

# section

# 1

## the world of OB



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# chapter 1

## foundations of organisational behaviour

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### Learning outcomes

When you finish studying the material in this chapter, you should be able to:

- give an overview of the different views that were a source for the development of the organisational behaviour field
- explain Taylor's principles
- describe the five key tasks of a manager according to Fayol
- give Barnard's view on co-operation
- explain Simon's ideas about motivating workers and bounded rationality
- describe the four alternative views on organisation studies
- contrast McGregor's Theory X and Theory Y assumptions about employees
- describe Morgan's eight organisational metaphors
- define the term organisational behaviour (OB) and explain why OB is a horizontal discipline

### case study

#### Management blasted at nuclear plant

A lack of 'people management skills' such as leadership, communication, motivation and supervision was at the core of the UK's Sellafield scandal, according to the British Nuclear Installations Inspectorate (NII), the national nuclear safety watchdog. According to the company's Human Resources (HR) director, however, the process workers were to blame for the scandal that hit Sellafield nuclear power plant and led to cancelled orders and ultimately the resignation of the chief executive. What had happened at Sellafield?

An inspection at the plant revealed that workers had falsified some important quality control data of an experimental, mixed plutonium and uranium fuel. The falsified data involved a test ordered by a Japanese customer, power company Kansai. Workers had to check the diameters of random samples of fuel pellets. Instead of testing each sample, several workers had simply copied old figures from previous batches. A major scandal broke out and five workers were sacked.

But this was not the end: a report by the NII discovered a lack of high-quality safety systems and improper management across the plant. 'In a plant with a proper safety culture, the events that caused the scandal could not have happened', one of the inspectors said. While HR director Roger Leek admitted that there had 'probably not been enough investment in training', he insisted that

operators, rather than senior managers, were responsible for practices that had jeopardised safety: 'You rely on the operators to do what is expected of them, rather than stand over them day and night. There are a lot of jobs in this industry that are rather technical, but people still do them', he said.

There had been a perception at the plant that nothing more than the dismissal of those process workers involved in the affair, along with a tightening-up of procedures, would be necessary. After it was revealed that they had falsified the quality check, many thought that it was only the process workers who would be criticised.

However, the report from the UK's nuclear watchdog sent shockwaves through the plant's senior management. It focused on how the nature of the job, lack of supervision and poor training had contributed largely to the procedural failures. The workers' actions were 'not at all surprising' given the 'tedious' nature of the tasks involved, the report said.

Trade unions were quick to blame the crisis on a lack of 'people skills' among middle managers. John Kane, site convenor for the GMB (General and Municipal Boilermakers) union, claimed that managers at the plant rarely talked to staff. 'We have this treacle layer of middle managers who, although highly qualified in certain tasks, have very few people-management skills', he said. But key figures in personnel believe the problem runs deeper.

The data check was part of a quality assurance inspection and had never been connected with safety, although the use of substandard pellets could have safety implications, according to recent press reports. However, the significance of the check, even for quality control, was not emphasised to staff. As a result, falsifying the data became a way of avoiding what was seen as a pointless task. The NII report warned that allowing this attitude towards dull and monotonous work to develop through a failure to explain its significance, could lead to more serious errors in future. Sellafield's initial response was simply to promise improvements, but the Government indicated that this was not enough and that more serious action was required.

The NII report criticised almost every aspect of Sellafield's management structure. It condemned reductions in staff numbers made in response to the Government's plans to prepare British Nuclear Fuels (BNFL) for partial privatisation, and warned that health and safety arrangements were unclear, with safety managers overworked and safety training poor.

There was no excuse for falsifying records, the report said, but 'inadequacies' in the working environment were a major factor. Because supervision of the inspection was 'virtually non-existent', managers had sent out 'entirely the wrong message regarding the importance of the task and acted as a demotivator'. Awareness training had been 'ineffective', leaving workers with no idea of the significance of their job. Consequently, staff were 'unlikely to appreciate the importance of the task or take ownership of it'.

The task itself had been poorly conceived, the report said. Other than the prospect of an eventual quality control stamp and payment for completing the work, there was no recognition of diligent performance. Other workstations at Sellafield, which employs 10 000 people, were also badly designed, according to the report.

Job structures would now be reviewed, Leek said, but the incident had created apprehension among managers about the security of their jobs. 'The ramification of a few people not following operating procedures has damaged this company. There comes a point where you train people, you give them responsibilities and you expect them to fulfil them correctly – even if the job is boring', he said.

Tom Cannon, chief executive of the Management and Enterprise National Training Organisation, also blamed the management at Sellafield. 'As a nation, we are deeply confused about technology. On the one hand, we are technophobes; on the other, we believe that technology will solve everything. There is an implication that, if you get the science right, the people will fit around it. But all the evidence shows that this simply isn't true,' he said. 'The Sellafield managers thought the maths would do the job – and that the more people acted like machines, the better. They didn't seem to be aware of the people-development strategies you'd expect to have in a company that's not short of money.'<sup>1</sup>

### For discussion

Sellafield's HR director and the British Nuclear Installations Inspectorate have rather contrasting views on who is to blame for the nuclear scandal. What do you think caused the problems?

True or false? People are the key to success in today's highly competitive global economy. It is nearly a century since Henry Ford said: 'You can destroy my factories and offices, but give me my people and I will build the business right back up again.'<sup>2</sup> Every day, business magazines come up with new stories reporting famous chief executive officers' (CEOs) claims that their employees are their main source of competitive advantage. For example Virgin boss, Richard Branson, said:

“ There is only one thing that keeps your company alive, that is: the people you work with. All the rest is secondary. You have to motivate people, and attract the best. Every single employee can make a difference. For instance, the girl who opened the best bridal boutique in Europe worked as a stewardess at the airline. She came to me with an idea and I encouraged her to put it into practice. She did, and so Virgin Bride was originated. Because she was free to prove herself, she has been able to use all her talents optimally. The people you hire are so important. If you support the idea that every operator can excel in what he's doing, then that will eventually happen. People often make mistakes but you need to give them space even for that. You have to confirm people in what they're doing and make sure they have fun doing their job. You have to make them feel their work is important and give them the chance to do the things they like. At Virgin, of course, we're lucky that there are so many different functions. Everybody can develop in whatever way he or she wants to. If people see a former stewardess running her own company, people become inspired. Some people who are now working on the Eurostar were also those who helped get the airline off the ground. Some of them are already dreaming of new projects and this keeps the work exciting. People are the essence of an organisation and nothing else.<sup>3</sup> ”

But wait a minute. Dilbert cartoonist Scott Adams, who humorously documents managerial lapses of sanity, sees it differently. Adams rates the oft-heard statement: 'Employees are our most valuable asset', as top of his list of Great Lies of Management.<sup>4</sup> This raises serious questions. Is Branson an exception, a manager who actually acts on the idea that people are the most valuable resource? Does the typical manager merely pay lip-service to the critical importance of people? If so, what are the implications of this hypocrisy for organisational productivity and employee well-being?

