

Organisations and Management

Topic 1 • KC Notes

1.1 Organisation Characteristics

- **Organisations:** A deliberate arrangement of people working under a defined system of rules and relationships to accomplish objectives and goals
 1. **Specific purpose** – a goal or set of goals or objectives company wants to achieve
 2. **Deliberate structure** – control and direction that is **effective and efficient**
 3. **People** – and their actions to achieve an outcome. Not one person
 4. **Other:** is future oriented, an open system, exists independently of people within
- **Type:** Social, government, pure business, sporting
- **Characteristics:** size, industry, ownership type (business category), owner domicile (location category), location, environment, benefits and remuneration

1.2 Comparison of organisations and informal collectivities

- Differ in **behaviour, leadership, longevity, origin and purpose** (BLLOP)
 - B: Organisations are **standardised** rather than flexible, focusing on **co-ordination**
 - L: Leaders are more **formalised** with qualifications and experience
 - L: Formal have **longer** lifespan and maintains **relevance**
 - O: **Deliberately created** and designed for specific purpose, rather than spontaneous
 - P: Organisations more **specific, distinctive and immediate** goals
- Similarly, differences between management and leadership
 - Managers have **organisational context** and are **formally appointed**, and influence is based on extrinsic motivation/externally determined legitimacy
 - Leaders are from many contexts, subjective, and have **intrinsic** motivation/**follower-based** legitimacy

1.3 Managers, Efficiency and Effectiveness

- **Top, middle and first/front-line** managers, all who **co-ordinate and oversee** work of others
- Managers maintain an organisation's **efficiency and effectiveness**
- **Efficiency:** Maximum output from least amount of input (doing things **fast**)
 - Good use of resources
 - High quality and low cost product or service
- **Effectiveness:** Doing activities that help organisation reach its goals (doing things **right**)
 - Pursues the right goals
 - Customers want the product

1.4 **Relevance** and context

- Technology: causing a **changing conception of time and space**
 - Managers can work at home or communicate online
 - Organisations operate 24/7 with email and social networking
- Innovation and sustainability focussed for organisation competition
- **International division of labour**
 - Outsourcing labour, greater level of multinational corporations
- Demographic and working age changes, with multiculturalism and blur in the role of gender and age

Foundations of Management Theory

Topic 2 • KC Notes

2.1 The Scientific-Technical Revolution / **Scientific Management** Approaches

- A **factory** system of production with **specialisation of labour** and production line work
 - Little **variance and variety**
 - Little opportunity for experimentation, suggestions and further thinking
- **Frederick W Taylor** analysed this and provided **four principles** (guidelines) to improving production efficiency
 1. **Efficiency** Develop a science for each element of the job
 2. **Data** Scientifically select worker for job and train, teach and develop
 3. **Incentives** Actively co-operate with workers to make sure work is done
 4. **Specialisation** Equal division of work and responsibilities
- **Henry Ford** and the **production line**
 - Introduced movement of car parts using chains and pulley systems
- **Frank and Gilbreth** ‘time and motion studies’ with film and stopwatches to scientifically find quicker ways to produce tasks

2.2 **Administrative** Approaches

- Best formal design for **organisation**
- **Weber**: organisation ‘iron-cage bureaucracy’:
 - Formal rules and procedures
 - Hierarchy and impersonality
 - Career advancement based on merit and testing
- **Fayol**: 14 principles but **4/5 managerial functions** common to all business
 1. **Planning**: Choosing goals and strategies
 2. **Organising**: Designing processes and systems
 3. **Leading (Commanding and Co-ordinating)**: Working with the right employees
 4. **Controlling**: Measuring and monitoring the system

2.3 **Behavioural** Approaches

- Model on **motivation and behaviour** in improving performance
- **Hawthorne Studies**: Regardless of light level, being watched made workers do better
 - Implications: legitimise role and importance of managers, especially people-oriented management

