

# The Congruence Management -a Diagnostic Tool to Identify Problem Areas in a Company

Almas Sabir

College of Business Administration, University of Hail, Hail, Kingdom of Saudi Arabia

## Email address:

[almas.sabir083@gmail.com](mailto:almas.sabir083@gmail.com)

## To cite this article:

Almas Sabir. The Congruence Management -a Diagnostic Tool to Identify Problem Areas in a Company. *Journal of Political Science and International Relations*. Vol. 1, No. 2, 2018, pp. 34-38. doi: 10.11648/j.jpsir.20180102.11

**Received:** December 3, 2017; **Accepted:** December 12, 2017; **Published:** January 29, 2018

**Abstract:** The congruence management model is a diagnostic tool that evaluates how well the elements within an organization work together and how they can be better integrated to improve performance. Chronological age is often used as a proxy for defining the wants and needs of consumers. This paper will represent how environment and person interacts with each other and discuss how it can aid in explaining the individual needs of aging consumers that need to be met to allow for successful aging. Outcomes for product design, service environments, and technological solutions will also be discussed. In this paper several internal elements are mentioned by which a company transforms input, such as resources, into output, such as goods or services. The paper will also highlight the basic premise of the congruence management model in which the betterment of a company's basic internal elements works together and how faster it attains its goals.

**Keywords:** Congruence Management, Internal Elements, Diagnostic Approach, Structure, Culture

## 1. Introduction

Goal congruence is the term which describes the situation when the goals of different interest groups coincide. A way of helping to achieve goal congruence between shareholders and managers is by the introduction of carefully designed remuneration packages for managers which would motivate managers to take decisions which were consistent with the objectives of the shareholders.

### 1.1. The Congruence Model-Aligning the Drivers of High Performance

Why does one organization seem to thrive on a certain corporate structure or type of work, while another struggles to make a profit?

The answer lies in understanding the key causes or drivers of performance and the relationship between them. The Congruence Model, first developed by David A Nadler and M L Tushman in the early 1980s, provides a way of doing just this.

It's a powerful tool for finding out what's going wrong with a team or organization, and for thinking about how you can fix it.

Several unanswered questions arise, like:-

1. Is your organization's performance as good as it could be?
2. What could be changed to improve things and why would this help?
3. Does the key lie in the work itself?
4. Or with the people doing it?
5. Should you reorganize the corporate structure? Or try to change the prevailing culture?

This model, developed by David Nadler and Michael Tushman at Columbia University, is often used in business management to identify problem areas within a company and focuses on several broad elements: the work a company does; the people who do it; the structure of the company; and its culture as mentioned above.

### 1.2. How to Achieve Goal Congruence

Goal congruence can be achieved, and at the same time, the 'agency problem' can be dealt with, providing managers with incentives which are related to profits or share price, or other factors such as:

1. Pay or bonuses related to the size of profits termed as profit-related pay.

2. Rewarding managers with shares, e.g.: when a private company 'goes public' and managers are invited to subscribe for shares in the company at an attractive offer price.

Such measures might encourage management in the adoption of "creative accounting" methods which will distort the reported performance of the company in the service of the managers own ends. However, creative accounting methods such as off-balance sheet finance present a temptation to management at all times given that they allow a more favorable picture of the state of the company to be presented than otherwise, to shareholders, potential investors, potential lenders and others. An alternative approach is to attempt to monitor manager's behavior.

For example - By establishing 'Management audit' procedures, to introduce additional reporting requirements, or to seek assurance from managers that shareholders' interests will be foremost in their priorities.

## 2. Literature Review

### 2.1. The Congruence Model for Organization Analysis

The Nadler-Tushman Congruence Model is a more comprehensive model, specifying inputs, throughputs, and outputs, which is consistent with open systems theory (Katz & Kahn, 1978). The model is based on several assumptions which are common to modern organizational diagnostic models;

These assumptions are as follows: -

1. Organizations are open social systems within a larger environment.
2. Organizations are dynamic entities (i.e., change is possible and occurs).
3. Organizational behavior occurs at the individual, the group, and the systems level.
4. Interactions occur between the individual, group, and systems levels of organizational behavior.