A number of recent studies have been enlightening. Generally, they show that there is a substantial and rapidly expanding body of evidence – some of it based on quite sophisticated methodology – of the strong connection between how firms manage their people and the economic results they achieve.<sup>5</sup>

Jean-Claude Larreche, Professor at Insead, France, investigated which were the most 'healthy' companies in 1998 and 1999. In both reports Hewlett-Packard, Unilever, Credit Suisse, L'Oreal and Whitbread came out as the five healthiest of the largest European and American organisations. Larreche analysed the companies with a system called 'Market Effectiveness Capabilities Assessment'. Over 800 senior managers from 263 organisations were to evaluate the competitiveness of their companies on 150 determinants, clustered in 12 fundamental capacities. It turned out that the healthiest companies differed from the rest in particular aspects such as organisational culture, customer orientation and human resources. On the other hand, according to Larreche, 'the most harmful thing for competitive organisations is that top managers are often unable to relate to their employees and customers'.<sup>6</sup>

A study by the University of Sheffield's Institute of Work Psychology, based on extensive examination of over 100 medium-sized manufacturing companies over a seven-year period, revealed that people management is not only critical to business performance. It also far outstrips emphasis on quality, technology, competitive strategy, and research and development in its influence on the bottom line. The study, known as the Sheffield Effectiveness Programme, also showed that half the firms have no individual in charge of human resources and that more than two-thirds have no written personnel strategy. One researcher said: 'Managers placed considerable emphasis on strategy and technology, but our research suggests that these areas account for only a small part of the differences in financial performance.'<sup>7</sup>

Jeffrey Pfeffer and his colleagues from Stanford University reviewed evidence from companies in both the United States and Germany that 'people-centred practices' were strongly associated with

much higher profits and significantly lower employee turnover. Further analysis uncovered the following seven people-centred practices in successful companies:

- Job security (to eliminate fear of lay-offs).
- Careful hiring (emphasising a good fit with the company culture).
- Power to the people (via decentralisation and self-managed teams).
- Generous pay for performance.
- Lots of training.
- Less emphasis on status (to build a 'we' feeling).
- Trust-building (through the sharing of critical information).<sup>8</sup>

It is vital that these factors form a package deal – they need to be installed in a co-ordinated and systematic manner rather than in bits and pieces.

The dark side of this study is that Scott Adams's cynical assessment is too often true. Organisations tend to act counter to their declarations that people are their most important asset. Pfeffer and his colleagues blame a number of modern management trends and practices. For example, undue emphasis on short-term profit precludes long-term efforts to nurture human resources. Also, excessive lay-offs – when organisations view people as a cost rather than an asset – erode trust, commitment and loyalty.<sup>9</sup> 'Only 12 per cent of the organisations', according to Pfeffer, 'have the systematic approaches and persistence to qualify as true people-centred organisations, thus giving them a competitive advantage.'<sup>10</sup> The studies at Insead and the Sheffield Effectiveness Programme seem to confirm this.

To us, an 88 per cent shortfall in the quest for people-centred organisations represents a tragic loss, both to society and to the global economy. Toward that end, the aim of this book is to help increase the number of people-centred managers and organisations around the world in order to narrow the often found gap between what people say (e.g. people are our most important asset) and what people do (e.g. layoffs, no training . . .).

We start our journey in the organisational behaviour field with a look at the history of the field. This history began in the early years of the industrial revolution. The first steps in its development led to a rational-system view of organisations. Several alternative views were developed later. Attention on the human factor started as early as the late 1930s but it took several decades before the organisational behaviour field was fully developed. The different sequential and contemporary views have resulted in different ways of studying, evaluating and managing people and organisations. The historical overview of the OB field will reveal that there were very different ways of looking at human behaviour in organisations. Gareth Morgan, for instance, has emphasised the fact that there are numerous ways in which we can view organisations. He summarised these different views in eight 'lenses' or metaphors for looking at organisations. The chapter concludes by presenting the ways in which we can learn more about organisational behaviour. Also, a topical model for understanding and managing OB is introduced.

### Sources of inspiration of organisation and organisational behaviour theories

A historical perspective of the study of people at work helps in studying organisational behaviour. According to a management history expert, this is important because it sharpens one's vision of the present rather than of the past.<sup>11</sup> In other words, we can better understand where the field of OB is today and where it appears to be aiming, by appreciating where it has been.

In the nineteenth century sociologists such as Karl Marx, Emile Durkheim and Max Weber studied the implications of a shift from feudalism to capitalism and from an agriculture-based society to an industrial one. Karl Marx<sup>12</sup> studied the development of the working class,<sup>13</sup> while Emile Durkheim studied the loss of solidarity in the new kind of society. Max Weber was the first to study the working of organisations and the behaviour of people within organisations.<sup>14</sup> He is especially known for his work on bureaucratic organisations (see Chapter 14). As a sociologist, he studied also the rise of rationality in the new society and the importance of legal authority and efficiency in industrial production in particular.

Organisation studies developed as separate studies with the birth of ‘scientific management’ (see further Frederick Taylor). This happened around the end and beginning of respectively the nineteenth and twentieth centuries with the founding of the first large corporations, such as Ford, General Motors and Esso. Scientific management offered a rational and efficient way to streamline production. It is called ‘scientific management’ because the recommendations to companies were based on exact scientific studies of individual situations. Within this field a system view on organisations is taken, meaning that organisations are seen as systems and combinations of technology with little attention paid to the people in the organisation. Those people are only elements in the production system. According to Burns this scientific approach to organisations developed in the second phase of industrialism.<sup>15</sup> In that phase the factory system expanded from simple manufacturing processes, such as textile, to more complex manufacturing ones, such as food, engineering and iron. These complex processes required complex organisational procedures, including control mechanisms, routinisation and, especially, intense specialisation. Profound scientific study of the processes was required to develop complex but also highly efficient, organisation structures (for more on organisation structures, see Chapters 14 and 15). As part of that evolution, the function of management and administrative tasks rose and expanded considerably in number.

However, the system view was already being criticised in its early days and alternative views on organisations were developed, such as the conflict theory, the chaos theory, symbolic interactionism and postmodernism. These perspectives on organisations and society in general did not pay much attention to the people working in the factories. As a reaction to the systemic view, the human relations view developed, which studied the life of the employees in the factory system. However, the system view still dominated the organisation, working and thinking of managers during the first half of the twentieth century. Organisational behaviour developed from this human relations view as a separate academic discipline. We will highlight the work of some of the major management thinkers and explain the different views on organisations. Figure 1.1 provides a schematic overview of the different sources of inspiration for the development of the organisational behaviour field.

### A rational-system view of organisations

We successively focus on the works of Frederick Taylor, Henri Fayol, Chester Barnard and Herbert Simon.

