation to a different one. In the third chapter, I outlined the major components of the conversational structure paradigm to reach this goal. Now, I am going to present the *specifics* about the intervention program as guided by the conversational structure elements. I am going to discuss the way I will proceed in this study, that is, I am presenting the research methodology.

The chapter consists of five sections. In the first, I deal with the *subject* of research or unit of analysis. In the second, I explain *the form and method* of research I am using in the study. In the third section, the steps for implementing the *intervention program* are presented. In the forth, I discuss the instruments and procedures for *data collection*. Finally, in the fifth section, I describe what types of data analysis will be carried out, including the procedures for processing and analyzing the data.

4.1 RESEARCH SUBJECT

The first step in developing the study is to select the organizational systems where the proposed paradigm is going to be applied. For this application, I will use four different organizations; in every one of them, the model will be applied to different organizational dimensions. Th first two cases are applications with limited scope. The third one is an application that was planned to follow the complete process even that this application is done only at the top-level management. Finally, the last case is a complete application of the conversation structure that summarizes applications of previous versions of the model as well as the application that is currently under way.

- The first case (SJ Hospital) is an application of the model in an organizational system I had the opportunity to hold the CEO position. This experience was published[177] and

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[177] Loyola, R. (1989). Análisis de una experiencia de mejoramiento: el caso del hospital San José de Monterrey, S. A. de C. V. *Primer Congreso Internacional de Calidad*: Monterrey, N. L., México.

the application will consist in a current interpretation of that experience under the proposed paradigm.

- The second case (PO Firm) is based in a consulting experience the author had in a Polish company. This experience is documented in a confidential report to that company; consequently, the name and main characteristics of that enterprise were changed to guaranty confidentiality. This case is limited to the diagnosis process.

- The third case (TD Company) is a summary of different applications of preliminary versions of the model applied in a large automotive manufacturing company. I base the application on consulting processes developed in the last two years, mainly with the top management group. In this case, I intend to show the complete process in a top management group. This case is the longest and most important from the perspective of developing the conversational structure paradigm. In this instance, I intend to carry out all and each of the elements of the conversational structure.

- Finally, the forth case (IQ University) is based in the author's experience as President for a university campus for the last 10 years. This case will summarize applications of previous versions of the model as well as an application that is currently under way. I consider this case to be the product of both theorizing and practicing the conversational structure model. However, it should be remarked that the central case of this research is the application of the conversational structure strategy in the manufacturing automotive company. In the third case, the structure conversational is primarily probed and examined. In the forth case, this paradigm is revised and refined. Using this research scheme provides the author the opportunity to follow a continuous improvement process to both the model and the method of implementation of the conversational structure strategy.

The rationale to select these four cases is to try the implementation model at different levels and from different perspectives.

In the first case, the model will be applied retrospectively and the purpose is to see whether an intended and successful organizational change can be interpreted in terms of the conversational structure strategy. Other objective of this case is to validate the major components of the model (observers, organization, conversations and relations).

The second case, even if limited in scope, is an intensive experience in which, by means of a diagnosis, all the essential components that intervene in the conversational structure strategy

were used. The purpose of this case was to validate the already determined main elements of the model: vision, top management involvement, conversations, relations, distinctions and assumptions. It should be remembered that all these elements are present in each of the seven processes or stages of the conversational structure approach (see Section 3.3, particularly Figure 8 and Figure 9).

The third case will be discussed both retrospectively and currently. This experience focuses mainly on contrasting previous versions of the model with the systematic development that has been done in this research. The purpose is to validate in a structured way all the elements of the conversational structure strategy.

The basic assumption to conduct the first three cases is to assess and validate progressively the components of the conversational structure strategy. At this point, I will consider that the model would sufficiently tested and validated to advance to its complete and full application, the fourth case. Here, the purpose is twofold. On the one hand, I intend to integrate all previous experiences of the three first cases. On the other, I intend to see the complete operation of the implementation method of the model and assess the obtained results. Figure 11 is a graphic representation of the relation among the four application cases and between them and the conversational structure paradigm. In Figure 12, I expand this relation to the three objectives of the study.
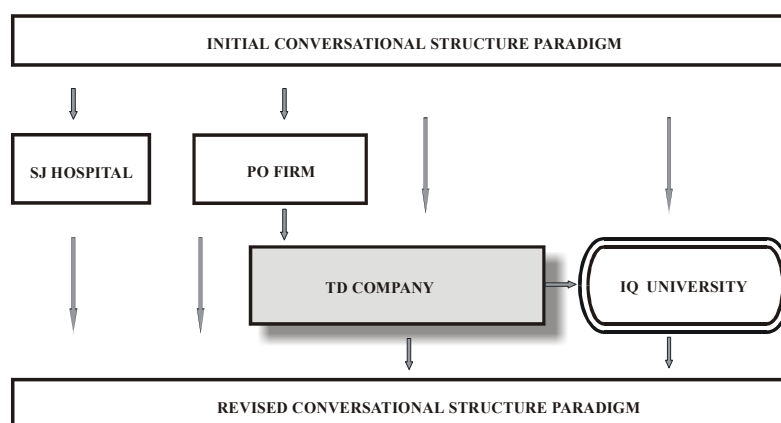
Figure 11. Relation between cases, conversational structure and objectives of the study.

In Chapter 5 and especially in Appendix B, a more detailed description of each of these organizational systems will be given. In Chapter 5, I will discuss the results of the intervention program for each case. In Appendix B, I fully document each of these four cases.

With these four cases, I consider that the three objectives of the research will be

accomplished. First, I will explore and probe the feasibility and viability of implementing the conversational structure as a strategy for changing an organizational system. Secondly, I will see whether the conversational structure approach contributes or not to organizational change, particularly in terms of the performance indicators, criteria and standards set by the same constituent observers. Finally, I will revise, from all the experiences and observations in the four cases, the conceptual elements of the strategy and set the foundations for the conversational structure as an effective model or paradigm for organizational change and development.

All but PO Firm case contribute to reach the three objectives of this study, even if they do so in different levels. PO Firm case only contributes to objective 1 (the feasibility and viability of implementing the conversational structure model) and to objective 3 (setting the foundations for an organizational change paradigm based on the conversational structure model). It does not contribute to objective 2 (showing that the change occurred because of the conversational structure strategy).

The other three cases contribute to all three objectives, even if with different emphasis. SJ Hospital case has a low contribution to objective 2, because it is a retrospective application of the conversational structure model, and medium to objective 1 and 3. TD Company has a high contribution to all three objectives, even if the emphasis was on objective 2, that is, change. IQ University case has also a high contribution to all three objectives, even if the emphasis is on objective 3, that is, the conceptualization of the conversational structure model. Figure 12 is a summary of the relation between the four cases and the three objectives of the study.
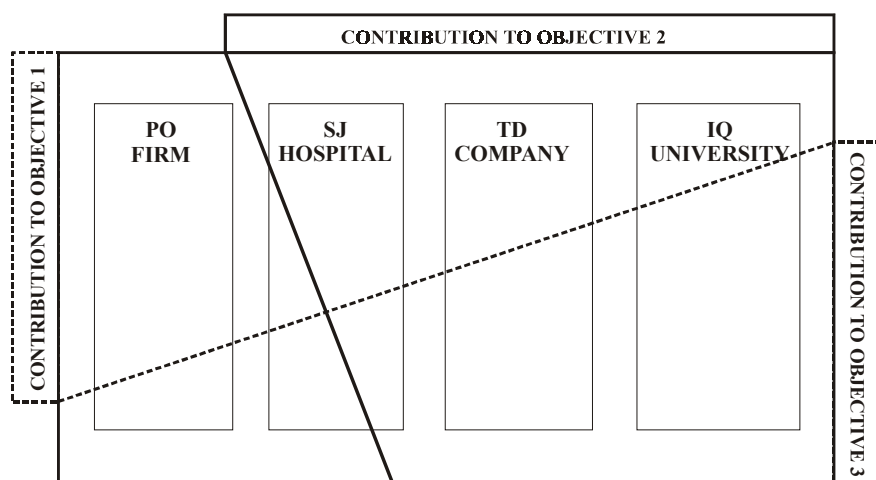

Figure 12. Contribution of the four cases to the three objectives of the study.

4.2 RESEARCH METHODOLOGY

In this section, first I explain the *form* of research I am conducting and I discuss weather it is pure, applied or action oriented. Secondly, I describe the strategy or *method* I am going to use and define the one is considered appropriate whether it is descriptive, explicatory (case study), relational or causal (experiment).

4.2.1 FORM OF RESEARCH

In the field of management research, three major *forms* of research can be identified, according to the *results* that are assumed to come about: pure research, applied research and action research.

- *Pure* research intends to produce theoretical developments with or without any relation to practice. The results of pure research can be a totally new idea or explanation, a new system, a method or technique to deal with specific problems or the reexamination of an existing theory.[178]

- *Applied* research is designed to find the solution to specific problems; a particular form of this research type is the evaluation of a process or the results of a particular course of action.[179]

- *Action* research is meant to lead to change; basic to action research is the aphorism that you cannot understand a system until you try to change it.[180]

The conversational structure, as described in the former chapter, aims at action and change. Therefore, in this study, I intend to conduct a type of action research. Action research comprises a family of research methods: action learning, action science, organizational learning. I lean on and draw from these different approaches, particularly from Argyris,[181] and Argyris and Schon.[182] They can be considered as the front runners of the new approaches to organizational change. The models and conceptualizations developed by them are for the purpose of helping people to be able to make informed choices about the action they design and implement.

The focus of this study is organizational change; from this point of view, this study is a form

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[178] Easterby-Smith, M., Thorpe, R. and Lowe, A. (1991). *Management research: an introduction.* London: Sage. (pp. 6-8).
[179] Easterby-Smith, ibid. (pp. 6-8).
[180] Easterby-Smith, ibid.
[181] Argyris, C., Putnam, R. and McLain Smith, D. (1985). *Action science: concepts, methods, and skills for research and intervention.* San Francisco, CA: Jossey-Bass Inc., Publishers.
[182] Argyris, C. and Schon, D. (1974). *Theory in practice: increasing professional effectiveness.* San Francisco, CA: Jossey Bass.

of action research. However, it must be stated that this study neither follows nor relies on a specific model of action research (learning action, action science…). The conversational structure has its own theory (set of concepts and definitions), its own model, and its own design (procedures or *elements* to implement the conceptual model) which I described in Chapter 3.

Additionally, this research purports to lay down the foundations for a different paradigm of organizational change. From this perspective, this study could be considered in some way a type of pure research. It intends to produce theoretical developments in terms of a new model to deal with change and improvement in organizational systems. It is a new strategy to deal with specific problems.

These two types of research –action and pure or theoretical– are related to the goal of this study and somehow interweave. The developing of the elements of the conversational structure model or paradigm for changing organization precede the actual intervention program for organizational change and development. In turn, the intervention program can lead to restate some of the definitions or elements of the conceptual framework.

In brief, the form of this research is primarily action oriented, but also is a type of pure research in that it intends to lay the foundations for a organizational development model or paradigm.

4.2.2 RESEARCH STRATEGY OR METHOD

The research *form* deals with the type of results that are assumed to merge from the research: a theoretical explanation (pure), a solution to a specific problem (applied) or a change from one condition to another (action research). This study focuses on action research and somehow deals with pure research.

The research strategy or, more commonly and precisely, *method* deals with the nature of information or evidence a research provides. In terms of this kind of information and evidence that a research provides, there is a general agreement in the literature of scientific methodology that there are four types of research which could be broadly described as follows.

- *Descriptive* research is that which purports to portray a phenomenon (behavior, event, object, or situation) factually (as it appears) and accurately. For example, survey

studies, interviews, and ethnographic studies.[183]

- *Explanatory* research is that which intends, in the absence of possible conclusive evidence, to interpret and expound a phenomenon (behavior, event, object, or situation). For example, historical, case, and clinical studies. The major characteristic of these studies is that, in strict sense, they can not be exactly replicated.[184]

- *Correlational* research is that which purports to investigate and determine the extent to which the variation of a phenomenon (behavior, event or situation) corresponds to the variation of another phenomenon. For example, predictive and projective studies, evaluations, and in general any study that involves reliability as the major concern.[185]

- *Causal* research is that which intends to establish and prove that changes in a phenomenon produced by changes in other phenomenon are not due to chance or coincidence of recurrent events. An example could be any kind of experiment that satisfies the criteria of internal and external validity. This type of studies is called true experiments.[186]

These four types of research method – the first two primarily but not exclusively, qualitative and narrative; the two last primarily but not exclusively, quantitative and numeric– provide different types of information and evidence. These four types of research method are not mutually exclusive; somehow, they are complementary. Before trying to explain a phenomenon, one needs to describe it, and before establishing a relationship between events, one needs to explain them.

In this study, I am going to use all these types of research methods but the causal. I am going to observe and *describe* a situation (the implementation of the conversational structure). I will intend to establish a *relation* between the implementation of conversational structure and the change from the current state to the desired future of the organizational system by mean of hypothesis testing. Finally, I purport to analyze and *explain* the different conceptual elements that intervene in the conversational structure design, implementation and evaluation.

Table 2 presents a summary of the forms and strategies of the methodology that are going to be used in this research.

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[183] See, for example, Borg, W.R. and Gall, M.D. (1979). *Educational research,* New York: Longman, and Isaac, S. and Michel, W.B. (1982). *Handbook in Research and Evaluation,* San Diego: edITS Publishers.
[184] Borg and Gall, ibid.
[185] See, for example, Borg, W.R. and Gall, M.D. (1979). *Educational research,* New York: Longman; Isaac, S. and Michel, W.B. (1982). *Handbook in research and evaluation,* San Diego: edITS Publishers; and Kerlinger, F.N. (1973). *Foundations of behavioral research,* New York: Holt, Rinehart and Winston.
[186] Borg and Gall; Isaac and Michel, and Kerlinger, ibid.

Table 2. Research forms and strategies (or methods) used in the study.

Research	Type	Application
Form	Pure	Lay the foundations for an organizational improvement strategy.
	Applied	Not used.
	Action	Change from a current state to a desired future.
Strategies (or methods)	Descriptive	Present the implementation of the conversational structure paradigm in all four cases.
	Explanatory	The conceptual elements of the conversational structure model are analyzed and discussed.
	Correlational	The relation between implementation and the change is discussed.
	Causal	Not used.

The nature of the three research strategies or methods I am going to use coincides with the three objectives I purport to reach. In the first objective, I intend to answer questions like how the participants are chosen, what is the role of top management, what strategy was developed to cope with change and what type of conversations and relations developed. The results of this objective will be presented primarily in a *descriptive* way.

In the second objective, I intend to answer questions like whether the change did or did not occur, what type of change, if any took place and how the change is observed. In order to accomplish this purpose, I will formulate a hypothesis in order to see, from a quantitative and qualitative point of view, whether the organizational system changed or not. To test the hypothesis, if it is the case, I have to use a correlational approach. It should be remember that the criteria and standards to assess the results of this research are internal: Constituent observers set the results they want to obtain based on the establishment of an initial diagnosis.

Finally, in the third general objective, I intend to answers questions related to the need of introducing, eliminating or reformulating some of the concepts of the conversational structure. Consequently, it is a question of analyzing and *explaining* the sufficiency and consistency of the concepts, principles or procedures used in the conversational structure paradigm.

The same way the three objectives coincide with the three dimensions of the conceptual framework, the research methods coincide with the objectives. The first objective refers to the implementation method and a descriptive method is going to be used. The second objective refers to the change and organizational behavior of the participants and a correlational approach may be used. Finally, the third objective refers to the conceptual elements of the conversational structure model, and these conceptual elements will be analyzed and explained.

In Table 3, the relations between dimensions of the conceptual framework, the objectives and the methods of research used are presented. It should be remembered that the order is different in the theoretical and practical realms.

Table 3. Correspondence among conceptual dimensions, objectives and research method

Conceptual dimension	Objective	Method
Elements (observers, conversation...).	Set the foundations for a model for organizational change.	**Explanatory.**
Connections, mainly change.	Determine whether the organizational system has changed or not.	**Correlational (hypothesis testing).**
Implementation methodology.	Investigate the design, implementation and evaluation of the model.	**Descriptive.**

4.3 PROGRAM INTERVENTION

This research purports to show the feasibility of a different organizational change strategy, the effectiveness of this strategy in terms of change and the conceptual consistency and sufficiency of the model. Inhere, the core questions are *how* and *where* the data are going to be obtained. The first question relates to the methods just described which imply observing, hypothesis testing and analyzing, respectively.

The second question relates to the very same process of designing, implementing and evaluating the conversational structure strategy. From this point of view, the intervention program is the basic action to reach the research objectives. First I will carry out or implement the conversational structure strategy. Then I will see whether the change did or did not occur. Finally, I will analyze how the different concepts of the model work out and how

the change did or did not occur, and why so.

The intervention program is based on what I label the implementation method of the conversational structure model (IMCSM). This method is formed with seven sequential processes where the result of each is the source of information for the next one. The processes are:

- Pre-diagnosis (PDX)
- Diagnosis (DX)
- Establishing the desired future (DF)
- Developing the intervention strategy (DIS)
- Intervention (INT)
- Diagnosis posterior to intervention process (DXPI)
- Results and processes evaluation (RPE)

Before carrying out the conversational structure development, it is important to perform a first process called previous diagnosis in which a feasibility analysis of the whole method is performed. From this point of view, the pre-diagnosis is not, in strict sense, a part of the improvement strategy, but the initial condition to it.

A process can be understood, in its widest form, as a set of procedures and resources. In the conversational structure paradigm, operations and activities constitute the procedures. The resources are primarily tools that are used to obtain certain results. One may say, briefly, that each **process** of the conversational structure paradigm has *procedures* (operations and actions), it is carried out by means of *resources* (mainly tools, like semi-structured interviews, questionnaires, document analysis) and it aims at some *results*. Figure 13 shows graphically the elements of each one of the processes that constitute the conversational structure paradigm.

	Procedures	Operations, activities, actions
Process	Resources	Tools: Questionnaires, interviews, document analysis...
	Results	Declarations, projects...

Figure13. The elements of the method of implementation.

Appendix A is a full and detailed description of the procedures, the results to be obtained, and

the resources to be used for each of the seven processes that constitute the implementation method of the conversational structure model (IMCSM).

4.4 DATA COLLECTION

In order to accomplish the three major objectives of the study, I need to collect three different types of data, one type for each of the objectives and, consequently, for each form or method of research (descriptive, relational and explanatory). Next, I will explain these three types of data and the way they are going to be collected.

For collecting these data, several instruments were developed, as described in the IMCSM manual (Appendix A). It should be noted immediately that most of these tools are inherent to the conversational structure itself. The primary purpose of these instruments is to implement the conversational structure. However, at the same time, they provide relevant information to draw conclusions upon the research and reach its purposes.

Additionally, it should be noted that the instruments are not necessarily neither standardized nor fixed or unique. Most of them are flexible, like guidelines, which implies that they can expand and diversify in such a way that different "instruments", more specific ones, can evolve within the working sessions of each process. If this is the case, these different instruments will be described in the account of the implementation of the conversational structure model.

4.4.1 DESCRIPTIVE DATA

The first objective refers to the implementation of the conversational structure. With it, I purport primarily to show that a conversational structure can be developed as a strategy for changing an organizational system. What I intend to do is exhibit and display how each of the seven steps or processes of the method of implementation is initiated, developed and concluded.

In this objective, I purport to answer questions like who are the constituent observers of this organizational system, how the participants are chosen, what was the role of top management and what type of conversations and relations developed. It also will be relevant to find out which one is the present situation, how the desired future was determined, and what strategy was developed to cope with change. Similarly, it will be pertinent and to the point discuss what performance criteria were selected, which change or improvement, if any, was

implemented and how constituent observers evaluated the process.

In Appendix A, the method of implementing the conversational structure model, the sources of these data and instruments for collecting them are fully described. They consist primarily of official documentation (mission, norms, by laws, manuals), archival records (memos, letters, agenda, lists of clients, purchase and sale registers), questionnaires, interviews (mostly open-ended and semi-structured), and notes taken by observers or by participants themselves.

4.4.2 RELATIONAL DATA

In the second general objective, I intend to show that the organizational change, if any, is due to the conversational structure. In this objective, the emphasis is on the *change* that the development of the conversational structure does or does not induce in the organizational system.

In this objective, I intend to answer one major question and it is whether the change did or did not occur. In order to accomplish this purpose, I formulated a hypothesis to see, from a quantitative and/or qualitative point of view, whether the organizational system changed or not from the current state to the desired future.

For this hypothesis, the dependent variable is the current state and the desired future of the organizational system, as defined by a set of performance indicators. The independent variable is the implementation of the conversational structure strategy. In order to determine whether a change occurred in the organizational system, and in this way to prove the hypothesis, one needs to describe the initial (current) state of that organization and its final (future) state. This will be done by means of performance indicators.

The performance indicators that will describe the current state and desired future of the organizational system will be set by the constituent participants themselves. Consequently, the nature of these criteria and standards to assess the change will vary, depending on the type of organization, the nature of the intended change and the vision of constituent observers. Constituent observers set the results they want to obtain based on the establishment of an initial diagnosis. The same constituent observers will assess whether or not the desired outcomes were reached; they will do this assessment based in a second diagnosis carried out after the intervention.

The nature of the indicators chosen by constituent observers depends on the performance aspect or dimension they want to observe. Consequently, these indicators can not be

determined beforehand; these performance indicators are set by the very same constituents of the organizational system in the moment they are designing the conversational structure strategy.

These performance indicators can range from organizational profits, system efficiency, client satisfaction, international competitiveness, leaning of the firm, and company's growth to the organization's impact on environment, job satisfaction, participants' emotions or observers' being. The indicators, depending on the criteria selected, can be general or very specific. They could be defined in terms of perceptions or metaphors, for instance. Or they could be expressed in terms of common different physical pathologies, turnover, sick leaves, and unjustified absenteeism, or in terms of exact measures like expenditures, marginal gains, sales volume or pieces produced.

From this perspective, the sources of the data and the instruments for collecting them may vary according to the kind of criteria and indicators selected. In general, one can refer to two types of data: subjective and objective. The first one refers to individual perceptions, feeling or emotions about themselves or the company, like metaphors, descriptions of themselves or feelings participant observers have. In this case, the indicators will be mostly qualitative, the source will be the very same participants and the instruments will be primarily personal accounts, questionnaires or interviews.

The second type of data (objective) refers to indicators that can be measured either in a discrete or continuous way. In this case, the indicators will be mostly quantitative, and the source will be either existing records or files, written evidence, accounts of events or data collected specifically for purposes of identifying the desired change. The instruments will vary, according to the selected indicators and their categories or dimensions.

In each of the four cases that define the subject of this research, participant observers may determine different performance indicators. The basic issue here is that performance indicators, as the dependent variable in the hypothesis, should be homogenous, useful and mutual exclusive. It means that each indicator serves to the research purpose, provides a meaningful dimension to the variable under study and one observation can be classified into one and only one category.

If the performance indicators are determined to be mainly perceptions by observers, I will use interviews. In general, these interviews will be conducted by two observers in order to get a more accurate and complete data. In this regard, I follow Eisenhardt approach. One observer

will handle the interview questions while the other will record notes and observations. In that way, "the interviewer has the perspective of personal interaction with the informant, while the note taker retains a different, more distant view." [187]

4.4.3 EXPLANATORY DATA

Finally, in the third general objective, I intend to lay down the foundations for a different and efficient paradigm of organizational change and improvement. In this objective, the emphasis is on the conceptual elements that do or do not contribute to or intervene in the development of the conversational structure and in the results obtained in terms of the organizational system change. What I intend to answer are questions related to the need of introducing, eliminating or reformulating some of the concepts of the conversational structure.

The data I am looking do not relate to the participants in the process of change, to the indicators that describe the actual or future state of the organization nor to the intervention program participants chose to introduce the change. They refer to the basic concepts of the conversational structure. In other words, I am not dealing with the method of implementation, but with the model itself. I am not working on the seven processes with their procedures, resources and results, but on the basic components of the conversational structure paradigm.

From this view, the data I am looking for refer to concepts and dimensions like observer, constituent, organization, structure, languaging, emotioning and conversation. By the same token, I will look relevant information on the ideas of interaction, relation, environment, culture, change, conversational structure and subordinated terms like nature, theme, purpose, result, attributes and function in a conversation. What I intend to see is whether the concepts and elements of the model are or are not sufficient and consistent.

Consequently, the sources for the data needed to analyze the conceptual elements are the same as in the first objective, that is, documentation, archival records, interviews, questionnaires and observations by observers or participants. However, the focus of these sources will not be on the design, implementation and evaluation of the conversational structure. It will be on the concepts, principles and elements of the model. Additionally, I will use some other strategies like coding, memoing and integrative diagrams or maps. [188]

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[187] Eisenhardt, K. M (1989). Building theories from case study research. *Academy of Management Review,* Vol. 14, No. 4, 532-550.

[188] These strategies are used mostly in researches that are based on grounded theory. See Glaser, B. and Strauss, A. (1967). *The Discovery of grounded theory: strategies for qualitative research*. Chicago: Aldine.

