**Applying the Weisbord model as a diagnostic framework for organizational analysis**

**Summary:** This study investigates the effectiveness of the Weisbord’s Six Box Model as a diagnostic framework for assessing the factors affecting organizational development. The research area consisted of an international bank which operates in Serbia. In order to identify strengths and weaknesses in the bank, Weisbord’s diagnostic questionnaire has been used. Respondents were 137 middle managers in the selected bank. The research results revealed that the bank has strengths in the areas of leadership, relations, purpose and helpful mechanisms. The weaker aspects were organizational structure and rewards. The options for improving structure, as well as rewards system, are suggested. The findings add to the existing literature on organizational diagnosis in cross-cultural contexts.

**Keywords:** bank, diagnosis, organizational development, Serbia, Weisbord’s model

**Rezime:** Ova studija istražuje efektivnost Weisbordovog modela šest kutija kao dijagnostičkog okvira za procenu faktora koji utiču na organizacioni razvoj. Predmet istraživanja bila je jedna internacionalna banka koja posluje u Srbiji. Za utvrđivanje faktora koji podstiču ili inhibiraju funkcionisanje banke korišćen je Weisbordov dijagnostički upitnik. Ispitano je 137 menadžera srednjeg nivoa u izabranoj banci. Rezultati istraživanja ukazuju da su snage banke u oblasti liderstva, relacija, svrhe, kao i pomoćnih mehanizama. Slabije procenjeni interni elementi su struktura i nagrade. Predložene su i opcije za poboljšanje strukture i sistema nagrađivanja u banci. Rezultati doprinose postojećoj literaturi o faktorima koji utiču na efektivnost organizacija u kros kulturnom organizacionom kontekstu.

**Ključne reči:** banka, dijagnoza, organizacioni razvoj, Srbija, Weisbordov model
1. INTRODUCTION

Organizational diagnosis is a process that identifies activities for data collection and research based on theories, models and values. For few thousand years, the diagnostic and therapeutic methods for curing physical problems have been developed, however, the tools for organizational diagnosis and analysis are still arising. Main purpose of diagnosis is acquiring knowledge and information about the company as well as problems which created a need for change (i.e., [1]).

The diagnostic model is a mental model of organization and/or an organizational change which is used by the change agent being able to handle the change process. Organizational diagnostic models enhance understanding about organizational problems. They are designed to assess organizational information, constant review as well as to reveal change strategies (i.e., [2]). The advantages of diagnostic models are simplicity, systematization and comparability of the results of the analysis. Some of aforementioned advantages guide to simplifying of reality. There is a possibility of inappropriate use by change agents.

There is no absolute diagnostic model. The results of a study revealed that the most frequently used diagnostic models were Weisbord’s Six Box Model (25% of organizations have been used this diagnostic model), 7S (19%), STAR model (10%) and Nadler Tushman model (i.e.,[3]).

This paper contributes to the existing literature by empirical testing Weisbord’s Six Box Model in selected bank that operates in Serbia. Regarding different characteristics of national cultures, the construct validity of research methodology developed in one society will be investigated for a Serbian sample. The sample consists of 137 managers from branch to regional level in selected bank.

The main aim of research is to assess the effectiveness of the Weisbord’s Model for assessing the internal factors effecting bank performance. In order to achieve the goal, following research questions have formulated:

1. What are the internal strengths and weaknesses in the EFG bank?
2. What are the relationships between the internal elements?
3. Are their differences of a review of internal elements regarding demographic variables?
2. REVIEW OF PAST RESEARCH

Weisbord (i.e., [4]) suggested Six Box Model for organizational diagnosis, which consists of following key boxes: purpose, structure, relationships, rewards, leadership and helpful mechanism. The fundamental purpose of the enterprise is captured in a mission statement. The two main factors should be pointed here. First, the goal definition, which refers to the extent to which employees are clear about organization’s mission. The following is goal agreements such as employees’ support of the purpose. Organizational structure can be functional, matrix, divisional or different networks. The interactions between employees, as well as employees’ attitudes toward technology, have been embodied by Relationships. This item correlation investigates three types of connections: between employees, between departments that perform different tasks, and between employees and their job requirements. The source of conflicts and resolving conflicts also belongs to this box.

In assessing the reward box, the manager should identify the disappearances between the compensation package, initiative systems, and employees perceived rewards or punishments.