#### FREDERICK TAYLOR

The founding father of **Scientific management** and one of the best-known researchers in the rational-system view on organisations is Frederick Taylor. He was born into a Quaker Philadelphia aristocratic family in 1856. At that time Philadelphia was an important industrial region in the United States with several engineering companies – hence, providing the ideal location for the development of scientific management. The breakthrough for Taylor came when he started to work in the Midvale Steel Company in 1878.<sup>16</sup>

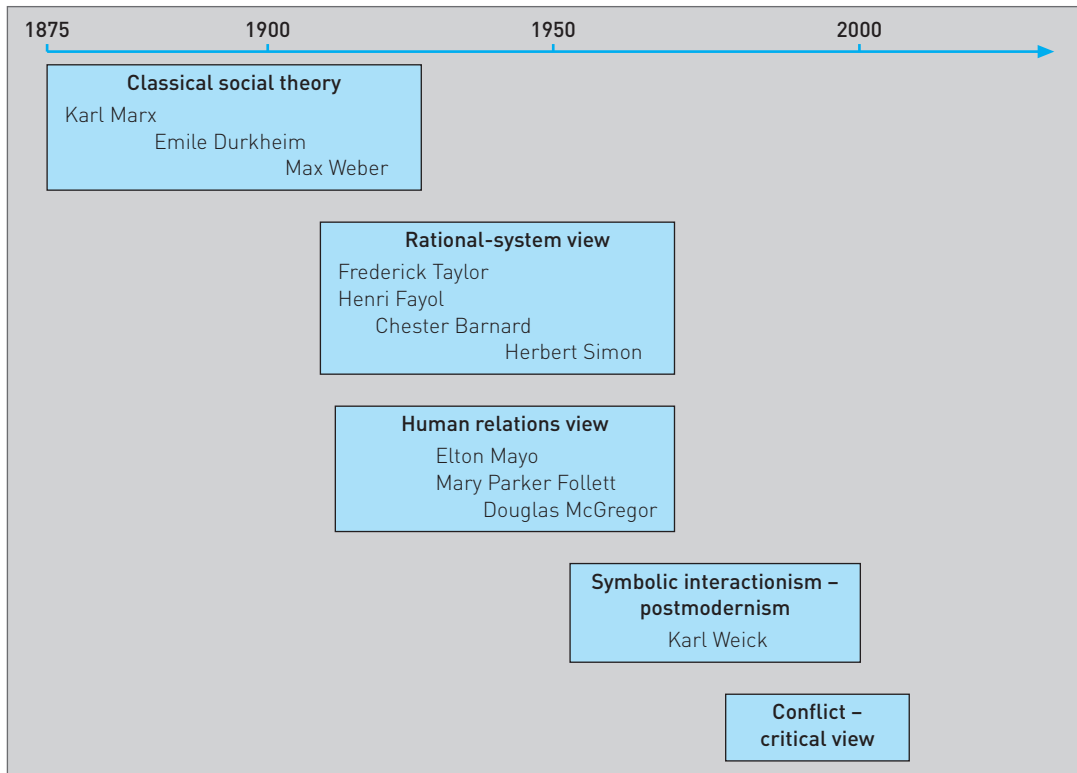
#### Taylor’s principles

Taylor made the work of labour men more efficient by increasing the speed of work and by organising the work differently. He studied each task by comparing how different workers performed the same task. Each of the studied tasks was divided into as many subtasks as possible. The next step was eliminating the unnecessary subtasks and timing the fastest performance of each task. The whole task with its subtasks was then described in detail and an optimal time was attached to each task. Workers were asked to do the task in exactly this manner and time. Hence, each task had only ‘one best way’ allowing no freedom for workers to choose ‘how’ to do their tasks. Making the work in factories more efficient was an obsession. Taylor accused workers of ‘soldiering’. Part of the slow working was due to the fact that there was no management to control the workforce, who were left entirely to develop their own working methods and to use ineffective rules-of-thumb. Workers were also systematically soldiering so they could just take it easy. In fact, Taylor accused them of conspiring to work slower in order to hide how fast they really could work.

Applying the ideas of Taylor resulted in the following consequences for the factory owners and workers:

**Scientific management** a scientific approach to management in which all tasks in organisations are in-depth analysed, routinised, divided and standardised, instead of using rules-of-thumb

**FIGURE 1.1 THE SOURCES OF INSPIRATION FOR THE ORGANISATIONAL BEHAVIOUR FIELD**



- Higher output.
- Standardisation.
- Control and predictability.
- The routine of the tasks allowed the replacement of skilled workers by non-skilled workers.
- Thinking is for the managers, workers only work.
- Optimisation of the tools for each worker (such as size and weight of the tools).

Taylor also analysed the work of foremen. Their jobs could also be divided into subtasks and greater efficiency could be reached if different foremen specialised only in one of the subtasks, such as controlling the speed, inspecting the quality or allocating the work.

### Applying Taylor's ideas

One of the most famous examples of a factory that successfully applied Taylor's principles was Ford Motor Company. Many managers tried to implement time studies and other elements of Taylor's system but refused to pay the higher wages that are also part of Taylor's system. Ford Motor Company doubled the wages simultaneously with the implementation of assembly lines and scientific management. Henry Ford, the founder of Ford Motor Company, changed the production of automobiles from custom-made to a product for the mass. The Ford T, only available in black with no factory options at all, was the first car produced for the masses. This car was produced from 1908 until 1927 and 15 million cars of the same model were produced. There were so many cars sold because they were cheap enough to be affordable by the masses. This lower cost could only be reached by highly efficient production based on interchangeable parts (all pieces of the cars are the same for all cars), continuous flow (making use of an assembly line), division of labour (each worker is specialised in one very particular task) and eliminating unnecessary efforts (by applying motion studies). Low-skilled, and thus cheaper, workers could replace high-skilled workers through the use of more machinery and through specialisation. Frederick Taylor was asked to do time and motion

studies to eliminate all wasted efforts and to optimise each of the 48 steps in the production process. The combination of double wages and cheap cars made it possible for the workers to save for their own car. The higher wages were both compensation for the dull work and a way of creating customers for the cars.<sup>17</sup>

Car manufacturers, as well as many other factories, are still working according to many of Taylor's principles. Especially the work on assembly lines has hardly been changed. Consider the example of the German car manufacturer Opel:

