OD Approaches In Banking Sector Of Pakistan: An Exploratory Study Of MCB Bank And Bank Alfalah

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ABSTRACT

As diagnostic and dialogic Organizational Development (OD) are major approaches to manage change, therefore, according to Marshak and Bushe (2018) this can be an exceptional area for OD scholars to explore “Under what conditions are diagnostic or dialogic approaches the most appropriate intervention and most likely to succeed”? The purpose of this study was to develop a better understanding of how organizations with unlike conditions carry out change by adopting OD approaches in the two banks of Pakistan: MCB bank and Bank Alfalah. Since the OD approaches bifurcate into the conventional form of diagnostic OD and the emergent form of dialogic OD, it is mainly essential to explore which organizational conditions support diagnostic OD and which conditions are more suitable for dialogic OD. The study adopted a qualitative case study design. Data was collected through five interviews and three focus groups from each bank. Thematic analysis has been used to theorize from the data. The major findings indicated that both OD approaches are being practiced in Pakistani banks therefore, it may not be assumed that the diagnostic OD has become ineffective and irrelevant, and replaced by dialogic OD. Diagnostic forms can be suitable for the organizations having problem solving orientation, quantitative business goals, bureaucratic culture and preference for formal communication; whereas dialogic forms can be best approach for organizations having conditions like employees’ inclusion in decision making, empowerment of employees, capacity building orientation and a culture of dialogue. This belief confirms the fact that multiple realities exist in organizations and there is no single best method to deal with situations of different nature.
Introduction

Embracing change is a prerequisite for organization’s survival and success in today’s immensely competitive and constantly changing business world (Gillon, 2018). However, it is seen that organizations are frequently struggling to initiate meaningful and sustainable changes (Stouten, Rousseau, & Cremer, 2018). Studies report that about 70 per cent of all change initiatives result in failure (Vos & Rupert, 2018). This alarmingly low success rate of change interventions may be due to an absence of a valid framework of how to execute and administer organizational change (Burnes, 2004). Currently what is available to practitioners and academicians is a large variety of conflicting and unclear theories and approaches (Stouten et al., 2018). Most of these theories and approaches are not backed by first-hand and practical evidence (Gillon, 2018). Generally, these are supported by unquestioned hypotheses relating to the nature of modern organizational change management (By, 2005). Vaara, Sonenshein, and Boje (2016) reinforced this fact by stating that from last 25 years most of the change processes were not able to meet the objectives and these were exposed to major flaws, inhibiting the effective management of change.

Literature supports that OD (OD) has been accepted as the dominant approach to organizational change and still widely practiced in Western countries as well as in global markets (Boje, 2011 e.g.,). However, in recent times there has been considerable debate aiming to undervalue “classical OD”, referred by Marshak and Bushe (2018) as “diagnostic OD”, which is grounded in Lewin’s foundational principles. This has been replaced by a “new form”, referred as “dialogic OD”, founded on modern organizational perspectives, particularly social constructionism (Marshak & Bushe, 2018). Considerable controversy has arisen focusing on whether the classical humanistic value system of OD is still applicable and effective or should it be superseded by more practical business concerns mentioned by newer practitioners (Bradford & Burke, 2005).

Deduced from the reported high failure rate of change programs and limited empirical research on change management, By (2005) enlightened the urgent need of sincere cooperation between practitioners and academicians to collaborate for conducting further research in the area of OD and change.

As diagnostic and dialogic OD are major approaches to manage change, therefore, according to Marshak and Bushe (2018) this can be an exceptional area for OD scholars to explore “Under what conditions are diagnostic or dialogic approaches the most appropriate intervention and
most likely to succeed”? Cummings and Cummings (2014) also suggested that it is crucial for OD scholars to elucidate what each OD approach contributes to the field of OD.

In Pakistan, not much research has been conducted to explore the practices of OD approaches in the service industry with no exemption from the banking sector. Service industry is considered as the bedrock of an economy (Chang, 2000). Being an important part of service industry, the banking sector is viewed as the key driver of economic development of any country because it facilitates the development of other substantial sectors.

This study aims to contribute significantly to the limited research available on Pakistan’s banking sector in the area of OD and change. Through the current study, an attempt has been made to develop a better understanding of how organizations with unlike conditions carries out change processes in Pakistan, by assessing which OD approach has been practiced and yielded desired outcomes. In this way, we may be able to answer the following research questions which are central to this study.

1. Which OD approaches work in the banks of Pakistan?
2. Under what conditions are diagnostic approaches the most appropriate intervention?
3. Under what conditions are dialogic approaches the most appropriate intervention?

**Literature Review**

OD has been accepted as the dominant approach to organizational change and is widely practiced in Western countries as well as in global markets (e.g, Huse and Cummings (1985) defined organizational change as a transition state between the current standing and a future state, towards which the organization is directed. OD is among the fundamental concepts which guide organizational change and presents efficient methods of embracing change in an organization (Tripon & Dodu, 2005).