The central case in a model is leadership which is essential for organizational success. The successful management continually balances internal boxes. The helpful mechanism refers to organizational processes, which contribute to goal achievements, such as planning, control, budget, informational systems. Weisbord (i.e.,[4]) identifies inputs such as financial resources, employees’ knowledge and skills, ideas, technology required for complete the organization’s mission. Outputs are products and/or services. The following two premises are necessary to understand Six Box Model. First premise presents relationships between formal and informal systems. The formal systems are written procedures and rules, although informal systems offer organizational behavior. The informal systems reflected in which state employees follow procedures and rules. The successful management balances the formal as well as informal systems. The difference between them often discovers organizational ineffectiveness. The second premise refers to balance between the company and its environment. The business should equate to market demand. Weisbord (i.e.,[4]) argued that requirement or pressures came from customers, government and unions.

Weisbord (i.e., [4]) provides complete diagnostic questions for each of six boxes. Some of the questions will be presented.

- Purpose - What business are a company in? Do employees understand the company’s mission?
- Structure - How do managers distribute the work? Would organizational structure protect mission accomplishment?
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- Relationships - What is a relationship between individuals and their jobs? How do leaders manage conflicts?
- Rewards - Do all needed tasks have incentives?
- Leadership - What is the leadership style? Do leaders keep the boxes in balance?
- Helpful mechanism - Has company acceptable coordinating technologies?

Weisbord’s model focuses on internal problems identified through diagnostic questions in order to determinate the gaps. The development of organizational diagnostic questionnaires has enhanced ability to assess organization (i.e., [2]). The impact of internal factors on success has been assessed. The organizational success is defined as goals accomplishment. In proposed model main activities and key factors are presented in clear and visible structure. Main advantages of Weisbord’s model is simplicity and successful implementation of strategic choice under time pressure.

The literature review showed that Weisbord’s model has been frequently used in organizational development studies (i.e., [2, 5-7]). Weisbord’s model has been a convenient tool for diagnosis and identifying strategic options in a commercial bank from the United Kingdom (i.e., [5]). Model had been also used in two leading Australian companies (i.e., [2]). Applying the diagnostic model within Romanian company showed confidence of Weisbord’s model (i.e., [6]). The usefulness of the model has been also confirmed in non-government organizations, in India (i.e., [7]). To the author’s best knowledge, Weisbord’s model has not been applied tested in Serbian environment.

3. RESEARCH METHODOLOGY

In choosing organization, the main criteria were access to managers and data collection at a reasonable time. The study has been conducted in Eurobank EFG.

In this study, the mix methods research approach was adopted. The qualitative method was content analysis, which has been conducted, through data analysis of the organizational structure, official statements, as well as, published annual bank’s reports. The quantitative research was conducted through interviews with 137 branch and regional managers.

In Serbia, Eurobank EFG Group became operational in March 2003 after acquisition of Post bank. Three years later, Eurobank EFG Group has become the majority owner of the National Savings Bank and following the merger Eurobank EFG a.d. Beograd has been created. The bank is one of the leading banking organizations based on market share, assets and the size of its
business network. In Serbia, the bank employs 1,604 professionals in 119 branches.

The vision statement is followed:

"We want to become the first choice bank for our retail and corporate clients, operating with a sense of responsibility toward customers, employees, stakeholders and society" (i.e., [8], p. 3). The main shareholder is EFG Europebank Ergasias S.A. Board of directors as well as Executive Board consisted of seven members.

This study was conducted using the survey method on the representative sample. The six boxes from Weisbord’s model have been analyzed (purpose, structure, relationships, rewards, leadership and helpful mechanism). Weisbord’s diagnosis questionnaire consists of 30 items. Respondents are asked to indicate their current views of their bank on a degree from 1 - disagree strongly with 7- agree strongly.

The research took place in November 2010.

Considering the general lack of survey respondents in Serbia, personal contacts were used, and two types of the questionnaire were offered - electronic and hard-copy. From 150 questionnaires, 137 completed made the response rate of 91.33%. The number of respondents varied across bank’s regions, and the willingness of managers to be included in the survey.