4.5 DATA ANALYSIS

In this section, I present the analytic tools that should be followed in evaluating the different data gathered in the course of implementing the conversational structure paradigm. These analytical tools are closely related to the types of information that, in turn, depend on the research approach: descriptive, relational and explanatory. I will discuss briefly each of these analytical approaches.

4.5.1 DESCRIPTIVE DATA ANALYSIS

In terms of the first objective, to show that a conversational structure can be developed as a strategy for changing an organizational system, I will present the facts and characteristics for each of the four cases.

In this stage, I am not yet looking to test a hypothesis, make predictions or explain relationships. My intent is to explore possibilities, identify problems, explain practices, and make some inferences on the conditions in order to benefit from the experiences in future applications of the model. From this view, my major concern is to describe systematically each case in the most factual and accurate way possible, and to show that a conversational structure can be designed, implemented and evaluated.

4.5.2 RELATIONAL DATA ANALYSIS

I intend to show that the organizational change, if any, is due to the development of the conversational structure. For this purpose –the second objective–, I developed the following hypothesis:

The current state of the organizational system, as defined by a set of performance indicators, will be different from the desired future of the organizational system as defined by a the same set of performance indicators, after implementing the conversational structure strategy.

What I need to do is to show that the change in terms of performance indicators occurred after the conversational structure implementation. The study is investigating the relationship between the implementation of the conversational structure and the variation of certain performance indicators. It is convenient to remember again that these indicators are set by the same participant in the study. Therefore, the study is not as rigorous as the experimental approach in that it exercises less control on the independent variable. My intent is just to show that the variation in a conversational structure corresponds to the variation in the

performance indicators.

If the performance indicators allow a robust analysis, then I will use correlational coefficients, depending on the type of data. For instance, I may use the product-moment correlation (Pearson r) or a cross-break analysis. Given the case, I will present whatever statistical tools I may use for testing the hypothesis either in the body of the study or in an appendix.

If the data are not suitable enough to apply rigorous correlational coefficients, then I will look for relational patterns more conventional or arbitrary. A final remark. I am looking to establish a certain degree of relation rather than an all or nothing situation, which is more adequate for experimental designs.

4.5.3 EXPLANATORY DATA ANALYSIS

I intend to lay down the foundations for a different and efficient paradigm of organizational change and improvement. In this objective, the emphasis is on the *conceptual elements* that do or do not contribute to or intervene in the development of the conversational structure. What I intend is to answer questions related to the need of introducing, eliminating or reformulating some of the concepts of the conversational structure. I am dealing with a conceptual *analysis* of the sufficiency and consistency of the concepts, principles or procedures used in the conversational structure paradigm.

In general, the analysis will rely on the theoretical and conceptual propositions and will consist mainly in comparing the concepts proposed in the theoretical model and actual patterns developed in practice. In some way, I am dealing with an explanation building approach in which, by means of an iterative process that begins with a conceptual model, revises it, refines it and reformulates one or more elements of the conceptual model. One could say that this process is permanent and can be repeated from the beginning as many times as desired.

In strict sense, I am not using a specific and determined analytical method to revise and refine the conversational structure model. However, to some extent, I am leaning upon the pattern matching approach[189] whose basic goal is to link the world of ideas with the world of facts, the theoretical realm with the observational realm.

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[189] Trochim, W. (1999). Pattern marching for construct validity. *Research methods knowledge base.* Center for Social Reserch Methods. http://trochim.human.cornell.edu/kb/pmconval.htm. (13-04-01).

In each realm, there are two processes or dimensions, which somehow mirror until they match. In the theoretical realm, a theory (set of ideas, principles) originates. Then, this theory is conceptualized, that is, is translated into a specific *theoretical pattern*. In the observational realm, there are observations (data, measures, field notes, impressions, and responses to questionnaires or interviews). Then, these data or observations are organized into a structured *observational pattern*. Conceptualizing takes the theory into a theoretical pattern. Organizing takes the observations into an observational pattern.

Once the two patterns (the theoretical and the observational) are determined, an inferential task is carried out. This task consists in linking, relating or *matching* the theoretical pattern with the observational pattern. To the extent that both patterns match, one can conclude about the soundness of the theory as supported by observations.

This study can be view from the pattern matching perspective. I have delineated a theory and conceptualized it into theoretical patterns (conceptual framework or model). I have made observations in the implementation of the model and I intend to organize the data into observational patterns. Finally, I will match both patterns –the conceptual framework and the results of each one of the four cases– to see whether the model is or is not conceptually and theoretically consistent and sufficient.

I take from the matching pattern approach the basic assumptions and general strategy. If the theoretical and observational patterns do not match, either the concepts may be inconsistent or insufficient, or observations may be inadequate or inappropriate. In the first situation, I have to revise the concepts of the conversational structure model. In the second situation, I have to revise the application of the concepts. My major concern is yielding the greater validity for the conversational structure paradigm. However, refining the conversational structure strategy is an ongoing process; each case can contribute to revise it.

In the intent to find consistency and sufficiency for the conceptual elements of the conversational structure model, I also use in a broad and general way some of the ideas and techniques of Glaser's and Strauss'[190] grounded theory. With them, I firmly believe that the theory needs to be grounded or rooted in observation.

A major assumption in grounded theory is that research is a complex iterative process. One begins with some basic concepts, which are not intended to be either static or confining. As the model is being implemented, one gathers data and develops tentative and provisional

linkages between the concepts and the data. Each new observation leads to new linkages that lead to revisions in the concepts and more data collection, and so on. This process could continue indefinitely, but the researcher has to decide to put an end. Usually this is done when the researchers consider to have some core and basic concepts, principles or categories consistent and sufficient to explain the phenomenon under study, when they consider to have a conceptual framework, but grounded.

From a theoretical and practical view, I purport to show the conversational structure as an efficient strategy for organizational change and development. Consequently, this research is primarily action oriented, but also includes some of the assumptions of pure research.

In order to reach the general purpose, I will implement the conversational structure in four organizational systems. First, I intend to probe its operation, to see whether a change is produced or not, and to validate its conceptual components. In order to reach these three specific objectives, I will use three types of research methods: observational, correlational and explanatory.

With the observational approach, I intend to obtain data that show how the conversational structure works, the way participants behave and relate, the different conversations that develop and the results obtained from the implementation of the conversational structure model. The data will be collected primarily from documents and the same participants in each of the four cases; their analysis will be mainly descriptive.

With the correlational method, I intend to obtain data that show that the implementation of the conversational structure produced a change in the organizational system. In this situation, the collection of the data will focus on the performance indicators set by the same participants in each of the four cases. The correlational analysis of the data will depend of the characteristics of the performance indicators established by the participant observers.

Finally, with the explanatory approach, I intend to obtain data to validate the theoretical and conceptual dimension of the conversational structure. The major characteristic of the approach is that it is an ongoing and continuous process, from observations to concepts and from concepts to observations. From this view, the data are primarily descriptive, as in the observational approach, but their analysis is more oriented towards explanation building.

In the next chapter, I will deal with the introduction of the conversational structure in each

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[190] Glaser, B. and Strauss, A. (1967). *The Discovery of grounded theory: strategies for qualitative research*. Chicago: Aldine. And more recently, Strauss, A and Corbin, J. (1997). *Grounded theory in practice.* Thousands Oaks, CA: SAGE.

one of the four organizational systems. First, I will describe the results of the development (design, implementation and evaluation) of the conversational structure strategy. Then, I will present the evidence of the change, if any. Finally, I will show the level of consistency and sufficiency of the major concepts in the conversational structure model.

Consequently, the chapter will be divided in *four* sections, one for each case. In turn, each section will have three divisions. The first will deal with the results of the observation. The second will cope with the relation between the performance indicators. The last one will attend to the explanatory analysis of the conversational structure concepts.

5. PRESENTATION OF DATA

The purpose of this study is to improve an organizational system by means of implementing a conversational structure and, from this action, lay down the foundations for a different paradigm of organizational change. However, the focus is on developing and probing a change paradigm, not only on implementing it and proving that a change has occurred as a result of its implementation. From this broad and global purpose, three general objectives have been formulated.

The first objective consists in investigating how one can design, implement and evaluate a conversational structure as a strategy for changing and improving an organizational system from its current state to a desired future. In this objective, the emphasis is on discussing how the current state and the desired future of an organization are determined, and how the strategy for this change is designed, implemented and evaluated.

The second objective consists in showing that the development of a conversational structure will change an organization from its present situation to a desired future. This objective refers directly to gather evidence about the fact that the organizational system has changed according to the observations of the participants and according to certain performance indicators set by the participants themselves.

Finally, the third objective consists in showing that the use of the theory and practice of the conversational structure sets the foundations for a model or paradigm for organizational change and development. Essentially, what I intend is to validate and enhance the conversational structure in terms of its elements, their connections between them and its implementation method.

For the first objective –to show that a conversational structure can be developed as a strategy for changing an organizational system– an observational method was considered convenient. The intended results are a description of the development of the conversational structure.

Concerning this objective, I present data about how the conversational structure initiated, which members of the organization participated and what was the role of top management. Likewise, I discuss the establishment of the actual state and desired future of the

organization, the strategy that was developed to cope with change and the type of conversations and relations developed. My focus will be on describing the procedures, tools and results for the seven processes of the implementation method of the conversational structure model.

For the second objective –showing that the organizational change is due to the development of the conversational structure–, a correlational approach was proposed. The anticipated result is the evidence of a change and, given the case, the acceptance or rejection of the relevant hypothesis in terms of the observations of the participants and some performance indicators established by them.

Concerning this objective, I intend to present evidence about whether the organizational system did or did not change, and about which direction the change occurred in. By change, I mean any transformation, improvement, development, revitalization or any other concept that deals with the infusion of new energy, vitality or strength into the organizational system.[191]. Inhere, I will pay particular attention to changes in the observations of the participants and in the performance indicators set by the participants in order to test the proposed hypotheses.

Finally, for the third objective – to lay down the foundations for a different and efficient paradigm of organizational change and improvement–, a loose pattern matching approach is proposed. The expected result is a discussion of the relevance, soundness and suitability of the major concepts used in the conversational structure model.

In respect of this final objective, I intend revise the conversational structure model by analyzing the consistency and sufficiency of its concepts, principles or procedures. Hereof, the emphasis will be on observing the behavior of the major concepts and principles of the conversational structure model in order to determine whether there is a need to add, reformulate or eliminate some of them. Terms like observer, language, structure, organization, conversation, relations and culture are discussed. Moreover, when relevant, some subcategories like constituent or coadjutant for observer, and theme, purpose or functions for conversations are analyzed too.

From this point of view, the research focuses on three aspects: the implementation of the strategy to reach the change, the change itself and the role the different concepts of the conversational structure play in the change. Consequently, the presentation of the data will follow the same order:

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[191] Griffin, R. W. (1990). *Management*. Houghton Mifflin Company: Boston, pp. 389-431.

- First, I will present the data obtained in the different processes and results of the implementation method, from the pre–diagnosis to the evaluation of the change.

- Then I will present evidence about the change in the organizational system.

- Finally, I will examine the behavior and demeaning of the major conceptual elements of the conversational structure.

The data presented correspond to four organizational systems where the model was applied. It should be noted that the application of the conversational structure varies in scope. The first case is a compendious recount of different applications of preliminary versions of the model implemented in a large manufacturing company. The second case is a current interpretation under the conversational structure paradigm of a past change process. The third case is limited to the diagnosis step. Finally, the fourth case consists in different applications of previous versions of the model as well as an application that is currently under way. This will be the order in which I will present the data.

To summarize, I discuss four cases: TD Company (primary and early versions of the model), SJ Hospital (retrospective study), PO Firm (diagnosis study), and IQ University (derived and current version of the model). For each case, I present data related to the implementation method, to the connections (change and organizational behavior) of the model and to the elements of the conversational structure (observers, organizational system, and language...).

Consequently, the chapter will be divided in *four* sections, one for each case. In turn, each section will have three divisions: observational, correlational and explanatory data. The first will deal with the results of the observation. The second will cope with the relation between the performance indicators. The last one will attend to the explanatory analysis of the conversational structure concepts.[192]

Before presenting the data, two issues should be addressed concerning the cases: the reason for selecting these four cases and the order of their presentation.

In this study, TD Company is the central case. In strict sense, this case should be sufficient to conduct the study and reach both the general purpose and the three specific objectives. However, as the TD Company case evolved, it was considered that the conceptual framework of the model –elements, connections and implementation method– could be further enhanced if it could be tested *retrospectively* and *in a different setting*. By doing so, I was responding to

the very same dynamic nature of the conversational structure model. This is the reason that the SJ Hospital and PO Firm cases were also included in the study. It was considered that the two cases could greatly contribute to broaden the view of the model and enhance the reaching of the research purposes.

The reason to add the fourth case –IQ University– was the same as the motive to include SJ Hospital and PO Firm, that is, to enhance the feasibility and validity of the model. The more data available, the better information could be processed and obtained. However, this case added an aggregated value. After the development of the three cases, I considered that the model was sufficiently tested and validated to advance to an application in other type of organizational system. By doing so, I could integrate all previous experiences of the three first cases and carry out a complete second implementation to further revise and refine all three dimensions of the model: elements, connections and method of implementation.

TD Company is the axial case and it showed primarily the feasibility and viability of the model. Upon it, the retrospective application of the model to SJ Hospital built up clearer understanding of some terms and principles up to then just enunciated. PO Firm case, by being developed, one could say, in an extraneous and diverse setting to the one where the other cases were developed, provided consistency to the terms and major understanding for the elements of the model. Finally, IQ University major contribution was to focus the implementation method on the essential element of the model, that is, on conversations. Moreover, it also showed the capacity of the model to handle emerging and unexpected situations.

With these four cases, I considered that I could respond to all major concerns of the research in terms of scope and span: The objectives could be sufficiently pursued within a reasonable period.

According to the reason for selecting the four cases and their contribution to the purposes of the research, I will present them in the same order each case was initiated: TD Company, SJ Hospital, PO Firm and IQ University. In Figure 12, I present an overview of the relations between the four prospected cases and the objectives of the study. In Figure 14, I present the order in which the cases will be presented and their contribution to the objectives of the study.

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[192] In this chapter, I only present essential data relevant to the obtained results in terms of the research objectives. For a full description of each case, see Appendix B.
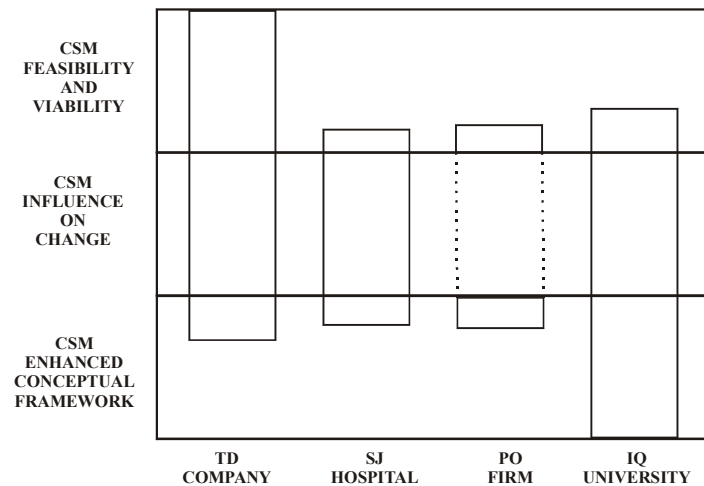
Figure 14. The four cases and their contribution to the three objectives

TD Company contributed to the three objectives, but the emphasis was in the first. SJ Hospital contributed to the three objectives too, but no emphasis was determined. PO Firm contributed to objective 1 an 2, but it was not intended to contribute to objective 2. PO Firm case consisted only of the four first processes, being the last one the development of the intervention strategy, but it was no intervention. Finally, IQ University case contributed as well to the three objectives, but the emphasis was in objective 3, the enhancement of the conversational structure model.

Next, I will present the data for each of the four cases. It should be noted that data presented are only abridged reports of the cases. For a broader version of the data, see Appendix B (Part II) where a more complete report is presented.[193]

5.1 TD COMPANY[194]

TD Company is a large automotive manufacturing company located in Querétaro, Mexico. The company, founded in 1964, is part of a large industrial Mexican consortium. TD Company domestic market' share is 95% and exports its products to more than 150 countries, both directly and indirectly. Its annual sales are above 200 millions US dollars. For its achievements and performance, TD Company has been granted several prizes and awards. Currently, it has been certified under ISO9001/QS9000 and ISO 14001 standards. The

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[193] Moreover, it should be noted that neither the abridged reports nor the extended versions in Appendix B exhaust the information about the cases. Each of the cases is fully documented, but their files and archives are enormous. All this information but the confidential is open for consultation.

[194] I would like to acknowledge the work of Dr. Irma de la Torre who conducted this effort and significantly contributed to the design and follow up of the actions of this process consultation. Her experience in this kind of projects has been invaluable. Also, I thank Ing. Olga Ballín that participated as junior consultant during the second part of this project.

intervention program for change based on the conversational structure model was carried out from May 1998 through December 2000.[195] This application of the model was intended to be complete and detailed.

5.1.1 OBSERVATIONAL DATA

5.1.1.1 PRE-DIAGNOSIS

Pre-diagnosis is the starting and generative point for implementing a conversational structure strategy. Top management commitment is an essential condition to initiate the process. Without it, no further actions can be performed. In TD Company, this process started as a CEO concern about changing from an autocratic to a participative management. In specific terms, the concern seemed to be a corporate requirement to implement a leadership model.

In a second moment, CEO expressed this concern to consultants and ask them to team up with Human Resources department and his staff to manage the whole change process. Initially, four persons constituted the group, two researchers and two people from TD Company. The commitment of TD Company CEO and these four persons responsible for the implementation strategy represented the **organization** –the identity and unity– of a conversation, which evolved and expanded as the needs were being identified in the change process.

In the structure of this initial conversation,[196] the *purpose*[197] was to design an intervention program, which could take care of the basic concern expressed above as a basic clause. The *theme* was a new leadership model, its components, and its main assumptions. The *nature* was intended to be trust between research team and company's officials. The former based this trust on a real commitment to change by firm's directors. The later based it on the competence of the research team. The *attribute* of this initial conversation was an emotional state based on openness, trust, enthusiasm, and eagerness to continue the process. The *function* was to initiate the process of change, which in turn became another conversation.

In this second conversation, the **organization** stood the same.[198] In the structure, the *purpose* was to understand the current situation, find possible ways of working together and prepare a proposal of intervention. The *theme* was the convenience of a joint effort to improve

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[195] The information I provide about TD Company will be scarce for reasons of confidentiality. TD Company is a highly competitive company and data about its management and products is very sensitive. For the same reason, occasionally I changed or adapt some information.
[196] By structure I mean purpose, theme, nature, attributes, function and result of a conversation.
[197] In order to make conspicuous the aspects of the conversation, from now on I use italics for them.

company's performance. The *nature* was mutual understanding. The *attributes* were greater enthusiasm, trust, and eagerness to begin the process because of the possibilities to improve company's performance. The *function* of this second conversation was to lay down the foundations for the intervention process. Next, I describe the *results* of this conversation.

The starting point was the discussion of the leadership model that TD Company has adopted. The major reason to adopt this model was that managers saw a great improvement opportunity in terms of organizational coordination of efforts within and across production units (patrols and cells), and that this improvement could be observed with performance indicators. This model is transformational in that intends gradually to develop leadership and cultural identity in individuals through a set of stages, which I describe next.

Trust is conceived as the basis for vital and healthy action and thus for sincerity, participation, tolerance, dignity, and openness in every day social interaction.

Autonomy means that individuals plan, direct, and control themselves and the institution processes and procedures in their action areas.

Initiative is where individuals consolidate, from a sociological view, and are capable of responding adequately to difficulties. They have learned "to walk."

Efficiency occurs when individuals acknowledge their productivity as the source for self-esteem. They discover their job and self-control require systematic and permanent learning.

Identity happens when individuals respond to who they are and what they want to be in this company, how others see them and how they manage conflicts.

Job identification is present when employees have developed a stable identity and can build unifying relationships.

Innovation is when individual, with a passionate feeling of closeness to the company, develop a need of growth and participation to influence the next generation of leaders.

Integrity and total quality is a multifaceted stage, which includes wisdom, maturity and the development of a permanent link to the organizational system.

Regarding this leadership model, TD Company planned three major objectives for the managers group:

- Understanding of the leadership model.

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[198] The Human Resources manager and his staff participated in this conversation. From this view, the can be considered constituents and a central part of the whole process.

- Elimination of the barriers that prevented integration.
- Development of a leadership style based on trust.

In order to decide about the nature and characteristics of the proposal, the consultant group analyzed major official public and private documents, including literature about the leadership model. The focus of this analysis was the conceptual foundations of the model, the value of the indicators and the main concerns of TD Company directors. The outcome of this task was contrasted with the basic assumptions of conversational structure paradigm in order to contrive some lines of action and a method to approach the change process.

A major finding from this analytic process was that the transformational leadership model is individual oriented and lacks aspects adapted to networking of individuals in opposition to TD Company values and principles which endorse teamwork and horizontal coordination of actions. An additional conclusion was that the leadership model does not provide individuals with the basic abilities to develop trust whereas conversational approach may do.

Based on these findings, the consultant group submitted a proposal whose purpose was to develop in all managers the three first steps of the leadership model: trust, autonomy and initiative. The means to reach this purpose should be the method of the transformational leadership model complemented with development of those abilities needed to converse effectively. The proposal outlined some basic lines of action, which, after conducting the diagnosis process, should become the strategies to implement the change process. For this reason, I present these lines in the strategies design process.

The proposal, including cost and timing, was discussed and agreed upon. This event was considered the closing of conversations in the pre-diagnosis process. TD Company directors accepted the proposal and committed to support the change process.

5.1.1.2 DIAGNOSIS

According to official declaration, four constituents form the organization of TD Company in the manufacturing area:[199] production teams, administrative cells, patrols and leaders.

Production teams are manufacturing cells responsible for producing part families with group technology. They are small factories inside the factory.

Administrative cells are cross-functional teams responsible for planning and directing all technological groups' operation.

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[199] In this case, the focus of the study is on the production area. Consequently, the only observers take into account are those who belong to this area.

Patrols are managerial teams whose basic responsibility is to support administrative cells regarding input, process, and output. They operate where action occurs.

Leaders are responsible for keeping constancy of purpose, focus on the vision, adherence to values, and accomplishment of quality policies by means of continuing planning and evaluation of outcomes.

In this process of change, all managers of the above groups participated (21) and consequently they become the constituents of the organization for this particular program intervention based on the conversational structure paradigm.

Diagnosing process of the current state can be described as a major conversation. In it, the organization –identity and unity– was the research team, which included the consultants, the CEO and all managers reporting to him, furnished with the responsibility to instrument the program intervention outlined and approved in the pre-diagnosis process.

Regarding the structure of the conversation,[200] the *purpose* was to determine the current state in terms of the proposal framework and objectives.[201] The *theme* was managers' company perception, relations and perceptions among them, values of the leadership dimensions, and the performance indicators selected to evaluate the current state. The *nature* was building understanding and openness toward acceptance of the research team. The *attribute* of the conversation was the need for developing an emotional state of enthusiasm, hope, and trust.[202] The *function* was to identify and characterized the current state in its two major dimensions: perceptions and performance indicators.

Perceptions referred to six elements: company, relations, meetings, conflict sources, managers themselves, and contextual interaction. ***Performance indicators*** referred to the dimensions of the leadership model and the indicators commonly used by the Parent Corporation to evaluate TD Company. The outcome intended was, consequently, a detailed diagnosis of the current state of TD Company, in terms of the conversational structure approach, which would be the basis for designing the desired future. First, I present the results of the perceptions about the six elements. Then, I present the performance indicators.

5.1.1.2.1 Perceptions

Company perception

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[200] The conversational structure can be inferred from the observation made over the observers participating, in general, in an organizational system or, in particular, in a community of observers.

[201] For determining the current state, specific instruments were designed and applied to the 21 managers. These instruments are essential to understand the change process; the are described and presented in Appendix A, the manual of the IMCSM.

[202] Note that the nature and attributes are not a state or condition; they were processes that gradually developed as constitutive part of the same change process. Usually, the nature and attributes of a conversation is initial situation or condition

A questionnaire was developed to gather information about TD Company as a whole, who manage it, what are their values, how is life inside, and what is expected in the future. The results were consistent with previous information and showed that the management team has a very clear idea about what is the organizational system, what it is looking for, and what are its values and objectives. Moreover, there is a strong agreement about the characteristics of a successful management team, which conveys a strong feeling of identity.[203]

Relations[204]

In the conversational structure, interactions and relations among members are essential. Conversations and conversational patterns occur and take place in *relations* between constituents. In TD Company, the analysis of the relations was made rating each relation in five dimensions, in a scale from 1 to 7, where 1 stands for the best, most effective and coordinated relation, and 2 to 7 are descending values. Table 4 presents the results.

Table 4. Perceived relations among TD Company managers.