Scholars defined OD in a number of ways depending upon their focus of interest. For example, Beckhard (1969, p. 120) defined OD in terms of process; “an effort that is planned, organization wide, managed from the top and increase organization effectiveness and health through planned interventions in the organization’s processes using behavioral-science knowledge.” However, French and Bell (1973, p. 14) defined OD in terms of the specific objective of an organization; “a long range effort to improve an organization’s problem solving and renewal processes, particularly through a more effective and collaborative management of organizational culture, with special emphasis on the culture of formal work teams, with the assistance of a change agent, or catalyst and the use of the theory and technology of applied behavioral science, including action research.”
Kurt Lewin is known as founder of OD because traditional core values of OD are based on the Kurt Lewin’s change model of unfreeze, move and refreeze, which has been widely used by practitioners to carry out change initiatives (Stouten et al., 2018). Generally there is an agreement of scholars that the classical core components of OD are T-groups, action research and participative management which are strongly connected with the work of Kurt Lewin (Burnes & Cooke, 2012).

The field of OD has evolved tremendously, equipping organizations with more contemporary approaches and techniques to bring change. Recently, there has been a transformation in organizational change research (Pettigrew, Woodman, & Cameron, 2001). One outcome of this transformation is the emergence of new OD practices, referred as “New OD” (Marshak, 2013). The philosophical assumptions and related methodologies of these new OD practices differ in many ways from the key assumptions of ‘Classical OD’ (Marshak & Grant, 2008). There has been a considerable debate aiming to undervalue “Diagnostic OD, which is grounded in Lewin’s foundational principles; and replaced by “Dialogic OD”, founded on modern organizational perspectives, particularly social constructionism (Bushe, 2011). Much controversy have arisen focusing on whether the classical humanistic value system of OD is still applicable and effective or needs to be superseded by recent practical business concerns mentioned by newer practitioners (Bradford & Burke, 2005).

**Diagnostic OD VS Dialogic OD**

Diagnostic OD is the traditional approach of OD which has its foundations in the change theory of Kurt Lewin (Lewin, 1947). He conceptualized change as a planned process of unfreezing, movement and refreezing. Unfreezing refers to the state in which awareness regarding the need of change is created. Movement refers to the phase where transitioning occurs towards a more desirable future state, followed by refreezing that refers to sustaining the change (Bushe & Marshak, 2014).

The concept of dialogic OD has been presented by Bushe and Marshak (2009). They suggested that in the last 20 or 25 years newer forms of OD has surfaced whose basic assumptions are different from the original principles of OD. Dialogic OD is based on the theory of social constructionism, assuming that organizations and organizational behavior are socially constructed realities resulting from the day to day interactions of organizational members, stakeholders and so on (ibid). If multiple realities exist in any group, organization or community than it will be counter-productive for changing ineffective work patterns in collaborative systems if it is agreed that there is only one interpretation of the diverse experiences of people (ibid).
OD is among the widely practiced approaches to deal with organizational change and offers a variety of effective approaches to develop the capabilities of organizations to adapt and embrace change. But the credibility of OD is highly dependent on its capability to determine vigorously the effectiveness of two major OD approaches which are discussed.

Both are distinct, separate and contrasting forms of OD and have varying scopes of application based on the conditions of the organization. Diagnostic forms can be suitable to deal with technical and complicated problems whereas dialogic forms are the best way to deal with adaptive and complex challenges. Thus, if we keep on debating which OD approach is better and superior, rather than working on under what organizational conditions these two approaches will bring desired outcomes and most likely to succeed, then we may miss the opportunity to capitalize on each of these two approaches.

Organizational Development & Organizational Conditions

Individuals’ work behavior greatly affects the process of embracing change. These work behaviors are highly influenced by the conditions of organization (Robertson, Roberts, & Porras, 1993). Major elements of an organization are divided into four subsystems which are: (a) “organizing arrangements” that refers to the structure of an organization; (b) “social factors” that refers to the communication patterns and culture of an organization; (c) “technology” that refers to the job design, and (d) “physical setting” that refers to the physical environment of organization (Roberts & Robertson, 1992). These specific elements collectively compose the overall conditions of an organization. For instance, structure of an organization may influence the adoption of change interventions. Some organizations prefer bureaucratic structures while others believe in inclusion and empowerment of employees.

Research suggests that there is very little scope for top-down leadership in the era of globalization with increased technological and political intricacies, in fact, key to real change is empowered employees (Heenan, Bennis, & Bennis, 1999). However, literature also supports that the banks traditionally have bureaucratic structures with high levels of centralization and standardization (Chen & Lee, 2008). Thus, the structure varies from organization to organization. Organizations need to select those change approaches that best suit to complement their organizational structure.