- **Maslow's Hierarchy of Needs**: greater motivation by trying to **satisfy needs in organisation**
 - Need to satisfy **lower before achieving higher order**
 - Food and water > Shelter > Safety > Relationships > Self esteem > Self actualisation
- **McGregor's Theory X and Theory Y**
 - **Theory X**:
 - Lazy, dislikes work
 - Workers should be **closely supervised with strict work and control**
 - **Theory Y**:
 - Self-motivating and driven to do right things
 - Managers should **create a decentralised, self-initiating setting**
- **Mintzberg's Managerial Roles**: 3 managerial focuses/roles
 - **Decisional**: Act as an entrepreneur, allocator and negotiator, to make decisions and handle disturbance
 - **Informational**: Act as a monitor and spokesperson, to analyse and present data
 - **Interpersonal**: Act as a figurehead or leader, to mediate conflicts, hiring individuals and speaking

2.4 Current **21st Century** management

- An emphasis on **communication, relationships and vision**
 - Managers have **less overt control** because of **swipe cards for building access**
- Top managers require **less technical skills** and more **core conceptual skills managers use**
- Demands on modern managers:
 - Greater **working hours** with less staff
 - Compromise between demands for **shareholder value and ethics/environmental responsibility**
 - Demand for flexibility and work-life balance
 - Changes in family and women in work

Decision Making

Topic 3 • KC Notes

3.1 Managers and the **Decision Making Process**

- Managers make choices between **courses of action** based on information
 - Information must be **reliable, accurate, unbiased, relevant**
 - Choices may be 'boolean', conscious/unconscious
- **Programmed**: repetitive decisions with a routine approach
- **Non-programmed**: unique decisions, new and unstructured and often with incomplete or ambiguous information
- **Different environments**:
 - **Certain**: all outcomes and alternatives considered
 - **Risk**: Alternatives in **probabilities**
 - **Uncertain**: Some alternatives and outcomes **not known**

3.2 Rational Decision Making

- Process of **rational decision making**:
 1. Identify problem
 2. Generate and evaluate solutions
 3. Select and implement solution
 4. Evaluate solution
- **Generating solutions** by considering benefits, costs, timelines, acceptability, ethical soundness
- **Choosing alternatives**
 - **Satisficing**: accepting solutions are good enough
 - **Escalation of commitment**: increase commitment to a bad decision
 - **Intuitive**: making decisions based on experience, feelings and judgement
 - Can also be categorised as classical, behavioural and judgmental approaches
- **Decision making methods**
 - **Directive**: managers decide even when other people have knowledge
 - **Analytical**: through direct observations (time consuming)
 - **Conceptual**: long-term results
 - **Behavioural**: heuristics through rule of thumb, intuition, stereotyping, common sense
- Issues include:
 - **Reticular Activator System**: finding things that you recognise, e.g. yellow cars
 - **Heuristics** are not perfect, use trial-and-error, and may have bad stereotyping
 - **Biases**: uncertainty, complexity, cognitive bias (mistake in reasoning, evaluating or memorising), past experiences, behaviour context, time delay

3.3 Analysing and Unpacking Decisions

- **Perceptual filters:** giving **meaning to their environment** through **sensory** impressions
 - Factors influencing perceptions:
 - **Perceiver's personal characteristics** (interests, biases, expectations)
 - **Target's characteristics** (distinctiveness, contrast, similarity)
 - **Situation** (context – place, time, location)
- **Attribution theory:** Actions perceived by others are attributed to a certain behaviour trend
 - Factors influencing attribution:
 - **Internal:** under individual's control
 - **External:** outside factors, like a crazy child
 - External factors allow people to protect self-esteem: **self-serving bias**
 - E.g. We didn't study, or didn't study well because of Lyn
- **Other common errors and biases:**
 - **Optimism and overconfidence** (inaccuracies in estimation and forecasting)
 - Fear that decisions cause unwanted issues
 - **Confirmation bias/Confirming evidences:** seeking supporting evidence
 - **Halo Effect:** Bias towards character and personality through overall impressions
 - Stereotyping
 - Selectivity
 - Anchoring and adjustment (e.g. order of interviews)
 - Availability
 - Representatives: how certain environment should look, (e.g. dress or tables)
 - Familiarity
 - **Escalation of commitment** causing
 - Sunk costs
 - Gambling
 - Unintended consequences: actions with **outcomes that have been overlooked**
 - Satisficing

Attitudes, Perception and Personality

Topic 4 • KC Notes

4.1 Organisational Behaviour

- **OB** is used to **explain, predict and influence behaviour** in both **visible and hidden aspects** for **individuals and groups** (in roles, teambuilding, conflict)
- Observes **5 behaviours** and their influence on workers:
 - **Employee productivity**: efficiency and effectiveness
 - **Job satisfaction**: general attitude towards job
 - **Absenteeism**: Failure to report to work
 - **Turnover**: voluntary/involuntary withdrawal from organisation
 - **Organisational Citizenship Behaviour** (OCB): discretionary behaviour that is not formally required

