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The role of appreciative inquiry in meeting the challenges of the next decade

Patricia LUSTIG*, Gill RINGLAND**

Abstract

The next decade will present many uncertainties and organisational challenges on an unprecedented scale. As the financial crisis winds its way through the system, a new world order is being revealed. There will be no return to “Business As Usual”. This article explores the changes in the external world, outlines how organisations can cope with the uncertainty these changes bring, and in particular the role that Appreciative Inquiry (Ai) can play. It is based on the renewal frameworks discussed in more detail in “Beyond Crisis” (Ringland, Sparrow, Lustig, 2010) and shows how Ai can be used, through case studies and examples.

Keywords: Appreciative Inquiry, case study, changing narrative, developing options

Introduction

Appreciative Inquiry (Ai) has its roots in work with communities around the world (Browne, Chien and Cawthorne, 2001). It was developed in the late ‘70s at Case Western Reserve School of Business and is an organisational development process or philosophy that engages individuals within an organisational system in

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its renewal, change and focused performance (Srivastva, Cooperrider et. al, 1990). Ai is based on the assumption that organisations change in the direction they enquire into and that an organisation which enquires into problems or difficult situations will keep finding more of the same, while an organisation which tries to appreciate what is best in itself will find/discover more and more of what is good (Wikipedia). It has attracted attention from the business world because of the increase in capability it offers organisations who want to deliver change (Kinni, 2003; Cojocaru 2008). In this article we discuss how the world will be different over the next decades, describe why business in the West is faced with the need to change, sketch the framework of five qualities that focus organisational change, and explore the use of Ai in each, based on case studies and examples.

How will the world be different over the next decades?

The last decades have witnessed some disruptive events – the stock market crash of 1987, the Asian collapse of 1997, the dot.com boom and bust, and latterly, the global financial crisis and recession. Nevertheless, for an extended period, consistent growth and low interest rates provided a benign umbrella. The industrial countries showed steady growth and low inflation, commodity and wage costs remained relatively stable and the populous countries of Asia were content to grow rapidly whilst taking in the low skilled work of the wealthy world.

However, it is now clear that even before the financial crisis broke, concerns about energy, environmental and security issues, food price increases, growing economic and financial imbalances and asset price inflation suggested that all was not well with this model. Central bankers appeared to have general inflation under control, but their expansionist policies resulted in an associated property and share price boom accompanied by an unsustainable expansion of debt, particularly among UK and US consumers. This, together with the monetary loosening after the dot.com collapse, was one deep root from which the financial crisis grew.

The financial crisis and ...

The collapse of the financial bubble has not only highlighted the scale of build-up in private sector debt and levels of gearing but led to a surge in public sector indebtedness as governments took extraordinary steps to prevent a systemic banking collapse and the risk of a slide into depression. The resulting levels of private and public sector debt, coupled with the scale of public sector deficits now faced by a number of the industrialised nations, will not only take time to work out from the system but the required actions will not be without risk and pain. So,

the financial crisis which started with sub-prime mortgages in 2006 has revealed something very different beneath that tranquil surface of the last decades.

The world ahead of us will be very different. It will be fast-moving and innately challenging. Demographic change and education mean a shift in the patterns of labour skill and cost. The older industrial nations – and China – face demographic and associated political, social and financial challenges as their workforce ages and retires. Further, skills that were once restricted to the industrialised nations are now widely available, further enhancing the shift in international competitiveness towards new entrants. Much the same can be said for technology, which continues its relentless expansion in depth and range. The debt burden of the wealthy nations means that their recovery from the crisis is likely to be slower than that of the new competitor nations. Competition will be intense, and on new terms.

Global systems issues

Global systems issues – economic, environmental and energy – are inextricably interconnected (Hames, 2009)¹. Economic models will include those based on Eastern, rather than Western, value systems. Environmental pressures will increase due to increased population but also due to the increased expectations of the 3 billion who make up the middle class. Energy will increase in price at least until alternative sources mature. Solving these issues requires the rich nations to sacrifice some of their power. This combination of power rebalancing and an institutional vacuum implies that the next decade will be a turbulent one.

How can organisations meet this challenge?

Businesses will have to adapt to changes in the nature, structure and location of markets, in the relative and absolute costs of labour and capital, and in the security and economics of their supply chains. Success in the period ahead is likely to require much greater focus on addressing future uncertainty, on organisational renewal, and on managing the requirements for change and associated risks. Over the last decades, many large organisations have been managed with a common set of management systems and tools. This use of common tools and technologies has made organisations increasingly similar, intensifying competition. These tools have focused on making the tasks highly specified so that work can be sub-contracted or outsourced, with companies focusing on their core competence. This has reduced the capability of organisations to adapt to change, to renew themselves. The reason for this is simple. In an organisation in which all tasks are highly specified, and people rewarded through sets of detailed bench-

¹ Conversation with Richard David Hames, March 2010.