Manager	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	Av.
Professional relation	5.00	5.25	4.00	4.25	4.60	3.71	3.67	3.00	2.40	2.50	3.00	3.40	2.83	3.25	3.00	2.50	2.43	2.80	2.14	2.00	1.29	**3.19**
Personal relation	4.25	3.25	4.50	3.50	3.60	3.88	3.17	3.00	2.57	3.00	2.67	2.60	3.14	3.08	2.40	2.86	3.07	2.82	1.86	2.00	2.00	**3.01**
Coordination of action	5.00	3.75	4.33	3.50	3.60	3.56	3.43	2.67	3.29	3.14	2.71	3.60	2.75	2.46	2.83	2.57	2.88	2.27	2.29	2.25	2.25	**3.10**
Fulfillment of promises	5.25	4.50	4.67	4.00	3.00	3.78	3.14	3.33	4.00	2.86	3.57	2.60	2.50	2.38	3.00	2.71	2.00	2.45	3.14	3.00	2.50	**3.26**
Conflict resolution	4.50	4.25	3.00	3.75	3.80	3.44	3.33	4.00	2.86	3.43	2.86	2.60	3.38	3.38	2.83	3.29	2.50	2.09	2.43	2.50	2.00	**3.15**
Average	**4.80**	**4.20**	**4.10**	**3.80**	**3.72**	**3.67**	**3.35**	**3.20**	**3.02**	**2.99**	**2.96**	**2.96**	**2.92**	**2.91**	**2.81**	**2.77**	**2.57**	**2.49**	**2.37**	**2.35**	**2.01**	**3.14**

From this table, the conclusion is that relations among TD Company managers average in a general estimate of 3.14. They are not at the lowest level of the scale and there is a wide range of values (from 1.29 to 5.00). This situation clearly points out to a non-homogeneous group that relate more in the average of the scale and less in the highest values (closer to 1.00). Fortunately, deteriorated relations were not identified (what could be the case if the values were 6 or 7).

Meetings

In TD Company, there is a great variety and quantity of meetings where managers deal with problem solving, decision making, planning and/or evaluation of the manufacturing

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[203] In terms of the proposed approach and the conversational structure model, these results are important because they are the basis to evaluate the coordination of distinctions.
[204] It should be noted that, from now on, the data obtained are from seven members that were selected by each observer as having with them the most frequent relation, unless otherwise indicated.

processes. The whole group meets twice a week for operation and business state review, monthly for reviewing quality and company's performance, quarterly for planning, and half-yearly for evaluation. Several daily meeting are conducted in which some of the member of the group participate. These meetings are more specialized. The duration of all of them varies from one hour to several hours or even days.

From this point of view, meetings played an essential function for leadership development. For this reason, the research team considered most convenient to evaluate them. The instrument included aspects about the purpose of the meetings, results, participation, and feelings.

The general perception about the different meetings is that the most frequent purpose in them is solving problems and that *participation* is low, with a high participation of the general manager. In order to determine in a more accurately way the individual perceived participation by all remaining managers, I used a rating scale of four levels: No participation (NP), low participation (LP), average participation (P) and high participation (HP). Only six people are mentioned as highly participative. Table 5 shows the results.

Table 5. Perceived participation in managers' meetings.

Manager	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Participation level	NP	LP	LP	LP	LP	LP	LP	NP	NP	HP	LP	P	NP	HP	HP	NP	HP	HP	LP	LP	HP

Regarding *outcomes*, meetings are no considered productive; they are stressing and sometimes there are not conclusions. Concerning the *feelings* of managers in these meetings, the conclusion is that people not participating feel that they are not listened and that conversations are centered in a small group. This is consistent with the information obtained before: high participation leads to more participation and low participation leads to less participation until equilibrium is reached. So the group seems to be divided in two parts: talkers and listeners, being the former very active and the later passive desiring taking part o wanting the end of the meeting.

Conflict sources

In the conversational structure approach, it is important not only identify the nature and the context of the relations, but also the possible causes of conflict in those interactions. For this purpose, six major causes of conflict were analyzed: Differences in problem analysis,

responsibility, lack or excess of initiative, interference in others' areas, definition of functions and fulfillment of commitments.[205]

The consensus is that the main source of conflict is the perception of the problem; each manager sees it different from others. There is a divided opinion about responsibility, initiative, intrusion in others' areas of competence, and lack of definition in functions. However, there is a strong feeling that the lack of commitment fulfillment is a major source of conflicts. In short, the group agrees that a different perception of the situation and a lack of commitments fulfillment are the main sources of conflict.

In meetings, the main source of conflict seems to be territoriality (interference in others' areas) associated with power and a lack of an understanding on how the interdependence of different cells is working (definition of functions). This seems a typical behavior of a group meeting without a structure and a formal agenda agreed.

Individual perceptions

A further step in diagnosis the current state is determining individual perceptions of managers about themselves. This instrument can be metaphorically seen as a mirror in which the group reflects a perception on every one of its members. The result is a map about how an individual is perceived anonymously by others. The ultimate purpose of this map was to make conspicuous the role observation plays in conversations. The person, observed without an opportunity to personalize the source, is confronted with his/her situation before others, generating a starting point or breakdown to move to different relations with them.[206]

The perceptions of each individual by others include designating three positive and three negative attributes. Additionally, they contain the difficult of the relation between observer and observed, suggestions about how the observed person can improve the relation and what of the observed person bothers and dislikes the observer. Finally, they also deal with difficult to work together and observer thinking about how he/she is accepted by the observed.

The information obtained is abundant and too personal, and it may result burdensome. For this reason, it is not presented here. All participants received a personal report that they used individually in the implementation of the change process. However, I consider relevant to present data about the two last aspects: Difficult in working together and acceptance. Table 6 shows the results.

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[205] Human resources manager helped in determining these possible causes of conflict. This instrument was personalized because I intended to have a more precise relations map.

Table 6. Perceived working relation and acceptance.

Manager	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	Av.
Difficult in working	7.67	6.22	8.33	7.56	7.57	8.14	7.50	8.60	6.60	8.25	8.00	7.50	6.50	9.00	7.23	7.60	7.43	8.30	7.65	6.88	7.40	**7.67**
Other's acceptance	7.82	6.44	8.67	6.72	7.57	7.79	7.63	8.20	7.40	7.75	7.88	6.13	6.67	8.78	6.31	7.50	6.71	8.20	7.50	7.25	7.00	**7.42**

The scale goes from 1 to 10, where 1 is the worst value and 10 is the best. On average, members of the group perceived difficulty to work with others is 7.67, with a highest value of 9.30 and a lowest value of 6.22. The perception that members have of their acceptance is somehow lower (7.42). This could be interpreted as an assessment where observers perceived themselves more open than they perceived evaluated participants.

Contextual interaction

When a relation exists between individuals, this is primarily an interaction that occurs in given circumstances or context. This contextual dimension of the relation includes the purpose of the relation, its intensity (frequency, media and theme), impact of the relation, its quality, the restrictions to the relation and the emotional content associated to the relation.

A relation can be established or emerged with different working *purposes*. In TD Company, most of the relations are oriented toward goal-seeking, which seems to be very congruent with the type of company one is dealing with. In the discourse expressed by managers, there is not evidence that major problems exist from the purpose of the relation.

The *intensity* of the relation was measured in terms of frequency, media and theme. The results show that 71.6% of the conversations are held face-to-face either in personal encounters (31.2%) or in meetings (40.4%). These encounters are quite frequent (53.5% are constant or daily). Regarding the theme, 25.1% are for commitment, 33.9% for asking for or for delivering information or services, and 23.6% are for problem solution.

The *impact* of the relation was measured in terms of goals accomplished, learning possibilities, and influence of this relation on others' relations. In a scale of 1 to 5, being 5 the highest rating, the evaluation of goals accomplishment was 3.96, of the learning possibilities 3.79 and the influence of one specific relation in others 3.3. The results were above average.

The *quality* of the relation refers to its history, listening ability, trust, openness, and existing barriers. For each of these five dimensions, when possible, two measures were obtained:

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[206] Breakdown is a term used by Echeverría to denote a critical point where individuals are ready to make transcendent decisions about changing their behavior or life style.

rating themselves and rating the ones they were evaluating. The results, in the same scale from 1 to 5, are presented Table 7. In all dimensions but the first one (difficult in the relation) the highest the value the better. In the first dimension, the inverse is true. The lowest the value the better. Again, observers tend to favor slightly their perceptions about themselves than about others.

Table 7. Perceived quality of the relations.

Dimension	My perception about myself	My perception about other
Difficulty of the relation	1.82	1.88
Listening capacity	4.00	3.46
Trust in his technical capacity	Not asked	4.06
Sincerity	Not asked	3.58
Openness	3.75	3.49

Table 8 presents the data about the barriers to a relation; these dimensions were also measured in the same 1 to 5 scale. In all dimensions (barriers) of this scale, the lowest the value the better the perception.

Table 8. Perceived barriers to relations.

Barriers	Rating
Culture	1.30
Technical capacity	1.94
Personal factors	1.97
Misunderstandings	1.77
Superior/ inferior feelings	1.75

The emotional content associated to the relations was measured in 3 areas: feelings, attitude and aftertaste. In this case, the results are expressed in percentage of the answers to a questionnaire developed with this purpose. Results are presented in tables 9, 10 and 11. If a dimension has a higher value, it means that most of the people rated that dimension as the one they value most and conversely. For instance, in the feelings area, feeling listened is perceived as the most valuable aspect in a relation and feeling admired is perceived as the least important.

Table 9. Feelings perceived in managers' relations.

In my relations, I feel	% of responses
Listened	21.24
Accepted	15.03
Respected	15.03
Secure	10.05
Valued, worthy	7.98
Frustrated	6.11
Motivated	5.49
Admired	0.93
Other	18.14

Table 10. Attitudes perceived in managers' relations.

Attitude	My attitude is	The attitude I perceived in the other is
Proposing	34.27%	28.61%
Questioning	25.98%	28.98%
Defensive	10.49%	8.83%
Disagreement	10.49%	10.70%
Aggressive	4.88%	5.22%
Personal critic	4.02%	5.10%
Evasive	2.44%	4.35%
Uninterested	1.34%	3.86%
Other	6.09%	4.35%

Table 11. Aftertaste perceived in managers' conversations.

At the end of the conversation	I feel	I perceive the other feels
Calm, relaxed	48.85%	54.19%
Enthusiastic	20.46%	16.60%
Angry	9.08%	10.17%
Anguished	8.95%	8.88%
Happy	5.50%	5.15%
Sad	3.71%	1.67%
Other	3.45%	3.34%

5.1.1.2.2 Performance indicators

In this second section, I present the indicators selected to characterize the company's current state. The criteria for this selection are two: the dimensions of the leadership model and the indicators commonly used by the parent corporation to evaluate this particular company. I selected this set of indicators because if they were used currently and commonly, these meant the accepted basis to assess performance.

Transformational leadership indicators

The leadership indicators are contained in an instrument that has become institutional in the Consortium since 1995. The instrument is composed by eight sections, one for each

dimension of the model. Each section consists of seven questions. The questionnaire is applied once a year to all managers, to 30 percent of the employees, and to 20 percent of the unionized workers. Employees and workers are chosen randomly.

Table 12 presents the values of these indicators for 1997, that is, before the intervention program began. I only display the values of the three dimensions of the leadership model selected for this change process: trust, autonomy and initiative. The scale goes from 1 to 5, being 5 the highest and 1 the lowest value. It is interesting to note that employees show the lowest value and labor the highest.

Table 12. Transformational leadership indicators.

Population	Trust	Autonomy	Initiative	Average
Whole plant	3.90	4.30	4.15	4.12
Managers	4.02	4.29	4.04	4.12
Employees	3.43	4.29	4.14	3.95
Labor	4.24	4.33	4.26	4.28

Consortium indicators

The indicators that TD Company consortium uses to define a current state or situation are presented in the following table, together with the values for 1997, a year before the intervention program started. In this set of consortium indicators, each of them has a specific scale and value, according to the its nature. For instance, people working in teams are a percentage of the workforce and inventory turnover is an absolute number of days.

Table 13. Consortium performance indicators.

Indicator[207]	1997 value
Return on investment	1
Margin	1
Sales	1
Defective final product	1534
Final product delivered on time (%)	96
Kaisen	14
Quoting time (days)	36
Customer survey (points)	150
Institutional quality evaluation (points)	429
Training level (% of workforce)	7.59
Participation (number of improvement suggestions per month)	0
Demerit number in the 5 M's scheme	NA
Inventory turnover (days)	77
People working in teams (% of workforce)	50

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[207] The economic indicators, for confidentiality reasons, are referred to a basis of one in 1997.

I have described the results of the diagnosis conversation. What follows is an evaluation of this conversation. The evaluation, in turn, becomes other conversation inside the first. The organization of this conversation was the research team committed to a change process.

In the structure of this conversation, the *purpose* was to be sure that the research team has a clear vision of the current situation of the management group in terms of signed initial agreement. The *theme* was the leadership model and the current perceived characteristics of the management team. The *nature* was of understanding, reflection, analysis, and synthesis. The *attributes* were openness, critical thinking, and mutual construction of the new organizational system, not any more as a process, but as an outcome. After this evaluation, the *results* were accepted and the conversation was closed by summing up the results as follows:

TD Company, in this case observed through its management team, is a successful firm with a management team characterized by:

- A shared view of what they want from the company.

- Non-homogeneous in terms of orientation to accomplish commitments and to solve problems.

- Territoriality problems derived of the change to a cellular structure.

- Acceptance problems not fully recognized by all members of the team.

- Low capacity to work as a real team, because of diverse level of participation in meeting and lack of coordination in person to person agreements.

After determining the results in the evaluating conversation, the diagnosis conversation was considered closed too and, consequently, as input for carrying out the next process in the conversational structure, the desired future.

5.1.1.3 DESIRED FUTURE

The starting point for designing the desired future is the outcome of the diagnosis process where the constituents, their relations and their perceptions were determined. Additionally, some performance indicators were established. However, in TD Company, as in other organizational systems, there is another source for determining the desired future: the company official declarations.

It should be noted that some of these official declarations were discussed in the previous

diagnosis process, since the program intervention started as a consulting project meant to respond to the specific TD Company view. However, I considered convenient to present them in this section. The method of implementation is not necessarily linear, but it is advantageous to present it sequentially.

From this perspective, the desired future process –also a conversation– resulted in four major dimensions.

- First, the desired future was expressed in terms of TD Company official directives. These have been declared in the mission, in essential postulates of the vision, in a set of declared values, in some operational principles and in three mechanisms to carried out the operating principles.

- Secondly, the desired future was expressed in terms of specific perceptions identified by the managers group about themselves.

- Third, the desired future was expressed by the ideal values for the three selected dimensions (trust, autonomy and initiative) of the adopted leadership model.

- Fourth and finally, the desired future was expressed in terms of the desired values of the performance indicators that TD Company uses as a directive too.

The desired future design is a process and a conversation whose organization was the research team committed to identifying and determining the future state of the company. In the structure, the *purpose* was to outline the goals to be reached generally and particularly. The *theme*, the *nature* and *attributes* were the same as in the diagnosis conversation. The *function* was determining the desired future and the *result* is the desired future expressed in terms of TD Company directives, the perceptions of managers, the wanted leadership characteristics (trust, autonomy and initiative) and some performance indicators. Next, I present the results in four sections.

5.1.1.3.1 TD Company directives

TD Company desired future was clearly and consistently expressed in a set of different declaration that go from the general to the most specific. First, the mission is clear and concise. From it, some postulates are derived to constitute the vision. Then, to enhance the vision, some essential and related values are declared. Next, TD Company translates vision postulates and values into operational principles. Finally, it establishes some major mechanisms to carry out the operational principles. I present all these declarations that

conform the first dimension of the desired future.

TD Company's *mission* is to manufacture world class products that are competitive in quality, price, and technology, and that fully meet and satisfy customers' needs. Based on this mission, TD Company has articulated a well defined and declared *vision* with the following basic postulates:

- To be a world class company, competitive in design, manufacturing, and commercialization of car parts.
- To have capacity to respond promptly to customers' needs, using advanced technology in every area.
- To develop and offer products and services with quality that satisfies or exceeds customers' expectations.
- To make total quality and continuous improvement a way of life in TD Company personnel to increase their skills, integrate them as a team, and develop in them a sense of belonging, commitment, and pride.
- To be a company that represents a valid option for its stockholders, making profitable margins that allow them to promote new investments, high dividends and competitive wages for all employees.
- To lead to the development of good relations with customers and suppliers based on growing and development.
- To share company's development with the community by protecting the environment and becoming best example for the firm, the state and the country.

TD Company has also declared some *values* to support its mission and operating policies. All of them related to quality: Customer service attitude, continuous improvement attitude, teamwork, environment protection, prevention, speed and capacity to change.

Additionally, TD Company has adopted in its operation and production processes a cellular organization under the following *operational principles*:

- A structure based on multifunctional teams.
- Each team owns one or more processes.
- Teams share tasks and decisions, and they are accountable for the results of the processes under its responsibility.
- Managers assumed promotion and support under the concept of coaching.
- Managers are responsible for keeping and enforcing functional regulations.

The operating policies and principles are carried out by three major *mechanisms*:

- Teamwork meetings for administrative cells, scheduled to study quality, improve work, and evaluate daily work.
- Planning, based on HOSIN's method, for general manager, patrols, and administrative cells to achieve maximum alignment and consistency in efforts.
- Use of technology for leaders to focus on identifying and incorporating to the

> operation the accomplishment of TD Company vision, particularly in terms of quality, delivery, price, service, and personnel development.[208]

It should be noted that the desired future expressed in TD Company directives is not included as a direct referent to be reached by the intervention program. The change process focuses on changing from an authoritative to a participative management style. Therefore, the constituents of this process are the managers of the TD Company, not the company itself. However, the directives –mission, vision, operating principles– can not be but a permanent contrasting and guiding point. For this reason, the desired future in terms of TD Company directives is no longer discussed in the subsequent processes.

5.1.1.3.2   Managers' perceptions

Specifically in this case, the purpose of the change is to have managers with leadership traits according to a transformational model and the conversational structure approach. In the diagnosis process, different perceptions were identified that managers need to change. These perceptions referred to the company, to relations among them, to the nature of their meetings, to themselves and to the contextual interactions in their relations. All these perceptions were discussed in the pre-diagnosis and diagnosis processes. As result of these two processes, they are input for the desired future process, but somehow they also are part and a continuous referent that defined also the desired future.

All these perceptual aspects were discussed in the diagnosis stage. Consequently, I do not present them inhere. However, it should be noted that all these perceptual aspects should be considered differently in each process. In the *diagnosis* process, the perceptual aspects define a current state that has been identified. In the *desired future* process, the same perceptual aspects point out to those conditions or characteristics that managers should keep or improve, depending whether the level or rating was or was not the desired. The ideal or desired values for these perceptions depend on the scale used. In the next table, I present an example for three perceptions.

Table 14. Desired future expressed in values for three perceptions of the managers.

Difficult to work with others (1-10 scale, 10 the better)	8.5
Others' acceptance (1-10 scale, 10 the better)	8.5
Relation evaluation (1-7 scale, 1 the better)	2.5

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[208] These strategic technologies may include approaches like just in time, best practices, mind power, simultaneous engineering, flexible manufacturing and other methods.

5.1.1.3.3   Leadership dimensions

Additionally to the above perceptual aspects, the desired future was expressed in terms of higher values for the three first indicators of the transformational leadership model: trust, autonomy and initiative. The next table shows the desired values for these values.

Table 15. Desired future expressed in values of three dimensions of the leadership model.

Trust (points in the 1-5 scale)	4.5
Autonomy (points in the 1-5 scale)	4.5
Initiative (points in the 1-5 scale)	4.5

5.1.1.3.4   Performance indicators

Finally, the desired future was expressed in terms of some performance indicators that TD Company has to comply with.

Table 16. Desired future expressed in terms of performance indicators.

Indicator[209]	Desired value
Return on investment	2.5
Margin	2.09
Sales	1.15
Defective final product (ppm)	500
Final product delivered on time (%)	100
Kaisen	45
Quoting time (days)	18
Customer survey (points)	200
Institutional quality evaluation (points)	670
Training level (% of workforce)	4.5
Participation (number of improvement suggestions per month)	75
Demerit number in the 5 M's scheme	40
Inventory turnover (days)	34
People working in teams (% of workforce)	75

5.1.1.4   STRATEGIES DESIGN

The next process in the method of implementation is designing the intervention strategy. In TD Company case, this process consists in integrating in some basic lines of action or strategies all elements related to leadership discussed in the pre-diagnosis, diagnosis and desired future processes. This integration can be presented as a conversation whose **organization** was the research team committed to continue with the change process.

In the **structure** of the conversation, the *purpose* was to revise and establish the strategies for developing a participative management. The *theme* was congruency between management operation and cellular structure, and raising the values in the dimensions of the leadership model adopted. The *nature* was of mutual understanding in an open and participative series of meetings. The major *attribute* was building trust in the research team as an essential element to carry out the meetings. The main *function* was designing the strategies to have all managers participating in everyone of the sessions in order to reach the desired future. The *result* was the strategies for change, which include eight lines of action and five learning spaces to carry them through.

Lines of action

The lines of action put forth were the following:

- Build a common vision and a set of distinctions shared by all members of the company.

- Develop the capacity, in the members of the company, to observe the firm as a system visualizing the impact of single actions and decisions upon the organizational system.

- Develop an effective listening capacity to accept different points of view as valid in order to enrich everyone's perception when a problem, situation, or opportunity is analyzed.

- Generate appropriate emotional states in groups that allow them developing high performance, satisfaction, and quality of life at work.

- Coordinate actions, based on trust, for context creation, establishment of commitment, and impeccability in the fulfillment of those commitments.

- Create conversational learning networks, both in the horizontal and vertical directions of the organizational structure to transform, gradually and systematically, the current situation.

- Make decisions in a collaborative way looking for the participation of actors involved.

- Create spaces for personal and professional development of all members of the company.

Consultants and the TD Company's directors agreed to work with the management group using the aforementioned approach understood as a learning process, which include the development of five learning spaces:

- Knowledge sessions to construct and share basic distinctions as the basis for coordination of actions.

- Individual and group complementary readings to acquire deeper knowledge about

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[209] The economic indicators, for confidentiality reasons, are referred to a basis of one in 1997.

the shared distinctions.

- Replicating working sessions where participants reproduce and reaffirm what they learned in other sessions.

- Feed back sessions where consultants assess and follow up the learning process of participants.

- Evaluation sessions for assessing advance in the development of trust, autonomy, and initiative.

5.1.1.5   INTERVENTION

Carrying out the strategies –the fifth step in the implementation method–may take different approaches and techniques. In the case of TD Company, these basic forms to implement the strategies were meetings and working sessions, that is, the five learning spaces. In them, consultants and all managers participated. Given the role that these learning spaces played in getting the desired future, I will describe them briefly.

The sessions were purposely designed as a whole in order to know, discuss, construct, practice, share and assess the distinctions[210] required to converse and develop the participative management outlined by the leadership model and the conversational structure approach.[211]

An important ingredient of these sessions was their reproductive purpose. Every participant manager should replicate the whole session where he or she was just a member. Managers should have a meeting with their own working people and play the role of the facilitator, which they observed in the research team session. In this way, the learned distinctions cascade down to all affected people in the organizational system by the change in management style.

A final observation about the intervention process is the individual and collaborative work. Managers should learn and practice leadership and conversational skills individually first, then practicing and mastering them in group. The reason to learn individually and collectively goes beyond didactic reasons. First, it should be remember that the transformational leadership model is more individual than group oriented; consequently, group skills should be practiced. Secondly, and most important, the sessions were designed to model what they intended to promote in managers: individual responsibility, collaborative work and leading

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[210] It should be remember that the fundamental operation in observing is that of distinction. Distinction is the pointing to a unity by performing an operation that defines the boundaries of this unity and separates this unity from a background or medium. It consists in the specification of an entity by cleaving or splitting it from that background or medium. Distinction, then, is the process through which a unity becomes asserted or defined.
[211] The conversational structure model is a process of change. From this view, constituents become leaders that converse. Consequently, it can also be considered a leadership paradigm.

functions. In other words, the sessions were designed to develop trust, autonomy and initiative by discussing, acting and doing.[212]

5.1.1.6 DIAGNOSIS POSTERIOR TO INTERVENTION

Diagnosing posterior to intervention process can be described as a major conversation about a new current state. In it, the **organization** –identity and unity– was the research team as participant observers of the change process outlined and approved in the pre-diagnosis process.

Regarding the **structure** of the conversation, the *purpose* was to determine the actual state using the same instruments applied in the initial stage.[213] The *theme* was TD Company official declarations, managers' company renewed perception about their relations, values of the leadership dimensions, and the performance indicators selected to evaluate the current state. The *nature* was a built understanding and openness toward acceptance of the research team. The *attribute* was an emotional state of enthusiasm, hope, trust and satisfaction.[214] The *function* was to identify and characterized the new current state in its three dimensions that described the desired future: managers' perceptions, and performance indicators.