4.2 Role of **Attitudes** in Job Performance

- **Attitudes**: evaluative aspects and statements concerning objects, people and events
- 3 components:
 - **Cognitive**: beliefs, opinion, information
 - **Affective**: emotional and feeling
 - **Behavioural**: intention to behave in a certain way



- **Job satisfaction** (attitude):
 - Promotes productivity
 - Lowers absenteeism levels
 - Lowers turnover rates (by level of employee performance)
 - Promotes positive customer satisfaction (upbeat/friendly employees and positive work climate)
- Has 3 main related attitudes:
 - **Job involvement**: degree to which worker identifies with their job, participates actively and considers job important for self-worth
 - **Organisational commitment**: maintaining **membership** and having **affective, continuance and normative commitment** to the job
 - **Employee engagement**: level of connection, satisfaction and enthusiasm with job

- **Cognitive Dissonance Theory**: Dislike towards any incompatibility or inconsistency between attitudes and behaviour, or between two attitudes
 - Level of intensity and desire to reduce CD is influenced by:
 1. Importance of the factors creating incompatibility
 2. Degree to which the factors are controllable
 3. Rewards to compensate for dissonance

4.3 Personality and Perception

- **Personality** is the combination of emotional, thought and behavioural patterns of a person
 - Described through **traits**
- **5 Personality Dimensions**:
 - **Locus of control** external (luck/choice) vs internal (control of destiny)
 - **Machiavellianism** highly pragmatic and manipulates vs idealism, low power
 - **Self-esteem**
 - **Self-monitoring** adjusting to situation and cues in personal and private self
 - **Risk taking**
- **MBTI – Myers-Briggs Type Indicator**
 - **Social interaction** **Introvert vs Extrovert**
 - Level of outgoingness
 - **Preference for gathering data** **Sensing vs Intuitive**
 - Preference for new problems or established methods
 - **Preference for decision making** **Feeling vs Thinking**
 - Preference for emotional or intellectual decision making
 - **Style of decision making** **Perceptive vs Judgemental**
 - Planning and organised approach or flexible, spontaneous approach
- **Big 5**
 - **Extroversion** sociable, talkative, gregarious
 - **Adjustment** Anxious, angry or insecure (also Emotional Stability)
 - **Agreeable** Co-operative, good natured and trusting
 - **Conscientiousness** Dependable and organised, persistence
 - **Inquisitiveness** Openness to experience, risk and explorative
- Holland’s Personality + Job Fit
 - Realistic, Investigative, Artistic, Social, Enterprising and Conventional
- **Emotional intelligence**: ability to **notice and manage emotional cues** and information
 - How worker **responds and deals with** emotions is a function of personality

4.4 Perception

- **Perception**: how we **give meaning to the environment** by organising and interpreting sensory impressions
- **Attribution theory** (Also in 3.3): perception of others and **attributing traits to behaviour**
 - Attribution theory comes from three sources:
 1. **Distinctiveness: different behaviours** in different situations
 2. **Consensus**: Similar behaviours in similar situations
 3. **Consistency**: Regularity of the same behaviour
- How we attribute has a few key concepts:
 - **Fundamental attribution error** when managers **underestimate influence of external factors** (and overestimate internal factors)
 - **Self-serving bias** attributing own **successes** to **internal** factors (and blame of own failures to external factors)
 - **Shortcuts** that allow judgements to be more manageable/fast:
 - Assumed similarity – others are **like ourselves**
 - Halo effect – impressions **based on single characteristics**
 - Stereotyping – judging based on perception of a group
 - Selectivity – selectively depending on some information

4.5 Learning Theories for Shaping Behaviour

- **Operant conditioning**: behaviour is a function of its **consequence**
- **Social learning theory**: individuals learn by **observing others** and by **direct experience**
- Managers shape behaviour by 4 tasks:
 - Positive reinforcement (reinforcing desired behaviour)
 - Negative reinforcement (reinforcing desired response to behaviour)
 - Punishment (eliminating behaviour)
 - Extinction (not reinforcing a behaviour)