Since organizational conditions strongly influence individuals’ behavior, change interventions need to be designed in such a way that foster preferred changes in individuals’ behavior. Dunphy and Stace (1993) splendidly articulated that selecting an appropriate approach to embrace change highly depends on a strategic analysis of the situation. Historic researches in OD had also connoted that OD’s effectiveness may depend on the situation and conditions in which organizations are operating (Alderfer, 1977).
Deduced from the reported high failure rate of change programs and limited empirical research on change management, By (2005) enlightened the urgent need of sincere cooperation between practitioners and academics to collaborate for conducting further research in the OD and change field. The credibility of OD is highly dependent on its capability to illustrate vigorously the usefulness of the various OD methods, by demonstrating which approach works and where does it work? (Burnes & Cooke, 2012) As diagnostic and dialogic OD are major approaches to manage change therefore, according to Bushe and Marshak (2009) this seems like an excellent area for OD scholars to investigate “Under what conditions are diagnostic or dialogic approaches the most appropriate intervention?”

**Research Design**

The primary aim of this study is to answer the research question “Which OD approach works in the banking sector of Pakistan and under what conditions one is more appropriate intervention?“

Qualitative approach as a research methodology was preferred because the phenomenon under study embraces complex human and organizational interactions (Peterson & Spencer, 1993). By (2005) also recommended that there is an urgent need to conduct exploratory studies of how change is being managed in organizations for the purpose of increasing the understanding of OD and change.

Case study methodology is used in qualitative research that equips researchers with essential tools to study complex phenomena within their contextual conditions (Baxter & Jack, 2008). This is an approach to conduct research that enables exploration of a phenomenon within its context. The contextual conditions within which an organization experienced change are of paramount importance in making a change process successful. However, it is one of the overlooked areas in studying and implementing change processes (Garcia & Gluesing, 2013).

Under case study as research design, an in-depth analysis was conducted in two major banks of Pakistan; MCB Bank and Bank Alfalah. These chosen banks have high market share and recently went through a major change.

The respondents in this study were the employees of the two above mentioned banks. Five interviews and three focus groups were conducted from different branches of each bank located in Lahore, Punjab, Pakistan.

To ensure that respondents could converse about the change that happened in bank and the organizational conditions that prevailed in the bank during change, researcher restricted their group of respondents to those who were employed in the bank at the time the change was initiated.
Following the established mechanisms for organizing qualitative interviews (Brinkmann & Kvale, 2015), researcher structured the interview protocol into two sections in order to ensure that every detail of the broad subject was explored (Rubin & Rubin, 2005). The first section covered the questions regarding nature and processes of change in order to understand what kind of change, either diagnostic or dialogic, occurred in the bank. The second section constituted of questions to determine respondents’ perceptions on and experiences of the organizational conditions that were possessed by the bank during change. The interview template consisted of 11 open ended questions for individual interviews and 7 open ended questions for focus groups. For example, researcher inquired respondents to provide in-depth descriptions about the events that prompted the change process along with the components of the whole change process. Throughout the interviews and focus groups, follow up questions were also used to get information in detail on interesting responses.

Each interview lasted approximately 30 minutes whereas each focus group lasted between 40-50 minutes. Interviews and focus groups were conducted within bank premises. Interviews and focus groups were recorded and transcribed literatim. All the interviews and focus groups were conducted by the members of research team.

**Data Analysis**

In this study, thematic analysis has been used to theorize from the data since it is a foundational method that has been extensively used in qualitative research (Braun & Clarke, 2006). Thematic analysis is the foundation of qualitative data analysis which enabled the researcher to understand the emergent concepts in the data. Data analysis was carried out in several phases.

Data analysis started with the preliminary development of codes from the interview transcripts and focus group data through an iterative process, and it required the researcher to keep reanalyzing the data (Huberman & Miles, 1994; Nowell, Norris, White, & Moules, 2017). Coding helped the researcher to simplify and concentrate on discreet data characteristics and moved from fragmented data to the construction of concepts about what the data is talking about (Nowell et al., 2017). From the data, first-order codes have been generated that addressed the key area of interest in this study. Then, researcher linked together inter-connected first order codes from different categories (Strauss & Corbin, 1998). This step allowed the researcher to group preliminary first-order codes into more specific yet temporary second-order themes. In the final phase of data analysis when second order themes had been finalized, researcher explored their underlying theoretical dimensions to comprehend how different second-order themes are interconnected with one another within a broader perspective. Table 1 provides an overview of the development of codes in this study.
### Second-Order Themes

<table>
<thead>
<tr>
<th>Second-Order Themes</th>
<th>First-Order Codes</th>
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| Goal Setting through Collaboration        | “It was not at all a kind of transition which was centered at the top. Every effected level and every affected department was involved in setting the goals for themselves”.  

