

Planning for Organizational Development Under Competitive Environmental States: Case Study Approach

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Abstract

The purpose of this research is to explore the contingent stages of recovery adopted in small to medium size organizations facing conditions of environmental uncertainty. This study is three-fold. First, a discussion of decision-making and organizational recovery under uncertainty is provided. This includes a discussion of the Contingency Recovery Typology [1, 2], including the four stages of recovery and the contingent recovery paths, all commencing in state one, namely, the “Jumbled” State, and ending in state 4, namely, “Routinisation and Stability”. Secondly, the current research employs a case study analysis to explore the application of the contingent recovery phases, and contingent recovery paths, to a real-world situation. Finally, the findings of the current study are presented in terms of the recovery stages attained, recovery path(s) networked, and leadership style(s) adopted.

Keywords

Contingency Recovery Typology, Stages of Recovery, Environmental Uncertainty, Contingency Theory.

I. Introduction

A prerequisite to achieving organizational sustainability relates to the fulfillment of the organizational and stakeholders needs, while also developing the social, economic and environmental resources needed [3]. This becomes even more pertinent under uncertain and turbulent environmental states [1]. While risk is rather manageable using traditional methods, uncertainty is different [4]. For organizations to survive nowadays, adaptation to environmental changes is a must, regardless of the type or industry the organization is in. New and continuous environmental changes tend to create a sense of uncertainty for decision-makers, who scrap to deal with the uncertainty, the changing forces causing it, and the resultant feelings of pressure, threat and urgency it may be producing [5]. Change can be quite disorderly and unsettling to organizations, especially if they have not been addressed as part of the organization's strategic plans. Even when strategies have been set to address a possible emerging future uncertain situation, it is hardly ever the case, that exactly the same forecasted situation would indeed transpire. This is due to the nature of crises, being unique, exceptional and exclusive.

Like change, internal leadership also affects the organization, and shapes its plans and strategies. Relatively stable environments no longer exist. Nowadays, organizational environments can best be described as volatile, complex, confused, disorderly and uncertain. While in the past, leaders may have gotten away with avoiding to deal with uncertainty, nowadays, they cannot overlook it. Furthermore, the frequency of environmental change has escalated, thus, heightening the levels of environmental uncertainty impacting on organizational performance [1]. This necessitates organizational leaders to be in full understanding of the nature of uncertainty, and the consequential turbulence it causes. More so, Kouzmin and Jarman [6] express the need for additional training and insight in forming a more comprehensive

understanding of uncertainty, and the strategies employed to steer the organization away from turbulence, in the direction of a more stable and routine environment.

In addition, French and Rios Insua [7] further explain that decisions do not take place in vacuum, and that usually there is a context to previously made decisions. Furthermore, in an article titled, Managerial Decision Making Under Risk and Uncertainty, Riabacke [8] argues that nowadays decision-making depends on the context within which they are made, thus, necessitating the study of the decision-making contexts affecting the decisions, and the way they are made. The author further explains that the organizational structure and its culture must also be evaluated, as they both heavily impact on the decision-making process. Riabacke [8] finally concludes the study by observing that a prescriptive computer-based approach, identifying the gaps between real and ideal decision-making, would be valuable for management's decision making processes. Furthermore, in his book titled, The Perception of Risk, Slovic [9] explains that the understanding and perceptions of risk differ from one person to the other, depending on their relevant professional field.

To this end, the current study is three-fold. First, a discussion of organizational development under competitive and uncertain environmental states, including an evaluation of the Contingency Recovery Typology [1, 2], is provided. Secondly, this research study presents a case study analysis, aimed at exploring the application of the contingent stages of recovery to a real-world situation, to further our understanding of uncertainty, and to identify the reform requisites needed to curtail it. The case in focus is Good Thinking Clinical Psychology (GTCP), a clinical psychology centre located in Sydney, and caters for adults and adolescents. Thirdly, the findings of the case study analysis are presented, with a discussion of the support it provides to earlier research findings [1-2], undertaken in the field of organizational recovery from decline.

II. Contingent Recovery Typology

This framework builds on two main models, namely, the Contingency Typology [6, 10], and the Crisis, Breakdown and Re-equilibration Model [11]. Helou [2] argues for four contingent, and, inter-related, stages of corporate recovery and development, each with a set of different properties (Table 1), as follows:

1. Jumbled Phase (Stage I)

This is the first recovery phase. This phase can best be described as high in risk and uncertainty, as the organization has just emerged from an uncertain and turbulent situation.

2. Experimental Phase (Stage II)

This is the second recovery phase, where formulation and implementation of recovery policies are needed, relevant to the recovery requisites identified.