“ The production figures, the number of cars that are produced daily, are extremely important. Hence, the assembly line should move as fast as possible and stop as few times as possible. However, Opel Belgium now also strives for high quality. The assembly line must stop each time the smallest mistake is made. Diana Tremblay, plant director at Opel Belgium, explains that in the past quality was not such a major issue. Nothing was allowed to stop the murderous pace of the rolling assembly line but now the assembly line has to stop whenever a tiny nut is not well fixed. This required a change of mentality on the part of the employees. One of the workers explains: ‘We have 54 seconds for attaching each back-door, 48 seconds to fix it well to the car and 6 seconds to return to our initial starting position for the next door because the line just rolls on.’ Another worker says: ‘I do not regret to work here, although I wanted to leave after the first two months because I almost got crazy knowing the line never stops.’ Many of the employees complain about the high work pace but they are also proud to work in the high productivity plant. Every employee, even the director, has to work a few days on the assembly line to know what it means to do the work. Each job on that line is perfectly timed but this is discussed closely with the labour unions. There is no slack any more. Reducing tasks by two seconds would lead to a revolution.<sup>18</sup> ”

### Critics of Taylor's principles

Many workers resisted Taylor's methods because they feared the harder working and because their skills became obsolete. Jobs were turned into non-skilled ones that could be done by anyone. Hence, workers lost their value as skilled employees. They also lost any decision-making power regarding their work. Taylor selected workers and foremen on the basis of other qualities than their skills and ability to think about their job. He chose them on the basis of their physical condition and their ability to learn and cope with the standard methods. Although the workers regarded Taylor and his principles as a threat, in his way Taylor respected them by paying them more when they followed his methods and increased productivity. Nonetheless, he mainly saw workers as people that could be

### Are Taylor's principles still alive?

Call centres are subject to tight control on call handling time with standardisation of the way customers' queries are handled. However, this should not be generalised for all call centres. Some focus on quantity and apply Taylor's principles to maximise the number of calls, while others focus on quality and allow more flexibility in time and manner of call handling. Nonetheless, most call centres are intensively monitoring their operators, even if this reduces staff motivation.

#### Questions

- 1 Do you agree that tight control and intensively monitoring are necessary at work in general?
- 2 Do you agree that tight control and intensively monitoring is necessary in an environment such as a call centre?
- 3 Will people work more if they are paid more?
- 4 What else than pay do people work for?

SOURCE: Based on studies of P. Bain, A. Watson, G. Mulvey, P. Taylor and G. Gall, 'Taylorism, Targets and the Pursuit of Quantity and Quality by Call Centre Management', *New Technology, Work and Employment*, November 2002, pp. 170–72; and P. Taylor and P. Bain, 'An Assembly Line in the Head: Work and Employee Relations in the Call Centre', *Industrial Relations Journal*, June 1999, pp. 101–17.



perfectly conditioned and trained. The application of Taylor's ideas in many factories led to resistance by the labour unions and even to a strike. On 21 August 1911 a special committee of the House of Representatives of the United States was assigned to the task of investigating the shop floor systems, including Taylor's system. There grew a general resistance towards Taylor's systems on grounds of inhumanity.

However, a recent study of UK call centres teaches us that the principles of scientific management and of Frederick Taylor are still alive (see Activity).<sup>19</sup>

Previous examples show that Taylor's principles and elements of the shop floor production methods of the Ford Motor Company are still used in mass production factories all over the world. His ideas are very useful in creating high levels of efficiency and productivity, not only for labour workers but also for office workers and in service industries. However, Taylor's ideas have been misinterpreted and misused, giving him a bad (but unfair) reputation for squeezing out workers by inhuman work methods and working speed to enrich management. Nonetheless, Taylor did neglect some important organisational behaviour aspects, such as the importance of job satisfaction (see Chapter 3), non-financial work incentives (see Chapter 6) or the positive role of groups and teams (see Chapters 9 and 10). Taylor saw groupings of workers as the basis of 'soldiering'. Furthermore, critics referred to the 'deskilling' of jobs because the systems and machinery replaced the craftsmen skills and destroyed work satisfaction. Deskilling was especially present in the Ford Motor Company's production systems, also called 'Fordism'. Taylor optimised productivity around existing tools and machinery but did not strive for maximum replacement of skilled labour by machinery. It was a combination of Taylor's principle on specialisation by dividing the tasks and the use of new machinery (Fordism) that led to deskilling. Many researchers in the organisational behaviour field have been reacting to this job deskilling, the alienation of the workers from their work and the product they are making and the negative human consequences of scientific management.

## HENRI FAYOL

Henri Fayol<sup>20</sup> lived in the same period as Taylor but was born and lived in France where he worked as an engineer and manager in the mining industry. Fayol is known through his landmark work *General and Industrial Management* in which he described the basic principles of management. His management principles were proposed as general principles and based on rationality, in a similar way to Taylor, who also took a fundamental rational view on management. Fayol worked his whole career, first as engineer and later as manager, in the same company, namely the mining company Commentary Fourchambault Décazeville. His famous management book summarised the lessons he learned during his work as manager in that company. The reason for its success is that Fayol was the first to describe management as a separate profession and activity in companies. It is said that Fayol 'invented' the concept of management. In fact, management is a very young profession and scientific discipline. This does not mean that companies had no leaders, directors or managers previously, but only that those management tasks were not studied until Fayol.

## Fayol's principles

Henri Fayol made management visible by defining it and describing in a normative way what managers should do. There are a number of general principles that managers should follow and basic tasks that they should execute. Table 1.1 describes the five main management tasks, which are often abbreviated as POLCC.

To execute these five basic tasks of management well, 14 general management principles should be obeyed. These are:

- 1 Division of labour.
- 2 Authority and responsibility.
- 3 Discipline.
- 4 Unity of command.
- 5 Unity of direction.
- 6 Subordination of individual interest to the general interest.
- 7 Fair remuneration of personnel.
- 8 Centralisation.

**TABLE 1.1 THE FIVE BASIC MANAGEMENT TASKS ACCORDING TO FAYOL**

Planning	Predicting and drawing up a course of action to meet the planned goals. To plan is literally making written plans, for ten years, one year, one month, one week, one day and special plans. The ten-year, one year and special plans are the most important and form the general plan. The ten-year plan should be adapted slightly every year and totally reviewed every five years
Organising	This consists of allocating the materials and organising the people. Most organisations are very hierarchical but every employee and department can still take some initiative. Nonetheless, authority, discipline and control are major forces in the organisation. Fayol pays a lot of attention to the role of the Board of Directors, which is the hardest to compose and has the important task of selecting the general management
Leading (commanding)	Giving directions and orders to employees. Commanding consists of influencing and convincing others to make them accomplish the goals and plans. This involves not only giving orders but also motivating people
Co-ordinating	Co-ordinating mainly refers to meetings with the departmental heads to harmonise the different departments to one unit, working for the one general interest of the company. Liaison officers can help to tune radically different ideas and goals between two departments
Controlling	Controlling to what extent the goals were met and if everyone is following orders rigorously. This should be carried out by an independent and competent employee

SOURCE: Based on H. Fayol, *Administration Industrielle et Générale* [Paris: Dunol, 1916].

- 9 Hierarchy.
- 10 Order.
- 11 Equity.
- 12 Stability of tenure of personnel.
- 13 Initiative by every employee.
- 14 Unity among the employees.