“Work teams were formed. Goals were decided by team discussions after building consensus.” |
| Employee Participation in Strategy        | “It was not like get this thing done but more like how it should be done”  

“After discussions mutually agreed plans have been made. In those sessions new ideas of doing things emerged on which everybody has consensus.” |
| Empowered Change Management Teams         | “Branch transformation project was a very big change; it was an organization wide change. It was not just limited to one department or one team; whole bank was going to be affected…and it was change management teams who came up with this idea of transformation. So I would say, it was trust our leadership has in us that motivated us to take such bold steps.” |
| Supportive Leadership                     | “…starting from the grass-roots which are the branches, whatever powers cannot be entrusted to the branches for certain valid reasons are entrusted to the next higher authority. Whatever powers that cannot be entrusted to this authority are entrusted to the next higher authority and so on until the Head Office is really left with less powers.” |
| Strength Based Approach                   | “Retail is our very strong division that is why to increase our strength management decided to merge several divisions with retail to increase the number of sales.” |
| Opportunity Seeking Orientation           | “It’s not like that we wait for some problem to arise and then we will solve it. In fact we believe in seeking the opportunities and exploiting them. We derive our competitive advantage from our core competencies.” |
| Idea Generation                           | “…gave authority to employees to come up with new ideas, share their views about how the things can be better. We hate the idea that if an employee knows something which can be beneficial for the bank but he or she doesn’t speak because of the fear that his or her voice will be neglected.” |
Perception of Achievement through Dialogue

“The way we have been taken on board was a major factor that kept us motivated throughout the transition. During workshops we felt very excited and challenged.”

Findings, Discussion and Conclusion

The findings will be presented in accordance with the phase in which they were explored. In the first phase the researcher determined whether the OD approach utilized by each of the two case study organizations was diagnostic or dialogic, followed by the next phase in which researcher came up with the enabling organizational conditions for each OD approach.

Phase One: Determination of Diagnostic or Dialogic

Case Study I

In this study, researcher based the determination of diagnostic approach on three key dimensions of diagnostic OD: (1) Diagnosis, (2) Planned Change and (3) External Change Agent (Bushe & Marshak, 2009). Inferring from the interview responses from Bank I it has been inferred that the organization carried out a need assessment prior to introduce change. Bank changed its core banking software. Challenges and issues faced by the bank were assessed by an outside consultant. For example, bank lacked readily available information needed for decision making; moreover there was also pressure from the central vigilance commission for the data cleaning and MIS reporting. After diagnosing these issues, bank realized there is a need to change its CBS. That reflects the diagnostic mindset of case study organization I because research suggests that “Diagnosis is a highly desirable, if not essential, precursor for informed and effective OD and change . . . interventions” (Cronshaw & McCulloch, 2008, p. 89). Following statements illustrate that in case study I diagnosis is considered as an important requirement of introducing change:

Needs assessment was done. We’ve got to assess the challenges and issues bank faced while using the previous software. (Interview 3)

Majority of the managers feels that convincing the employees of the need for change is definitely not sufficient to carry out change. A course of action and a strategy for implementing change must be developed by the leadership. Building organizational strategy to implement change offers direction and a road map for the change activities. This also reflects bank’s diagnostic mindset because it is considered ideal in diagnostic OD to transform the new idea or vision into a plan of action or strategy with attainable goals and a plan to achieve it (Abramson & Lawrence, 2001). This mindset is evident from the bellow mentioned responses of the respondents:
Top management…was well aware of what they are going to do how they are going to do and what will be the expected outcome. (Interview 1)

Lastly, change process in the organization was carried out by the external consultants. Research suggests that in diagnostic OD, change is always carried out by an outside consultant (Brannick & Coghlan, 2006). As it is evident from the below mentioned text from employees’ responses:

As this was a major change project so outsourced consultants were also part of that. (Focus group 2: Respondent 3)

Thus, it is inferred that case study organization I considers diagnostic methods as preferred approach to carry out change.

Case Study II

Likewise in the case study I, researcher based the determination of dialogic approach on three key dimensions of dialogic OD: (1) Generative thinking, (2) Continuous Change and (3) Internal Change Agent (Bushe & Marshak, 2009). Majority of employees’ responses from case study organization II reflected the manifestation of above-mentioned dimensions.

It is inferred from the employees’ responses that emergence of generative ideas was encouraged and facilitated during change. That reflects the dialogic mindset of their employees because “dialogic approaches seek to include diversity, create safe containers for expression, and conversational processes to stimulate new ideas and generativity” (Bushe & Marshak, 2014, p. 77).

Our top leadership provided us very productive environment so that we can come up with more generative and innovative ideas…In discussion sessions new ideas of doing things emerged on which everybody has consensus. (Focus group 1: Respondent 3)

Moreover, participants’ responses showed that they are in a phase of continuous transformation and assumed that change is a continuous process which also reflects dialogic mindset; refers organizational change as a continuous process contrasting with the more episodic view of diagnostic mindset (Bushe & Marshak, 2014).

Bank went in for transformation of the organization and is in a phase of continuous transformation for last two years. (Interview 2)

Lastly, the change process in case study II was led by the internal change agents. Internal change management teams were formed to facilitate the whole transition. Research suggests that in diagnostic OD, change is always carried out by an outside consultant; however, dialogic
OD assumes that change agent can be internal or external (Bushe & Marshak, 2009) as it is evident from the below mentioned interviews’ extracts:

Internal Change management team was also involved and they were managing the whole project of branch transformation. (Interview 3)

Thus, it is inferred that case study organization II considers dialogic OD methods as the preferred approach to carry out change. This preference for dialogic methods can be seen in the above mentioned employees’ responses.