3. Transitional Phase (Stage III)

This is the third recovery phase which can best be described by short-term stability. Nevertheless, at this stage, recovery related problems in need of effective solutions may continue to surface. This phase necessitates the development of feasibility studies and cost-benefit analyses for contingent developmental strategies.

4. Routinization and Stability (Stage IV)

This represents the final recovery stage. The organization is now in a good situation to evaluate corporate recovery requisites, and identify the most cost-effective resources to realise them. Long-term stability is determined by the organizational realisation of the reform requisites needed.

Table 1 below features the four developmental stages.

Table 1: Contingent Recovery Stages

Decision-Making Contexts	Crisis, Breakdown & Re-equilibration Elements	Recovery Contexts
Phase I: Crisis	+ Instability	= Jumbled Phase
Phase II: Muddling Through	+ Effectiveness	= Experimental Phase
Phase III: Opportunity Cost	+ Efficacy	= Transitional Phase
Phase IV: Algorithm	+ Stability	= Routinisation

Source: Helou [2]

Helou [2] further explains that the nature of the recovery stages, being either evolutionary or incremental, is determined by the organizational governance pattern practiced. In other words, with recovery, the organization tends to take the passage out of the “Jumbled Phase”, moving towards “Routinization and Stability” (Fig. 1). With the realization of incremental and gradual recovery, the organization starts to move away from its disorderly current state. The developmental path may shift more towards the “Experimental State” or the “Transitional State”, before it reaches the new “Algorithmic” position of “Routinization and Stability”.

Fig. 1 below presents the four contingent recovery stages.

PHASE IV Routinization and Stability	PHASE II Experimental State
PHASE III Transitional State	PHASE I Jumbled State

Fig. 1: Contingent Stages of Recovery and Development”
Source: Helou (2017)

The organization may also take the longest recovery path, where it may shift from a “Jumbled Phase” towards an “Experimental Phase”, followed by a “Transitional Phase”, before it reaches “Routinization and Stability”. As Helou [2] argues, the organization may adopt any one of four developmental paths, all of which commence with a “Jumbled State”, and incrementally shift towards a routine and stable state. Furthermore, Helou [2] emphasizes that regardless of the developmental path undertaken, challenges to

recovery and development may surface at any stage. As such, the organization’s ability to overcome recovery challenges, and get into a recovery mode, is heavily conditioned by the organizational governance patterns and leadership styles adopted, and by its ability to attain the needed recovery requisites. As scholars in the field of recovery and development explain [12], recovery strategies should capitalise on recovery activities, and curtail recovery time to a bare minimum.

III. Case Study Analysis

Good Thinking Clinical Psychology (GTCP) is a clinical psychology centre specialising in the treatment of adults and adolescents. It is located about 12 kilometres of Sydney’s Central Business District. The clinical staff undertake assessment and treatment of mental illness, abnormal behaviour, and other psychiatric based stress or dysfunction, and encourage their clients to adopt new and positive ways of thinking. They work collaboratively with their clients to identify contributing factors to psychological difficulties and problems experienced, and suggest and train with them for effective strategies, to help them manage the difficulties. This is undertaken with the application of evidence-based treatments. Specialties at the centre include anxiety, phobia, eating disorders and eating difficulties, depression, bipolar disorder, self-esteem, stress management, personality and interpersonal difficulties, adjustment disorders and trichotillomania (a mental health disorder characterized by irresistible behaviour with the urge to pull out one’s hair).

When Good Thinking Clinical Psychology first started business, they were perceived as pioneers, as they were the only clinical psychology centre in the area. As such, competition was rather minimal. The centre was successful. It experienced a large market share, and attained high profit margins. Nevertheless, during the past two years, other psychology practices have opened up in a close proximity to the centre, thus, elevating the level of competition in the market; leading to high levels of uncertainty experienced by the management. The degree of uncertainty continued to escalate as time progressed. Extensive losses in market share, and a drop-in profit margins, was experienced. It was clear that the clinical centre had departed from its former “Algorithmic” state, and was now experiencing a “Jumbled State”. At this point, the management was in need of the implementation of an innovative recovery strategy to move the centre out of the “Jumbled Phase”, towards a routine and stable state. In other words, the centre was in need of implementing innovative recovery interventions, as a means of embarking on a recovery mode, and steering back in the direction of “Routinization and Stability”.