The *results* of this conversation were in some regard unexpected. Transformational leadership dimensions and performance indicators were obtained, but the data of the questionnaire about participants' perceptions were not. I present these mixed results separately.

Managers' perceptions

In spite of not having formal information, missing these data is also a result, even if it was not intended. The questionnaire was to be applied in the very exact way as it was applied in the diagnosis process. However, for operating conditions of the plant, the CEO asked to hand out the questionnaires to be answered individually and collected later to be processed. The results were never delivered, arguing different reasons, which I will be discussed in the evaluation stage of this case.

Transformational leadership dimensions

The new values for the three transformational leadership dimensions, that is, trust, autonomy and initiative were obtained. The following table shows the results for the years 1997 to 2000 and the target value in a scale from 1 to 5.

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[212] Reading materials for these sessions are quite extensive and are not included as part of this dissertation.
[213] These instruments were applied in February 2001.
[214] Note that the nature and attributes now are a state; they were gradually developed as constitutive part of the same change process.

Table 17. Values for the intervened dimensions of the transformational leader model.

Leadership dimensions	1997	1998	1999	2000	Target value
Trust	3.90	4.10	4.05	4.08	4.5
Autonomy	4.30	4.28	4.30	4.31	4.5
Initiative	4.15	4.21	4.18	4.22	4.5

Performance indicators

Regarding the performance indicators that TD Company uses to assess periodically its situation, information was provided and collected. Consequently, the desired future expressed in terms of performance indicators can be assessed. The following table shows these data for the years 1997, 1998, 1999 and 2000, together with the target value. The change process started in 1998; consequently, they are 2 value references, the year 1997 and the target value.

Table 18. Changes in values of the performance indicators for TD Company.

Indicator[215]	1997	1998	1999	2000	Target value
Return on investment	1	1.5	2.2	2.16	2.5
Margin	1	1.63	1.88	1.23	2.09
Sales	1	.968	1.13	1.08	1.15
Defective final product (ppm)	1534	4252	1471	866	500
Final product delivered on time (%)	96	99	100	100	100
Kaisen	14	33	27	56	45
Quoting time (days)	36	30	24	16.9	18
Customer survey (points)	150	185	190	NA	200
Institutional quality evaluation (points)	429	486	543	531	670
Training level (% of workforce)	7.59	4.67	4.3	3.91	4.5
Participation (improvement suggestions per month)	0	0	29	34.3	75
Demerit number in the 5 M's scheme	NA	64.1	66.6	50	40
Inventory turnover (days)	77	66	41	49	34
People working in teams (% of workforce)	50	60	65	60.4	75

After determining these results, some intended and some unintended, the diagnosis posterior to intervention process or conversation was closed. In the absence of CEO response, this was done by declaring unilaterally the end of this intervention program and acknowledging the support of the company and the management group in the development of this project.[216]

5.1.1.7   EVALUATION OF RESULTS AND PROCESSES

This last process of the implementation method of the conversational structure model is an

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[215] The economic indicators, for confidentiality reasons, are referred to a basis of one in 1997.
[216] It should be mentioned that this closing relates only to the diagnosis posterior to intervention, not to the whole case or other projects that continue being carried on with TD Company. Moreover, closing a conversational structure does not mean that the project can not continue. It means that there is a moment where the intervention program must be evaluated in terms of the proposed goals and in terms of the processes applied to reach these goals.

evaluation of the obtained results and of the processes themselves. This process closes the intervention program. Closing the conversation of the diagnosis posterior to intervention does not mean yet closing the intervention program. The intervention program is closed when the results and the process of the whole process are assessed. No having all intended results in the diagnosis posterior to intervention does not mean that the next and last process can not be done. In effect, I present the evaluation of the results and the processes of the whole intervention program.

5.1.1.7.1   Evaluation of results

Managers' perceptions

Even if formal data were not obtained, some change was apparent and could be identified. Commitment of personnel gradually raised. Teamwork, communication and collaboration appeared to be a better way of operating. From the conversational structure view, one could say that the current state of TD Company was closer to the desired future than to the initial state. Change did occurred. However, it should be mentioned that there is not documented evidence for sustain these results.

Leadership dimensions

In the leadership dimensions, all three values were higher in 2000 than in 1997. Trust moved from 3.9 to 4.08, autonomy from 4.3 to 4.31 (almost no gain) and initiative from 4.15 to 4.22. In percent figures, they moved from 86.7, 95.6 and 90.2 to 90.7, 95.8 and 93.8 respectively.

Performance indicators

In the performance indicators, all of them but the training level increased their value significantly. One does not know for sure that the change occurred because of the intervention program. Nevertheless, one thing one knows for sure: managers were responsible for this change, since all production and manufacturing depend on them primarily.

5.1.1.7.2   Evaluation of processes

An evaluation, from the conversational structure view, shows that each of the seven processes, including this last one, contributes gradually and efficiently to reach the purpose of the program intervention.

In the pre-diagnosis process, the goals were set, the method was agreed and the initial commitment was reached. The diagnosis was an opportunity not only to gather all relevant information, but also to build up the major distinctions for change. Defining the desired future was more an exercise of data integration than a cumbersome task to make, since

practically it already has been determined. Similarly, designing the strategies stemmed naturally from the previous process. The intervention flowed gradually and consistently from knowing some distinctions to construct, to share and to practice them. In the diagnosis posterior to intervention, some difficulties prevented the research team to obtain evidence about the change in the perceptions of the participant observers, but this event does not invalidate the perceived achievements by the managers and consultants.

5.1.2 CORRELATIONAL DATA

The expected result in each intervention program is evidence that the change occurred because of the intervention program. Given the case, this proves should include the acceptance or rejection of a hypothesis in terms of the observations of the participants and some performance indicators established by them.

In TD Company, three sets of indicators were established: managers' perceptions, leadership dimensions and consortium performance indicators. Data were obtained only about the two last sets of indicators.

For the leadership dimensions, three of them were selected. Table 17 presents their values for the years 1997 to 2000 and the target value. Table 19 is an analysis of the improvement from 1997 to 2000 in percent increase. Annual ratings express percent values in relation to the target value. The improvement is a percentage increase from the 1997 to the 2000 year.

Table 19. Percent of improvement in leadership dimensions.

Leadership dimensions	1997	2000	Improvement
Trust	86.7%	90.7%	4.6%
Autonomy	95.6%	95.8%	0.2%
Initiative	92.2%	93.8%	1.7%

All values changed. I can not infer statistically that the change occurred because of the intervention program. However, all values increased and that reflects at least a move in the right direction.

For the TD Company performance indicators, fifteen of them could be analyzed. Table 18 presents their values for the years 1997 to 2000 and the target value. Table 20 is an analysis of the improvement from 1997 to 2000 in percent increase. Annual ratings express percent values in relation to the target value. The improvement is a percentage increase from the 1997

to the 2000 year.

Table 20. Percentage of improvement in TD Company performance indicators.

Indicator[217]	1997	2000	Improvement
Return on investment	40.0	86.4	116 %
Margin	47.8	58.9	23 %
Sales	87.0	93.9	8 %
Defective final product (ppm)	32.6	57.7	77.1 %
Final product delivered on time (%)	96.0	100	4.2 %
Kaisen	31.1	87.0	179.5 %
Quoting time (days)	50.0	106.5	113.0 %
Customer survey (points)	75.0	NA	
Institutional quality evaluation (points)	64.0	79.3	23.8 %
Training level (% of workforce)	168.7	86.9	– 48.5 %
Participation (improvement suggestions per month)	0.0	45.7	45.7 %
Demerit number in the 5 M's scheme	NA	80.0	
Inventory turnover (days)	44.2	69.4	57.1 %
People working in teams (% of workforce)	66.7	80.5	20.8

Twelve of the fifteen values changed positively, one negatively and for the remaining two, there was not information available. I can not infer statistically that the change occurred because of the intervention program; the reason is that the case was not designed as an experiment. However, all twelve values increased greatly and significantly; that reflects at least a move in the right direction.

5.1.3 EXPLANATORY DATA

TD Company case was meant to be a complete application of the conversational structure model. This was the case, even if in the diagnosis process some data were no available. This case, no doubt, can be considered an intensive experience where all the essential components that intervene in the conversational structure strategy were present. The major elements of the conversational structure model were validated. Concepts like vision, top management involvement, constituents, values, change and assumptions were plainly identified in the development of the intervention program. Particularly, concepts like distinctions, conversations, and relations played an essential role as expected from the conceptual framework of the conversational structure.

Similarly, participant observers, constituted in a research team, provided accurate data to identify and fully described the different aspects of the actual state, the numerous components

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[217] The economic indicators, for confidentiality reasons, are referred to a basis of one in 1997.

of the desired future and the elements of the intervention strategies. The clear and distinct outcomes in the pre-diagnosis, diagnosis and desired future process make them be thought as essential elements in developing an intervention program. One could say that the quality of a process of change depends enormously on the proper development of these three processes of the implementation method. All stages are important, but it seems that the pre-diagnosis and the diagnosis processes are basic for a sound development of the intervention program.

Moreover, the usefulness of different tools highly recommended by the structural conversational approach was apparent, but from a different view. In TD Company, perceptions by observers went beyond the role they play as components of the conceptual framework. They themselves become strategies for change, together with other instruments. In addition to act as a change paradigm, conversational structure became a strategy for developing leadership dimensions not envisioned by the leadership model adopted by the company.

According to the conversational structure model, relations are essential element in any intervention program. Conversational patterns and conversations do not occur in a vacuum; they take place in the relations between components, between standard observers. In TD Company, the moment and significance of relations were visible. They were the basic element in the definition of the desired future and in reaching it.

However, the most important element from the conversational structure view that fully manifested itself in this intervention was conversation. In conversations and by means of conversation, the development of the intended change –from an authoritative to a participative management– took place. Still more, conversations were the evidence of change, if they were not the change itself. In TD Company case, the focus and emphasis was on perceptions and conversations. Even so, perceptions were only the matter for conversations.

In this case, the change depended entirely on conversations. From the pre-diagnosis to the intervention process, conversations were the core element for change. Perceptions were designed to feed conversations. The strategies –lines of action and learning spaces– were developed to nourish conversations. The intervention program consisted only in conversations. From this point of view, the conversational structure model was fully implemented, even if this situation was not officially documented.

Conversations are the essential part of the conversational structure approach. In TD Company case, this role was evident. However, it should be mentioned that, in this case, conversations

were more a means to carry out the implementation method than a development of the conversations themselves. Conversations conducted the change process; they were not always the change process. This is the reason I suggest that the TD Company case focused more on the feasibility and viability of the model than in the conceptual enhancement of it.

From this perspective, I can soundly conclude that the basic assumption underlying the conversational structure approach is that conversational patterns and conversations can be developed, that is, designed, implemented and evaluated. The axle on which change and improvement of an organizational system (enterprise, company or firm) can take place is the development of conversational patterns.

According to the conceptual framework, in a conversation –languaging and emotioning together–, an observer can distinguish six specific elements that characterize it: purpose, theme, nature, attributes, function and results (see section 3.1.3.2). TD Company case forced naturally the appearance of these elements in explaining, organizing and presenting the seven processes of the implementation method. Moreover, it resulted extremely convenient expounding the very same processes in terms of conversations. The outcomes were clearer and more significant. By presenting the processes as conversations, they conveyed directly the events that were happening and the results that were being obtained.

Regarding conversations, in TD Company case, a new distinction appeared as necessary: organization and structure of the conversation. Conversation, as any unit, has organization and structure too. The organization of a conversation is what makes a conversation be this conversation. The organization is the unity and the identity of the conversation. Usually, the organization of a conversation is the observers or conversers committed to do something. If you change conversers or the commitment object, then you have another conversation.

As in any unit, the organization of the conversation is realized in its structure, that is, in its purpose, theme, nature, attributes, function and results. The identity and unity of a conversation are in its organization; it becomes actual in its structure. The organization is invariant; the structure is variant (see section 3.1.2.1 and 3.1.2.2). This distinction contributed enormously to present the processes of the method of implementation of the conversational structure model. This distinction, I believe, is consistent with the conceptual framework.

Differently from SJ Hospital and PO Firm cases, as I will discuss next, major elements, connections and implementation processes functioned not only as expected, but somehow they displayed new possibilities within the limits of the conversational structure model. This

result was somehow expected. In TD Company, the conversational structure model was implemented fully and thoroughly. The SJ Hospital and the PO Firm cases were meant to be primarily an enhancing force to complete and full applications of the conversational structure model.

5.2 SJ HOSPITAL

SJ Hospital offers medical care and functions as the practice school for the college of medicine of a private university consortium. The medical college is selective in terms of admission standards. At the time of the program intervention, its enrollment was 150 undergraduate and 55 graduate students. It attended around 11,000 patients, performed more than 7,500 surgical procedures, and provided around 10,000 services in the emergency room

The number physicians authorized to practice medicine at the hospital was about 500. Of those, 200 were registered as active members. The number of employees was about 700. The physicians formed a group called Medical Body of SJ Hospital that had, at that time, a directive committee of five members.

This hospital holds a third level category because of the quality of its facilities and services. It provides medical testing and treatment in several different specialties and has 150 beds, including eight for adult intensive and intermediate care, and eight for neo-natal intensive care. Additionally, the hospital has ancillary services, which include clinical analysis laboratory, radiology, hemodynamical facilities and nuclear medicine, among others.

In 1990, the researcher was appointed general manager of the SJ Hospital and initiated an improvement process that I will describe at the light of the conversational structure paradigm in a retrospective way. The purpose of this application is to see to what extent organizational change can be interpreted with a different conceptual framework and to probe the functioning of the elements of the model under study.

5.2.1 OBSERVATIONAL DATA

5.2.1.1 PRE-DIAGNOSIS

Pre-diagnosis is the starting and generative point for implementing a conversational structure strategy. This process is initiated by the vision and commitment of the top management, including the CEO and chief executives. In the case of SJ Hospital, the involvement and engagement of the top management was not an issue. The researcher himself was the general

manager of the institution under study, and he was committed to change and to improve it.

5.2.1.2 DIAGNOSIS

The next step in the conversational structure implementation is the *diagnosis*. This process consists of two major tasks: Defining the constituents and determining the current state. The purpose of this process is the identification of the most important constituents in the organizational system together with their relationships, shared values, main distinctions, basic assumptions, conversations and observers' well-being and being.

The current state of the SJ Hospital, from the conversational structure view, could be characterized as low morale in the personnel, low level of service and deterioration of the physicians–management relationship. Likewise, the financial position was weak, with no investment capacity, liquidity problems and the insurance companies making harsher the traditional physician–patient model prevalent in the private medical practice. Additionally, the infrastructure (facilities and equipment) was obsolete and deteriorated.

Determining the constituents was a complex task, but the results were clear and distinct. In the SJ Hospital, *fourteen* communities of constituents were identified, with their own functions, interests and values. These communities were medical body, medical school, hospital, workers' union, nurses and technicians, patients, suppliers, institutional customers, university, competitors, board of directors, medical director, management team and executive committee.[218]

In the conversational structure strategy, interactions and relations among members are essential. Constituents are observers that interact, and their interactions are made through conversations. Conversing constituents make come forth into view different conversation patterns that can be developed (designed, implemented and evaluated). However, conversational patterns occur and take place in the *relations* between constituents. From this perspective, relations are a core element of paramount importance in the conversational structure strategy.

In SJ Hospital, out of 91 possible relations among the fourteen constituents, 43 could be identified as very important (the others were considered important, relatively important, not important or irrelevant). Of these 43 very important relations, 5 were ranked very good, 10 good, 13 weak, 9 deteriorated and 6 very deteriorated. Consequently, 28 were considered

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[218] See Appendix B for a complete description of these communities of observers and other relevant information that later will be mentioned.

critical relations.

The communities of observers that intervened most in these relations were the most influential constituents in the operation of the SJ Hospital. From this analysis, I could conclude that the main relationship that define the very existence and identity of the hospital were in a critical situation; this could explain why the quality of services, the market share loss, and the financial situation were low.

5.2.1.3   DESIRED FUTURE

I have been able to locate the actual state, the constituents and their relations. The next step is determining the desired future; this, in strict sense, lies in the organization of the organizational system. It takes the form of mission and declarations of the top management. The desired future usually includes shared values, main distinctions and basic assumptions. In SJ Hospital, *twelve major dimensions* defined the desired future: 1) Institutional self-sufficiency, 2) excellence in patient care, 3) continuous improvement in services, 4) personnel as the most important asset, 5) permanent inservice training, 6) customer orientation, 7) performance evaluation, 8) future orientation, 9) participation, innovation and creativity, 10) learning environment, 11) job pride and 12) respect for each other's competencies.

5.2.1.4   STRATEGIES DESIGN

The next process in the method of implementation is designing the intervention strategy. This includes three major procedures: a) Determining the differences between the results from processes one and two, b) defining the needs to be approached and c) designing the strategies to carry out the program of intervention.

The *first procedure*, determining the differences or separation between actual state and desired future, was carried out as follows. In a scale from 0 to six, being 0 no separation and six the greatest gap or separation, half of the twelve variables of the desired future ranked 6, five of them 5, and one ranked 4. All twelve dimensions presented a deep gap, which implies that the change to be proposed and attempted has to be profound and at large scale. Consequently, all twelve elements of the desired future were considered *critical performance variables*.

The *second procedure*, establishing the needs to be approached, was made in three steps.

- Step one. I developed a matrix combining the 28 eighth *critical relations* (13 weak, 9 deteriorated and 6 very deteriorated) with every one of the *critical performance*

variables to determine the impact of each performance variable on each critical relation. To conduct this analysis, I give a weight from 0 to 3, being 0 no impact, 1 low, 2 medium and 3 high impact. The result was an index of impact for each of the 28 critical relations.

- Step two. The impact by itself was not yet a useful measure. The raw results were further weighted according to whether the relation was weak (1), deteriorated (2) or very deteriorated (3). The outcome was that out of the 28 critical relations, 14 of them represented 80.8% of the weighted impact. In this way, I downsized the critical relations to 14. It was decided that these 14 critical relations were basis for the design of the intervention process.

- Step three. A further step was considered convenient. These 14 final critical relations were classified in terms of the managerial nature of the interaction: decision making, supervision or coordination. For the decision-making or directive level, three critical relations were found; for the supervision, five, and for the coordination or operating level, six. These three sets of critical relations are the following (each sign ⇔ stands for a relation):

    - Hospital⇔medical body⇔executive committee⇔hospital (3).
    - Medical director⇔medical body⇔hospital⇔management team⇔nurses and technicians⇔hospital (5).
    - Workers' union⇔management team⇔executive committee⇔medical school ⇔medical body⇔management team][nurses and technicians⇔medical body (6).

The third procedure consisted properly in designing the intervention strategies. The strategies for changing or improving the organizational system focus on the conversations that take place within the related constituents, but they are not limited to them. Coping with the problematic situation may include any other procedure, operation or activity. The nature and characteristics of the discussed relations made possible to identify five strategies.

- **Basic strategy**. The main assumption here relates to the conversation around the question: who is the customer? Physicians observed themselves as main customers. As result, they considered that equipment, materials, support and services should be granted to them. This situation opposed to the idea that patients were the main customers of SJ Hospital. The distinction of symbiosis –a medical term highly comprehensive for physicians– was introduced in the conversation of hospital,

medical director and executive committee.

For this strategy, a complementary procedure was designed to take care of SJ Hospital resources: the development of better administrative systems to improve the services and to control inventories, materials, and equipment.

- **Structural strategy.** Because there were three different structures (the hospital, the medical school, and the medical body), it was needed to establish some rules in order to focus the efforts of all constituents involved. These consisted in maintaining the parallel structures and observing a strict respect to the competency areas. Additionally, to facilitate the relation among the constituents, the coordination mechanism was strengthened with a medical–administrative committee. This committee included the author as hospital administrator, the medical director who also played the role of school representative, and the executive committee of the medical body, formed by the president, the vice-president and the secretary.

- **Future oriented strategy**. This strategy consisted of a joint effort based mainly in mass communication. The established conversation was about the importance of the future of the SJ Hospital as the place where all constituents and personnel would spent their lives.

- **People oriented strategy**. This strategy had as basis the operating principles of designing both professional and personal development activities to create a sense of identity and pride. The underlying conversation was to construct a workplace so harmonious that people would want going there to grow and to forget personal problems related with the "outside world."

- **Global strategy**. Finally, a conversation about the possibility of change framed all other strategies with the purpose of vanishing heavy burden of past times. This global strategy included two major conversations. One specific effort was oriented to solve what I called "symbolic problem," that is, chronic situations that represented what was not possible. The second conversation was about developing trust, which, as a linguistic distinction, is what people assess regarding sincerity and competency of the part that would be trusted.

5.2.1.5   INTERVENTION

Carrying out the strategies –the fifth step in the implementation method–took different approaches and techniques, particularly in form of frequent meetings, teamwork, taskforces

and training sessions to diffused and disseminate the conversations posed in the strategies. In these operations and actions, eight communities of observers intervened. They worked particularly in fourteen new or renewed relationships. Twelve basic distinctions and assumptions embodied the new-shared values. Moreover, a total new map of conversations was developed.

5.2.1.6 DIAGNOSIS POSTERIOR TO INTERVENTION

Conversational structure strategy is a recurrent process. One needs to check continuously on the "current states" and desired future to see if changes are occurring. If they are not occurring, the process is reviewed and redirected. From this view, diagnosing, assessing and feeding back the whole process is also an inherent element of the conversational structure. Consequently, diagnosis posterior to intervention is not a terminal process.

This process was also identified in this case. People in SJ Hospital analyzed periodically the processes and observed that changes were occurring in the proposed direction. They not only accepted the proposed strategies, but they themselves enhanced them and developed others.

5.2.1.7 EVALUATION OF RESULTS AND PROCESSES

This last process of the implementation method of the conversational structure model is an evaluation of the obtained results and of the processes themselves. This process *does* close the intervention program.[219]

Concerning the *results*, these were apparent and could be identified. The morale in the personnel gradually raised, the level of service progressively grew up, and the patient became the most important customer. Communication among physicians, management, specialists and labor improved. Teamwork appeared to be a normal and better way of operating in the hospital. From the conversational structure view, one could say that the current state of SJ Hospital was closer to the desired future than to the initial state. Change did occurred.

About the *processes*, an evaluation from the conversational structure view shows the development of models and systems of operation, information and communication. Likewise, one could identify the intervention as a continuous improvement approach and customer–supplier oriented. Finally, the intervention could be assessed as a decentralized decision making where people not only perceived the improvement, but they amazingly talk and felt they were active part of it, as indeed they were.

5.2.2 CORRELATIONAL DATA

The second objective of this study consists in showing that the organizational change is due to the development of the conversational structure. The expected result is evidence of a change, including the acceptance or rejection of a hypothesis in terms of the observations of the participants and some performance indicators established by them.

In this case, the evidence of change can be located both in the observation of participants and in some performance indicators. People in SJ Hospital perceived themselves as active part in the hospital operation, as team oriented, productive and efficient. Moreover, they developed a sense of belonging to the institution and an attitude of pride. Regarding the performance indicators, even if they were established loosely, some quantitative outcomes could be identified. It was an increase of 22.9% in the number of patients, of 125% in total income, of 18.7% in assets' value, of 1,685% in the operating margin, and of 934% in the profit shared with workers.

5.2.3 EXPLANATORY DATA

Perhaps the most relevant question in this case is about the feasibility of applying retrospectively the concepts and principles of the conversational structure model to a past intervention program. In a global view, the major elements of the conversational structure paradigm could be used to interpret retrospectively the SJ Hospital case. Terms and concepts like observer, constituent, organization, conversation and relation found no problem in their use and application.

Similarly, the seven processes that constitute the method of implementation could be fully identified from a conversational structure view. The order in the processes of the conversational structure seems to be a framework that provides clear direction to programs for change and improvement. The initial commitment is essential, the strategy design stage is a "natural" step after diagnosis and before intervention, and evaluation posterior to intervention seems to be a necessary final step.

Conversational structure has as tenet that it can use any other approach, strategy, model o tool to complement the intervention program. In SJ Hospital, this tenet was held. An example could be introducing metaphors. All personnel understood that they could not build a viable

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[219] Closing a conversational structure does not mean that the project can not continue. It means that there is a moment where the intervention program must be evaluated in terms of the proposed goals and in terms of the processes applied to reach these goals. The decision about continuing is irrelevant to this process of evaluation, even if one can decide to continue.

medical complex without the interdependency suggested by this symbiosis distinction. This distinction conveyed the message that it was necessary to develop a synergism between the hospital's care and medical care in order to have an integral care in the benefit of the patient. This scheme worked out and allowed these three main constituents to function together in a more coordinated way.

Notwithstanding the general application, the interpretation showed some aspects that can be enhanced. For one thing, the diagnosis and future design processes can be done in a more systematic and methodic way. Involved and affected members of the organizational system expressed the need for a degree of confidence about the final goal of the intended change. Uncertainty generates resistance. It also seems that the design process has to be developed in detail, particularly concerning the design of the conversations and conversational patterns.