These assumptions have been used in some of the previous models examined, although only implicitly. The inputs within the Nadler-Tushman Congruence model include such factors as the environment, resources, history (i.e., patterns of past behavior), and organizational strategies. Nadler and Tushman are explicit in their conceptualization of each of the factors.

For example, they describe the resources available to the organization as human resources, technology, capital, information, and other less tangible resources. While strategy is an input in the model, it is the single most important input to the organization and is depicted by the arrow from the input box to the organization. The system components of the whole organizational transformation process are informal organizational arrangements, task, formal organizational arrangements, and individual components. Similarly; the outputs of the model include individual, group, and system outputs: products and services, performance, and effectiveness. While outputs such as products and services are generally understood.

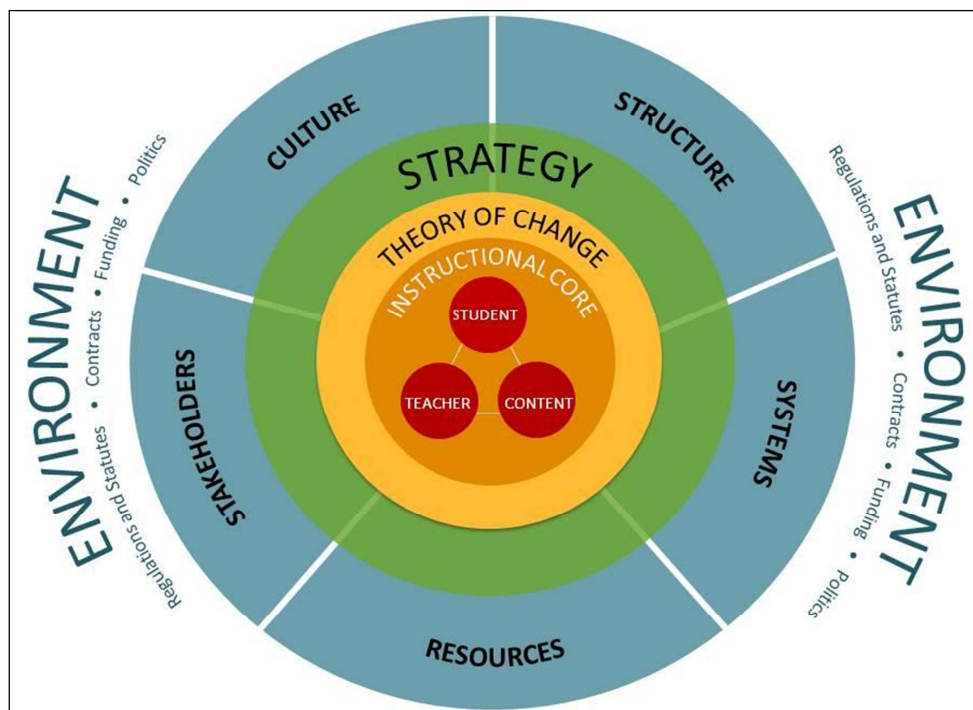


Figure 1. Components of the Congruence Model.

Organizations are effective when the four key components of performance – tasks, people, structure, and culture – fit together. When these elements work in unison to support and promote high performance, the end result is an organization-

wide system that functions efficiently and effectively.

When pieces are out of synch with each other, the friction that is caused has a negative impact on the entire process, which limits the overall productivity that can be achieved.

This makes Congruence Analysis a useful tool for fixing problems in your team or organization. Use it to take a look at the organizational components contributing to your overall performance, and create congruence in and between them – people will be much more satisfied and the work will be done that much more effectively.