These principles clearly include some aspects that we would now consider as organisation theory, organisational behaviour and human resource management. Authority cannot work without responsibility. Everyone needs to know his or her responsibilities and should be punished or rewarded by his or her boss. Discipline includes again sanctions when the rules are broken. Although Fayol puts the stress on centralisation in the organisation, he recognises that we should not overreact but find an optimal balance between centralisation and decentralisation. The same goes for hierarchy, which should not be too strict since it makes the organisation inflexible. Direct communication between two persons of the same hierarchical level but of different departments should be possible when they get the permission of their two direct bosses. Fayol took a very mechanistic view of management and a lot of what he considers management refers to organising and structuring organisations. In Chapter 14 you will notice that the four basic elements of the organisation structure, namely a common goal, division of labour, co-ordination and hierarchy of authority, parallel the managerial activities.

### Management as separate discipline

Fayol's major concern was the lack of management teaching, although management is the most important task for directors. The lack of teaching had three causes. First, there was no management theory or management science and therefore this could not be taught like other sciences. Second, mathematics was considered for decades as the best and highest possible development for engineers

who will run a company. Third, in France the most reputed schools were the schools that educate engineers. Accordingly, the smartest students were stimulated to choose engineering studies and so would learn more mathematics than writing and social skills. Specific knowledge, such as mathematics, is only one of the many skills a director needs. Fayol identifies six important skills a good manager or director needs. These are physical qualities, mental qualities, moral qualities, general education, specific education and experience.

## Taylor versus Fayol

Fayol admired Taylor, although he disagreed on two very important aspects of Taylor's ideas. Fayol does not totally divide thinking and acting. Every employee has some management tasks and should be able to take initiatives within their responsibility and within the rules of the company. Unity of command (i.e. one employee should only receive orders from one boss – see Chapter 14) is a very important principle for Fayol but does not fit in with the principles of Taylor. According to Taylor there should be functional management instead of military management. Functional management refers to the specialisation of managers and departmental heads in certain management fields, such as time study, planning, the way the task should be performed, etc. Fayol accepts the importance of this daily guidance of the workers by specialised managers but this does not imply that the unity of command disappears. The very normative approach in his work is criticised. Not all organisation need to be very hierarchical, tightly controlled and mechanistically organised to be successful. In fact, applying such principles may even threaten the success of the organisation.

## CHESTER BARNARD

Chester Barnard<sup>21</sup> is less well known than many of the other authors mentioned in this overview. However, his ideas are no less important. Barnard found that previous organisation theories had underestimated the variability of individual behaviour and its effects on organisational effectiveness. Chester Barnard was the president of the New Jersey Bell Telephone Company. He published his ideas in 1938 in the book *The Functions of the Executive*.

## Barnard's principles

Barnard builds his theory and ideas on some general principles of co-operative systems. Co-operation involves individuals. He describes individuals as separate beings but not totally independent. They have individual behaviour and the power of choice but their freedom is bounded by two kinds of limitation, namely biological and physical. An individual has only limited possibilities when he acts alone because of his limited physical strength and because of his impact on his environment. Co-operative action in a formal organisation is therefore needed. However, co-operation is not obvious. There are several possible limitations to co-operative actions which Barnard categorises as either a lack of efficiency or a lack of effectiveness (see also Chapter 15). Efficiency exists here when there is a contribution of resources for the use of material and for human effort, in such a way that co-operation can be maintained. If the reward for one's efforts is too small one will resign from co-operation. Effectiveness exists, according to Barnard, when the (personal) goals of the co-operative action are achieved. Barnard identifies three necessary elements for co-operative actions, namely the willingness to co-operate, a common purpose and communication (see Table 1.2).

**TABLE 1.2 NECESSARY CO-OPERATION ELEMENTS ACCORDING TO BARNARD**

Willingness to co-operate	The will to co-operate is often very low. There are a lot of organisations and for only a few, people's willingness is large enough to co-operate
A common purpose	Goals differ for each person but there has to be some consensus between the individual and organisational goals
Communication about the actions	Communication should be interpreted very broadly; a signal can be enough but the communication needs to be clear

SOURCE: Based on C. I. Barnard, *The Functions of the Executive* (Cambridge, MA: Harvard University Press, 1948).

Besides the three basic elements there are some other important elements necessary for good co-operation in companies, namely specialisation, incentives, authority and decision making (see Table 1.3).

### Informal organisations

Furthermore, Barnard explains that every organisation consists of smaller, less formal groups with their own goals. Management needs to align those goals with the overall organisational goal. An informal organisation exists within formal organisations and formal organisations cannot exist without the informal organisation. The informal organisation is more invisible and its existence is too often denied. Barnard made a major contribution by including individual choice, power and

**TABLE 1.3 NECESSARY ELEMENTS FOR EFFICIENT CO-OPERATION**

Specialisation	<p>Specialisation refers to: the way things are done, which things are done, with which persons one has contact, at what places and in what time period. Organisations should try to find new ways of specialisation to make the work more efficient</p>
Incentives	<p>Incentives are necessary to persuade people to join co-operative actions and to reduce the burden of the work. There are many types of incentives, some are objective and some are subjective (also see Chapter 6). The incentives that increase the willingness to co-operate are:</p> <ul style="list-style-type: none"> <li>■ material inducements (most used but in fact of minor importance)</li> <li>■ personal non-material inducements (like prestige)</li> <li>■ desirable physical conditions (better working conditions)</li> <li>■ ideal benefactions (like pride and altruism).</li> </ul> <p>Negative effects on co-operation come from:</p> <ul style="list-style-type: none"> <li>■ associatal attraction (e.g. racial incompatibility)</li> <li>■ adaptation to unfamiliar habits</li> <li>■ opportunities for enlarged participation (only in large companies do people feel they are useful)</li> <li>■ conditions of commitment (like difficult social integration).</li> </ul> <p>These positive and negative incentives can be increased and decreased by:</p> <ul style="list-style-type: none"> <li>■ coercion (forcing people or threatening with dismissal)</li> <li>■ rationalisation of opportunities (convincing people of the opportunities the work offers and the moral benefits it gives)</li> <li>■ inculcation of motives (educating children in the importance of working).</li> </ul> <p>Selection of employees on which the incentives are effective is important. Opportunities within the company and prestige are important. Therefore, organisations need to grow to offer these opportunities</p>
Authority	<p>Authority is: 'communication (to order) in a formal organisation by virtue of which it is accepted by a contributor of the organisation for governing the contributor's actions'. Authority does not work without the individual's will to accept the orders. Therefore the orders should cope with the following conditions:</p> <ul style="list-style-type: none"> <li>■ They need to be given in the context of the organisation and its goals.</li> <li>■ They need to be very clear.</li> <li>■ They have to be in the contributor's personal interest, not a misuse in the interest of the ordering person.</li> <li>■ The contributor must be able to execute the orders.</li> <li>■ They should be given in a culture of acceptance of similar orders.</li> <li>■ It must be in the zone of indifference.</li> </ul>