Research sample consisted of 137 managers from different hierarchical levels. 60% of managers were females and 40% were males. 68% of managers were aged up to 40, and 32% were aged over 40. The majority of observed managers had a high school or college degree (53%) and faculty level (47%). In the study, managers from Belgrade, Nis, Kragujevac, and Vojvodina regions participated. Considering the demographic factors of the observed managers, it can be assumed that research sample is representative for the bank’s diagnosis according to Weisbord’s Six Box Model.

For the purpose of data analysis, descriptive statistics, Pearson correlation, t test, and One-way ANOVA were computed. Data analysis was conducted using SPSS Statistics 19.

4. RESULTS AND DISCUSSION

The Cronbach’s alpha coefficient for the scale (30 items) is 0.92, suggesting that the questionnaire has high internal consistency. The highest reliability has sub-scales of structure (0.824), rewards (0.779), and leadership (0.724). The lower reliability has sub-scales of relationship (0.596) and purpose (0.649). The measurement biases are also existed in sub-scales than a total scale.
The alpha coefficients have values between 0.596 and 0.824. It can be seen that the reliability of sub-scales were higher than Lok and Crowford results (i.e., [2]) and significantly higher than the original ones (i.e., [9]).

In addition to computing the alpha coefficient of reliability, the dimensionality of the scale has been investigated. The factor analysis showed that 46% of the total variance was explained by the six boxes of Weisbord’s model.

The main results of the study have been presented according to the presented research questions.

4.1 **Strengths and weaknesses in the bank**

The results of descriptive statistics t test on one sample are presented in Table 1. T test on one sample shows that means of internal factors is higher than assumed average of 4. The scores above 4 indicate the absence of a problem. The scores below 4 indicate a problem with bank’s functioning.

<table>
<thead>
<tr>
<th>Factors</th>
<th>AS</th>
<th>SD</th>
<th>Asx – Ast</th>
<th>Rank</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>5.63</td>
<td>.72</td>
<td>1.63</td>
<td>3</td>
<td>26.27</td>
</tr>
<tr>
<td>Structure</td>
<td>5.33</td>
<td>.89</td>
<td>1.33</td>
<td>5</td>
<td>17.42</td>
</tr>
<tr>
<td>Leadership</td>
<td>5.79</td>
<td>.68</td>
<td>1.79</td>
<td>1</td>
<td>30.70</td>
</tr>
<tr>
<td>Relationships</td>
<td>5.75</td>
<td>.67</td>
<td>1.75</td>
<td>2</td>
<td>30.69</td>
</tr>
<tr>
<td>Rewards</td>
<td>4.70</td>
<td>1.11</td>
<td>.70</td>
<td>6</td>
<td>7.33</td>
</tr>
<tr>
<td>Helpful mechanism</td>
<td>5.41</td>
<td>.81</td>
<td>1.41</td>
<td>4</td>
<td>20.31</td>
</tr>
</tbody>
</table>

Asx – mean; Ast – theoretical mean

The mean scores of all internal factors are above 4 at the 0.01 significance level. However, rank 1 has leadership and place 6 belongs to rewards. It can be concluded that the soft elements were better ranking than hard organizational elements (e.g. structure and rewards).

The honest and open communications, as well as long term jobs, have resulted in significant relationships between middle managers. The majority of respondents belong to a similar age group that facilitates communication and knowledge sharing. Respondents assessed their relationships with colleagues are friendly as well as professional. The rookie with employee’s proposal has an advantage in the recruitment process. Several times per year informal discussion are organizing in the bank. Every three year employee’s satisfactions research has been conducted by human resource department. Based on those results, various activities introduced in order to increase job satisfaction.
Structure refers to design division and job designs. The results of this study revealed that respondents were less satisfied with job design and workload. Respondents thought that they had too much work for the available time. The continuing education and training is also expected from managers. In order to prevent problem, it is necessary to initiate a change of the organizational structure.

The rewards scale measures employees’ level of satisfaction with the rewards such as evaluating systems, career development, compensations and initiatives offered by bank (i.e., [10]). In this survey, rewards have the lowest mean (4.70) but relative high standard deviation (SD 1.11). Respondents are agreed with a statement that their income correlates with requirements of their jobs. However, they are less agreed with items that refer to career development, change and initiatives. Rewards items were slightly below other internal factors because monetary bonuses are limited, as well as, minor bonus scheme. All defined goals embodied team effort but, in typical occasions, bonuses are personal. The results of other authors revealed lower ratings of rewards items, as well (i.e., [2,6]).