In SJ Hospital case, the classification of participant observers resulted somehow confused; in some cases, a community of standard observers included other standard observers. For instance, nurses and technicians were also hospital, and the executive committee was both medical school and management team. Perhaps it is necessary to develop criteria more precise to establish specific and unique categories of observers. Particularly, the relation between internal/external observers and constituent/ coadjutant observers.

5.3 PO FIRM

PO Firm is a multinational owned company created in 1996 in the telecommunication sector. It has been a fast-grow company with operation in all over the Polish territory. At the time of the study (summer 2000), the number of employees was over 2,000, of managers 120 and of customers over three million. The business environment was highly competitive, being PO Firm the second largest company in the sector. Its exit seems to be based on the introduction of new products and services (technology-based) oriented to information services and on customer services: maintenance of loyalty.[220]

It should be remembered that this study is limited to the design process, that is, to the four first steps of the method of implementation. There was neither intervention nor, consequently, diagnosis posterior to intervention nor evaluation of results and processes. Therefore, I will report only observational and explanatory data.

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[220] The whole experience is documented in a confidential report to the company which name will be maintained undisclosed.

5.3.1 OBSERVATIONAL DATA

5.3.1.1 PRE-DIAGNOSIS

Pre-diagnosis is the starting and generative point for implementing a conversational structure strategy. This process is initiated particularly by the commitment of the top management. In the PO Firm, 12 executives selected by the company took part and were highly cooperative and open during the whole process.[221] From this point of view, their commitment was guaranteed.

The set of people who participated covered the following areas: Human resources, customer operations, technical department, marketing and sales, regions and public relations. Finance and information technologies were not covered. Of the 12 people interviewed, ten are part of the management team at the second level and two are members of the eight–member board appointed as representatives of the three main shareholders companies. That list of twelve participants covered, reasonably well, the divisions of the company and level of the management team.[222] One could say that most communities of observers were represented.

The sources to conduct the diagnosis of PO Firm were the documented directives (vision, mission, and value statements), annual reports (1996,1997, 1998),[223] its organizational chart and, most important, a semi-structured interview. In it, I asked participants to describe their professional and academic background, to afford a metaphor that best conveyed the organization and to point out the strengths and weaknesses of the organizational system.

5.3.1.2 DIAGNOSIS

The next stage in the conversational structure implementation is the *diagnosis*. This process consists of defining the actual state of the organizational system. This definition may include the most important observers in these communities (constituents and coadjutants) together with their relationships, shared values (main distinctions and basic assumptions) conversations and observers' situation (emotional states, well-being) and performance indicators. For the case of PO Firm, I present the results in terms of constituents, their relations, their perception of the company (metaphoric representation) and their conversations themes.

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[221] The official communication to participants was that the study was part of an academic effort with which the company was cooperating and that a final report will be delivered to the Human Resources Manager.
[222] It is important to note that the list of people to be interviewed was prepared by the Human Resources Director's office. This was an advantage because of the knowledge they have of the people and of the organization as a whole. Besides that, the selection allowed the author to overcome the Polish language barrier; all interviews were conducted in English.
[223] At the time this study was conducted, the 1999 annual report was in print.

According to official declaration, the organization of PO Firm is formed by four *constituents*: top management,[224] customers, employees, and shareholders. However, out of the six possible external *relations* among them, only three were considered relevant: customer⇔employee⇔top management⇔shareholder[225]. From these relations, an operational model was inferred. Figure 15 is a graphic presentation of this model. I will discuss only the two first external relations and the internal relation of the employees. I did not have data about other relations.
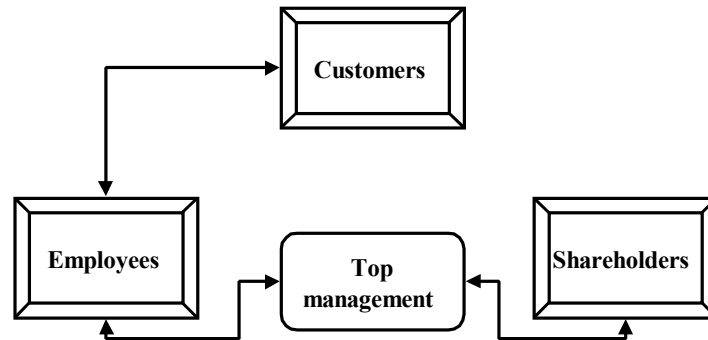

Figure 15. Operational model in PO Firm.

- *Employees–customers relationship*. The demand of customers is satisfied, but quality does not seem to be a high concern for employees.

- *Employees–top management relationship*. Top management is more customers than employees oriented. Training, salaries and social benefits are competitive, but organizational identity is low.

- The *employees–employees relationship* (internal). It is perceived as very demanding in terms of activities and productivity, competitive, individualist and restrictive, particularly in the information flow.

With regard to the *perception* of the participant observers, PO Firm is a new, fast-growing technology-driven company somehow fragmented, moving in the right direction, with some inefficiencies, to produce a variety of good products and services. In this company, managers are much more visible than employees. Table 21 presents this metaphoric perception of participant observers.

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[224] I will avoid using the generic term company in those cases when it seems clear that the Board, the CEO, or other specific person or group with the power to change significantly the company is acting. I will call them top management.
[225] The analysis of the relation shareholders⇔top management is beyond the scope of this study.

Table 21. Participant observers' metaphoric perception of PO Firm.

Metaphoric element	Action	Object/characteristic
Factory	Producing	Variety of products
House	Being built	The house
Colony of ants	Working	Not identified
City	Living	Communities isolated
Tree	Growing	Roots, trunk and branches (employees, core competencies and management)
meteor	Moving	Not caring what is left behind
Fast closed train	Moving	To a concrete target
Modern train	Moving	In the right direction. Turbulence inside
Atmosphere	Producing	Good service felt by the customer
Young, big city	Building	Infrastructure, some time it has to be rebuilt
Kingdoms	Working	Isolated

The forth element that describes the actual state of PO Firm is the thematic content of conversations. They more than any thing reflect the nature of the organization in the organizational system. The major themes identified were six: Employees, customers, technology, information flow, decision-making process and structure.

- **Employees**:[226] Organizational strength. There are concerns about their fast growing number.

- **Customers**: Organizational strength. Demanding but loyal.

- **Technology**: Organizational strength. Technical people are highly respected professionals in the state of the art.

- **Information flow**: Competitiveness and confidentiality are favored; as result, cooperation and respect are low.

- **Decision making process**: Effective, centralized, complex, questionable and detached from local needs; operation oriented as opposed to strategic plan oriented.

- **Structure**: This theme was recurrent and it can be subdivided in three topics.

    - *Matrix organization performance*: It does not work properly. It is functional more than structural, coordinative more than directive, and somehow conflictive.
    - *Territoriality*: it favors isolated domains; as result, it bars horizontal coordination and information flow.
    - *Procedures*: Formal links among departments and divisions, but slowly adaptive to market dynamics.

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[226] According with my model, and in this specific case, employees are members of the company and they are not members of the Management Board. This is justified additionally for the strongly centralized decision making process.

5.3.1.3   DESIRED FUTURE

The actual state of PO Firm has been established in terms of constituents, relations, and observers' perceptions of the company and conversations' themes. The next step is defining the desired future. It takes the form of mission, vision and/or declarations of the top management. The desired future usually includes shared values, main distinctions and basic assumptions. The desired future of PO Firm can be described as follows:

- **Vision**: Friendly company offering the best quality in communication services for all.

- **Mission**: We understand and fulfill the needs of our customers. We take care of our employees' development, challenge them, and reward them for their achievements. We satisfy at the highest level the expectations of our shareholders.

- **Values**: *For customers*: 1) Understand and anticipate customers needs. 2) Be the best perceived company in the market. 3) Ensure effective and friendly customer service, which will durably attach them to the company. 4) Plan and built a high quality mobile network. *For employees*: 5) Recruit best candidates on the market and train them to ensure individual career development. 6) Be responsible as the owner of the company, create atmosphere of trust and commitment to the company, and comply with the code of ethics. 7) Set for everyone clear and ambitious but achievable goals, and remunerate all according to individual performance at work. 8) Promote individual involvement, initiative, and creativity.

5.3.1.4   STRATEGIES DESIGN

The next process in the method of implementation is designing the intervention strategy. This includes three major procedures: a) Determining the differences between the actual state and the desired future, b) defining the needs to be approached and c) designing the strategies to carry out the program of intervention.

The first procedure, determining the differences or separation between actual state and desired future, was carried out by comparing mission, vision and values of PO Firm with perceptions and conversations of participant observers. The results showed major differences in commitment and trust from top management to employees, cooperation among employees, loyalty from employees to top management and the coordination in top management.

The second procedure, establishing the needs to be approached, was a simple process. The relations to be attended are the ones generated in employees and top management, the only

constituents under observation. The aspects to be attended are commitment and trust, cooperation, loyalty and structural coordination. Figure 16 is a graphical representation of this situation.

	Top management	Employees
Employees	Commitment and trust	Cooperation
Top management	Structure	Loyalty

Figure 16. Areas of concern to be approached.

The third procedure consisted properly in designing the intervention strategies. The strategies for changing or improving the organizational system focus on the conversations that take place within the related constituents, but they are not limited to them. Coping with the problematic situation may include any other procedure, operation or activity. The nature and characteristics of the discussed relations made possible to identify five strategies.

- **Strategy 1**: Development of an environment of trust and commitment from top management to employees.

- **Strategy 2**: Introduction of cooperation and teamwork approaches in the company to support projects undertaken to respond to the needs of the market.

- **Strategy 3**: Redesign of the structure in terms of the organization matrix, the decision making process and the procedural body.

- **Strategy 4**: Development of a loyalty building process from employees to top management.

- **Strategy 5**: As global strategy, clarification of the vision statement, especially about the meaning of the phrase "available for all."

5.3.2 EXPLANATORY DATA

The PO Firm covers only the first four steps of the method of implementation of the conversational structure model: pre-diagnosis, diagnosis, desired future and strategies design. The next process would be the intervention, which was not carried out neither, by default, the last other two: diagnosis posterior to intervention and results and processes evaluation.

Even if limited in scope, this case can be considered an intensive experience where all the

essential components that intervene in the conversational structure strategy were present. Particularly, the major elements of the conversational structure model were validated. Concepts like vision, top management involvement, conversations, relations, values, distinctions and assumptions were plainly identified according to the conceptual framework of the conversational structure model.

Similarly, participant observers provide accurate data to identify organizational major constituents and relations, establishing the different aspects of the actual state, defining the components of the desired future and designing the intervention strategies. All these procedures and operations fully respond to various suggestions and different indications that the implementation method outlines and poses (see Appendix A).

Moreover, once more, the usefulness of different tools highly recommended by the structural conversation approach was apparent. For one thing, the use of metaphors to describe the organizational system by participant observers proved to be a tool consistent with the conversational structure assumptions. Metaphors seem to be a save and sound way of capturing the complexity of on organizational system in a process of change. They are particularly effective in capturing and conveying large amounts of information and ideas. "Metaphors allow the transfer of bands of information where other means only transfer smaller bits."[227]

The relationship between the underlying metaphor, how someone conceives and how someone acts in a situation makes possible to diagnose unarticulated assumptions and beliefs by paying attention to metaphors and images used to describe any particular change.[228]Still more, metaphors the very least capture new organizational features while, at the most, they help create the very features to which they refer.[229] Thus, the use of a metaphoric approach shows that different tools are not only compatible with the conversational structure paradigm, but also they can enhance it.

Relation is an essential element in conversational structure approach. Conversational patterns and conversations do not occur in a vacuum; they take place in the *relations* between components, between standard observers. From the conversational structure perspective, a relation could be considered the milieu in which observers interact and converse. That is the

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[227] Hill, R.C. and Levenhagen, M. (1993). Methaphores and mental models: Sensemaking and sensegiving in innovative and entrepreneurial activities. *Journal of Management,* **21**, 1057-1074.2161993.
[228] Marshak, R.J. (1993). Managing the metaphor of change. *Organizational Dynamics* 1993.
[229] Tsoukas, H. (1993). Analogical reasoning and knowledge generation in organizational theory. *Organization Studies,* **14**, 323-346.1431993.

reason why a relation is a domain circumscribing all potential states of interaction and/or activity among constituents. In PO Firm, the moment and significance of relations were visible, even if these relations were only a few.

Regarding relations, there is another important issue. A relation is the understanding and awareness that emerge when observers interact. In a relation, observers know that its behaviors are being coordinated. They know they are being oriented mutually and reciprocally. From this view, it is paramount to conceptualize and visualize both the constituents and their relations. For this purpose, PO Firm showed the significance of developing a model and the advantage of representing it in a graphic way. On the one hand, the model synthesized all constituents and relations and, on the other, it served as the basis for designing the intervention strategies.

As in SJ Hospital, in PO Firm case, major elements, connections and implementation processes functioned not only as expected, but somehow they displayed new possibilities within the limits of the conversational structure model. The SJ Hospital and the PO Firm cases were meant to be primarily preliminary and preparatory to complete and full applications of the conversational structure model. In TD Company, the conversational structure model was implemented fully and thoroughly.

5.4 IQ UNIVERSITY

This case consists in the intervention process conducted in a mid size university campus in which the author has been president since 1991.[230] The institution –IQ University– was founded in 1975 and is part of large private university consortium, which operates 29 campuses in 26 cities all over the country. Each campus offers a subset of undergraduate and graduate programs approved by the Academic Board of the consortium. Each program has to be the same in terms of structure and contents. The academic norms and rules are also identical for all the campuses forming thus an educational System.[231]

Currently, IQ University has an enrollment of about 3400 students. About 600 attend senior high, 2550 undergraduate careers and 350 graduate programs. IQ University offers 15 undergraduate careers in the areas of architecture, engineering, electronics and systems, agronomy and alimentary industries, business and mass media communication. It also offers

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[230] I would like to acknowledge the disposition of my management team who kindly accepted to participate in this effort.

17 master degree programs, some of them on campus and some of them on line.

The change process here reported began in August 2000 and still (March 2001) continues. However, an important contingency appeared in late March 2000: I accepted a new office within the System. Thus, I have to leave the current position at the end of April 2000. This situation allowed me to introduce a new element in this process of change: relaying the presidency. This condition became part of the case and brought into scene a new conversation that I will discuss as an entirely new element that can be approached from the conversational structure view.

After the preliminary and preparatory cases of SJ Hospital and PO Firm, and after the complete development of the model in TD Company, IQ University could be considered a maturation of the conversational structure model. For this reason, it is discussed primarily in terms of conversations, its core and essential component. In the same line of reasoning, this case takes a complete different way of reporting and discussing it; the focus is on conversations.

A basic aspect in this different approach is the conceptualization of the development of the conversational structure in IQ University. The intervention program, from its very start to the point of transferring it to the elected President (closing in some sense) is viewed as a comprehensive parent conversation. This primary conversation gradually originates specific and subsequent conversations, which in turn open further specific and subsequent conversations in a downward and upward cascading process.

The way in which both parent and children conversations develop is in three differentiated stadiums. Firth, the identity and ownership of the conversation are established. I call this stadium *organization*. Then, the *structure* of the conversation is determined. This stadium includes defining the purpose, nature, theme, function and attributes and I label it structure of the conversation. Finally, the conversation is assessed as a starting point for the next process, whatever it may be. I call this third stadium *evaluation*. In presenting the observational data, I will reflect elements of this vision. In the explanatory section, I will fully discuss this comprehensive view of the conversational structure development.

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[231] From now on, in the IQ University case, I will use the term System, with capital letter. The purpose is to denote the university consortium formed by 26 campuses, which comply with all norms, regulations and policies of the parent educational institution, itself a campus.

5.4.1 OBSERVATIONAL DATA

5.4.1.1 PRE-DIAGNOSIS

The starting point for implementing the conversational structure is the commitment of top management. In IQ University case, the process of initiating the method of implementation consisted in three differentiated conversations, all of them related to the initial participation of top management formed first by the President and then by the Board of Directors.[232]

This commitment expresses itself in a conversation, which has organization (identity) and structure (realization).[233] In IQ University, top management is perceived primarily as a president that always is in charge. For this reason, the **organization** of this initial conversation was a one-person process that the President manifested as the commitment to change based on his office responsibility.

This conversation became actual and operating by developing its **structure**, that is, its purpose, theme, nature, attributes, and function. The *purpose* was to change IQ University from its current state to a desired future. The *theme* was dissatisfaction with the current state and the need to change. The *nature* reflected itself in openness, analysis, and reflection. The *attributes* manifested particularly in positive emotional states about success of the process. Finally, the *function* was sharing the organizational system change conversation, which, in turn, became a second conversation.[234]

The third stadium of this first conversation was **evaluation**. Assessing and closing it would consist primarily in letting IQ University know that the effort produced results and a new drift began in its life. Given the circumstances of passing on the presidency, evaluating the conversation took form of a transitional conversation. This new conversation is in fact assessing the parent conversation and, consequently, closing somehow the whole process of change. For this reason, I present the data of this conversation in the evaluating process of the implementation method. Certainly, this initial conversation about change begins in the pre-diagnosis process, but it overreaches to the last moment of the intervention program and it embraces all subsequent children conversations. Delaying its presentation to the end may result clearer.

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[232] The Board of Directors, from now on the Board, is the group of executives that hold the higher positions in IQ University and, consequently, is the management team of highest rank.

[233] Organization is what gives identity to a system, is what makes an object to be what it is. The commitment conversation is what it is because the top management is who converses. The structure of the conversation is its realization, is actualization in concrete terms. See particularly sections 3.1.2.1, 3.1.2.2 and 3.1.2.3.

A conversation about changing IQ University has been initiated. This initial conversation triggers, as mentioned, a second conversation, the one about sharing the organizational change conversation. The first one is the "organizational system change conversation." The second is "sharing the *organizational system change conversation* conversation." The second conversation is nested in the first.[235] Members of the Board, including the President, constituted the **organization** of this conversation.

In the **structure** of this second conversation, the *purpose* was to intervene IQ University to move it toward a desired future defined by some performance indicators. The *theme* was succeeding in change within the restrictions from the University Consortium, with a minimum organizational cost and upon the professional competence of the Board. The *nature* identified was a reciprocal understanding, mutual enrichment and respectful teamwork. The *attributes* were involvement, enthusiasm, optimism and trust, in a symmetric relation of power. Finally, the *function* of this conversation was developing the conversations for the seven processes of the method of implementation of the conversational structure for IQ University. All these conversations will be nested in this and in the parent conversation.

Evaluation –also a conversation– must be considered above all an account of conversational results as a basis for next conversations. From this view, in the conversation about sharing organizational change conversation, the Board, including the President, became the constituents –the organization– of all conversation for changing IQ University. Similarly to the first conversation, I present the data of this conversation in the evaluating process of the implementation method. Even if embedded in the previous conversation, also it is an overreaching conversation that embraces many subsequent children conversations.

The **organization** of the third and final conversation in the pre-diagnosis process was the joint commitment of the President and Board. In its **structure**, the *purpose* was to prepare members of the Board to intervene the organizational system based on the specific concerns expressed by them. The *theme* of this conversation was twofold: the President's academic reasons for change and the board of directors' perceived need for change.[236] The *function* of this conversation was opening a subsequent conversation with the structure presented below.

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[234] The structure of the conversation is what makes a conversation become actual. The conversation becomes actual by means of a purpose, theme, nature, function, attributes and result. For a complete discussion of conversation, see section 3.1.3.2. Function is, in turn, a conversation that becomes actual by means of purpose, and so on. This aspect will be fully discussed in the explanatory section of this case.
[235] Presenting cascading conversations that generate nested conversation that generate embedded conversations results complex and confusing. In the explanatory section, I intend to make clearer this process.
[236] From now on, the nature and attributes of subsequent conversations hold constant. The nature is about changing and improving IQ University. The attributes always were openness, analysis and reflection.

(Since the organization, the nature and attributes of subsequent conversations hold consistent, from now on I will omit them, unless otherwise indicated.)

The *purpose* of this derived conversation was to build agreement to begin the process and to learn from the experience. The *theme* was the two major reasons for implementing the conversational structure model. First, the reasons for change which were particularly manifest in a frantic and excessive activism. The second was my own doctoral work that was about the method I was using.[237] The *function* was the open discussion, the agreeable identification of the current situation of the organizational system and my declared commitment to change.

Finally, the **evaluation** of the third conversation consisted in accepting and declaring commitment and accountability in changing IQ University. My commitment, delivered in a written way, was to conduct a participative and consensual process with the maximum reduction of fear and insecurity in the personnel. With this declaration, this conversation was closed and it became the foundation for next processes.

5.4.1.2 DIAGNOSIS

The diagnosis process was developed by means of a conversation too. O**rganization**, what gives identity to the conversation was, in this case, the Board of Directors[238] committed to change. In its **structure**, the *purpose* was reaching consensus about the actual state of IQ University. The *theme* was the need for building group consensus by openly discussing the concerns every member of the group had at this specific moment. The *function* was defining the relations of the Board between the System, between IQ University and among its members. This function became a set of distinction construction conversations. These conversations were about the adherence to the parent institution, about institutional alignment, about identifying current constituents and their relations, and about characterizing the observer's being.

The *result* of the diagnosis conversation was a consensual view of the current state of IQ University in terms of major concerns, adherence to System directives, definition of constituents and their relations, and determination of the Board members being. After this **evaluation**, the diagnosis conversation was closed by declaring the current state of IQ University concerning focus, institutional life, information systems, evaluation processes, organizational growth, structural functioning and renewed commitment to change.

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[237] I really appreciate the openness of my team to go into this process trusting the possibilities of the group and myself.
[238] The Board of Directors includes the President.

It should be noted that closing a conversation is opening a new one. In the case of the diagnosis conversation, closing it meant integrating and declaring positively and emphatically the current state of IQ University, but at the same time prefiguring the desired future. From this view, the diagnosis process is also an intervention conversation. The results of the diagnosis process are the basis for designing the desired future. From this perspective, results are the most important part of the diagnosis process. For this reason, I will come back to them after presenting the four nested conversations, which constructed distinctions in the diagnosis conversation for the remaining processes.

In the **structure** of the ***adherence to the parent institution conversation***, the *purpose* was consciously internalizing its mission, values, and principles. The *theme* was the content of the official declarations viewed from the current concerns and initial agreements by the Board. The *function* was studying, discussing and agreeing with those official declarations.[239] This conversation was very useful since it made the Board to refresh, internalize and take decisions to adhere consciously to the System declarations. After this **evaluation**, the conversation was closed by declaring unrestricted acceptance of them.

In the **structure** of the ***institutional alignment conversation***, the *purpose* was to make agree the efforts of the Board with the System indicators in use. The *theme* was settling differences and reaching accord with System evaluative indicators. The *function* was discussing indicators, obtained results and compliance to them. The Board overcame resistance and agreed to accept them for sake of IQ University position and image. After this **evaluation**, conversation was closed by declaring cooperation, consent to performance indicators and search of excellence according to the System standards.

In the **structure** of ***identifying constituents and their relations conversation***, the *purpose* was to identify the observers that give identity to IQ University and determine the map of their relations. The *theme* was determining IQ University constituency in terms of its mission ("educate persons committed to the development of their communities"). The *function* was defining the nature, reasons and results in each important relation. The Board failed in building a map of the current relations. After this **evaluation**, the conversation was closed by declaring the need of building an appropriate relational map and accepting it.

In the **structure** of characterizing the ***observer's being conversation***, the *purpose* was to investigate and diagnosis the role of Board members' being in changing IQ University. The

major *theme* was the actual and desired being of Board members from the change process view. The *function* was determining members' emotional state from three perspectives: perceptions of each other, perceptions of the organizational system and individual perceptions within IQ University, all of them in terms of the change process. This threefold function originated three subsequent conversations, which I will briefly describe. The tools used were perception maps, metaphor identification and emotioning identification. The **evaluation** of this conversation is the integrated results of the three next embedded conversations.

- In the "perception maps conversation," the *purpose* was to contribute to determining the current state of relations between Board members. The *theme* was reciprocal perception of Board members. The *function* was to determine emotional intensity, results obtained in that relation, capacity of coordination, conflict level, and obstacles in the relation to coordinate and obtain the results intended.

- In the "metaphor identification conversation," the *purpose* was to observe how the organizational system is perceived by Board members and find possible conflict or problems in terms of contradictions. The *theme* was the metaphorical–emotional view of the organizational system. The function was building understanding in Board members by explaining metaphors, reasons of metaphors, and relations between metaphors and elements of IQ University. The *result* of this conversation was an emotionally charged long and lasting identification of Board members with IQ University. After this evaluation, the conversation was closed by sharing metaphoric meanings among Board members.

- In the "emotioning identification conversation," the *purpose* was to explore the individual and personal relation of each member in the Board with IQ University. The *theme* was emotional state of every member regarding his/her own experience in this organizational system. The *function* was to determine the emotional states related to the most important relations in terms of IQ University past, present, and future. The reflection about past achievements proved to be a motivator to face the current change in an emotional state of enthusiasm since Board looked itself strong and competent enough to accomplish the desired future. The conversation was closed by declaring that, in spite of difficulties and problems, members were willing and enthusiastic about change.