TABLE 1.3 continued

	<p>The latter condition refers to a zone where orders are expected and accepted. Someone who starts working in a company knows he or she has to work but not exactly which work and how to execute it. So, orders clarifying this will be accepted; they are in the zone of indifference. The authority must be objective, that is, they should be given by someone who has this authority because he or she takes a certain place in the line of communication, the hierarchy. Outside this line of communication there are some staff members who gather and analyse the information from the environment to help the executives. Managers can influence and control the behaviour of the organisational members by instilling a moral purpose, which helps individuals to set aside their personal goals to achieve the organisational goals. Each employee is driven by personal subjective interests and more objective factors</p>
Decision making	<p>Decision making is determining what has to be done in what way. There are individual and organisational decisions based on own initiatives or authority. The former should be limited. Opportunism is the counterpart of decision making. It is only a reaction to the environment. For every action there are some limitations in the environment. To perform the action the limiting factors must be removed, but doing this leads to new limitations. Constantly eliminating the limitations requires experience and experimenting</p>

SOURCE: Based on C. I. Barnard, *The Functions of the Executive* (Cambridge, MA: Harvard University Press, 1948).

informal groups into organisation theory. Managers do not only need to ‘pull’ the formal organisation but have to manage also the informal aspects of the organisation (also see Chapters 8 and 9). This informal aspect of management and organisations is the major difference with scientific management that was still very popular when Barnard wrote his landmark book. Barnard also clearly rejected the idea that material incentives (wages) are sufficient to motivate workers.

### HERBERT SIMON

The work of Herbert Simon<sup>22</sup> is far too comprehensive to be labelled only as a rational-system view of organisations and is also much broader than the work of Taylor and Fayol. He is also from a later period. Nonetheless, we categorise Herbert Simon under the rational view because of his rational approach to the working of organisations and because he tried to apply principles of the ‘hard’ sciences (such as physics and mathematics) to social sciences, in particular to administrative and decision-making processes.

Herbert Simon lived as son of German immigrants in Milwaukee, US. Unlike the previous organisation theorists, Simon had no working experience in factories, but had instead an academic career. From 1949 he worked at the Carnegie Mellon University. He started his career with research in administrative behaviour, but was also strongly interested in cognitive science and computer science. He did pioneering research in programming for computer applications. In his later years he was especially active in research in computer science. One of the most important highlights in his career was the Nobel prize for his pioneering research into the decision-making processes of organisations.

His famous work *Administrative Behavior*, first written in 1945, is the basis for many thoughts in organisation theory and organisational behaviour. The work describes the behaviour of managers and the process of decision making by managers and individuals in organisations. Simon explains that an organisation is characterised by its communications, relations and its decision-making processes. A major concern in Simon’s book is how one can motivate an employee to work in the organisation.

Simon identifies three ways. The first one is the loyalty of the employee to the organisation because the employee identifies himself with the organisation (also see Chapter 3 for work-related attitudes). This seems to be the best reason to work for an organisation, but there is a danger that the

employee puts the organisational goals above those of society. The organisational goals should not go against the goals of society, which are at a higher level. Second, training can help to teach the employee to work according to the organisational goals and it reduces the need for authority and control. The third aspect is coercion, further divided in authority (via persuasion, leadership, formal hierarchy or informal authority relations), advisory and information. In the last two situations the employee is not so much forced as convinced. Simon describes in depth the role of authority in organisation.

Simon is also very famous for challenging the idea that people always make decisions in a rational way. Rationality means taking into account all advantages and disadvantages and also aspects like time, future (uncertain) positive and negative effects. Humans are intentionally rational but are limited in the possibilities to be rational. Simon indicates this limitation as 'bounded rationality'. Limitations are both physiological (limited brain capacity and the physical ability to speak and read) and social (physiological limits are determined by social factors). Chapter 12 elaborates on the implications of bounded rationality in decision making in organisations. Most theories, especially in economics, were based on the idea that human beings would always make rational decisions. Nowadays, the bounded rationality concept is also taken into account in a number of economic theories.

Simon worked together with one of his former doctoral students, James March, on the rationality concepts. They published the book *Organisations* in 1958. March himself also became a famous writer in organisation theory. He wrote the book *A Behavioral Theory of the Firm* with Richard Cyert. Both books discuss decision-making processes in organisations and question the rational-economic view of the working of organisations. Bargaining, control and adjustment determine the objectives in the organisation. Bargaining occurs among all parties in the organisation. There are coalitions formed mostly with the owners and managers and not with the employees. Still, the latter have some bargaining power. March and Cyert further explain that decision making in organisations is not only a political process but also heavily influenced by the previous state and decision-making rules, which can be considered as the memory of the organisation. The authors create a more realistic model of decision making in organisations but are still trying to develop general applicable rules for decision making in a very scientific way, similar to the approaches of the other organisation theorists taking a rational-system view on organisations.

### Alternative views on organisation studies

The rational-system view was – and still is – very dominant in organisation studies. However, there are other views as well, approaching the working of organisations from a less mathematic, more subjective and often more realistic view. Those alternative views are aimed less at developing general principles for all organisations but instead try to explain the variation in organisations, organisational forms and their working. We briefly discuss the alternative views of symbolic interactionism, post-modernism, conflict theory and critical theory.

### SYMBOLIC INTERACTIONISM

**Symbolic interactionism** is a stream within the field of organisation studies that is mainly concerned with analysing the individual's behaviour and interactions on a micro level. It studies our interaction and the symbols of this interaction, this communication and the meaning we give to the elements in the communication. One of the best-known theorists of symbolic interactionism within an organisational behaviour context is Karl Weick.

Karl Weick, an American psychologist, views organisations as sensemaking systems. People, and also managers and employees in organisations, make sense of their environment and are actually 'creating' a language to talk about their environment. Weick explains the enacted theory in his book *The Social Psychology of Organizing*, published in 1969. This theory states that we create a phenomenon, such as an organisation, by talking about it. Hence, our world is a world created or socially constructed by our minds. Therefore, the world is subjective and how the world and organisations look and work depends on our subjective reference frame. Peter Berger and Thomas Luckman are two German sociologists who explained in depth the idea of a socially constructed world.<sup>23</sup> Weick applied this to organisations. He explains among other things that organisational leaders are selectively absorbing information from the environment, interpreting this information and constructing, on the basis of that information, the environment in which they think they are operating. They then

**Symbolic interactionism**  
subjective interpretation of the world around us through interacting in this world

make decisions based on this constructed environment. The filtering is personal but heavily determined by the social and cultural context of individuals. Within a similar context, people can observe or interpret the environment equally and are convinced that they have an objective view of the environment. This enacted view is important because it explains why people can have very different reactions and make different decisions in similar situations. It also stresses the difficulty in developing general scientific and rational principles on the working of organisations.<sup>24</sup> Chapter 4 discusses in depth the concept of perception and the biases this might cause.

