

Organisational Behaviour (MGMT20001)

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Topic 1: Contrasting Management Approaches

1. Scientific Management (Taylorism)

Based on Taylor's experience as an engineer and manager

Aim to maximum efficiency

Four principles:

- Job Design
Managers should design job; specifying precisely every element of the work
→ dehumanized, deskilled the work
- Human Resource Management
Managers should select, train, teach and develop employees
- Performance Management
Managers should be responsible for ensuring all work is done; workers are paid according to output
→ managers exerting controls; motivation based on money
- Development of Management Profession
A division of labour should be based on expertise; managerial authority over workers should be based on scientific impartiality
→ separation: managers thinking and workers doing

Key Features:

- The separation of Conception and Execution
- Standardisation of tasks; deskilling
Jobs are designed as simple as possible so that they require minimum skill
Each worker engages in one simple and repetitive task ("assembly line")
Workers can be replaced easily
Maximum efficiency
- The belief that managerial authority is based on scientific impartiality → couldn't be challenged; only one best way; very strict management control
- Financial reward is the main motivator
- A "mechanistic" view of the organisation; people as interchangeable parts; "cogs in the machine"
- The focus is purely on efficiency
- BUT Plays down psychological & social aspects of organisation e.g. job satisfaction, social affiliation

2. Human Relations School

"Worker problem" was a result of psychological disturbances brought about by the alienating nature of work (deskilled repetitive work)

Focus on workers' emotional, social need

The Hawthorn Studies

- Numerous psychological and organizational factors influence productivity
- Despite technical division of labour, worker remains a group activity
- Informal groups have strong social control over the work habits and attitudes of workers and managers should recognise the impact of these informal groups in exerting an influence on productivity
- Organisations should seek a balance between informal groups and formal work structures

Key Features:

- Workers make decisions together with managers and enjoy a degree of control
- Workers have the chance to complete a whole piece of work and feel that they are responsible for the work
- Social aspects of work have a major impact on a person's quality of working life and productivity
- The importance of norms and values that influence organizational behaviour, and alignment of formal organizational structures with informal social structures
- The rise of teamwork, leadership, and organizational culture as ways to improve quality of work life and align formal organisational structures with informal social structures

Topic 2: Perception, Attribution & Decision-making

1. Perception

1) Perception

- Is the process of organising and interpreting sensory data
- Perceptions of reality form the basis for behaviour in most aspects of our lives
- Impacts our cognitive and emotional responses
- Very important in organisation because our perceptions inform our decisions and actions about how we relate to other people → "Social Cognition" see below

2) Theory of Mind

- is the ability to attribute mental states (knowledge, beliefs, thinking) to others
- and to understand that others have beliefs, desires, intentions, and perspectives that are different from our own

3) Limits to Perception

- Patterns very quickly become fixed and we have difficulty seeing anything else
- Thus, we are not very good at dealing with complexity and ambiguity
- Not only this, but our background, education, and social upbringing also influence our perception of ourselves and others

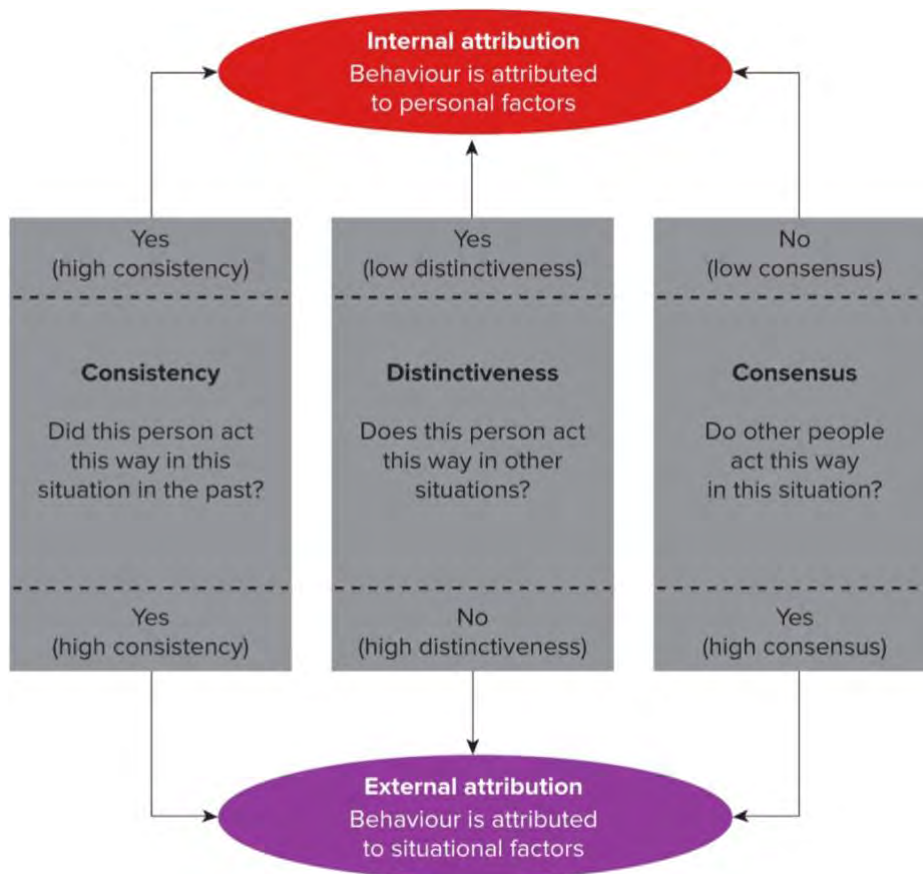
2. Perceptions of Others: Judgements

1) Attribution Theory

When we observe people's behaviour we ask ourselves, "Was this caused by internal or external factors?" based on three characteristics (see below)