The structure and rewards are hard elements of organizations and highly depend on leadership skills. The soft elements are integrated in organizational culture, which is hard to change, because of its inertia (i.e., [11]). The change of hard elements is rapidly, and relative easy to implement in regard to organizational culture change. The results of one piece of research revealed that organizational culture had little effect on the structure, but organizational structure along with other contingency factors had a strong influence on organizational culture (i.e., [12]).

### 4.2 Correlations between internal factors in the bank

In order to analyze the relationships between internal elements, Pearson correlations were computed (i.e., Table 2). The correlations above 0.70 are high, between 0.40 and 0.60 medium, and between 0.10 and 0.30 low.

Based on the correlation matrix, it can be concluded about positive and significant relationship for all internal elements of bank’s functioning (at p<0.01 level). The reason is that all internal dimensions got positive ratings by managers. The strongest correlation occurred between the elements: rewards and helpful mechanism ($r = 0.718$), followed by the correlation between leadership and helpful mechanism ($r = 0.657$), structure and purposes ($r = 0.641$). All internal elements had an average above 4; therefore, the Pearson correlation matrix indicates strong interrelationships.
Relationship items were highly ratings by respondents which represents non monetary rewards. Although, bank’s managers thought that reward system is based on work results.

The findings from the previous section were that structure and rewards items were lower ratings than other internal dimensions.

The fact is that the strong relationship is between structure and purpose and helpful mechanism, followed by rewards and leadership, less with relationships. This result shows that structure fits mission presents useful information for initiating change. According to author’s best knowledge, based on qualitative and quantitative data, the appropriate under ratings of structure items refers to excessive overload through the simple technique that too many demands to existing employees.

The strong relationship evidenced between rewards and helpful mechanism, followed by structure, purpose and leadership. This result suggests that the replacement of formal systems and practice will provide reward system change.

### 4.3 Testing differences by demographic variables

The results revealed that there is no gender-based variation in managers’ ratings of internal elements of bank’s functioning. However, there are differences in managers’ ratings of leadership and relationships regarding education level.
Managers with a college degree gave higher ratings of leadership than managers with high school and faculty degree. In addition, managers with a college degree ranked relationships higher than managers with faculty degree.

In order to identify reasons for aforementioned difference, the analysis of quantitative data has conducted. 27% of managers in the sample had a college degree. The majority of them were aged 31-40 (35.14%), 29.73% were aged 41-50, 24.32% were aged 21-30, and 10.81% were aged over 51. In contrast to similar distribution of age groups, 85% of managers from this group were females. This result reveals that a gender-based difference is found in managers' ratings of leadership. The female managers with a college degree gave higher ratings on leadership than their male counterparts. Thus, the following statement may be formulated:

H1: Managers with a college degree are mostly females and they higher grade leadership in the bank than their male colleagues.

The vast majority of managers had a faculty degree (46.7%). The author proposes that there is strong, positive correlation between degree of formal education and relationships.

H2: Managers with faculty degree higher graded relationship than other bank’s managers. The higher level of formal education; the higher grade of relationships will be.

There are differences in managers’ ratings of relationships and reward between four bank’s regions (confirmed by One-way ANOVA). Managers from area Kragujevac were more likely to agree that relationships have a positive impact on the bank’s functioning than managers from area Nis. Average score of relationship items is 5.99 from 7 with a high level of compliance by managers from Kragujevac region. Managers from Nis area access relationships with 5.56. The other analyses have not been conducted. Managers from area Vojvodina gave higher ratings of rewards than managers from the other three regions (Belgrade, Kragujevac and Nis).

The previous analysis showed that rewards items were slightly below other internal factors in the bank. Managers from Belgrade and Kragujevac regions gave an average of 4.49, with a little agreement, although managers from Nis region gave slightly higher average (4.66). The respondents agreed with a statement that their income corresponds to job requirement. However, there are disagreements with items about career development, change and initiatives. The vast majority of managers from Vojvodina region are more satisfied with the reward system (mean 5.19/7) than managers from other areas. The bank has equal payment system. The results showed that there is a positive correlation between rewards and helpful mechanism as well as rewards and leadership in Kragujevac region. They also thought that team work does not proceed by regular bonuses. In Belgrade region, there is a positive correlation between helpful mechanism and rewards as well as structure and rewards. They also thought that job design and extensive surplus are not followed by enough rewards. The same results were obtained in Nis region.
Based on results of testing differences, it could be concluded that the bank’s managers, with slightly exceptions, agree about diagnostic of internal factors.