## POSTMODERNISM

The postmodernist view on organisations takes an even stronger subjective approach to organisations and their working. The way individuals interpret their world is also the topic of study in **Postmodernism**. There are many authors taking a postmodernistic view on the world but there are not many who applied it to the organisation studies field. A well-known postmodernist thinker is the Frenchman Jean-François Lyotard.

Furthermore, there are no uniform concepts within the postmodernist field because that field specifically rejects uniform concepts, general principles or any other statement about the truth or the true world. There is no such thing as ‘the’ world or ‘the’ truth. Postmodernist thinkers also question traditional boundaries that are placed, as between work and private life, between the organisation and the outside world, between different cultures, groups, etc. They also agree on the fact that the boundaries of organisations, as far as boundaries exist or are interpreted by us as boundaries, will fade and that work will be more flexible, informal, decentralised and changing in an unpredictable way.

It was no coincidence that postmodernism developed in a period of change with new information and communication technology and globalisation changing the way organisations can and must work. Changes fitting within this postmodernist world are: just-in-time, global product and financial markets, despecialisation, flexible working forms (such as teleworking), virtual organisations, inter-organisational networks, temporary organisations and jobs, and many other new trends in working that seem to blur time and space in our work conditions (several of these changes are handled throughout the book). However, organisation theory and organisational behavioural theories will not help us much to predict and control these changes according to the postmodernist view.

Nonetheless, postmodernism provides us with a critical way of thinking and a deconstructive approach to organisational theories. Those theories should be deconstructed to their basic assumptions and analysed from the point of view or reference frame with which they are constructed. In fact, you need to clear your mind of all previously held assumptions when you want to study the working of organisations, allowing you to see things really differently. The lack of general principles in this view has, however, as a consequence that this view has minimal impact on the organisational behavioural theories.<sup>25</sup> Nevertheless, postmodernism deals with the new trends in the daily life of organisations and can therefore become more influential in the way we do research and the way we organise work.<sup>26</sup>

## CONFLICT THEORY

**Conflict theory** states that all social structures and relationships are based on conflicts and changes. This contradicts the rational-system view, which sees organisations primarily as stable with a clear order. According to the system view change can occur but is simply a temporary phase between two periods of stability. According to conflict theory there is never stability. People in society and in organisations are always in a state of conflict because they have different goals and worldviews based on the different social, religious, ethnic, occupational or regional classes to which people belong. Scarce resources in combination with different objectives and views create conflicts that can never be fully resolved. Viewing organisations as based on conflicts between people has major consequences for organisation theories. Power, conflict and politicking will dominate the principles of organisation theory and organisational behaviour (see Chapter 13). Conflict is a source of change. Hence, conflict views on organisations are also used to explain transformations of societies and organisations. The roots of conflict theory can be found in conflicts between workers and company owners in the capitalistic economic model. The worker class and the capitalist class fight over control of resources and the distribution of profits. Karl Marx’s theories are therefore an important foundation of the conflict theory.<sup>27</sup>

**Postmodernism**  
a very subjective and situational view on the world around us making it impossible to develop general applicable theories of this world

**Conflict theory**  
social structures and relationships in organisations are based on conflicts between groups and social classes

**Critical theory** criticism of the rational, functionalistic, managerial and capitalistic views on organisations

### CRITICAL THEORY

The critical theory also has a very different point of view from the rational-system view, strongly criticising the functional perspective, control and efficiency orientedness of this view. **Critical theory** accuses many of the other organisation views as supporting capitalistic thinking. The field of critical theory is dispersed and broad and therefore, one definition or description of this view is difficult to find. However, all critical thinkers have in common the criticism of functionalism and capitalism. Critical theory is like conflict theory grounded in Karl Marx's theories. Also similar is the emphasis on power as the dominant system in organisations. Critical theory takes as its starting point in studying organisations that control over resources and the labour force is the major objective of owners, leaders and managers.

However, up till now the impact of both critical and conflict theories on established organisational behaviour theories has been limited. The functional view, originating from the rational-system view, is still dominant.<sup>28</sup>

### The human relations movement

A unique combination of factors during the 1930s fostered the human relations movement. First, following legalisation of union-management collective bargaining in the United States in 1935, management began looking for new ways of handling employees. Second, behavioural scientists conducting on-the-job research started calling for more attention to be paid to the 'human' factor. Managers who had lost the battle to keep unions out of their factories heeded the call for better human relations and improved working conditions.

### ELTON MAYO AND THE HAWTHORNE STUDIES

The connection between improving productivity and treating workers with respect is not new. Elton Mayo is one of the well-known human relations theorists who focused attention on employees. He did research at Western Electric's Hawthorne plant and these studies (known as the Hawthorne studies) gave rise to the profession of industrial psychology, focusing on the human factor in the organisations.<sup>29</sup>

To understand the value of the Hawthorne studies, it is important to describe the situation of the workers at that time. From 1900 till 1930 the scientific management approach of Taylor was the main theory. As explained, Frederick Taylor believed in time-and-motion studies as the most efficient way to improve performance. Piecework wage incentive was also introduced to motivate workers and to increase productivity.

At first the scientific management approach was very successful as it provided an answer to the chaotic business atmosphere. Later on concern arose about the disregarding of employees' needs. Trade unions rebelled against the principles and practices of scientific management. A federal investigation followed. Time-and-motion studies were no longer allowed in any federal work programmes and projects. The same was true for piecework rate systems and bonuses.

Until then there were not enough empirical data to justify paying more attention to human factors. The Hawthorne studies, however, provided concrete evidence. The experiments took place at the Hawthorne plant of the Western Electric Company, the manufacturing subsidiary of the American Telephone and Telegraph Company (AT&T).

Four different studies were conducted. The first took place between 1924 and 1927. This project was carried out by Western Electric and the National Research Council. The purpose of this study was to find a relationship between the environment and worker efficiency. The original hypothesis was that improved lighting would increase productivity. Tests were done in three different departments. Results indicated that productivity increased in all three departments. No relationship was found with the level of lighting. The conclusion of the researchers was that many different factors influence worker output.

The first study was a stimulus to study human factors in organisations. William J. Dickson, chief of employee relations for Western Electric, hired several Harvard faculty members for further research. Elton Mayo looked for new research methods and adapted the original hypotheses. Roethlisberger co-ordinated the project and was responsible for the daily operation. The second study, which took place between 1927 and 1933, is known as the Relay Assembly Test Room. Six women were put into a special test room. Researchers studied the influence of certain variables, like length of



workday, temperature and lighting. After one year the researchers, however, had failed to find any correlation between working conditions and employee output. Researchers were convinced that not only money and working conditions had an influence on productivity. Increases in output of the six women were influenced by the motivating effect of the special status (being involved in the experiment), participation (they were consulted and informed by the experimenter), another type of supervision (they were not treated by their own supervisor but by an experimenter) and the support and mutual dependence within their working group.

