



## Coaching for organisational effectiveness. A complex systems perspective<sup>1</sup>

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### Abstract

In the current millennium when the organisational and the overall global system is under pressure from unprecedented change and more importantly pace of change, organisations have to develop new ways of realising their assets and performing against lower costs. They must be able to compete on the international stage, where the overall costs of labour and operations have changed dramatically with the advent of new emerging economies that are impacting the traditional hierarchies, of economic status. The stability of organisational structures, the world economy and geopolitics are today more volatile, globalised and uncertain. In this wider context some elements that make up a successful organisation have come under scrutiny and there is a preoccupation to find the best way to realise the best out of what can be considered organisational assets. So practice and motivate their employees to contribute back to organisational goals, against the salaries and benefit that they receive is a very important item on the agenda of high organisational effectiveness. One of the motivational tools that organisations have available is the use of coaching at individual level as well as for high performing teams. This article presents an overview of the topic seen as a “system” and identifies many of the specific aspects that play a significant part, not in depth but as a starting point and opportunity for subsequent focus and scrutiny. It also aims to provide a brief but useful introduction to complexity thinking and the way it may apply to organisations. Coaching is positioned within the organisational system, alongside leadership and strategy, as a key factor in organisational effectiveness. The perspective taken in the writing of this paper, is that of a practicing Business Psychologist, who utilises a pragmatic digest of the latest thinking and models based in research, but with the applied knowledge of a Business Practitioner who has accumulated extensive business experience of over 15 years, in an international context, having worked with leaders of business methodology and people management methodology in the world such as IBM, Alcatel, Johnson&Johnson, and Bristol Myers-Squibb. By specifically using the complexity paradigm, the author promotes the understanding of coaching and organisational effectiveness as a composite concept – which is owned by multiple stakeholders and therefore requires a collaborative approach in definition and successful delivery – necessary to achieve high organisational effectiveness.

**Keywords:** coaching, organisational effectiveness, complexity paradigm, business psychologist.

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## Brief definition of organisational effectiveness

The definition of organisational effectiveness is not straight forward because it represents a construct. Generally speaking effectiveness is about how successfully can an organisation or an individual achieve the outcomes that they have set out to achieve. And effectiveness relates to a number of elements. The easiest and most common method of evaluating effectiveness is to look at the balance between inputs and outputs. These cut across a number of hard indicators such as finance, process, technology and any aspect where measurements are linked by a direct causal relationship. In general terms, it is desirable that the outputs are at least as valuable as the inputs, in other words, that what we gain out of a process or technology or financial investment is not less than what we have spent/invested.

One other component of effectiveness relates to the level of competence in communication and interaction that an organisation has, the function that it plays in the bigger system, the shape that it takes, and the general social knowledge that it carries within it.

Finally an organisation is effective when it is able to operate with integrity and equity, honesty towards its employees, clients and suppliers. It is also effective if it holds a position of respect in their respective industry and society and also exercises corporate responsibility in its field, both locally and globally. If we are to synthesize the three categories of attributes that contribute to define organisational effectiveness:

- operational performance;
- communicative competence;
- ethics.

We will not fail to notice that two out of three aspects are related to *people factors*. In today's world the operational performance and the perceived value of the company including its market share can be lifted or brought down by reputational enhancement or reputational damage respectively. Once again 'reputation' is a 'people' factor.

An individual employee's life at work covers two specific areas that are distinct but complementary and interrelated. The first aspect is that of an employee's personal subjective experience of work. This means the way the activity conducted in the workspace – including operational and functional tasks, the relationships and communication, plus the ethical and compliance boundaries – directly impact an employee's subjective universe.

By the same token the individual experience at work occurs in the wider organisational context, represented by processes, technology and financial parameters. The organisation is in fact the environment where individuals come to make their work contribution.

The individual and organisational, the subjective and structural aspects that enable employee effectiveness are very closely interrelated, inter-connected and inter-dependent, both observation and research confirm the fact that for instance a company with strong communicative competence – such as leadership and strategic view – is likely to engage its employees ethically and operationally.

## Overview of organisations as complex systems

The introduction of the systems theory and complexity thinking in business is relatively recent (last 10/15 years) having been previously researched and utilized for much longer in the mapping and analysis of other systems in the fields of physics, chemistry and biology.

However the transfer of the complex evolving system theory to human systems (including society and organisations) has proven to be an extremely viable and close to reality model. In this

light, an organisation is a complex evolving system made of a number of other sub systems, which have a life and an evolution of their own.