## 2.2. The Congruence Model-CULTURE

The culture of a company consists of its politics, values, behavior patterns and rules - including the unwritten ones. These are examined in light of how well, or how poorly, they support the company's overall goals and fit with other elements. If the formal structure of a company has ceased to be relevant, the informal structure, or culture, often supplants it. Sometimes the culture of a company needs to change in order to improve performance or to adapt to a new business focus. For example, a relaxed, creative corporate culture may work well within a new startup company, but may need to become more conservative as the company grows.

Most of the literature on implementation of Enterprise Resource Planning (ERP) systems focuses upon identification of critical success factors, which fails to cater for the complex and integrative nature of ERP implementation. This study provides a comprehensive explanation of inter-relationships of a variety of factors at play during ERP implementation using Nadler's Congruence Model (Nadler and Tushman, 1980) and Rogers' Diffusion of Innovation Model (Roggers, 1983). Results verify Nadler's proposition of complex inter-relationships of organizational components. For example, communication about ERP implementation impacts skills and knowledge, creates a collaborative environment, reduces uncertainty and increases exposure through training. The collaborative work culture created through communication further impacts skills and knowledge as well as formal coordination between departments. The aforementioned facilitators were further found to impact decision to use the system by affecting the stages proposed by Rogers, i.e. awareness, perceived value and motivation. Overall, communication was found to be the most important factor throughout implementation. Thus ERP implementation requires subsequent changes in all of organizational elements, and success can only be guaranteed if these elements are in harmony with each other.

Dr. Paul T. P Wong in the resource-congruence model posits that coping is effective to the extent that appropriate resources are available and congruent coping strategies are employed. According to him the model emphasizes the importance of developing resources in anticipation of exigencies, and the need for acquiring cultural knowledge as to what coping strategies are suitable for a given stressor.

## 3. Research Methodology

In order for researchers to understand and predict behavior, they must consider both person and situation factors and how these factors interact. Even though organization researchers have developed interactional models, many have

overemphasized both person or situation components, and most have failed to consider the effects that persons have on situations. This paper presents criteria for improving interactional models and a model of person-organization fit, which satisfies these criteria. Using a Q-sort methodology, individual value profiles are compared to organizational value profiles to determine fit and to predict changes in values, norms, and behaviors.

### 3.1. Person-Environment Fit (P-E Fit)

It is defined as the degree to which individual and environmental characteristics match (Dawis, 1992; French, Caplan, & Harrison, 1982; Kristof-Brown, Zimmerman, & Johnson, 2005; Muchinsky & Monahan, 1987). Person characteristics may include an individual's biological or psychological needs, values, goals, abilities, or personality, while environmental characteristics could include intrinsic and extrinsic rewards, demands of a job or role, cultural values, or characteristics of other individuals and collectives in the person's social environment (French et al., 1982). Due to its important implications in the workplace, person-environment fit has maintained a prominent position in Industrial and organizational psychology and related fields (for a review of theories that address person-environment fit in organizations, see Edwards, 2008).

Person-environment fit can be understood as a specific type of person-situation interaction that involves the match between corresponding person and environment dimensions (Caplan, 1987; French, Rodgers, & Cobb, 1974; Ostroff & Schulte, 2007). Even though person-situation interactions as they relate to fit have been discussed in the scientific literature for decades, the field has yet to reach consensus on how to conceptualize and operationalize person-environment fit. This is due partly to the fact that person-environment fit encompasses a number of subsets, such as person-supervisor fit and person-job fit, which are conceptually distinct from one another (Edwards & Shipp, 2007; Kristof, 1996). Nevertheless, it is generally assumed that person-environment fit leads to positive outcomes, such as satisfaction, performance, and overall well-being (Ostroff & Schulte, 2007).

### 3.2. Diagnostic Models

Diagnostic models typically involve a series of steps that ultimately get to the root cause of a problem. Although there are several common models for analyzing performance in the workplace, including (Cable, 2008) process mapping system, arguably the most well-known is A. C. Daniels's ABC analysis model, which capitalizes on changing components of the three-term contingency.