2) The self-serving nature of attribution errors:

- We tend to attribute our successes to internal factors and our failures to external factors
- We tend to attribute the successes of others to external factors and their failures to internal factors



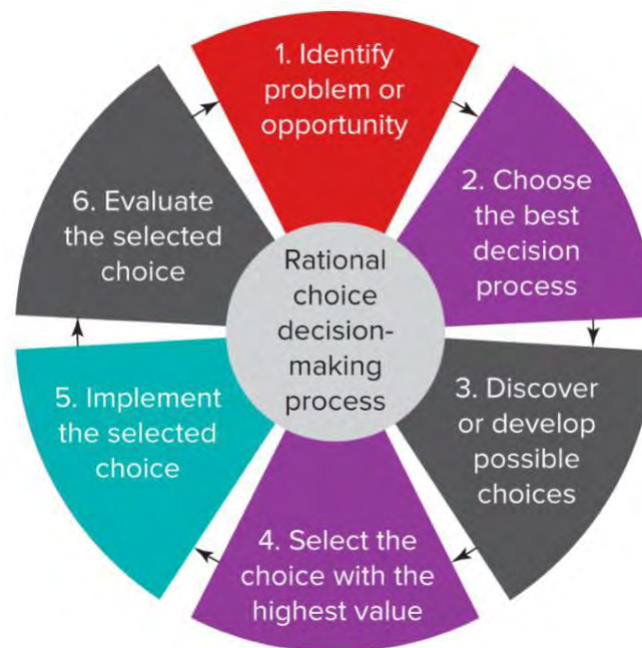
3. Rational Choice Model

Assumptions

- Decisions determine behaviour
- Decisions follow a set of general laws
 - Decision makers have all the information they need
 - Decision makers are smart
 - Decision makers agree about what needs to be done

Criticism on the assumptions:

- Managers possess limited capacity to gather/process information to make decisions
- Managers may have disagreements on alternatives



- 1> The first step is to identify the problem or recognise an opportunity
 - A problem is a deviation between the current and the desired situation- the gap between 'what is' and what ought to be'
 - An opportunity exists when decision makers discover that some choices may produce better results than current goals or expectations
- 2> The second step involves choosing the best decision-making process
 - A meta-decision → deciding how to decide- because it refers to choosing among the different approaches and criteria to make the decision
- 3> The third step is to identify and/or develop a list of possible choices
 - This usually begins by searching for ready-made solutions, such as practices that have worked well on similar problems
 - If an acceptable solution cannot be found, then decision makers need to design a custom-made solution or modify an existing one
- 4> The fourth step is to select the best choice by applying the rational choice calculation
 - Choosing the alternative that offers the greatest satisfaction or value requires the decision maker to have information about all possible alternatives and their outcomes (That condition is usually impossible, but the rational choice view of decision making assumes this can be accomplished with ease)
- 5> The fifth step is to implement the selected alternative
- 6> The final step is to evaluate whether the gap has narrowed between 'what is' and 'what ought to be'.

4. Perception & Decision Making

1) Herbert Simon and Bounded Rationality

- Individuals can never make decisions on a **truly rational basis** as they have limited information processing capabilities → **“bounded rationality”**
- Simon suggests that decisions are made on the basis of satisficing - i.e., decisions are made on the basis of being able to satisfy certain minimum standards
- **Importantly, decision-making is always a social process.**

2) Different Types of Decision Rules

- Heuristics = “rules of thumb” or institutionalised decision rules
- Formal decision-making rules
- Experiential decision-making rules
- Culturally-based decision-making rules
- We often use heuristics in management decision-making.

We must remember, however, that in trusting our “gut instinct” we are actually combining formal, experiential, and cultural rules.

3) Biases in decision making due to bounded rationality

- Confirmation bias
- The Halo Effect
- Anchoring
- Availability bias
- Escalation of commitment
- Social conformity bias

4) Some Organisational Impacts of Biases

- Recruitment & Selection – Interviews (when used alone) are a poor predictor of performance but we still heavily rely on them.
- Performance Management – we tend to overestimate the performance of above average performers and underestimate the performance of below average performers.

5. Self-perceptions: unskilled and unaware

***Text book provides valuable information here**

The Double-Curse: Dunning-Kruger Effect

- Our lack of skill not only deprives us of the ability to improve on poor performance
- But also deprives us of the ability to recognise our performance is poor
- The less skilled and knowledgeable we are, the less likely we are to recognise our deficiencies.

6. Our conclusion

- There are limits to perception, which can introduce bias into our judgements and decisions
- Decisions are never made in a completely rational manner (at least not according to the rules of rational decision-making theory)
- By being aware of limitations, biases, etc. we can reduce their negative impact and make better decisions