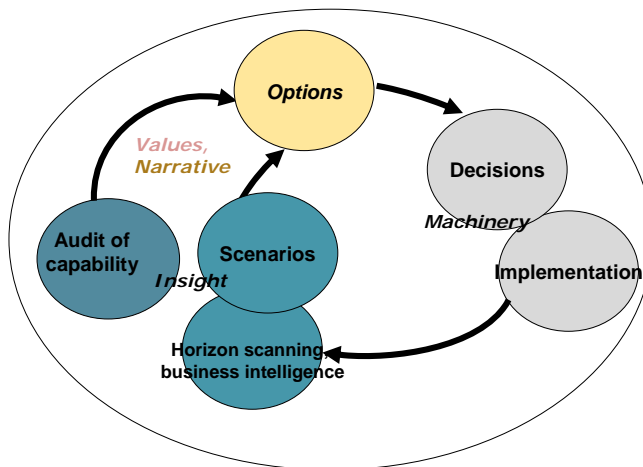
marks against these tasks, it is not in anybody's remit to look for the – sometimes weak- signals of changes in the external environment. New business development is also often out-sourced, and many organisations do not have the capacity to incrementally develop their business or enhance their processes.

The Cycle of Renewal

Renewal, however, means changing how things are done and what is done. Renewal needs to be purposeful, taking the organisation to a situation from which it can evade the forces of commoditisation by utilising the talents of its people. Renewal needs to match both its current situation and the changing environment. To do this, we find that the organisation needs five qualities. The organisation needs to be able to gain and analyse *Insight*, both into the internal strengths and weaknesses and the external business environment. It also needs a clear sense of its Values, the choices which it has made around often intangible issues such as brand positioning, staff relationships and the like. Third, it needs to relate its current activity and asset base to practical ways forward, its *Options*. These are joined by the organisational *Narrative*. The Narrative is the shared set of reflexes that knit the organisation together. The first four qualities of *Insight*, *Values*, *Narrative* and *Option* generation are held together through the operation of the fifth quality, that of *Machinery* - used here in the sense of active and dynamic infrastructure, covering people and innovation and portfolio management processes, ICT and knowledge management, and communications.

An organisation which is effectively using these five qualities for renewal is what we call a 'Purposeful Self-Renewing Organisation', or a PS-RO.

Figure 1. Cycle of Renewal



The role of Appreciative Inquiry in the cycle of renewal

Ai has been used to build a shared set of Core Values in many community settings. For instance, the 2009 Ai Conference² set as its agenda the questions:

- How can Appreciative Inquiry and other strength-based approaches support the present day developmental challenges of the world?
- How can Ai and other strength-based approaches contribute to bringing social justice, addressing equality and reducing gaps between rich and poor?
- How can we leverage the lessons about the transformative power of Ai that have already been experienced in businesses and organisations to address the pressing environmental needs of our planet?
- How can we link the power of Ai and other strength-based approaches to the most pressing issues of a global change agenda-from improving health and education to creating sustainable communities and deeper personal development?

When an organisation is clear about its Values, it needs to gain Insight into the world both within and without. Insight processes include horizon scanning, scenario planning and audits of internal capability, and these - like the processes underlying all the qualities - are iterative as discussed in “Beyond Crisis”.

We provide below

- a case study in which *Ai* was used to explore Options to improve organisational performance,
- and one in which *Ai* was central in moving a Narrative forward.

The focus of Ai on finding and building on processes that work well is useful for developing the Machinery quality of a PS-RO:

1. DISCOVER: The identification of organisational processes that are already working well.
2. DREAM: The envisioning of processes that could work even better in the future.
3. DESIGN: Planning and prioritising processes that would work well.
4. DESTINY (or DELIVERY): The implementation (execution) of the proposed design and what people will commit to do.

Thus Ai is an extremely useful and versatile tool in a PS-RO, throughout iterative cycles of renewal. It harnesses the energies of the people in the organisation and unleashes them to create what the PS-RO is becoming in each iteration of its life. It not only builds on past success (for one can't build on failure) but can also engage everyone in the organisation to create purposeful change.

² 2009, Ai Conference, <http://appreciativeinquiry.case.edu/conference.cfm>

Appreciative Inquiry to develop a renewed Narrative

Organisational Narrative (or community Narrative) changes slowly, but it does move and change as an organisation develops over time. Appreciative Inquiry can be used to assist in developing a renewed Narrative (Fernando, 2010) as in the following case study.