### 3.3. Q-Methodology (Also Known as Q-Sort)

This is the systematic study of participant viewpoints. Q-methodology is used to investigate the perspectives of participants who represent different stances on an issue, by having participants rank and sort a series of statements



**Figure 2.** *Q-sort Methodology.*

Participant responses are analyzed using factor analysis. Unlike standard uses of factor analysis (often called R Methodology), the variables are individuals not traits. There are five basic steps in setting up this methodology:-

1. Definition of the domain of discourse on the particular issue;
2. Development of the set of statements (Q-sort);
3. Selection of the participants representing different perspectives;
4. Q sort by participants; and
5. Analysis and interpretation.

Q-sort is a mixed methodology. It uses the qualitative judgments of the researcher in defining the problem, developing statements to investigate the perspectives of participants (some of the statements may be developed after interviewing key informants), and selecting participants. It uses quantitative options of analysis. It can be very helpful in unearthing perspectives without requiring participants to articulate these clearly themselves. It is a useful complement to a range of other objective evaluation measures. For example, Q-methodology can be used to examine teacher's perspectives on teaching as part of an evaluation of a school district. Other evaluation measures can include test scores, attendance and completion.

## 4. Discussion

The arrangement of the structural elements may need to be updated to make them mesh well with other elements within the company or a changing business environment. If the company's leadership culture changes -- a chief executive officer retires and is replaced by a younger leader, for example -- the company's culture has changed.

Applying the congruence model could be a long and expensive process, especially for global organizations with several business units and thousands of employees. The model does not specify a direct way for incorporating group dynamics into organizational analysis. The absence of a structured template, while giving managers flexibility, might also limit their ability in quickly coming up with proven solutions to organizational problems. The application of this model may exclude the possibility that the absence of a fit does not necessarily imply a problem because there may not always be a perfect fit between tasks and individuals, especially in small entrepreneurial companies. However, this should not limit effectiveness because companies have to

adapt continually to changes. For example, training and mentoring programs could bring new employees up to speed on new responsibilities.

Jolita Vveinhardt, Evelina Gulbovaitė, Congruence model of personal and organizational values presents in his article which recommends congruence model of personal and organizational values expedience as well as benefit are described and problem areas of personal and organizational values congruence in Lithuanian organizations that he highlighted in his paper. Congruence model of personal and organizational values consists of a sequence of stages:-

1. In the first phase the needs are adjusted, i.e. when there is a need for staff in the organization – they start looking for a suitable candidate to occupy the position of the work.
2. The second phase maybe realized in 2 ways: so that to set the match of values between the organization and the employees in it as well as during personnel selection – to set the match between the values of the organization and the candidates.
3. In the third phase the grade of congruence of values is established.
4. In the fourth stage tools to strengthen congruence of values are chosen.
5. In the fifth stage the above chosen tools are applied.
6. In the sixth stage the impact of the tools on the employees is studied.
7. In the seventh stage decisions concerning further strengthening of values congruence are taken.

## 5. Conclusion

The higher the compatibility (congruence) amongst these elements, the higher the organizational performance will be. If the elements are incongruent then organizational performance will not be optimal, and the organizational design will need to be amended to change this.

The congruence model provides a rigorous framework for analyzing complex organizational problems. It is a tool for thinking through organizational problems, not a rigid template for classifying observations. It does not specify a particular approach for designing organizational structures or processes as long as there is a fit between the various components. The model also helps companies think through the impact of change management on organizational interactions and performance. The social components -- people and informal structures and technical components, tasks and formal structures -- must fit as part of the congruence model. For example, if the product manager is not on speaking terms with the marketing manager, there could be design delays and poor market penetration.

The implementation of the congruence model involves identifying the symptoms of problems, determining the gaps between inputs and outputs, describing the fit between an organization's components, identifying problem areas and developing an action plan to deal with these problems.

The application of this model may exclude the possibility

that the absence of a fit does not necessarily imply a problem because there may not always be a perfect fit between tasks and individuals, especially in small entrepreneurial companies. However, this should not limit effectiveness because companies have to adapt continually to changes. For example, training and mentoring programs could bring new employees up to speed on new responsibilities.

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