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[239] According to the method of implementation, each process is carried out in operations, activities and actions. In presenting the data, I do not include these further steps.

After describing the organization, structure and evaluation of the conversations, I present their results[240] of these conversations. One could say that they constitute in strict sense the expression of the diagnosis. These results come from every conversation either general or nested. Consequently, seven sets of dimensions should describe the current state of IQ University. However, three of them are integrated into one, leaving only five groups of variables.

5.4.1.2.1   General concerns

In 1994, the System decided structural and leadership changes to empower people in the organizational system. Together with excellent results, a frantic level of activity started to appear. This phenomenon caused high operational costs and a sensation of resource wasting, expressed in the following concerns about:

- Low attraction, admission, and enrollment of new students.
- Heavy organizational structure with high operational costs.
- Not competitive salary structure unable to retain high qualified personnel.
- Lack of a performance evaluation system oriented to results and achievement.
- Doubt about the desired goals of the current organizational structure.
- Increasing level of activity requiring excessive personnel.
- Ignorance of the impact that the centralization of the administrative processes could have on campus operation.
- Growing competition and improvement in the educational services offered by other institutions.

Additionally to these general concerns, two more specific were identified in the adherence to parent institution and institutional alignment conversations:

- Need to refresh, discuss, internalize, and take the decision to adhere consciously to System directives.
- Need to overcome disagreement with System performance indicators.

These concerns interrelate. In order to have a clearer view, they were grouped into six areas: Focus, institutional life, information and follow up, evaluation, growth and structure.

5.4.1.2.2   Constituents

Identifying constituents and their relations was not a simple task because of the organizational system complexity. The most Board members could do was to organize constituents in groups or nuclei. These were the following:

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[240] Result is also an essential aspect of conversations. It usually is expressed in the evaluation and closing of the conversation. However, frequently is extremely convenient express it in an explicit and detailed way.

- Basic nucleus: students, professors, and instructors.

- Mission nucleus: alumni and employers.

- Supply nucleus: parents, provider schools, and potential students.

- Normative nucleus: government, sponsors, System, local trustees.

- Exchange nucleus: suppliers, clients, consultants, and training companies.

- Financial support nucleus: local trustees and sponsors.

- Source of knowledge and standards nucleus: professional and academic leaders, educational institutions, research centers, foreign universities, professional associations, and accreditation organisms.

- Competition nucleus: other regional and local universities.

- Receiver nucleus: communities and social service institutions.

- Spreading nucleus: mass-media.

- Operating-interpretative nucleus: functional units interpreting and operating System educational process.

5.4.1.2.3   Members being: perceptions of each other

Members of the board were rated in a scale from 1 to 5, being 1 the highest level and 5 the lowest, in four dimensions or variables: Emotional intensity, results, coordination and conflict level. Additionally, emotional intensity was also rated as positive or negative.

Emotional intensity is rather high with an average of 3.42, results 2.11, coordination 1.75 and conflict 1.36. In general, outcomes are good. It seems that Board members have high emotional intensity relations with low conflict level, very good capacity of coordination and good results. Three members seem atypical. Member 7, whose relations are observed as highly intense (4.11), with half of them in the negative side of the spectrum, has the highest value in both the capacity of coordination dimension (2.44) and in the conflict level dimension (2.11). Members 2 and 10 have highly positive emotional intensity in their relations, but they also have the better values for results (1.75 and 1.61 respectively). This is also congruent with their values in capacity of coordination and conflict level. Table 22 presents the results obtained.

Table 22. Perception map of Board members

Member	Emotional intensity	Relation (+/-)		Results	Coordination	Conflict level
1	2.56	8+		2.00	1.44	1.00
2	4.00	8+		1.75	1.38	1.13
3	2.67	9+		2.00	1.11	1.22
4	3.44	8+	1-	2.00	1.78	1.33
5	3.67	8+		2.00	1.33	1.11
6	3.33	7+	2-	2.00	2.11	1.78
7	4.11	5+	5-	2.33	2.44	2.11
8	2.67	7+	2-	2.56	2.33	1.33
9	3.33	5+	4-	2.78	2.00	1.56
10	4.44	9+		1.61	1.56	1.00
Average	**3.42**	**7.4+**	**1.4-**	**2.11**	**1.75**	**1.36**

5.4.1.2.4   Members being: perceptions of the organizational system

IQ University metaphorically was viewed as an agriculture production system, forest camp, hotel, and a space offering the best for those who are part of it. It was also perceived as pleasant place to live, big forest, place to do (learn, achieve, change, enjoy, and relate), flexible manufacturing system and growing tree in the social field. These metaphors were considered as input to elaborate the organization current state and desired future from Board members point of view.

5.4.1.2.5   Members being: individual perceptions within IQ University

These perceptions were open questions; consequently, single answers were not expected. The purpose of this conversation was more individual than group oriented, and the results were considered more a private than open matter. The aspects covered were feeling toward others, origin of the emotional state, sense of achievement, acknowledgement, organizational fairness (for instance, in salary), productivity, obstacles, failures and future plans. All these aspects were considered in terms of the process of change.

5.4.1.3   DESIRED FUTURE

The actual state of IQ University has been expressed in terms of general concerns, constituents and their relations, and Board members being. The next step is determining the desired future; this, in strict sense, lies in the organization of the organizational system. It takes the form of mission and declarations of the top management. In this case, I present the desired future as a conversation where the **organization** is the Board expressing shared values, main distinctions and basic assumptions.

In the **structure** of this conversation, the *purpose* was to develop a vision statement with a set of operating principles that would guide the operation of the campus in the following years. The *theme* was the importance of this model, the objectives to be achieved and the establishment of the rules of action to lead and operate IQ University. The *function* was to develop proprietary indicators and standards before undertaking a more specific change strategy. The *results* of this conversation were the vision statements and the operation principles reviewed.

5.4.1.3.1　　Vision statements

- Life in IQ University is cooperation, acknowledgement and high motivation.

- Persons find in IQ University the best space to achieve their personal and professional visions and vocations.

- IQ University personnel lives in a continuous learning process centered in the student-professor relation and committed with their students in the design and operation of community development and service projects.

- IQ University has several high academic level units for teaching and researching, where life is one of ambition, cooperation, effectiveness, achievement, and continuous improvement.

- All educational processes focus on designing and operating multidisciplinary programs.

- Faculty is recognized as a source of knowledge for other campuses.

- Facilities are designed to satisfy community needs and with criteria of international accreditation agencies.

- The physical aspect of the campus is harmonic, respectful, and congruent with the environment.

- Alumni are recognized by their humanistic education, professional achievements, social impact and support to their alma mater.

- High enrollment demand and an attractive scholarship program let IQ University select the best students.

- Community acknowledges continuous education programs as source of personal growth and organizational development.

- IQ University is a reference for leadership, opinion, results, achievement, and fulfillment of the goals it assumes.

- IQ University is part of a world wide network of educational, research, and productive institutions interacting to obtain the development of its members.

- IQ University has a flexible, efficient, ordered, and participative operational model that produces excellent results according with world standards.

- IQ University model is financially solid and allows adequate investment.

- IQ University is the most distinguished campus of the System because of its

achievements in terms of its mission and the challenges the System has decided to face.

5.4.1.3.2   Operating principles

The operating principles establish an ethic framework to be shared, as a part of the intervention process, by every member of IQ University. They are divided in five different areas, each of them responding to specific concerns the Board identified. These were the following.

- Decision making. It includes the purpose of making decisions, the role of Board members, evaluation policies, rules of operation and strategies for members' acknowledgement.

- Structure. It includes structure characteristics, the process for evaluating it, and the interactions between departments.

- Relation code. It includes recognition of IQ University members, teamwork, symmetrical relations, coordination, adherence and alignment to System directives, trust, problem solution, and avowal of human beings working together.

- Personal code. It includes compliance with System directives, authorities respect, accomplishing promises, self-evaluation, information management, support, leadership, loyalty, congruency, learning from others and power exercise.

- Information code. It includes disseminating and applying policies designed to achieve goals, conducting only registered and published operations, and informing about the current situation of IQ University.

The Board members defined the vision statements and the operations principles. They recognized the relation code as capturing a wide spectrum of different behaviors that represents, from the Board's view, the main concerns in the history of their relations. One weakness detected was that the relation code does not contain explicit consequences for those people that break it. After this **evaluation**, the conversation was closed by declaring acceptance of the vision and the operation principles, particularly the relation code followed by a commitment to share massively these results with all personnel in IQ University.

5.4.1.4   STRATEGIES DESIGN

The next process in the method of implementation is designing the intervention strategy. This includes three major procedures: a) Determining the differences between the actual state and the desired future, b) defining the needs to be approached and c) designing the strategies to carry out the program of intervention. Again, the presentation of this process is in terms of a conversation.[241]

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[241] It should be remembered that the organization, the nature and the attributes of the structure of a conversation is the same, unless otherwise indicated.

In the **structure** of this conversation, the *purpose* was to define a series of conversations to accomplish the change from the current state to the desired future state. The major *theme* was to review the previous results and to analyze several possible conversations as strategies for change. The *function* was to decide the strategies that could respond directly to the main concerns expressed in the diagnosis conversation. Table 23 relates concerns to strategies.

Table 23. Strategies for responding to the main concerns.

Concern	Strategy
Focus	Eliminate activities without direct impact on the basic nucleus.
Institutional life	Decrease number of activities to take care of personnel tiredness.
Information and follow up	Develop an agreement follow up system.
Evaluation	Revise fairness in salaries.
Growth	Initiate a marketing approach and design a scholarship program to attract students.
Structure	Change the structure of IQ University to respond to the agreed vision.

The Board decided to focus only on most important areas and on where the impact could be higher. These strategies should be disseminated to inform IQ University personnel. In terms of the conversational structure model, each strategy originated one or more new conversations. The Board found congruent the relation between strategies and concerns. After this **evaluation**, the desired future design conversation was closed by assuming the responsibilities associated with the actions or conversations opened to implement what the Board agreed on.

5.4.1.5   INTERVENTION

Deploying the strategies –the fifth step in the implementation method–may take different approaches and operation, particularly in form of frequent meetings, teamwork, taskforces and training sessions. In the case of IQ University, deploying and disseminating strategies was made in form of a conversation.

The *purpose* of this conversation was translating strategies into more specific and concrete actions. The *theme* was the search and definition of actions for each of the six determined strategies. The *function* was to carry out the actions designed to implement each strategy; this function, in turn, became a conversation.

In fact, the above conversation **structure** can be considered to be the same for each of the six strategies. Each strategy is a conversation that has as *purpose* translating it into action, the

theme is the definition of the action, and the *function* is to carry out the action. Each action designed to implement a strategy becomes a conversation too.[242] In Table 24, I present the main actions defined for every strategy.

Table 24. Actions for deployment of the strategies.

Strategy	Action
Eliminate activities without direct impact on the basic nucleus.	Eliminate children sport program.
	Eliminate language program directed to the community.
	Eliminate students assistantship program.
	Eliminate nutrition advisory program.
	Outsource telemarketing service.
	Inform continuously of actions to be taken.
Decrease number of activities to take care of personnel tiredness.	Integrate students' projects.
	Increase requirements and standards for students' events.
	Implement internal charges for the use of some facilities.
	Involve people being affected in the change process.
Develop an agreement follow up system.	Write down systematically agreements and develop a system to publish them.
Revise fairness in salaries.	Study the fairness and competitiveness of salary structure.
Initiate a marketing approach and design a scholarship program to attract students.	Study market, review strategies, and redesign the recruitment group.
Change the structure of IQ University to respond to the agreed vision.	Develop a new structure based on vision statements aligned with the Mission.

During the implementation process, I considered convenient to open, as President, a new conversation whose *purpose* was to decrease uncertainty and ambiguity by informing about the undertaken actions. The conversation became part of the intervention process.

Even if the intervention conversation developed in a very short time, it was considered successful. All action intended were accomplished. Focusing on essential activities proved to produce very good results in a very short period without a high human cost. The intervention conversation was partially closed by declaring that there were no plans to cancel programs or eliminate activities. The remaining strategies stand and may be subject to a transitional process.

5.4.1.6 DIAGNOSIS POSTERIOR TO INTERVENTION

The "diagnosis posterior to intervention" is a mirror process to the "diagnosis." It should be a conversation about the adherence to the System directives and institutional alignment, about identifying current constituents and their relations, and about the characteristics of observer's

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[242] This is a consequence of the recursive nature of conversations. In the explanatory data section, I will further explain this aspect of the conversational structure model.

being. The results of this conversation, in turn, should be the basis for evaluating the processes and results in the next process. However, because of the contingency of President change, this conversation was not open formally, since the intention was not stopping the change process, but passing it on the new President of IQ University.

From this perspective, the next process can not be an evaluation in strict sense. The evaluation is about processes and results. Since the intervention program continues, I can not assess results, I can not conduct a diagnosis posterior to the intervention in terms of outcomes. However, I can assess the processes. Moreover, because the intention is to continue the change process and I will be not a constituent any more, I need to transfer the intervention program. From this view, I present the evaluation conversation.

5.4.1.7   EVALUATION OF RESULTS AND PROCESSES

By its own nature, any conversation has to be closed. This process is tantamount to conduct an evaluation, which is by itself a conversation. The three major or parent conversation that were open in the pre-diagnosis process must be evaluated and closed. I will describe these evaluations, which are conversations too, in reverse order: first, the proper diagnosis conversation, then, sharing the conversation about organizational change and, finally, organizational change conversations.

In the evaluation of the proper pre-diagnosis (first conversation), the **organization** was the president and the board members that committed to change. In the **structure** of this conversation, the *purpose* was to assess the success of Board in changing the organizational system according to the specific concerns expressed by them. The *theme* of this conversation was twofold: the President's academic reasons for change and the board of directors' perceived need for change.[243] The *function* of this conversation was closing all preceding conversations. Regarding the Board members, they carried out the process of change and learned from experience. Regarding the President, I see that declarations more than only formalizing change they have the power to produce it. Commitment put my public identity and leadership in the center of the process. By declaring that the Board members were and are committed to change, and that I met my responsibility by making my position as explicit and as clear as possible, this conversation is closed. The state of affairs is different from now on.

In the evaluation of the second conversation, the one about sharing the organizational system

change, the **organization** was a management team –President and members Board– committed to change by implementing the change processes.[244]

In terms of the **structure**, the *purpose* was to consider the overall process as a learning experience by the constituents of the conversational structure. The *theme* was the process of change itself as a whole, including results obtained, failures and omissions detected, opportunity areas for later interventions, and so on (one could say that in this case the theme was where to learn from). The *nature* of the conversation resulted in a recurring course of action from analysis, to self-criticism, to synthesis. The *attributes* were curiosity, enthusiasm, trust in oneself, recognition of self limitations, and disposition to accept the whole responsibility of the consequences of the process. The *function* was a systematic assessing and reflecting on the all and every part of the change process, including the weakness and strengths of my twofold function as researcher and president. I consider that Board members committed to change learned from experience and that they can continue improving IQ University. After this **evaluation**, I will close this conversation.[245] As an event, this closing was scheduled at the end of April 2001, which is the official date for changing the presidency.

Before presenting the **evaluation** of the parent and overreaching conversation, the one about changing IQ University, two considerations are pertinent. First, it is difficult to assess this conversation because emotionality involved in this type of intervention is generally high. Moreover, facilitating groups that assign responsibility to the principal is also difficult. Top management can not share with other executives the risk of loosing the organization of the conversation.[246] Continuous communication of the purpose, implications, scopes and costs in the change process proved a wise decision; the change process was accepted.

Second and most important, after evaluating the organizational change conversation, it is necessary to close or declare the end of the change process. In IQ University, closing the parent conversation had a special feature. It was not just ending the conversation, but also leaving the scene as direct observer and constituent. Planned change was not finished as intended; people working in the organizational system have the right to live the transition

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[243] From now on, the nature and attributes of subsequent conversations hold constant. The nature is about changing and improving IQ University. The attributes always were openness, analysis and reflection.

[244] Perhaps the reader notes certain redundancy and repetition in presenting conversations. The reason is that the organization and structure of conversations are designed to be congruent with the organization and structure of parent conversations.

[245] I closed formally the conversation with this written message *The change process we initiated last August under my leadership has coming to an end not because we have completed the planned change, but because of the circumstances derived from my organizational change. My responsibility is to finish what correspond to me and leave to the person who will succeed me the privilege of making his/her decisions once assuming the presidency of IQ University. I would like to thank you for your disposition along the process and for your commitment to implement the decisions we made. Thank you and success in your projects.*

[246] This was the case in TD Company.

process with some degree of certainty. For this objective, the closing conversation was a *transition conversation*, which I will present.

The **organization** of this conversation is one-person committed to change. Since this conversation is a transit, the one person in the organization of the conversation shifts. At one end, it is the current President leaving office; at the other, it is the elected President. It should be noted that this is not just an administrative process of handing over a position. One is dealing with the passing of a process, which showed results and should continue.

In the **structure** of the transitional conversation, the *purpose* is to have a smooth presidency relaying and to avoid uncertainty and fear. The *theme* was twofold. The first consisted in that promoting the current President was a recognition for a many people project and not for an individual. The second theme consisted in that the President of the System declared that the new president should come from IQ University. This situation gave assurance that the project could continue even with a different leadership style. The *nature* was openness, sharing information about my activities, avoiding feelings of abandoning or lacking care. The *attributes* were solidarity with my own professional career change and farewell process avoiding conversation about the future. The *function* is designed to open the following conversations: the moment of leaving IQ University and sharing my personal concerns with all personnel.

Neither the evaluation nor the closing of this transitional conversation is possible now when this case is being written. However, as an event, it was planned to be realized during a graduation ceremony where both the former and new presidents would speak.

5.4.2 CORRELATIONAL DATA

In order to see that a change occurred in IQ University, from its current state (diagnosis) to the desired future, due to the intervention, a set of performance indicators are determined. These indicators can be either qualitative or quantitative. From a qualitative point of view, these performance indicators may be the general concerns, constituents' relations, and the observers being expressed in the diagnosis process. They also can be most of the vision statements and some of the operation principles discussed in the desired future process. Performance indicators may also be quantitative, and the sources are the same, that is, particularly in terms of some general concerns, vision statements and operation principles, which can be operationalized. In the case of IQ University, there is a set of performance indicators established by the System. These indicators may be an excellent evidence to prove

that the organizational change did occur.

In strict sense, showing that IQ University has changed from a current state to a desired future is not possible. The intervention program has not ended and the intention for it is to continue. In spite of this situation, additionally to all informal opinions about a perceived radical change in a positive direction, some quantitative data can be offered as evidence of change.

According to System performance indicators, IQ University organizational climate was assessed with 1.65 in June and 1.92 in December on a scale from 1 (highest performance) to 7 (lowest performance). Values lower than 2.5 are good. This consistent assessment suggests that IQ University accepted without reservations the change process.

According to the same indicators, the President was rated 1.45 in June and 1.54 in December. Similarly, Board members were rated 1.88 and 1.85 in the same periods. Ratings did not move significantly and some improved. Consequently, one can infer that the change process initiated in August was well communicated, understood, and accepted as looking for a better organizational system life in the future.

The estimated number of candidates enrolling IQ University next August is a 10% higher than the previous period. This fact can be considered a structural change that in its current operation is giving better results.

The budget, which began operating in February 2001, is balanced, fulfilling the parent institution standards.

From a qualitative point of view, perhaps the most solid evidence of the change is Board members opinions and IQ University climate. They are good. Even if the evidence is yet scarce and scanty, because the intervention program continues, I consider that this intervention, even if not concluded, has been successful.

5.4.3 EXPLANATORY DATA

As in the three previous cases, in IQ University case, terms and concepts like observer, constituent, organization, conversation and relation found no problem in their use and application. Similarly, the seven processes that constitute the method of implementation could be fully identified from a conversational structure view. The order in the processes of the conversational structure seems to be a framework that provides clear direction to programs for change and improvement. The initial commitment is essential, the strategy design stage is

a "natural" step after diagnosis and before intervention, and evaluation posterior to intervention seems to be a necessary final step.

The assumption that conversational structure can use any other approach, strategy, model o tool to complement the intervention program was once more validated. In IQ University, techniques like conceptual maps, metaphors, perception maps supported with no reservations the conversational structure paradigm. Moreover, once more, the usefulness of different tools highly recommended by the structural conversation approach was apparent. Again, the use of metaphors and perceptual maps to describe the organizational system by participant observers proved to be a tool consistent with the conversational structure assumptions.

In IQ University, as in SJ Hospital case, the classification of participant observers resulted confused; in some cases, a community of standard observers included other standard observers. It appeared necessary to have a more precise category observer and its respective subcategories. However, if this situation holds consistent, then one should conclude that this conditions is normal.

Even if the IQ University case shifted unexpectedly and the diagnosis process could not be carried out, all essential components that intervene in the conversational structure strategy were present. Particularly, the major elements of the conversational structure model were validated. Concepts like vision, top management involvement, conversations, relations, values, distinctions and assumptions were plainly identified according to the conceptual framework of the conversational structure model. Similarly, participant observers provide accurate data to identify organizational major constituents and relations, establishing the different aspects of the actual state, defining the components of the desired future and designing the intervention strategies. All these procedures and operations fully respond to various suggestions and different indications that the implementation method outlines and poses (see Appendix A).

As in SJ Hospital, PO Firm and TD Company cases, In IQ University, elements, connections and implementation processes functioned not only as expected, but somehow they displayed new possibilities within the limits of the conversational structure model. In this respect, two major elements or dimensions appeared in IQ University, which deserved special mention: the recursive character of conversations and the management of contingencies.

5.4.3.1 RECURSIVE CHARACTER OF CONVERSATIONS

In the development of the intervention program, according to the method of implementation

of the conversational structure model, processes appeared to be better explained in terms of conversations. For instance, the diagnosis process is a conversation that originates other conversations that can originate more conversations, and so on.

In order to handle this situation, it was necessary to introduce a further distinction in conversations. The conversations, in consonance with the theories that sustain the model, have organization, structure and evaluation, where the closing of the conversation is included.

The organization is the identity of the conversation. It is what makes a conversation be this conversation. The structure is the actualization or realization of the conversation. As was seen in Section 3.1.3.2, the elements that constitute a conversation are purpose, theme, nature, attributes, function and results. The evaluation relates to the obtained results and to closing the conversation. Always it is a moment where conversations have to be assessed and closed, otherwise it would be an infinite process.

The function usually is action carried out by other conversations, each of them will have its own function that may be other conversation and so on. This is a recursive aspect of conversations, similar to recursive procedures in computer language programs. For instance, a first conversation is changing the organizational system. In order to change the organizational system, one has to share this conversation. This sharing becomes a conversation nested in the first conversation, and so on. Figure 17 is a graphic representation of this recursion.

Organization
    Structure: purpose, theme, nature...
    Organization
        Structure
        Organization
        Structure
        Evaluation: results and closing
        Evaluation: results and closing
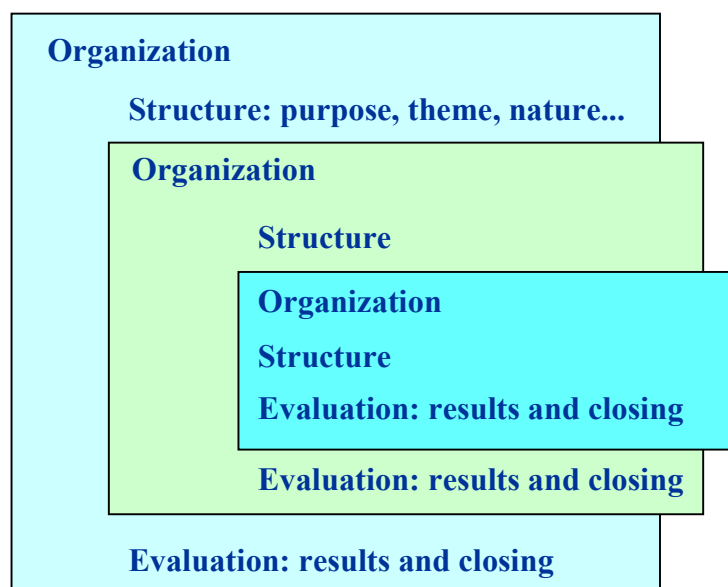   **Evaluation: results and closing**

Figure 17. Recursive nature of conversations.

Following this logic, the first conversation gives a complete and general idea of the whole process. The second conversation gives a more detailed and specific view of the process. Finally, the subsequent conversations give an even more detailed view of the process. There may be other conversations, in a deeper level, embedded in the former conversations. From this point of view, conversations assume plainly their recursive role attributed by the theory. Next, I give an actual case of these cascading recursively conversations.

Organizational System Change Conversation
Organization: President
Structure:
  Purpose
  Theme
  Nature
  Attributes
  Function: Sharing the Change Conversation Conversation
       Organization: Management team
       Structure
        Purpose
        Theme
        Nature
        Attributes
       Function: conversations for the seven processes
          Pre-diagnosis conversation
          Organization
          Structure (purpose, theme, nature, attributes, function)
          Evaluation
     Evaluation: results and closing the Sharing the Change Conversation Conversation
Evaluation results and closing the Organizational System Change Conversation

Figure 18. Parent and children nested conversations example.