Patricia Lustig and some of her Nepali colleagues were working with a village in the Nepalese countryside called Phakhel after they had requested some help. We adapted Ai so that it could be used with illiterate villagers – when we asked them to tell us about a time that they had been proud about what they had achieved together in their village (The Best of What Is), we asked that they drew it on a piece of paper. We separated them into three groups, men, women and children with a facilitator working with each group to ensure that each group had a voice. After the “prouds”, we asked them what kind of a village they would like to have for their children and grandchildren (The Best of What Could Be). When we asked what they could make happen, however, the energy began to disappear – there was some reluctance to move from victim mode (letting things happen) to leader mode (taking responsibility and doing things themselves).

Then, Mr. Pasang Lama, a subsistence farmer with only a few acres who could neither read nor write stood up to speak to the village, ‘We have been bloody lazy! For the past 40 years we have been holding our hands out to receive aid and what do we get? We get fights, we can’t agree on anything, we don’t feel good about our village anymore, and we don’t take responsibility or feel proud. Forty years ago we did a lot together because we had to – there was no one to help us. And we were proud of what we had done, we were proud of our village.’ He paused and there was silence. ‘Are any of you proud now? Well, shall we work together and be proud again?’

After his speech, they were at first silent and then the group came alive. People stood up to offer what they could and would do. Some offered labour; some offered money – even if in very small amounts; some offered building materials for a school. It was amazing.

Over several years, we observed the villagers’ progress by returning a few times a year to work with them. During this time, they accomplished many things – they built a secondary school, a health post, a nursery school and a resting place for porters all without asking for outside help. They did receive help from an International Non-Governmental Organisation, but this was offered to them – might as well back a winner!

The use of Appreciative Inquiry in this context caused the villagers to stop seeing themselves as needy and victims of circumstance – they could and did tell a different story about themselves, changing the community’s Narrative. And they were once again proud of their village and what they had achieved together.

Developing Options with Appreciative Inquiry

Patricia was asked to work with a group of high potential managers at an IT company. This team of managers wanted to use Appreciative Inquiry to improve the organisation’s profitability. It was already good, but they thought it could be even better. Because of this, they wanted to use a method that would build on the strengths they had.

Together we designed the enquiry around what made happy customers. The team reasoned that if customers were happy, profitability would also improve. We ran a workshop with a mix of people from across the organisation, some of their suppliers and some of their customers. We asked people to tell stories about great customer experience.

The most amazing stories came out! Customers came forward with wonderful stories about how they had been treated well, how people from the organisation had really partnered with them and understood their issues. We still remember one of the stories, “The Monkey on My Back.” A customer needed the equipment and software that the IT Company wanted to supply to him. However, as a new organisation, he was finding financing difficult. The sales person got really creative and came up with a way that the IT Company could help him to finance the system that he needed. He said, ‘I had a monkey on my back, and you came and offered to take it off my back. I will never forget it!’

When these stories were brought into the larger group, there was surprise among the organisation’s staff. While they each knew a story themselves, they were unaware that there were so many wonderful stories. They were unaware of how highly their customers regarded them and the service that they provided. They were very excited to then Dream together about the best of what could be.

From this it became really clear not only what they needed to continue to do (and do more of), but also new things that they could do that their customers would really appreciate. Best of all, many of these things were at no added cost to the organisation. It truly understood, in partnership, how they could really serve their customers well. There was so much energy around these options that they almost happened by themselves and follow up in these areas was almost unnecessary.

Conclusion

We have identified in this short article the relevance of Appreciative Inquiry to the Cycle of Renewal, a task faced by most organisations. By building on strengths, and focusing on processes to connect dreams to delivery, it harnesses the talents of the organisation in line with the structures and methods outlined in “Beyond Crisis”. In today’s world, organisations will have to change more often and with more agility going forward and the ability to harness the energy for change that Appreciative Inquiry provides a key method to help them achieve this.

Key lessons for managers

1. Recognise the need for renewal to co-exist with the ongoing operations of the organisation.
2. Harness the energies of people in the operations to organisational renewal.
3. Articulate the core values of the organisation, here Ai is a powerful tool to discover the organisation’s shared values.
4. Develop the organisational narrative: the case study illustrates this.
5. Gain internal and external insight: tools for this include horizon scanning, scenario planning and organisational audit, as described in “Beyond Crisis”.
6. Implement a transparent system for innovation leading to new options and their selection for implementation, as in the case study.
7. Understand and develop the machinery needed for renewal – again the Ai framework example above may be of help.

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Additional Resources

www.appreciativeinquiry.case.edu The Appreciative Inquiry commons has the best collection of articles, case studies and ideas on Appreciative Inquiry that we know of.

www.lasadev.com Articles on Appreciative Inquiry and a Glossary of Organisational Development Terms.

www.aipractitioner.com is a subscription e-journal

http://en.wikipedia.org/wiki/Appreciative_inquiry