With this framework in mind, organisation can be regarded as being made of a number of sub-systems, such as business functions (HR, quality and compliance, R&D, manufacturing, sales and marketing etc.) also processes and technology, people and most importantly, a specific culture that carries related values and beliefs, which set up a micro-society.

Whilst all such systems have a degree of independence and specific identity they are all generated and supported by the people in an organisation. In the overall context of organisations, apart from physical assets, the human resources have become increasingly the most valuable capital that a company has, in order to survive, strive and be sustainable over time.

So the nurturing of the work force, regarded as a “capital” or “asset” is now more than ever, the focus of management theories and regarded as a key competitive differentiator.

Because, an organisation can have the best processes, the best systems, the best offices, the best infrastructure *but* if the people inside this perfect setting are not motivated, are late, are incompetent, are sabotaging the work, come to work just to get money and make no real contribution to the organisational objectives, soon enough the products will have faults, the services will be low, the clients will be unhappy and go somewhere else.

The result is loss of market, loss of client, loss of reputation and failure in the face of competition from same or other countries. This is why the care for the human capital today is very high and the task of looking after them is quite challenging. And in keeping with the complex evolving systems (CES) framework it is evident that the people subsystem of the organisation is in itself a complex and dynamic system.

The life of the people in an organisation is held together by the organisational culture, with its values and beliefs and code of ethics and practice. Within this supporting fabric which gives an organisation its own identity, there is the typical flow of evolution of the talent management cycle. It starts with selection and recruitment and followed by training and development, performance management, promotion and succession planning, change (structuring and restructuring) and employee attrition.

This whole cycle continues over and over again during the lifetime of the organisation. Needless to say, it is clearly complex dynamic and evolving, and mimics the internal and external changes and pressures that happen over time and are inevitable. But if we further consider the people system, zooming in on it, we could focus on one aspect of the talent management flow and take a closer look at training and development (T&D) as one of the key HR functions.

Training and development in itself is a system that contains several aspects which have evolved over time – just as the organisations of today have become more complex and have evolved in their activities – to keep up with the very fast and significant changes that are happening globally. Training and development combines the aspects of individual knowledge, individual experience and individual personal development. Within the organisational system and its T&D sub-system, subsystem knowledge is acquired through formal and informal learning, training and education. Experience is acquired through the activity of doing a job, action learning and mentoring.

Finally personal development is achieved through coaching which can be delivered by internal or external coaches and also to either an individual or teams in order to catalyse potential and enhance output and performance. The role of management development and leadership in organisations has been widely discussed and researched and all findings tend to lead to the same conclusions. Management capability to ensure successful business in both tactical and strategic ways is a critical factor in every organisation, hence a direct link to “soft” capabilities related to people and communication and organisational culture.

These aspects of the organisational life are not technology and process related and do not suit a mechanistic approach to the subject; they link to individual psychology, motivation, collective socio-psychological context, values and aspirations.

The intellectual aspects of people effectiveness, needs to be supported and energised by a positive feelings and emotions which will sustain the mental engagement. The combination of the two will then translate themselves into an aligned behaviour resulting in correct positive action the action will become the proof and outcome of the mental and emotional engagement.

When all these three elements are aligned and highly synergistic there is no stopping people from achieving complex goals even if there are restricted resources and challenges in the surrounding context. In this desirable situation the return on the investment that made towards employee engagement is likely to by far exceed the cost of hiring induction training and salaries. And the activity that works preponderantly at the deeper level of value and beliefs, as well as emotions, is mainly coaching. This is why the impact of coaching in the overall individual and organisational effectiveness cannot be underestimated.

### **Organisational impact and definition of coaching**

Coaching has significantly developed in the last 20 years and this is mainly due to organisational demand. Clearly this indicates that organisations have seen a strong return on investment, otherwise it is unlikely that so many successful companies would have spent money on this particular developmental method. The leaders and managers that are the captains, at the helm of this challenging and relentless change and transformation are themselves, on the one hand, just individuals, like any other, people following their own motivational, cognitive and emotional journey. On the other hand, they are powerful and instrumental in making decision in leading forward a large number of other people. This is why Executive Coaching has become a very useful and effective supportive and developmental tool. Coaching and mentoring supports managers and leaders as dual entities, responsible for themselves but mainly in their work role, responsible and impacting the lives of hundreds and thousands, in their organisation.