Table 2: Identification of OD Approaches in Case Study I & Case Study II

<table>
<thead>
<tr>
<th>Evidence from Data of Case Study I</th>
<th>Evidence from Data of Case Study II</th>
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<tbody>
<tr>
<td><strong>Dimensions of Diagnostic OD</strong></td>
<td><strong>Descriptive Codes</strong></td>
</tr>
<tr>
<td>Diagnosis</td>
<td>• Assessment of challenges and issues</td>
</tr>
<tr>
<td></td>
<td>• Transformation after need assessment</td>
</tr>
<tr>
<td>Planned Change</td>
<td>• Requires planning and research to bring successful change</td>
</tr>
<tr>
<td></td>
<td>• Well defined plan of action and pilot runs made change successful</td>
</tr>
<tr>
<td>External Change Agent</td>
<td>• External IT and OD consultants led change process</td>
</tr>
<tr>
<td><strong>Dimensions of Dialogic OD</strong></td>
<td><strong>Descriptive Codes</strong></td>
</tr>
<tr>
<td>Generative Thinking</td>
<td>• Encourages emergence of generative ideas</td>
</tr>
<tr>
<td></td>
<td>• Promotes creative thinking</td>
</tr>
<tr>
<td>Continuous Change</td>
<td>• Continuous transformation since two years</td>
</tr>
<tr>
<td>Internal Change Agent</td>
<td>• Internal change management team facilitated change process</td>
</tr>
</tbody>
</table>

Phase Two: Enabling Conditions for Diagnostic OD and Dialogic OD

This explored the organizational conditions that supported the execution of either diagnostic OD or dialogic OD to embrace change. Based on the analysis of data gathered from the interviews, this study proposes four organizational conditions named; (1) problem solving orientation, (2) quantitative business goals, (3) bureaucratic culture and (4) formal communication, that best support the adoption of diagnostic OD and four organizational conditions named; (1) inclusion in decision making, (2) empowerment focused, (3) capacity building and (4) dialogue, that best support the adoption of dialogic OD. The following sections describe each of these organizational conditions in detail with substantiating
illustrations. The proposed conditions and the associated study findings are evaluated with the relevant theories in the existing literature.

Case Study I

The most frequent words appeared in words cloud for Case Study I are directed powers, problem, centralized, structured, hierarchy and few more. This word cloud technique to visualize data helped researcher to identify the following theoretical dimensions.

1. Problem Solving Orientation

Problem solving is a process of investigating the situation and developing a solution to bridge the gap (Liang & Zhang, 2010). Employees’ responses of case study organization I showed what researcher label “problem solving orientation”—change is initiated in bank to solve the identified problems and overcome the potential threats. It is inferred from the interview responses that when problems were found in the bank; processes were implemented to change people and outcomes. Problem solving orientation was manifested in the expression of two related beliefs: problem identification and potential threats.

Identified Problem: The theme of identified problem was reflected in respondents’ comments about lacking readily available information for strategic planning and having fragmented and decentralized banking data. Those identified problems are reflecting in the below mentioned interview extracts:

Because of the old version of CBS…management lacked readily available information needed for decision-making and strategic planning.

(Interview 3)

Potential Threats: The respondents expressed that the change in bank was not just triggered by the identified problems; it is also extended to internal and external threats to the bank. One respondent commented:

The performance of the software was not felt satisfactory. It was very much time consuming and was not able to be easily modified. It required lot of energy and effort. Because of that employees had to stay in bank for longer hours. Productivity was low as well as customer satisfaction level was also decreasing. Even we received some complaints from our valued customers. (Interview 1)

Thus, it is inferred that case study organization I changed its core banking software to solve those identified problems and dealing with potential threats. Since case study I preferred
diagnostic OD methods for execution of change and research also suggests that diagnostic OD proposes approaches that aspire for objective truths revealed through fact-finding, analysis and problem identification (Whitney & Cooperrider, 2011), it is inferred from the findings of this study that problem solving orientation can be considered as an important OD to utilize diagnostic OD methods for successful execution of change.

**Quantitative Business Goals**

“Quantitative goals need to have measurement and achievement specified” (Markovic & Kowalkiewicz, 2008, p. 106). In case study I, respondents expressed that the goals were specific enough to track them. Focus was on operational standards, quality of services, financial outcomes and customer dynamics. The reliance of bank on quantitative business goals can be seen in two related themes: attainment of pre-stated goals and formal evaluations.