Even though relocation of the centre was one of the alternative options discussed by the director in charge, continuing operations and service delivery from the same location was also discussed. Upon several discussions with market consultants, the director of the centre decided to try strengthening the sentiments of loyalty for the centre amongst its client base and medical practitioners practising within the area. This was achieved through two main campaigns. First, a relationship building campaign with the medical centres and general practitioners, located within close proximity to the centre, was implemented. This entailed letters being sent targeting all medical centres in the area, to explain the functions and services delivered by the centre. The letters sent were shortly followed by phone calls and e-mails sent to the same medical practitioners operating in the close by medical

centres. This served as a reminder to the information provided in the earlier correspondence. The purpose of the follow up calls and e-mails was to check whether the medical practitioners needed any clarifications in relation to any of the functions and services provided by the centre, and, finally, to ensure that their referred clients are satisfied with the outcome achieved after treatment. The second campaign involved cultivating and nurturing client loyalty. This was achieved through implementing an effective communication campaign, incorporating digital channels, and targeting the centre's client base.

The leadership style practised throughout the recovery period by the director of the centre could best be described as participatory, adaptive and flexible. With continued loyalty building communication activities, targeting both the medical practitioners and their client base, the centre started to experience a more positive outcome, in terms of the number of referrals. This was also evidenced by the positive word-of-mouth experienced by the centre staff. Recovery and development was incremental, as opposed to evolutionary, as time was needed to gradually build up loyalty to the centre and its staff. The resultant recovery path has first shifted from the "Jumbled State" in the direction of an "Experimental State", followed by a "Transitional State", before reaching "Routinization and Stability" (Figure 1). It is worthwhile noting that the centre is currently in an expansion phase. Current strategic expansion plans incorporate the recruitment of additional children clinical specialists, as the centre embarks on expanding its facilities to introduce clinical psychological and psychiatric services to children.

IV. Conclusion: Learning Curves Attained and Directions for Future Research

This section presents the findings of the case study analysis, followed by directions for future research. The findings of the case analysis in focus indicate that organizations can build consumer loyalty, being, in this case, a rehabilitative recovery requisite. Cultivating loyalty was achieved through a relationship building campaign with the medical centres and general practitioners within close proximity to the centre, as well as, through the implementation of an effective and efficient client communication campaign, which heavily relied on digital channels, targeting the centre's client base.

Findings of the current case analysis support previous research studies [1,2], relating to organizational recovery and development, as follows:

- The management in the case study in focus subscribed to a temporal, adaptive and flexible leadership style, that facilitated the shift among different leadership styles and strategies as needed, throughout the recovery period. This further continued during the post-turbulence period.
- Even though the competitive and uncertain environmental state encountered by the clinical centre represents a unique crisis situation, necessitating the development of situation-specific temporal response strategies; yet deriving recovery learning curves given this uncertainty episode, helps the centre in coping with future uncertainty situations, especially if the situational parameters encountered are of a similar nature.
- Had the director of the clinical centre in focus failed in adopting an adaptive and participatory leadership style, or had it been unsuccessful in planning and implementing the loyalty

building campaigns, targeting both medical practitioners and clients; the centre would have been fixated in the "Jumbled State". The centre's capability to embark on a recovery mode is attributed to its ability to successfully cultivate the sentiments of loyalty in both target markets, the medical practitioners and their client base.

- In the case of the clinical centre above, the management, with the advice provided by the market experts, was practising contingency planning. The director had developed various strategy scenarios as part of the centre's response to escalations in the competitive environment, and the consequential uncertainty experienced.
- As the literature indicates, even though challenges may continue to emerge at every stage of recovery, senior management may continue to ignore them. In other words, they may not address them in their strategic plans [6, 13]. Likewise, in the case study above, had the management incorporated the scenario of escalated competition - leading to a considerable loss of market share, accompanied by a decline in the profit margin - in their five-year strategic plan, they probably would have been swifter in their reaction to the environmental turbulence experienced. With a shorter reaction time needed for the implementation of recovery interventions, the centre would have been able to embark on either an "evolutionary" path (i.e., moving the centre from a "Jumbled State" directly towards "Routinization and Stability"), or, at least, a shorter "incremental" recovery path (departing from the "Jumbled Phase", passing through either the "Experimental Phase" or the "Transitional Phase", before it finally establishes "Routinization and Stability"). A shorter recovery path would have assisted to minimize recovery time, and maximize the recovery activities [1, 2, 12].

Finally, directions for future research include the undertaking of further case study research, for both profit and non-profit organizations, aimed at validating the significance and contributions of the proposed Contingency Recovery Typology [2], and its four composite recovery stages, geared at developing further insight into the area of organizational development from decline. Furthermore, future research is also needed to further clarify the corporate entrepreneurial-leadership functions and styles needed for the realization of shorter, and possibly more cost-efficient, "evolutionary" recovery pathways (that is, shifting from a "Jumbled" State directly to a "Routine and Stable" State), as opposed to the costly and time consuming "incremental" recovery pathways, passing through every recovery phase (that is, stirring from a "Jumbled" State to an "Experimental" State, followed by a "Transitional" State, and finally, to "Routinization and Stability").

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