The UK's Chartered Institute of Personnel Management reports that 51% of companies (sample of 500) 'consider coaching as a key part of learning development' and 'crucial to their strategy', with 90% reporting that they use coaching. More recent research in 2011 by Qa Research, an independent marketing research agency in the UK, found that 80% of organisations surveyed had used or are now using coaching, but also found that while 90% of organisations with over 2.000 employees had used coaching in the past five years, only 68% of companies with 230–500 employees had done the same. And it is not difficult to understand, even at an intuitive level why coaching works. It is because coaching is a part of the dialogical methods of interaction. The ability to communicate, learn, exchange ideas through communication and conversation conducted either one-to-one or within social groups is 'hardwired' in the human brain.

Humans have always listened to Gurus, Wise people, Spiritual leaders and have always sought advice, guidance and wisdom from confidants, best friends and advisors. Humans are designed to learn from other humans and society at large. All the 'helping professions' have a footing in this natural disposition that people have. And this is how and why coaching also works! However it is important to highlight the fact that – whilst all dialogical methods have similarities and a common operating base – coaching is different from other dialogical professions such as mentoring, therapy/ counselling, consulting, teaching and training. And this is because coaching is a non-directive, non-expert, non-judgemental model. A proposed working definition of coaching is that:

*“Coaching is a co-created evolving confidential, ethical, safe space, where enquiry, dialogue, empathy, facilitation and mindfulness, act as enablers for emerging solutions that overcome real or perceived obstacles and achieve the best or the desired client outcomes, by using the untapped potential, resources and wisdom of a non-clinical client” [Tarry, 2013].*

This implies that to engage in a coaching interaction the coach must hold the fundamental ethical position of respect for the client and trust that the client has the ability and the resources to overcome distorting and blocking filters and mechanisms. Through the coaching process, facilitated by the coach, the client reaches the answers that are required for them to become the best version of themselves, be most effective, fulfilled and positive and by so doing, contributors to their own personal and professional happiness as well as to their environment.

Coaching is a part of the area of professional and personal development dedicated to individuals and teams, which relies on the client's own resources to devise the best outcome and ways to improve their competence in enhancing their quality of life and make decisions.

The “expertise” of a coach is that of being able to establish a relationship, which is exercised through tough conversations and dialogue and is conducive to catalyze the client's ability to choose paths, set goals, decide ways and achieve objectives and outcomes that will enhance their working a personal life as well as their contribution to society at large.

### **Ownership of coaching within the organisation**

We have defined organisational effectiveness as being dependent of three main aspects: Operational, Communication Competence and Ethics. And we have also noticed that two out of three are people related. Within the people subsystem we have identified aspects such as culture, leadership, talent management, training and development along side ‘hard aspects’ of organisational identity such as finance, process compliance and technology. Having positioned coaching within the training and development subsystem as part of the development component and emphasised that coaching is based on a certain ethical paradigm, we can make a link to organisational ethics, values and beliefs and culture as well as position in the wider society.

So who owns the responsibility of promoting and delivering the coaching activities in an organisation? If we agree that the vision, mission, values and beliefs of an organisation are part of the organisational strategy, it becomes evident that the key sponsor of coaching should be the senior leadership and the head of the organisation. Along side the leadership and the managers who would take coaching up for their own development as well as that of their staff, the HR function should be involved to administer the process, exercise selection of coaching suppliers and oversee the effective delivery of coaching in the organisation. On the delivery side, change and performance external consultants who are specifically trained and accredited in coaching – as one method of supporting organisational effectiveness – would make the partners of choice. A qualification in business psychology makes a significant quality difference in the delivery of coaching because it covers capability across the full spectrum from functional to clinical clients and therefore can correctly assess the suitability of coaching or other interventions (therapy, counselling) depending on individual coaching clients.

Once again it becomes clear that the ownership and delivery of successful coaching, to support organisational effectiveness, is distributed across a number of stakeholders. But the most important message of this contextualisation of coaching as part of an organisational complex evolving system, in order to increase its effectiveness, is the fact that coaching should sit at the top of the organisational agenda, as part of organisational strategy and be used as a permanent strategic tool. Because looking after people is not a one off event or action, but a continued process, that once started never ends.

## Coaching and quality standards

Coaching just like other activities before it (counselling, therapy) is a relatively new industry and as such it is undergoing the usual “growing pain” that all other industries have experienced, on the way to becoming a profession. The coaching industry has moved from being non-regulated, to its current phase where it is self-regulated. The self-regulation has become increasingly topical and sophisticated in the last 10 years with the flagship of international coaching being currently based in London, UK.

The current position of coaching in the UK is that it benefits from a number of professional associations which have produced accreditation standards, codes of ethical practice and continued professional development programs and requirements for the practicing coaches. Coaching Accreditations are awarded to professional coaches who have met stringent education and experience requirements, and have demonstrated a thorough understanding and practice of the coaching competencies that set the standard in the industry. Achieving accreditation signifies a coach’s commitment to integrity, an understanding and practice of coaching skills and a dedication to clients.