An important observation is that conversations are not independent. The diagnosis conversation, for instance, is not limited to diagnosing the current state; it is also an intervention conversation. At the very moment the Board was exploring the different areas, they were producing declarations. For example, when the Board was analyzing System official directives to adhere to them, it was acting: adhering. This is consistent with Austin theory.[247]

Other important observation is that focusing the diagnosis conversation on the current state is very difficult. Past and future are always present. The process is like a spiral where many conversations, both private and public, are always present. The main conversation triggers other conversations. It is a mechanism "to activate" the current conversational structure,

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[247] Austin, J. L., (1990). *Cómo hacer cosas con palabras*. Paidós, Barcelona

which is the very same structure that is intended to change. This reaction can be interpreted as "resistance to change," a prevalent phenomenon associated with change processes. It is as the conversational structure reacted limiting itself to act in the only way it can because of its structural determination. In chapter 7, I will address this point in more detail.

5.4.3.2 MANAGING CONTINGENCIES

IQ University case presented a sudden shift. The President moved before the intervention program was over. He could not just end the implementation of the intervention program. The conversational structure model provided a neat and congruent strategy to continue the change process: Developing a transitional conversation. This conversation was carried out and it seems that is causing the intervention program to continue. It appears that the conversational structure model can handle contingencies.

6. ANALYSIS OF RESULTS

The purpose of this study is to improve organizational systems (firms, companies or enterprises) by means of implementing a conversational structure and, from this action, lay down the foundations for a different paradigm of organizational change. From this broad and global purpose, three general objectives have been formulated. In the last chapter, I described four cases in which the conversational structure model was implemented. In each case, I presented descriptive, correlational and explanatory data, which corresponded to the first, second and third objectives, respectively.

Regarding the first objective (to show that a conversational structure can be developed as a strategy for changing an organizational system), I described how the conversational structure was designed, implemented and evaluated in each case. The presentation of the data was in the same order as the seven processes that constitute the implementation method of the conversational structure model (see Section 3.3).

Regarding the second objective (to show that the organizational change is due to the development of the conversational structure), I presented data that showed some evidence that a change occurred in three of the four cases. PO Firm case was limited to the design stage. The information consisted in some observations of the participants and some performance indicators established by them or by the organizational system, both quantitative and qualitative.

Regarding the third objective (to lay down the foundations for a different and efficient paradigm of organizational change and improvement), I presented data related to the consistency, sufficiency and suitability of the major concepts used in the conversational structure model. The data referred to concepts or principles that were new, important or played a special function in the implementation of the conversational structure model in the four cases.

In Chapter 5, the three types of data were presented within each of the four organizational systems where the model was applied. In analyzing the results, the purpose of Chapter 6, I will discuss each type of data in an integrated way. First, I examine the data obtained in the development of the seven stages of the implementation method, from the pre–diagnosis to the

evaluation process. Then I look at evidence about the change in the organizational system. Finally, I inspect the behavior and demeaning of the major conceptual elements of the conversational structure model. This will be the order in which I analyze the obtained information.

To summarize, I discuss three types of data: observational, correlational and explanatory. For each type of data, I analyze the grouped results from the TD Company, SJ Hospital, PO Firm and IQ University. Consequently, the chapter is divided in *three* sections, one for each type of data. The first section deals with the seven processes of the implementation method. The second section has two divisions, one for perceptions of participant observers and other for performance indicators. Finally, the third section, from a conceptual view, copes with the implementation method, the connections of the model and the elements of the framework. Before discussing the data, I consider convenient present an overview that includes all cases and all their major dimensions in tables.

Regarding these tables (25, 26 y 27), some remarks need to done. First, these tables only present the main and most relevant statement found in that specific dimension of that specific case. Second, the statements presented somehow pretend integrate several major findings of the dimension under discussion. One could say that each statement represents a concise conclusion about a major issue in that dimension. Third, single statements presented for each case are by not means exclusive. Each statement or finding builds up on the previous. The later case (for instance, PO Firm) includes all previous findings (from TD Company and SJ Hospital). In this sense, IQ University includes all three previous findings from TD Company, SJ Hospital and PO Firm. In other words, the sum of the four findings (one from each case) can be considered a general conclusion about that specific dimension.

Tables 25, 26 and 27 may be considered a synthesis from results presented in Chapter 5 and an overview of the analysis that I am going to conduct in the present chapter. Table 25 deals with the major findings related to objective 1, that is, to explore the feasibility and viability of the conversational structure as a change strategy. To the seven processes, tools as an eighth dimension was added. The reason is that this aspect probed to be important by its own right. Table 26 concentrates the major results related to whether a change did or did not occur after implementing the conversational structure strategy (objective 2). Finally, Table 27 presents some major conclusions about objective 3, reviewing the elements of conversational structure.

Table 25. Major descriptive results for objective 1: Feasibility and viability of CSM.

	TD Company	SJ Hospital	PO Firm	IQ University
Pre–diagnosis	Convenient and necessary condition.	Different times to engage (short or long). Each case follows its own rhythm.	Top management concept broadens to a second level.	Second level commitment is essential too.
Diagnosis	Closely tied to next processes.	Becomes already a change process.	Can take different valid forms: critical relations, communities, nuclei...	Above all, a building trust and commitment process
Desired future	Key and central process.	Guide and basis for change.	Involvement is of paramount importance	Demands a critical process of data selection and integration.
Strategy design	Conversations are the central part; they generate conversational tools.	Administrative systems (planning, coordination...) help enormously.	Relations reveal themselves as the essential issue in change.	Conversations do not only foster change; they are change.
Intervention	Group work has to be collaborative and, especially, reproductive.	Conversing –sharing distinctions, values...- is a building and learning process		Spreading conversations is primarily an instilling and disseminating process.
Diagnosis posterior to intervention	It is a continuous checking the "current states" to see if change is occurring.	Even if results are unexpected, it provides elements to close conversations		It is a continuous mirror process to the diagnosis and desired future.
Results and processes evaluation	Provides basic information for decision making about intervention	The evaluation provides support to the obtained change.		It is not necessary the end of the change process. It can be the passing or relaying it.
Tools	Learning and reproductive strategies seem inherent to conversational structure	Teamwork and collaborative seem connatural strategies to conversational structure	Communication and interactions are by themselves processes of change.	Group and team work appeared essential tool for conversational structure development.

Table 26. Major relational results for objective 2: Occurrence of change after CSM

Perceptions	Perceived achievements are evidence of change, but it is stronger if it is quantified.	Observers' perceptions are the strongest evidence for change, from a conversational structure view.	Change can be envisioned in terms of perceptions.	Change occurs only when observers change their perceptions about them and about the system
Perform-ance indicators	Change can be showed by statistical evidence.	Performance indicators can be overwhelming evidence for change.		Performance indicators feed back and reinforce the change process.

Table 27. Major explanatory results for objective 3: Enhancement of CSM.

Observer	External observers' *role* can be further clarified.	Constituents can form part of different communities of observers.	Constituents can be from any level of the organization system.	Constituents participating in the process of change do not exhaust the concept of organization
Organizational system	The tiniest shake in the organization influences the structure.	Internal and external constituents may be constituents of the organization.	The organization may expand itself to other levels inside the organizational system.	The organization is much more stable than any individual constituent.
Language	Conversations are effectively the central part in the change process	Conversations are effective in promoting change.	Conversations open hidden possibilities for change.	Conversations, once implemented, are change.
Culture	Mission, vision, shared values and assumptions are in conversations.	Culture –net of conversations–can be redefined by other set of conversations.	Culture manifests itself in conversations.	Culture needs to be brought from the background to the foreground.
Conversational structure	Conversations have organization and structure, as any system.	Conversations can be designed, implemented and assessed.	Conversing about change is already a change.	Change can be explained by the recursive nature of conversations.

6.1 OBSERVATIONAL DATA

The first objective consists in showing that the conversation structure is a strategy for changing and improving an organizational system from its current state to a desired future. In this objective, the focus was on the implementation or development of the conversational structure, that is, on how this strategy for change is designed, implemented and evaluated. To accomplish this purpose, an observational method was considered convenient. The results were a description of the development of the conversational structure.

Essentially, the obtained data refer to how the strategy initiated, developed and concluded. They also are about which members of the organization participated, what were their roles and what type of conversations and relations developed among them. Likewise, the data deal with the establishment of the actual state and desired future of the organization, and the design of the strategy that was developed to cope with change. The conducting line for gathering and presenting the observed data was the description of the procedures, tools and results for the seven processes of the implementation method of the conversational structure model. The analysis of the information will follow the same approach and order.

6.1.1 PRE-DIAGNOSIS

The starting and generative point for implementing the conversational structure model is the commitment of the top management, including the CEO and chief executives of the organizational system. They are the ones who determine the other factors of the conversational structure design: observers, relationships, shared values, conversations, indicators... Consequently, the purpose of the *pre-diagnosis* process is reaching this commitment to carry out the conversational structure model.

In all four cases, the fitness of the process was evident. In SJ Hospital, this commitment could be identified retrospectively. In PO Firm, this commitment was expressed in terms of academic collaboration, but it was there. In IQ University, the commitment was precisely the element that triggered the whole implementation of the conversational structure model. In TD Company, the commitment was a long process, because it was based on a proposal that has to be developed according to the CEO vision, but once it was accepted, the intervention program started.

From this perspective, I can conclude that the pre-diagnosis is not only a convenient but also a necessary process. I t may took different forms and have diverse reasons, but the commitment has to be meant or declared, in conversational structure terms. It may take more or less time, since the requirement of the top management may vary. The opposite ends of this commitment were IQ University and TD Company. In the first case, it was immediate; in the second, it has to be elaborated. The commitment may take different forms, time and reasons, but the data show that it is necessary as the starting point for the whole intervention program.

All four cases showed that the commitment of the CEO is necessary. Additionally, three cases showed that the commitment by second level managers is also necessary. Consequently, top management does not mean only CEO, president or stakeholders, but also directors, officers or any other members of staff who is directly involved in implementing change. It could be said, from the conversational structure view, that whenever managers or officers at any level participate directly in the intervention program, they become constituents of the general and overreaching conversation about change. Consequently, they constitute the organization of the conversation.

The commitment initiates in the pre-diagnosis stage, but it must continue in the whole intervention program. If this commitment somehow is withdrew, the program can be at stake

or even fail, like in the final stages of TD Company where top management seemed to change his priorities. In conversational structure terms, it could be said that the organization of the conversation changed and consequently lost its identity and unity.

6.1.2 DIAGNOSIS

The diagnosis process consists in defining participant observers (constituents and coadjutants), their relationships, shared values (main distinctions and basic assumptions), their situation (emotional states, well-being) and performance indicators in order to determine the current state of organizational system.

According to the data observed, the utility of this process was apparent. In all four cases, the results contributed significantly to the development of the remaining processes. It could be said that they smoothed and paved the development of the coming stages. Similarly, it seems that the more complete and detailed is the diagnosis, the more efficient and useful is the intervention program. In all four cases, the results of the diagnosis process were abundant, relevant to the change desired and sufficient in that they covered all major areas suggested by the conversational structure model.

Similarly to the pre-diagnosis process, the results of the diagnosis may take different forms and times. For instance, regarding constituents, in SJ Hospital were communities; in PO Firm, homogeneous constituents; in TD Company, mangers and consultants; in IQ University, nuclei. In diagnosis the different elements of the conversational structure (relations, shared values, basic assumptions, etc.) it took a couple of weeks in PO Firm and several months in TD Company. The results of the diagnosis were of various types too. In SJ Hospital and PO Firm, the major results were critical relations, in TD Company perceptions of participant observers and in IQ University concerns. Again, it seems that forms, time or types of the results do not affect the purpose of the diagnosis.

The data seem to show that the diagnosis is not only the determination of the current state. This process, by defining constituents, relations, shared values and performance indicators is a change process too. It means that participants, in the process of determining the current state, somehow are designing the desired future and making it happen. From the conversational structure view, participants become constituent observers that converse, and by observing and conversing, they act and make things occur.

6.1.3 DESIRED FUTURE

In essence, the desired future process consists in translating the current state into desired and wanted relations, values, outcomes, participants' situation and performance indicators to be reached. However, this process does not consist only in mirroring the current state defined in the diagnosis process. It also implies selecting the critical elements and in integrating them into an organized set of declarations. In SJ Hospital, the critical elements focused on relations, in PO Firm on conversations, in TD Company on company's directives and managers' perceptions, and in IQ University on vision statements, shared values, operation principles and mechanism to implement them.

The desired future may be strewn in a large amount of official documents, manuals, proceedings, memoes, reports, and people. From this abundant information, few elements need to be selected and declared. The desired future seem to be more a process of sifting and culling relevant and critical aspects that will guide the change than just reflecting the image of the current state into a desideratum.

From this perspective, designing the desired future requires commitment, analysis, reflection and method. However, this process is highly facilitated by the diagnosis process. If the diagnostic results of the current state are apt and proper, designing the future will be easier and efficient.

Current state and desired future are general and broad terms that by them mean nothing but two different stages in a continuum, from one actual situation to another wanted. Determining them is sometime a long and painstaking process, and can not be defined or established beforehand. Similarly, a desired future can not be the same for all organizational systems. It depends on the diagnosis, on the purpose of the intervention program, on the institutional priorities, on the mission and vision of the organizational system, on the commitment and goal of top management, on the concrete situation that demands change. From this view, what is important in designing the desired future is to express it in clear terms and, whenever possible, in observable and measurable dimensions. For example, performance indicators in the cases of SJ Hospital, TD Company and IQ University were observable and measurable.

However, it should be noted that a desired future not always is expressed in observable and measurable dimensions directly. A desired future may be expressed in qualitative dimensions, which in turn and a given moment can become observable. This is the case of PO Firm where the desired future was expressed in terms of values like to understand and anticipate

customers needs, be the best perceived company in the market, and train labor to ensure individual career development. In this case, the desired future was expressed qualitatively, but all these values can be operationalized and measured. Nevertheless, this is a second order level and other levels may be specified. In brief, the desired future may be expressed in different way and levels. Data, however, showed that whatever are the dimensions, these are most useful when are or may become observable and measurable.

6.1.4 STRATEGY DESIGN

The strategy design process consists essentially in two major procedures. The first is determining the needs to be approached, understood as the differences between the results from current state and desired future. The second consists in defining and designing the strategies to carry out the program intervention. The first procedure is carried out mainly by means of comparison. By comparing the current and desired constituents, define the new constituents. By comparing the current and desired distinctions and assumptions, define the new distinctions and assumptions, and so on. The second procedure is carried out by developing the conversations that will introduce the distinctions and actions necessary to carry out the intervention program. Additionally, each strategy or conversation involves complementary procedures, operations or activities, like structural changes, creation of special committees, training programs or mass communication.

For example, In SJ Hospital, one of the five strategies identified consisted in a conversation about who is the client. This conversation was complemented with the development of better administrative systems to improve the services and to control inventories, materials, and equipment. In PO Firm, the conversation of cooperation suggested the redesign of the company organizational matrix. In TD Company, the strategies were defined as lines of action, which were carried out in five types of sessions called learning spaces. In the case of IQ University, the strategies were mainly conversations, which in turn, as complement, generated other conversations for the community that would be affected by the change process.

From the analysis of the data about the results in the strategy design process, one can conclude that strategies to cope with the change process are mostly conversations. This conclusion is consistent with the basic assumption underlying the conversational structure approach: conversational patterns and conversations can be developed, that is, designed, implemented and evaluated. The axle on which change and improvement of an organizational

system (enterprise, company or firm) can take place is the development of conversations. In designing the strategies, in all four cases, conversation stood as the essential element of change, what is consistent with the conceptual framework. I will further discuss this conclusion in the explanatory data.

Another important issue that was observed in this stage of the four cases is that conversations are complemented by different procedures or tools. However, the term "complement" does not seem to be the most accurate. Conversations are the realization of the organization. In order to realize, to make actual the organization, conversations ask for or demand some other procedures, activities or tools like meetings, adaptation of organizational structures, gathering information, interviews, etc. From this perspective, a more accurate term could be "provoke" or "generate." Conversations are not complemented by other procedures or tools; they generate them.

6.1.5 INTERVENTION

The intervention process consists in implementing the designed strategies. From a current state, the new observers act in new relationships, with new shared vision in a new conversational map striving to arrive to the desired future.

Carrying out the strategies may take different approaches and techniques. In SJ Hospital, the intervention was carried out by means of frequent meetings, teamwork, taskforces and training sessions. In TD Company, the intervention was realized mainly in learning spaces, that is, meetings and working sessions where consultants and all managers participated. Similarly, in IQ University, conversations were disseminated in meetings, teamwork sessions and training sessions. According to the collected information, all these techniques and approaches proved to be extremely effective.

All these activities have a common element: they are meetings where people converse. It could not be different, since the core element of the conversational structure model are conversations. However, as the description of the cases evidenced, these meeting have some specific characteristics. First, they are purposely designed to learn, discuss, construct, practice, share and assess distinctions required to converse and achieved the desired future. Second, conversations in these meeting usually have a common structure whose purpose is translating the content into action, theme is defining actions, and function is carrying out the actions. Usually, these meeting have, as important ingredient, being reproductive. Every participant replicates the conversation in his/her sphere of action. As in TD Company,

managers had meetings with their own working people and played the role of the facilitator, which they observed in the research team session. In this way, the learned distinctions and conversations cascade down to all affected people in the organizational system.

From this perspective, one could conclude from the observed data that meetings, sessions, teamwork, taskforces and conferences become a basic and effective tool or method closely related and almost connate to the conversational structure approach. They are the means to diffuse, disseminate, spread and share the conversations, which are supposed to produce the change. Data appear to support this trend and I consider that this was the case in all intervention programs.

6.1.6 DIAGNOSIS POSTERIOR TO INTERVENTION

Diagnosis posterior to intervention was developed only in three cases; PO Firm intervention was limited to the first four stages. At the end, the outcomes were different in the three cases. In SJ Hospital, the data observed showed that participant constituents not only accepted and implemented the proposed strategies, but they themselves enhanced them and developed others.

In TD Company, the results of this process were in some regard unexpected. Only a portion of the information could be collected. Transformational leadership dimensions and performance indicators were obtained, but the data of the questionnaire about participants' perceptions after the interventions were not.

In IQ University, the intervention stage could not be concluded because its President, the top manager committed, was transferred to another position. Consequently, the diagnosis posterior to intervention as conversation was not open formally, since the intention was not stopping the change process; it was passing it on the new President of IQ University.

These different outcomes manifested the role that the diagnosis posterior to intervention can play.

- First, it reiterates the recurrent character of conversational structure. It is in fact an ongoing process that continuously is checking the different elements of the intervention to immediately introduce the relevant changes to keep the process going in the right –in the desired– direction.

- Secondly, diagnosis posterior intervention is a process and not only an event at the end of the intervention. As a process, it begins almost simultaneously with the

intervention. For this reason, it is possible not only accept and implement the strategies, but to improve and enhance them.

- Thirdly, the fact that the diagnosis posterior to intervention is a continuous process makes it possible to render account for it and given the case, make the pertinent decisions. This was the case in IQ University. The intervention program could be relayed to a new top management committed to change because there was information about the "current state" immediately available.

- Finally, the observed data also showed that the diagnosis posterior to intervention process determines the evaluation of the intervention. If one has not data about the new current state in a given moment or they are incomplete, then the outcomes of the evaluation will vary accordingly. If the current and desired states represent two different situations on time, it means that I can establish a comparison between these two points. If I can establish this difference, then I can determine whether a change has occurred. If I have not this information or it is incomplete, then I can not establish whether a change occurred.

6.1.7 EVALUATION OF PROCESSES AND RESULTS

The conversational structure paradigm aims at improving the organization in a given direction determined by the organization (constituents) under the lead of the top management. However, changes may or may not being occurring. If things are not going in the desired course, the process can be redirected. Moreover, a given situation or element can be purposely modified, including the vision itself; if that happened, the whole process has to be reviewed and, accordingly, adjusted to the new conditions. This is a reason why the process has to be assessed as a whole. From this point of view, assessing and feeding back the whole process is also an inherent element of the conversational structure. From this point of view, in this stage, not only the products are assessed; the processes and procedures themselves are also validated.

Since the evaluation of results and processes depends on the nature of the diagnosis posterior to intervention, their outcomes also are different. In SJ Hospital, the process was carried out without any difficult. The results were considered positive and the processes useful. In TD Company, since data in the diagnosis posterior to intervention were incomplete, the evaluation of results also was incomplete. However, the evaluation of the processes accomplished its function. The first five processes were assessed positively and the sixth –

diagnosis posterior to intervention– was not. In IQ University, the evaluation did not mean the end of the intervention. The closing of the evaluation conversation took the form of a transitional conversation, that is, the accountability of the intervention passed over other committed top management. The general conclusion is that outcomes are precisely the basis for making decisions about the continuation, modification or cancellation of the program intervention.

This is the difference between the diagnosis posterior to intervention and the evaluation of the processes and results. On the one hand, the diagnosis defines continuously and recurrently "current states" to introduce relevant changes during the intervention. In a given point of time, a "current state" may be considered the last and pass to the next process, the evaluation. On the other hand, the evaluation of processes and results means a final conversation about the whole program intervention. This process is based in the last "current" state. The evaluation closes the intervention program to that point, even if the program may continue but as a different intervention program in terms of organization, current state, constituents or any other conversational structure element.

6.2 RELATIONAL DATA

The second objective of this study consists in showing that the development of a conversational structure changed an organizational system (firm, company or enterprise) from its present situation to a desired future. To accomplish this purpose, a correlational method was considered convenient. Essentially, the data obtained refers to evidence about whether the organizational system did or did not change, about which direction the change occurred in and about what could produce it. The data collected were of two types: participants' perceptions and performance indicators. Consequently, the analysis of the data is divided into two sections, the first for participants' perceptions and the second for performance indicators.

6.2.1 PARTICIPANTS' PERCEPTIONS

In any intervention program, people play an essential role. In the conversational structure approach, people are the central element of organizational improvement. They create the conditions for change, lead it, implement it, manage it and maintain it. In this approach, change agents are considered *observers*.

An observer is a human being operating in language. In language, the observers make

distinctions and, by them, constitute what a social system is. For specific subjects, a social system is what they, as observers, observe it is. Any company, enterprise or firm is a social system; consequently, for specific subjects a company, enterprise or firm is what they, as observers, observe or perceive it is.

From this view, perceptions of participant observers are critical to determine whether the organizational system did or did not change. One could say that if they observed that it changed, then it changed. Perceptions are not opinions, beliefs or sentiments. Observers are not presenting a view about the results of the intervention process. By perceiving, by observing they constitute the organizational system (see Section 3.1.1). Organizational system *before* the intervention is what they observe it is (current state). Organizational system *after* the intervention is what they observe it is. If they observe differently, then a change occurred.[248]

It is important to bear in mind that the fact observers' perceptions are essential in determining the organizational system in a given moment, it does not mean that these perceptions are capricious and merely subjective. There are different methods to validate what observers perceive. Moreover, in most of the cases, either these perceptions can be determined qualitatively or quantitatively by means of interviews, questionnaires or other research measuring tools.

In SJ Hospital, after the intervention program, people perceived themselves as active part in the hospital operation, as team oriented, productive and efficient. Moreover, they developed a sense of belonging to the institution and an attitude of pride. These perceptions were expressed entirely in a qualitative way, but they suggest that a change occurred.

In TD Company, two types of evidence were designed to determine, from the observers' point of view, whether the change did or did not occur. The first were managers' perceptions about the six dimensions: company, their relations, meetings, conflict sources, managers themselves, and contextual interaction. Each of these dimensions, in turn, generated various and multiple data that described in great detailed the current state (see Section 5.3.1.2). The other data referred to leadership dimensions (trust, autonomy and initiative).

Data were obtained only about the leadership dimensions. The data showed a significant improvement in trust (4,6%), and slight change in autonomy and initiative (0.2 and 1.7, respectively). A possible explanation for these results is that conversational structure has as a

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[248] According to Echeverría's *Ontología del lenguaje*, a change is a judgement said by an observer.

major principle asking observers to trust each other, independently of the changed desired. In this case, the change desired and the strategy to change coincided in a basic trend. This can be the reason for obtaining a higher value in trust.

In IQ University, showing that the organizational system has changed from a current state to a desired future in strict sense can not be asserted. The reason is that the intervention program has not ended and the intention for it is to continue. In spite of this situation, additionally to some quantitative data, two elements indicated that change did occur. First, there is a general and informal opinion about a perceived radical change in a positive direction among its personnel. Second, all action derived from the six designed strategies (see Section 5.4.1.5) were perceived as accomplished.

According to a basic assumption of conversational structure model –the observer as constituent of an organization–, participants' perceptions, even if incomplete, suggested that in all three cases a change did occurred. However, this type of data should be taken cautiously. They are important, but it does not mean that can not be collected in more systematic and objective fashion. If the data about the perceptions of managers in TD Company had been available, even a correlational statistic analysis could be conducted, and conclude with a major degree of certainty that the change did or did not occur. If the intervention had concluded in IQ University, I could have conducted further analysis and comparisons, for instance, among metaphors about the institution or about the perceived relations among board members. This was the initial intention, but contingencies prevented the possibility of a correlational analysis.