5. IMPLICATIONS FOR MANAGERS

Based on the study results, it could be concluded that all internal factors assessed as promoting for the bank’s functioning and development. However, two factors had lower ratings than other, and they can be seen as potential problems. The hard elements such as structure and rewards are cases in point. Both factors are formalized and could be changed in relative short time. The analysis showed that the main reason for slightly lower grade of the structure was excessive overload. The best solution is to recruit new members in order to match workload. The managers on the key positions choosing retrenchment strategy, which consists of lay-offs. Regardless the event there is no more employment, following actions are suggested:

- Clear and accurate information about expectations and control as well as difficult to managers that can help and solve problems. Work standards and success criteria should be available to employees.
- The goal should be formalized as specified, appropriate and timely manner. The important characteristic of the goal is to encourage but not too difficult to achieve.
- Meeting on regular bases in order to point to change.
- Inform employees about change and impact of their work on goal achievements.

Quantitative job demands are the leading cause of mental illness by managers known as burnout. The studies on burnout have not been conducted in Eastern Europe, but findings from developed countries indicated that high incidences in Japan and Taiwan (48-69%), over 20% of North American employees and 28% of EU’s employees (i.e., [13]). Preventive action is devoted to organizational context and strategic decision by top managers.

The second part with slightly lower grade has been rewarding. One of the dominant values in the bank is team spirit. Therefore, reward system should be based on team performance not individual. The financial rewards can improve performance if they are relationship between work results and monetary reward. It is necessary to determine non monetary rewards, as well. Regards to reward systems, it is necessary to emphases two aspects. First, human motivation is a complex issue. Second, the critical success factors should be defined clearly. Punishment is an essential part of the system. In order to avoid conflicts, penalty should be based on clear criteria. The behaviorist opinion on effect law suggests
that rewards promote positive behavior; therefore, punishments prevent negative behavior. The rewards systems should be based on analysis of behavior as well as employees' performance.

6. CONCLUSION

Diagnostic models provide a better understanding of organizational problems, and they are designed for data analysis, constant review as well as change strategy. The vast majority of foreign companies used Weisbord’s Six Box Model. This study investigated following six internal factors: purpose, structure, relationships, rewards, leadership and helpful mechanism. Three main research questions have revealed the usefulness of Six Box Model.

The first research question referred to identify strengths and weaknesses in the bank. All six boxes had average above theoretical mean of 4. Respondents were satisfied with the management team, relationships, purpose and helpful mechanism. However, structure and rewards slightly lower ratings. Observed managers were less satisfied with structure than other parts, because quantitative job demands. Refer to rewards, managers agreed that their income is equal to workload, but they had some remarks to rewards system. It is worth to say that they are formalized, hard elements. Their changes depend on managers' knowledge and skills.

The second research topic related to the relationship between internal factors. The results revealed strong and medium relationships between aforementioned six boxes. The strongest correlation was between rewards and helpful mechanism in the bank. The reward system does not depend on human relationships in the bank. Quickly and openly discussion resulted in significant human relationships. It is team spirit in the bank. There are no problems in each soft elements of the bank that are open, and for their change, mental schemas are required. Based on the test of difference, it could be concluded that the bank’s managers, with a few exceptions, have an agreement about internal diagnostic.

From a theoretical perspective, this paper presents step forward to gain insight into organizational development in Serbia. According to author’s best knowledge, there is no examination in Serbia based on the same method.

There are some limitations to this study that should be recognized. First, the research sample is relative small. The sample consisted of 137 managers from one bank. Second, the present study’s results cannot be generalized to all kinds of organization. The main limitation of the study was, arguably, the use of a single model within a particular social context.

The results show a basis for future research that should extend into a large number of organizations and contain larger sample of respondents different
social demographic characteristics. Therefore, we will get reliability of internal factors proposed in Weisbord’s Six Box model.

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Corresponding Author: Ljiljana Kontić, ljiljanak@neobee.net

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