**Attainment of Pre-Stated Goals:** Since bank introduced planned change, there were some specific goals set by the management to achieve the desired outcomes. Respondents shared some of the goals of the change process which includes make bank’s systems faster and smooth and error free to have hassle free working e.g.,

> Making systems faster so that our employees can do more work in less time, reduce errors and mistakes. We just wanted smooth and hassle free working. (Interview 1)

> Reduction of errors was also a major objective of this change. (Interview 4)

**Formal Evaluations:** Respondents shared that the outcomes of change process have been evaluated through various methods which include customer feedback surveys and periodic employee assessments as claimed by one of the respondents:

> We assessed the success of the deployment and what might have changed from a market or client perspective through client surveys…We also conducted telephonic surveys to get to know how the customer experience has been affected. (Focus group 3: Respondent 4)

**2. Bureaucratic Culture**

Based on the respondents’ interviews it was inferred that case study organization I holds a bureaucratic organizational culture where power is centralized and entrusted to few people. In this study bureaucratic culture is expressed through two related themes: centralized decision making and directive leadership.

http://www.webology.org
Centralized Decision Making: It is inferred from the respondents’ responses that decisions regarding change policies, goals and implementation strategies were handled by the top or senior level management. Talking about the change happened in bank respondents commented:

Most of the powers are concentrated at the top as I have already told you. Decisions are usually made at the top, at head office level. Front line employees have limited powers… Big decisions are always made by senior managers and the CBS transition is considered as one of the big transitions in banking sector. It took almost three years to fully implement that. Such big changes are always decided at the top level. (Focus group 1: Respondent 4)

Respondents also mentioned that change implementation strategies are usually developed through team of experts who belong to different domains of bank i.e. finance, information technology, operations, marketing and human resources. Literature also supports that in bureaucratic cultures power is concentrated at the top and dribbles down expanding numbers of subordinate levels (Arfat et al., 2017).

Directive Leadership: From the interview responses, it can be inferred that change has been managed in bank through directive leadership style. Since decision making is centralized and formal structures are in place, leaders are adept at setting expectations, directions, giving instructions and prioritizing resources. This can be seen in the following representative interview extracts:

As far as leadership is concerned they were responsible for setting the targets…goals and prioritized resources. (Focus group 3: Respondent 1)

Certainly, case study organization I has a bureaucratic culture where decision making is centralized and leadership style is directive.

Formal Communication

Research has long established that communicating necessary information regarding change i.e. vision, goals and plan of action is critical to success of a change intervention (Covin & Kilmann, 1990). Employees’ responses of case I showed what researcher label “formal communication” planned change efforts were communicated to employees through various formal channels. Inferring from the interview responses, in case study I information is cascaded down through formal channels. The concept of formal communication was manifested in the
expression of two related themes: top-down communication of change and pre-defined communication channels for employees to communicate to top management.

With respect to top-down communication as shared by one of the respondents:

   Expected results of the change efforts were well defined and well communicated by the top management. (Focus group 2: Respondent 3)

The theme of pre-defined communication channels was reflected in the following interview responses:

   Top management established a structured communication channel in the form of intra mails, by which the middle level stake holders to the project could directly communicate with the top management. (Focus group 3: Respondent 1)

Indeed, in case study I employees have to follow proper channels of communication and informal communications are not much common there. Bank formally communicates the change related information and expects its employees to follow the chain of command to communicate. Since case study organization I preferred diagnostic OD for introducing change and managed change successfully by adopting diagnostic methods, researcher may infer that diagnostic OD may introduce successful change in a culture where formal communication channels are preferred.

4.1.2.2 Case Study II

Word cloud for case study II shows the dominant conditions in case study II. The most frequent words shown appeared are employees, participated, positive, collaboration, authority, experiences, ideas, discussions, strengths and few more.

1. Inclusion in Decision Making

Based on the interview responses, it is assumed that case study II, who preferred dialogic OD as an approach to embrace change, has a practice of taking employees on board while making decisions. In recent times, employee involvement mechanisms have gained much interest in corporate decision making (Rothermel & Lamarsh, 2012).

Thus, inclusion of employees in decision making process was described as a pre-condition to implement dialogic OD to introduce a successful change in an organization. Such inclusion was manifested in two related beliefs: (1) goal setting through collaboration and (2) employee participation in strategy formulation.
Goal setting through collaboration:

Identification of goals was done by forming work teams and developing consensus of work teams. Indicative statements include:

Work teams were formed. Goals were decided by team discussions after building consensus… (Focus group 1: Respondent 4)

Employee involvement in decision making was not confined to setting the goals of the change process; it is also extended to employee participation in formulating strategies to embracing change. For instance, as claimed:

We listened to the employees and did not impose our decisions on them. In fact we gave them full chance to set new targets, develop new working strategies and measure their own progress. (Interview 4)

Literature indicates that employee inclusion helps to mitigate resistance to change through building psychological ownership and disseminating important information (Betancourt, Green, & Carrillo, 2002).

Empowerment Focused

Research has long established that empowering employees as allies in the change process increases the likelihood of a successful change (Rothermel & Lamarsh, 2012). It is inferred from the interviews that case study organization II promotes an empowering culture for its employees by delegating powers down the line and believes that this empowerment focused orientation was very much helpful in achieving the desired outcomes of the transformation. Specifically, the theme of empowerment focused was mirrored in respondents’ comments about (1) empowered change management teams, and (2) supportive leadership.