Observers' perception for determining organizational change and improvement are essential from the conversational structure model. However, these perceptions should be clearly declared and systematically observed. In the four cases, for different reasons, these types of data were not collected in a methodic way. SJ Hospital is a retrospective application of the model. PO Firm case was limited in scope. In TD Company, data about perceptions were not delivered. In the case of IQ University, the intervention program has not ended. However, even with partial information, one can conclude that observers' perceptions strongly suggest that a change occurred in three of the cases.

From the above perspective, I conclude that the hypothesis –understood in its broadest sense– may be accepted. Consequently, it can be inferred that a change in the conversational structure changed an organizational system from its current state to its desired future. The

conceptual hypothesis suggested that the results of a diagnosis for determining the situation of an organizational system is different when applied before and after the implementation of a change. Some data from TD Company and IQ University suggest that the hypothesis expressed in these terms can also be accepted, even if the results of the diagnosis were partial. The development of conversational patterns can make an organizational system change and improve, according to the data provided as perceptions of the constituent observers.

6.2.2 PERFORMANCE INDICATORS

The major assumption that underlies any organization development approach is that an organizational system (company, enterprise or firm) can be moved from its actual condition to different or better one. The question to be answered is how do I know that the current state has changed. In the previous section, perceptions of the observers as evidence for change were discussed. Now, I deal with indicators of the organizational system performance. From this perspective, the formulation of a hypothesis was considered relevant.

The conceptual hypothesis was formulated as follows: "A change in the conversational structure changes an organizational system from its current state to its desired future." This hypothesis was further specified as a working hypothesis: "The results of a diagnosis for determining the situation of an organizational system will be different when applied before and after the implementation of a change in the conversational structure." In this hypothesis, the independent variable is the conversational structure and the dependent variable is the organizational system present and future state in terms of the results of a diagnostic tool. Now, the current state of the organizational system and the desired future of it can be measured in relation to some performance indicators. Then, the pertinent question is whether the performance indicators did or did not change.

These performance indicators could range from profits, client and job satisfaction to international competitiveness, company's growth or the impact that the organization's environment has in the individuals who work in the organization. Whatever the performance indicators, these must be clearly stated and defined. From this point of view, the general hypothesis was more precisely defined: "The current state of the organizational system, as defined by a set of performance indicators, will be different from the desired future of the organizational system, as defined by the same set of performance indicators, after implementing the conversational structure strategy."

In SJ Hospital, the performance indicators, even if established loosely, were number of

patients attended, income, assets, operating margin and profit shared with employees. After the intervention program, it was an increase of 22.9% in the number of patients, of 125% in total income, of 18.7% in assets' value, of 1,685% in the operating margin, and of 934% in the profit shared with workers. Establishing the difference between the current state and desired future in terms of these indicators does nor require a correlational test. The data themselves strongly suggest that a change occurred toward the desired future, and that the change occurred simultaneously to the implementation of the conversational structure model.

TD Company has fourteen indicators as a directive to assess its performance. Two of them (customer survey and demerit number in the 5 M's scheme) could not be identified. The results of the twelve remaining are showed in the next table in terms of percentage and in relation to their determined standards. For instance, return investment reached the 40.0 per cent of the desired value for the year 1997 –before the conversational structure implementation–. In contrast, for the year 2000, it reached the 86.4 per cent of the desired value.

Table 28. Performance indicators in TD Company.

Indicator[249]	1997	2000
Return on investment	40.0%	86.4%
Margin	47.8%	58.9%
Sales	87.0%	93.9%
Defective final product (ppm)	32.6%	57.7%
Final product delivered on time (%)	96.0%	100%
Kaisen	31.1%	87.0%
Quoting time (days)	50.0%	106.5%
Institutional quality evaluation (points)	64.0%	79.3%
Training level (% of workforce)	168.7%	86.9%
Participation (improvement suggestions per month)	0.0%	45.7%
Inventory turnover (days)	44.2%	69.4%
People working in teams (% of workforce)	66.7%	80.5%

For these data, I formulated a question: Do the data present sufficient evidence to indicate a difference in the average values of the performance indicators for years 1997 and 2000? From this question, I can formulate hypothesis: There will not be difference in the average values of the performance indicators for years 1997 and 2000. From this, the H_o is $\mu_d = 0$, and H_a, for two-tailed test is $\mu_d \neq 0$. For testing this hypothesis, I used a paired-difference test.[250] The results were:

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[249] The economic indicators, for confidentiality reasons, are referred to a basis of one in 1997.
[250] This test is used when the data come from two similar tests applied to the same subjects in different moments. Essentially, it consists in estimating the mean of the differences of the data, instead of the differences of the means of the same data.

$\overline{D}$|= 18.675

S_d = 10.635 and

t = 1.7553.

The critical value of t for a two-tailed statistical test, with α = .05 and eleven degrees of freedom is 1.363. Since the observed value of t falls into the rejection region, there is evidence of a difference in the mean amount of averages for years 1997 and 2000. Consequently, the H_o is rejected and the H_a accepted, that is there is a significant difference in the means of the values for the performance indicators.. From these data, I can conclude that it was a significant change in TD Company, and that this change did not occur by chance; it is reasonable to infer that it was due to the conversational structure implementation.

In general, this approach is highly recommended, since it is considered the most objective. However, the availability of quantitative data some times is not possible. This does not mean that the intervention program has not results. Simple, they are different, like in IQ University, where the intervention was interrupted before collecting the relevant information. In this case, I can not conduct a correlational analysis, but evidence for change was there.

Based on the data from SJ Hospital and TD Company, I consider that in general the conversational structure implementation can account for changes in the organizational system from a current state to a desired future in terms of performance indicators. However, it should be noted immediately that this conclusion could not be generalized, since the research design was not an experiment where all conditions are controlled.

6.3 EXPLANATORY DATA

The third objective of this study consists in showing that the use of the theory and practice of the conversational structure sets the foundations for a model or paradigm for organizational change and development. To accomplish this purpose, a loose pattern matching approach was considered convenient. The results were a discussion of the relevance, soundness and suitability of the major concepts used in the conversational structure.

Essentially, the data obtained refers to the consistency and sufficiency of concepts, principles or procedures used in the implementation of the conversational structure. The data collected dealt with the three components of the model: its elements, its connections and its method of implementation. Consequently, the analysis of the data is divided into three sections, one for

each component.

6.3.1 ELEMENTS

The conversational structure model is made of elements, that is, concepts, terms and propositions used in the change process. The major and comprehensive elements are observer, organizational system, language, culture and conversational structure.

In general, all the essential elements that intervene in the conversational structure strategy were present and validated. Concepts like vision, top management involvement, conversations, relations, values, distinctions and assumptions were plainly identified according to the conceptual framework of the conversational structure model in all four cases. In this respect, a significant finding was to see the feasibility of applying retrospectively the concepts and principles of the conversational structure model to a past intervention program. In a global view, the major elements of the conversational structure paradigm could be used to interpret retrospectively the SJ Hospital case. Terms and concepts like observer, constituent, organization, conversation and relation found no problem in their use and application.

From a particular and specific view, the concept of *observer* seems to be yet somehow too broad. In SJ Hospital, the classification of participant observers resulted confused; in some cases, a community of standard observers included other standard observers. The concept of coadjutant did not clearly appeared in any case. It appears necessary to revise the category observer and subcategories community of standard observers, constituent and coadjutant.

The concept of *relation* is an essential element in conversational structure approach. From the conversational structure perspective, a relation could be considered the milieu in which observers interact and converse. In a relation, observers know that its behaviors are being coordinated. They know they are being oriented mutually and reciprocally. From this view, it is paramount to conceptualize and visualize both the constituents and their relations. PO Firm particularly showed the significance of developing a model and the advantage of representing it in a graphic way.

The concept of *conversations* –conceptually the most important element in the conversational structure– started fully to manifest itself in the TD Company case. In the two first cases, conversations were present, but tentatively. In IQ University, the intervention processes could be identified with conversations. Still more, conversations were the evidence of change, if

they were not the change itself.

Regarding this unveiling process, a new distinction appeared necessary in conversations, that of organization and structure. The organization of a conversation is what makes a conversation be this conversation. The organization is the unity and the identity of the conversation. Usually, the organization of a conversation is the observers or conversers committed to do something. If you change conversers or the commitment object, then you have another conversation. The structure of a conversation is its realization, and a conversation realizes itself in a purpose, theme, nature, attributes, function and results. This distinction contributed enormously to present the processes of the method of implementation of the conversational structure model.

This distinction started to appear in TD Company case, but it was fully developed in IQ University case. In the development of the intervention program, procedures appeared to be better explained in terms of conversations. For instance, the diagnosis process is a conversation that originates other conversations that can originate more conversations, and so on. In order to handle this situation, it was necessary to introduce a further distinction in conversations. Conversations are open and closed, then conversations have organization, structure and evaluation, where the closing of the conversation is included.

I mentioned that a conversation originates other conversations that can originate more conversations, and so on. This characteristic of conversations appeared in IQ University case, the recursive aspect of conversations, similar to recursive procedures in computer language programs. First conversations unfold on second conversations and so on, but the subsequent conversations are nested or embedded in the precedent conversations. From this point of view, conversations assumed plainly their recursive role attributed by the theory.

Another important finding about conversations was that they are not events independent and isolated. The diagnosis conversation, for instance, is not limited to diagnosing the current state; it is also a desired future and intervention conversation.

TD Company case was meant to be a complete application of the conversational structure model. This was the case, even if in the diagnosis process some data were no available. This case, no doubt, can be considered an intensive experience where all the essential components that intervene in the conversational structure strategy were present. The major elements of the conversational structure model were validated. Concepts like vision, top management involvement, constituents, values, change and assumptions were plainly identified in the

development of the intervention program. Particularly, concepts like distinctions, conversations, and relations played an essential role as expected from the conceptual framework of the conversational structure.

An interesting outcome of developing conversations is the appearance of a feasible explanation of "resistance to change" in conversational terms. Focusing a conversation on the current state is difficult. Past and future are always present. The process is like a spiral where many conversations, both private and public, are always present. The main conversation triggers other conversations. It is a mechanism "to activate" the current conversational structure, which is the very same structure that is intended to be changed. It is as if the new conversation were boycotted by the past or future conversations. Typically, these conversations are "things always were done like that" and "we are compromising the future of the company." This reaction can be interpreted as "resistance to change," a prevalent phenomenon associated with change processes. It is as the conversational structure reacted limiting itself to act in the only way it can because of its structural determination.

It seems that all four cases contributed to validate the major elements of the conversational structure model. Concepts like vision, top management involvement, constituents, values, change and assumptions were plainly identified in the development of the intervention program. Particularly, concepts like observers, distinctions, conversations, and relations played an essential role as expected from the conceptual framework of the conversational structure. Moreover, particularly these concepts revealed unexpected strengths and traits not fully outlined in the conceptual framework.

From this perspective, I can soundly conclude that the basic assumption underlying the conversational structure approach are valid and that conversations or conversations patterns (conversations embedded on other conversations) can be developed, that is, designed, implemented and evaluated. The axle on which change and improvement of an organizational system (enterprise, company or firm) can take place is the development of conversational patterns.

6.3.2 CONNECTIONS

I have explained how the elements of the conversational structure behaved as if they were independent or sequential, at most. Now, I discuss the same elements (observer, organization system, language, culture and conversational structure) in terms of how they link, connect or relate (usually, I do not use relations because is a restricted term.) For the conversational

structure view, the explanation of these interwoven elements usually can be reduced to two dimensions: change and organizational behavior.

6.3.2.1   CHANGE

About change, the essential question is what causes an organization to become different and to undergo a variation in the intended direction. In any case, change occurred because some observers, as constituents, identified conversations that defined the organizational system present situation. These constituents envisioned a desired future, compare it with the present situation and they see that it is necessary to design new conversations for new participants observers. Constituents, conversations and organizational system situation are the elements that, in different moments, interact to produce change.

In SJ Hospital, fourteen communities of observers defined the current deteriorated situation and the desired one, conversed and changed the institution. In PO Firm, 12 executives defined the actual situation, envisioned the desired future and, by conversing, designed the intervention strategies for change. Similarly, in TD Company, first the research group and then the 21 managers identified the current situation, determined the desired future, designed the new conversations and produced the change. Finally, in IQ University, these tasks were carried out by the board of directors.

What data show is that the change essentially occurs in the interaction or connection of some initial constituents that, by conversing, define the current state and the desired future. From them, constituents planned the new conversations or strategies and induce the change. Change, from the conversational structure view, occurs when constituent observers converse about a present situation and a desired one. Organizational system is actually realized in its structure through conversations. Consequently, if one defines a new structure, then one needs to define a new set of conversations and a new organizational system's behavior (organization identity can not be changed).

6.3.2.2   ORGANIZATIONAL BEHAVIOR

A social or organizational system is a set of components that interact. The interacting of components is the social or organizational behavior. Components of a social system are people as observers. However, observers to be considered as components of the organization need to be grouped into communities, that is, to participate in a common inquiry with respect

to a system of interests.[251] From this perspective, observers can be the managers, employees, owners, partners, competitors, lenders, customers, suppliers, union and regulators. Here, the basic issue is what is organizational behavior from the conversational structure view.

Observers interact. In this interaction, they influence each other, that is, a coordination of actions occurs. When this influence or coordination of actions is consensual, then it is a conversation. However, conversations do not occur in a vacuum; they take place in the relations between components, between standard observers. A relation could be considered the milieu in which observers interact and converse. Observers, interaction, conversations and relations are the dimensions that define organizational behavior.

In all four cases, data were consistent with this approach to organizational behavior. For example, in IQ University the community of observers was the board members and the other nuclei of constituents. The interactions among these nuclei make them influence each other. When this influence –coordination of actions– was consensual, then they converse. When observers know that they are being mutually and reciprocally oriented, then a relation emerged. In these relations, they were able to implement the strategies and accomplished the lines of actions they conversed.

6.3.3 METHOD OF IMPLEMENTATION

The implementation method is a set and general layout of essential moves and tools that observers will use to obtain the desired results of the conversational structure. The method of implementations consists of seven processes and the pertinent tools by means of which the intervention program is carried out.

6.3.3.1 THE PROCESSES

In all four cases, the seven processes that constitute the method of implementation could be fully identified from a conversational structure view. The order in the processes of the conversational structure seems to be a framework that provides clear direction to programs for change and improvement.

The data revealed some strength in the method of implementation that was not foreseen in the design process: its capability to adapt to emerging situations. In TD Company, the diagnosis process was not completed. This situation did not prevent evaluating and closing the

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[251] Whitaker, R. (1996). *Tutorial: Autopoiesis and Enaction.* The Observer Way. http://informatik.umu-se/~rwhit/Tutorial.html. (10-24-99).

conversation in good terms. This situation only meant that a process could not be accomplished completely, but nothing else. In IQ University, the situation was more critical. The top management committed to and leading the change has to leave the intervention program. The conversational structure model was flexible enough as to provide a new dimension, a transitional conversation where the salient President pass on the incumbent President the intervention program by now in the diagnosis posterior intervention process.

6.3.3.2   THE TOOLS

Conversational structure postulates that it can use any other approach, strategy, model o tool to complement the intervention program. In SJ Hospital and PO Firm, the use of metaphors to describe the organizational system by participant observers proved to be a tool consistent with the conversational structure assumptions. In IQ University, conceptual maps was a core element no only in describing the current state and the desired future, but also in provoking the change as observers started to perceive differently. The same could be said about meeting, session, teamwork, taskforces, conferences, document analysis and other different group techniques used in the implementation of the program intervention, particularly in the diagnosis and intervention processes.

As conclusion, I report what could be considered an amazing outcome in the development of the intervention program. The conversational structure became a tool by its own right. In TD Company, in addition to act as a change paradigm, conversational structure became a strategy for developing leadership dimensions not envisioned by the leadership model adopted by the company.

After analyzing the different type of data (observational, correlational and explanatory), the results seem to support three general conclusions. First, data showed a general and basic consistency and sufficiency in the elements of the conversational structure. They also reflected a congruent explanation of change and organizational behavior. Finally, they suggested that the seven processes and tools in the method of implementation are useful and efficient. It should be emphasized, these conclusions are in the general. In particular, data revealed some aspects that have to be reviewed and reconsidered like the classification of observers in constituents and coadjutants that never was used. These and other aspects that were not direct part in the four cases will be discuss in next chapter, in form of conclusions and recommendations.

7. CONCLUSIONS AND RECOMMENDATIONS

This research consists in exploring an organizational development model based on conversational structure. The model consists in three major components: elements, connections and method of implementation. The elements are observer, organizational system, language, culture and conversational structure. The connections –interactions between elements– are expressed in terms of change and organizational behavior. Finally, the method of implementation consists in seven processes, that is, procedures and resources, to carry out the conversational structure as an intervention program. After implementing the model, the conclusions I arrived are the following.

7.1 CONCLUSIONS

The purpose of the study was to see the effectiveness of the model in changing and improving an organization and to validate the conversational structure approach itself. From this general purpose, three objectives were proposed. The first is to show that a conversational structure can be developed as a strategy for changing an organizational system. The second is to show that the organizational change is due to the development of the conversational structure. The third to lay down the foundations for a different and efficient paradigm of organizational change and improvement

To respond to the objectives, the conversational structure model was applied in four organizational systems: SJ Hospital, PO Firm, TD Company and IQ University. For the first objective, an observational method was considered convenient. The intended results were a description about how the conversational structure starts, develops and concludes or, in other terms, how is designed, implemented and evaluated. For the second objective, a correlational method was chosen. The expected results were evidence that could show that a change did or did not occur. Finally, for the third objective, a loose pattern matching approach was considered. The desired outcome was a discussion about the relevance, sufficiency and consistency of the major concepts and principles of the conversational structure model.

Regarding the first objective, the results show that a conversation structure can be designed, implemented and evaluated as a strategy or intervention program for change. Moreover, they

also suggest that the seven processes for implementing the conversational structure are useful and effective.

Regarding the second objective, the results seem to suggest that a change concomitant to the development of the conversational structure occurred in three of the four cases. The change was assessed according to some perceptions of participants and to some performance indicators for the company.

Regarding the third objective, outcomes suggest that the major elements (concepts and principles) of the conversational structure are valid. They can explain sufficiently and consistently the main components and factors that intervene in a change process within an organizational system. Moreover, the fact that the model was able to handling contingent situations suggests certain robustness in it.

These three objectives were gradually reached. The fact that the conversational structure model was implemented in four cases allowed arriving progressively to the desired results. A clear example of this development is the emphasis on conversations. In the two first cases (SJ Hospital and PO Firm), reporting the different processes that constitute the conversational structure was made mainly in terms of results. There was a diagnosis, a desired future, relations and constituents. In TD Company, the processes were presented mostly in terms of the results they produced. However, the description of the processes was much broader and detailed. In some cases, these processes were discussed in terms of conversations. In IQ University, all stages were described not only as processes but also almost entirely as conversations.

This outcome is most important because one could say that each implementation contributed to the validation of the model until it reached a mature state in the last case. This maturation consisted in using conversations not only as a tool to promote change, but also as a tool to describe the change processes. Describing the seven processes as conversations made possible to have an actual and clearer picture of what was going on. This result was further enhanced by presenting conversations as cascading and embedded conversations. This outcome is fully consistent with the conceptual framework, where conversations are declared the essential element of the conversational structure model.

It seems that the purpose and objectives of the study were met *in general*. I can conclude that a conversational structure can be developed –designed, implemented and evaluated– to change an organization from a current state to a desired future. Similarly, I can infer that the

foundations were laid for a conversational structure model that can be used as an organizational change and improvement strategy. However, I can not deduce that the conversational structure model is complete and exhausted. When developing the conversational structures in the different organizational systems –hospital, company, consortium and university–, different aspects rose, which need to be explored to enrich the conversational model.

7.2 RECOMMENDATIONS

From the above perspective, I present the next considerations. I focus different issues on the most important concepts of the conversational structure model, acknowledging that there may be many more to be analyzed and discussed. These are organizational system (organization and structure), observer and conversations. Finally, I will make a general consideration about the conversational structure model as a whole.

7.2.1 ORGANIZATIONAL SYSTEM

When an *organizational system* is disturbed by any reason, it reacts only according to its structure. In other word, its structure determines the way of reacting. When a change process is initiated, the structure reacts the only way it can react. The event may be internal or external, but it triggers a reaction, an "allergic reaction." This reaction could be interpreted as "resistance to change." Discussing the different types of response that an organizational system can give in its structure will contribute to understand better the resistance to change in organizational and social systems from the conversational structure view.[252]

According to Varela,[253] a social or *organizational system* is not autopoietic. From the conversational point of view, conversations can be triggered by events inside and outside the organizational system. When they are provoked from inside, one could say that these conversations generated, "spontaneously" triggered a change. If this is the case, then organizational system are autopoietic. If they are autopoietic, how can change be introduced? The autonomous character of organizational systems is an issue still to be elucidated.

The determination of the current state and desired future of a *organizational system* depended

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[252] For instance, what happen in the riots in Los Angeles and in the Meridith case? Boden, D. (199). Talk, text and history: Conversation analysis and communication theory. Crowley, D. and David Mitchell (Eds.). *Communication theory today*. Stanford, CA: Stanford University Press, pp 140-169.
[253] Whitaker, R. (1996). *Tutorial: Autopoiesis and Enaction.* The Observer Way. http://informatik.umu-se/~rwhit/Tutorial.html. (10-24-99).

entirely on the observers. The results were proper, since they were intended as it was declared. However, a closer look at them shows some inconsistencies and weakness. For one thing, they were not determined in terms of criteria that could afterwards be translated into observable and/or measurable dimensions. On the one hand, this approach will mean a great contribution to the evaluation process of the model. On the other, this approach may contribute greatly to the research projects. Thus, it seems that it can be useful to explore the possibility of having standard tools to define the current state and the desired future of organizational systems.

7.2.2 OBSERVERS

According to the conceptual framework, *observers* by observing constitute the organization of the organizational system. However, in the process of developing the conversational structure, observers frequently tend to detach themselves from the organizational system and to contemplate it as it were an object to which they do not belong. From this platform, they judge, comment on or analyze the process, but they do not see constituent part of the process. This situation can be explained as a lack of motivation, a concept that needs further study. The issue is not trivial, since this process can affect the whole change. If unions detach from the "organization," they constitute a different "organization" inside the organizational system.

In developing the conversational structure, usually consultants become also *observers* in the organization of the organizational system. This is an assumption of the model. However, when consultants become part of the change process, they as constituent observers may have some blind spots, or introduce extraneous or even contaminant factors. From this point of view, it seems necessary to elaborate about the relevancy of having an "outside" observer to have a more complete and "objective" view of the organizational system under analysis.

In the conceptual framework, *observers* were divided into constituents and coadjutants. In any of the four cases, when developing the conversational structure, the concept of coadjutant did not appeared. Additionally, some times the very concept of observer was confusing. It was understood as the consultant, the top management, the participants in the process of change, and the constituents of the company or all of them. From this perspective, it is extremely convenient to define at the outset of the program who are the observers. Moreover, it seems that the concept needs to be further analyzed and revised to be more consistent.

7.2.3 CONVERSATIONS

Conversations, by nature, are between observers. From this apparently simple assertion, various questions rose. Who is the owner of the conversation? Is the owner of the conversation the same as the leader of the conventional theories of organizational change? Can the observer as owner of the conversation converse with him/herself? Which is the role of the owner of the conversation in the change process? Can all conversations be designed and controlled or are some dangling conversations? Answering these and other related questions can contribute to expand the explanatory possibilities of the conversational structure model.

When designing and implementing *conversations* for change, various concepts regarding the elements, the connections or the method of implementation appeared. For instance the transitional conversation, the recurrent character of conversation, and the distinction between organization and structure of the conversations. These modifications must be incorporated to the conceptual framework. This action is consistent with the conversational structure approach and it will enrich the model. A specific example: It was observed that conversations are not linear; they do not occur immediately one after the other. They interweave and recur. The concept of cascading, nested and embedded conversation helped enormously to coping with this conversational phenomenon.

7.2.4 GENERAL CONCLUSION

Various important elements of the conversational structure were not explicitly and openly present in the implementation of the conversational structure approach. There is not doubt that major elements like culture, motivation, simple and composite unity, niche and environment were acting in the background. However, in order to be consistent with the conversational structure model, these elements should be declared and openly discussed and incorporated in the conversations. This is a basic decision to be taken into future developments of conversational structures.

A final issue that can contribute enormously to understanding the change process itself and the conversational structure approach could be a comparative study between the conversational structure, learning organization, knowledge management and chaos management. This type of projects can contribute significantly to the management and organizational development sciences.

The focus of the study was on developing and probing a change paradigm, not only on implementing it and proving that a change has occurred as a result of its implementation. I kept the focus, and the result is that I have a basis to continue exploring conversational structures as change strategies.

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