Whilst membership and accreditation with such established coaching organisations and associations is not mandatory, the coaching services buyers (mainly organisations but also increasingly individuals seeking personal and career coaching) have become increasingly aware and demanding. The market now requires coaches to be qualified, accredited and demonstrate proof of successful practice rather than be just self-proclaimed individuals who have embraced this activity for commercial gain purposes. This has improved the status of coaches and coaching and is a clear step towards the professionalization of coaching.

In addition the group of “coaching psychologists” who are qualified psychologists and also properly qualified coaches, are making a very strong contribution to the professionalization of coaching, by introducing scientific psychology based methodology and research practices, to the research of the process, attributes and outcomes of the coaching interaction. Whilst there remains some road to cover on the way to fully turn coaching from an expanding industry to a profession, there is not only a lot of hope but also a lot of practical activity and information that is being gathered and collectively produced by practitioners, researchers and organisational clients, in order to raise the status, quality and professional standing of coaching.

It is not easy to guess what the future of coaching may look like in the next decade, but it is unlikely that the success and the momentum that coaching has gathered in the last 30 years, is likely to be lost so easily. The effort of professionalising coaching has now moved from UK based organisational, leading the way, into Europe and there is a current effort to establish a professional charter at European level, and approved by the European Union, on its listing for self-regulated professions.

## To conclude

The purpose of this article is to capture the key information about sustained employee engagement in the 21<sup>st</sup> century. It briefly presents a global business context, previous theories, latest thinking and the latest research and ideas from complexity theory, to provide an overview of the employee effectiveness construct. The paper aims to make these ideas applicable for the practical reality of every day business and company life, to help the professionals involved in this complex and important task, to navigate and define their role, their strategy and their interventions, in order

to be successful and also contribute to the effectiveness of any company's most important asset: People! With much operational cost being cut, through quality systems (lean, just in time, six sigma etc.) the cost and return on investment related to the workforce has remained a point of concern for management. In the developed economies, the cost of "people" represents more than half of operational costs and cannot be cut, without impact on quality of workforce capability.

Therefore the interest on how can organisations become more effective, has focused the analysis on the definition of effectiveness. This is a construct that covers three key aspects. The operational measurements (hard indicators: financial, etc.) are just one. The other aspects related to ability to communicate and relate effectively and also the ethical organisational practice, are both, again, related to people and are owned by the leadership and management teams. By analysing effectiveness, our findings demonstrate that the best practical course of action for organisations is to understand that the development of people resources and particularly the leadership development, is a complex task that needs to be:

- defined and set as on organisational strategic objective;
- clearly defined and communicated to all staff;
- have resources allocated to it;
- acquire a joint responsibility and ownership by several functional groups (management, leaders, HR, external consulting specialists);
- involve the added value that "people specialists" can provide (business psychologists, coaches);
- be constantly monitored and continued over time;
- be made an organisational priority;
- become a flexible strategy and policy that can adjust and change with the changing in environment (internal and external);
- adapted to each organisational specific needs.

The complex and challenging strategic goal of sustained employee engagement can be achieved only by a collective contribution, common purpose and focus, resulting from the combined contribution from the key categories, working together:

- HR practitioners in general;
- training and development specialists;
- managers responsible to manage other people and teams;
- senior leaders and strategists;
- business psychologists specialised in coaching;
- organisational development consultants;
- quality management consultants with psychological background.

The key success factor will be better achieved by embracing and practicing a necessary collaborative approach, between a few internal functions/groups, as well as, between those groups, and the organisation as a whole, and finally, between them and external value add specialists, because they are all part of a complex evolving systems and therefore very interdependent and interconnected.

Specific attention is paid to Coaching, which is effective and recommended not only at leadership and senior management level but also in internal career planning, succession planning, talent management and performance improvement and generally as employee development methods. Coaching must be a part of the organisational Training & Development program. The impact of Coaching is mainly at developmental levels, working with values, beliefs, aspirations and motivations. Therefore has an effectiveness impact, at the very foundation of organisational behaviour and covering both the communicative and relational, plus the ethical aspects of organisational effectiveness. This

is why Coaching needs to be positioned as a strategic method, for the achievement of organisational goals. Particular importance must be given to the quality of coaching that is used in organisations, to make sure that coaches selected and used by organisational clients are properly trained, and accredited within the current existing coaching self-regulation framework.

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