Empowered Change Management Teams: There is a separate change management department that is working independently. It is explored from the interviews with the officials of change management team that they had influential input when top leadership made change related decisions. An illustration of empowered change management teams comes from one of the executive managers of change management team:

Change management department remained an integral part of the board meetings. No decision regarding transformation could be taken without our input and agreement. At some points BODs have some reservations
regarding the plans we made but they knew we are the experts and they allow us to lead the change. (Interview 5)

Another aspect of empowered change management teams is that leadership encouraged executives of CMTs to think out of the box and take bold steps which can create better future. It is shared by a respondent:

Branch transformation project was a very big change; it was an organization wide change. It was not just limited to one department or one team; whole bank was going to be affected…and it was change management teams who came up with this idea of transformation. So I would say it was trust our leadership has in us that motivated us to take such bold steps. (Focus group 3: Respondent 1)

Teams feel empowered when it is believed that the leadership has confidence in them and decisions taken by them will not be altered by the leadership. Practically, it is about bestowing employees with skills, knowledge, opportunity, resources, self-confidence and freedom to bring change (Gill, 2002).

**Supportive leadership:** Many respondents believed that the expression of supportive leadership at the times of change is a vital aspect to gain employee commitment towards change. Inferring from the participants responses, characteristics of supportive leadership include, facilitating emergence of generative ideas, empowering subordinates, provision of training and support and allocation of resources for employee development. These attributes helped employees to participate openly during change. As one respondent commented:

Our top leadership provided structures and processes to produce generative ideas…during discussions new ideas of doing things emerged on which everybody has consensus. (Focus group 1: Respondent 2)

Research also suggests that wise leaders identify and utilize the shared intelligence and energy within the organization to foster growth (Klimek, Ritzhein, & Sullivan, 2008). In addition to the facilitation of emergence of generative ideas, executive leaders delegated powers down the line to empower their subordinates. As illustrated by one respondent:

…starting from the grass-roots which are the branches, whatever powers cannot be entrusted to the branches for certain valid reasons are entrusted to the next higher authority. Whatever powers that cannot be entrusted to this authority are entrusted to the next higher authority and so on until the Head Office is really left with less powers. (Interview 1)
It is highlighted in the interview responses that empowering employees with certain autonomy in achieving tasks and learning energized successful execution of change. This aspect of leadership is supported by a study of Ongori and Shunda (2008).

2. Capacity Building

Respondents of case study organization II also expressed their concern for “capacity building” instead of problem solving. Their focus is on transforming the systems for the development and strengthening of human and organizational resources. The concern for capacity building was evident through two related beliefs: (1) strength-based approach and (2) opportunity seeking orientation.

Strength based approach: Respondents believed that by focusing on what works well in the bank, they were able to discover the existing positive forces that best support banking practices and develop future policies based on the participants’ experiences. As elaborated by a respondent:

The focus was on discovering and understanding the positive forces that exist in this Bank and how Bank can strengthen these forces to grow and compete in the market. (Interview 4)

That approach was appreciative inquiry that focused on bringing change in an organization by exploring what is working mostly well in an organization, rather than concentrating on problems and gaps (Cooperrider & Srivastva, 1987).

Opportunity Seeking Orientation: Nearly all the respondents believed that we need not to focus so much on our routine issues that we miss out on all the exciting opportunities that exist around us. They have reported that they spend a great amount of time in conducting frequent meetings to identify and critically assess opportunities. This practice is illustrated by a respondent comment:

It's not like we wait for some problem to arise and then we will solve it. In fact we believe in seeking the opportunities and exploiting them. We used to hold frequent meetings in which we examine our future markets, competitors and opportunities. (Interview 1)

In sum, approach used by case study II to grow was capacity development by building on its strengths and exploiting opportunities. Since case study organization II preferred dialogic OD methods for execution of change, this study reveals concern for capacity building as an important organizational condition to embrace dialogic OD methods for successful execution of change.

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3. Culture of Dialogue

Employees’ inclusion in discussions played a significant role in bringing successful change in case study organization II. It is inferred from the employees’ responses, there is a culture of dialogue fostered by group discussions that generated productive ideas of bringing change in the bank. It is perceived by the bank’s employees that time and resources dedicated to group dialogue produced rewarding outcomes and helped in achieving the desired goals of change. From a social constructionist perspective, the significance of dialogue in embracing change is “to consider dialogue as a powerful tool to help participants collectively reimagine possibilities” (Allen, 2018, p. 87). Inferring from the interviews, bank promotes culture of dialogue through “idea generation” and it’s “perception of achievement through dialogue”.

Idea Generation: Employees’ responses demonstrate that dialogues for idea generation have got much importance for the bank to innovate and bring meaningful change to remain competitive. One respondent, for example, illustrated how employees participated actively in group dialogues and that creative thinking process of idea generation enhanced employees’ creativity:

Employees were taken on board and given the opportunity to speak up. We were very much enthusiastic and energetic during discussions… came up with innovative ideas of making things better, shared our opinions regarding what is wrong and how things should be done…that practice made us more creative. (Focus group 1: Respondent 5)

Perception of Achievement through Dialogue: Respondents also shared their perceptions regarding the thought of achieving through dialogue. As illustrated by the respondents’ following comments:

We shared our good or bad experiences, what should be done and what should not be done. The benefit of that was we had a great pool of ideas… (Focus group 2: Respondent 1)

The research suggested that organizational change efforts can be a very stressful experience for employees (Elrod & Tippett, 2002). Change causes high levels of stress and anxiety among employees. However, the findings of the study show that employees feel excited and challenged rather stressed and worried if involved in dialogue during change as illustrated by bellow mentioned statement:

The way we have been taken on board was a major factor that kept us motivated throughout the transition. During the workshops we felt very excited and challenged. (Focus group 3: Respondent 2)
On the whole, case study organization II preferred culture of dialogue for producing generative ideas and carry out smooth and productive transformation. Since case II preferred dialogic OD methods for execution of change and the core purpose of dialogic OD is to increase the organization's capacity for meaningful dialogues, it is inferred from the findings of this study that culture of dialogue can be considered as an important organizational condition to embrace dialogic OD methods for successful execution of change.

Table 4.2 Contextual Conditions for Diagnostic OD and Dialogic OD

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<thead>
<tr>
<th>Conditions for Diagnostic OD</th>
<th>Conditions for Dialogic OD</th>
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<tbody>
<tr>
<td>Problem Solving Orientation</td>
<td>Inclusion in Decision Making</td>
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<tr>
<td>Quantitative Business Goals</td>
<td>Empowerment Focused</td>
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<tr>
<td>Bureaucratic Culture</td>
<td>Capacity Building Orientation</td>
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<tr>
<td>Formal Communication</td>
<td>Culture of Dialogue</td>
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</table>

In sum, the study findings showed that both diagnostic and dialogic OD approaches are being practiced in the organizations studied in this research. Not just the diagnostic OD approaches are still alive and effective but dialogic approaches have also been recognized and practiced in Pakistan. Recently, there has been considerable debate aiming to undervalue diagnostic OD and replaced by a new form of OD which is dialogic OD (e.g., Bushe, 2011). Though, some of the study findings contradict with the established belief that classical OD is dead or dying, or replaced by new forms of OD (for instance, Oswick & Robertson, 2009).

However, the selection of OD approaches to embrace change is contingent to the situation and conditions in which organizations are operating (Gillon, 2018).

Thus, it is explored from the interviews conducted that diagnostic approaches are more aligned with the organizations having problem solving orientation, quantitative business goals, bureaucratic culture and preference for formal communication; whereas dialogic approaches tended to be more suitable for the organizations who prefer inclusion of their employees in decision making, believes in empowering employees, having capacity building orientation and a culture of dialogue.

Findings showed that the two case study organizations, having great similarity in their core functions, were significantly different from each other in terms of their conditions that led to the adoption of two distinct OD approaches to embrace change. If organizations, having conditions which are suitable for diagnostic OD, implement dialogic change then there will be a great chance that the initiative may result in failure. Same is the case with organizations with conditions suitable for dialogic OD, if such organization implements diagnostic change then that initiative may fail.
To conclude, the study findings provided the empirical evidence that both diagnostic and dialogic approaches of OD are being practiced in the banking sector of Pakistan but have varying scopes of implementation.

The study claimed three theoretical contributions. First, it developed an in-depth understanding of the applicability of both diagnostic and dialogic OD approaches in Pakistan. Second, this research provided the evidence that not just the diagnostic OD approaches are still alive and effective but dialogic approaches have also been recognized and being practiced in Pakistan. Providing counter evidence to the studies such as Bushe (2011) which claimed that classical OD is dead or dying, or replaced by new forms of OD. The third and final theoretical contribution is that this study explored the organizational conditions in which the diagnostic OD approach is most appropriate to practice and those organizational conditions, which best complement the implementation of the dialogic OD approach. The selection of OD approaches to embrace change is contingent to the situation and conditions in which organizations are operating however, little literature was available on the contextual conditions of diagnostic and dialogic OD (Gillon, 2018).

The study findings may serve as the pragmatic guidelines for OD practitioners and change agents while introducing change interventions and implementing OD approaches in organizations of Pakistan. The findings may help OD practitioners and change agents to implement best practices, which comply with the local organizational conditions.

The study findings are limited to the two major banks of Pakistan. Moreover, the interviews were conducted from the branches located in Lahore. Future researchers in this field interested in studying the applicability of the two OD approaches in the banking sector can conduct the exploratory studies in other banks. They can widen the scope of the study by conducting interviews from different cities of Pakistan to get a more enriched picture of application of diagnostic and dialogic approaches along with the contextual conditions of the banks. More studies of this nature need to be conducted in other sectors as well to explore the incidence of the two OD approaches and to find whether the contextual conditions of those organizations have similarities or differ from the conditions found in this study. Comparative studies of the public and the private sector would also be beneficial for the field. Since this topic is novice and under-explored, exploratory studies of such kind may help to achieve a better understanding in the field of OD and change.
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