On the basis of the results of the second study, the researchers decided to interview all employees at the Hawthorne plant. Researchers learned about workers' attitudes toward company policies and management practices. Also the existence of informal groups within the formal groups was revealed. The interviews provided workers with the opportunity to air grievances, but in the meantime they showed appreciation for management's interest in their output. Management really used the results of the interviews to change the way of working in the organisation to improve work conditions, supervisory techniques and employee relations.

The last study (1931–2) took place in the Bank Wiring Observation Room. Fourteen men were organised in three subgroups (of three wirers and one supervisor). Two inspectors moved between the three groups. The study revealed two important findings with regard to the social organisation of employees. First of all, two informal groups existed within the three formal groups. Members of an informal group did not always belong to the same formal group. Secondly, these informal groups developed their own rules of behaviour, their own norms. Workers were more responsive to the social forces of their peer group than to the controls and incentives of management.

### THE HAWTHORNE LEGACY

Ironically, many of the Hawthorne findings have turned out to be more myth than fact. Interviews conducted decades later with three subjects of the Hawthorne studies, and a re-analysis of the original data using modern statistical techniques, do not support the initial conclusions about the positive effect of supportive supervision. Specifically, money, fear of unemployment during the Great Depression, managerial discipline and high-quality raw materials – not supportive supervision – turned out to be responsible for high output in the relay assembly test room experiments.<sup>30</sup> Nonetheless, the human relations movement gathered momentum through the 1950s, as academics and managers alike made stirring claims about the powerful effect that individual needs, supportive supervision and group dynamics apparently had on job performance.

### MARY PARKER FOLLETT

Another human relations researcher reacting against the lack of attention for the human side in scientific management was Mary Parker Follett. She stressed the importance of human relations in organisations. Crucial to her was improving the relationship between management and employees. According to Follett this was very important for the effective functioning of an organisation. Mary Parker Follett was in favour of participatory decision making and a decentralised power base. The employees, the human elements of the organisations, were the key parts. Paying attention to the needs of the employees was the way to improve productivity.

Mary Parker Follett's view<sup>31</sup> on management was the integration of the individual and the organisation. She focused on both the interests and needs of the workers and of the managers. The self-development of employees was very important to her. The work of Mary Parker Follett was rather philosophical and idealistic. She had no experience with organisations but she observed business leaders and translated their ideas into useful management concepts. Several of the management concepts of today are based on her ideas. Important themes for today's managers that are discussed in Follett's work are dynamism, empowerment, participation, leadership, conflict and experience (several of these themes are addressed in further chapters). Table 1.4 gives an overview of these six concepts as explained by Mary Parker Follett.

Mary Parker Follett has received significant attention recently for her early insights into the very modern complexities of administration.<sup>32</sup> Her philosophical and managerial arguments were idiosyncratic in her time, injecting a humanistic element into the scientific and analytical approach to human relations.<sup>33</sup>

**TABLE 1.4 MANAGEMENT CONCEPTS OF MARY PARKER FOLLETT**

Dynamism	An organisation is a complex system of dynamic social relations. People influence each other and they react to each other. 'When we think we have solved a problem, well, by the very process of solving, new elements or forces come into the situation and you have a new problem on your hand to be solved' <sup>34</sup>
Empowerment	According to Mary Parker Follett there are two types of power: 'power-over' is coercive power; 'power-with' is the co-active, jointly developed power. According to Follett power is a self-developed capacity, not a 'pre-existing thing' given to someone. Power cannot be delegated but you have to give employees the opportunity to grow and develop their power. The concept of empowerment today is in accordance with Follett's ideas: employees are authorised to develop their power in the workplace (see further in Chapter 13)
Participation	Follett describes participation as the co-ordination of the contribution of each individual so that it becomes a working unit. The prerequisites for co-ordination are clear communication, openness and explicitness (see further in Chapter 12 about participative management)
Leadership	Follett does not see the leader as a commander but as someone who communicates and shares the vision of the organisation. A good leader inspires others to innovate and to achieve new goals (see further Chapter 11)
Conflict	According to Follett a conflict is neither good nor bad. Conflict shows the differences between people. Differences can be solved through domination, compromise or integration. No one likes to be dominated and a compromise feels as a loss. Follett's idea is that integration is the best solution. People can talk about the differences and reach a solution that is accepted by all parties. Integration is not always possible but it stimulates creative problem solving which is, also today, very important (see further Chapter 13)
Experience	The ideas of Follett are based on interviewing business people. She really has a lot of respect for experience. 'We should make use of all available present experience, knowing that experience and our learning from it should be equally continuous matters' <sup>35</sup>

**MCGREGOR'S THEORY Y**

In 1960 Douglas McGregor wrote a book entitled *The Human Side of Enterprise*, which has become an important philosophical base for the modern view of people at work.<sup>36</sup> Drawing upon his experience as a management consultant, McGregor formulated two sharply contrasting sets of assumptions about human nature (see Table 1.5). His Theory X assumptions were pessimistic and negative and, according to McGregor's interpretation, typical of how managers traditionally perceived employees. To help managers break with this negative tradition, McGregor formulated his **Theory Y**, a modern and positive set of assumptions about people.

McGregor believed managers could accomplish more through others by viewing them as self-energised, committed, responsible and creative beings. Forty years ago motivation at work tended to be tackled as single-issue psychology (see also Chapters 5 and 6). Typical advice was 'people will work harder if you give them more attention'. Today, research in Britain revealed that if, for example, a company gives its people a chance to express themselves, they might feel that the organisation is a safe environment in which they can become personally involved. This, in turn, might make them more committed to their work so that they produce a larger quantity of better-quality work.<sup>37</sup> According to a study among employees of a Dutch hospital experiencing a tight labour market, job characteristics other than wages, such as labour relations and work content, were found to play a major role in the people's choices to resign or stay.<sup>38</sup>

**Theory Y**  
McGregor's modern and positive assumptions about employees being responsible and creative

**TABLE 1.5 MCGREGOR'S THEORY X AND THEORY Y**

Outdated (Theory X) assumptions about people at work	Modern (Theory Y) assumptions about people at work
1 Most people dislike work; they avoid it when they can	1 Work is a natural activity like play or rest
2 Most people must be coerced and threatened with punishment before they will work. People require close direction when they are working	2 People are capable of self-direction and self-control if they are committed to objectives
3 Most people actually prefer to be directed. They tend to avoid responsibility and exhibit little ambition. They are interested only in security	3 People generally become committed to organisational objectives if they are rewarded for doing so
	4 The typical employee can learn to accept and seek responsibility
	5 The typical member of the general population has imagination, ingenuity and creativity

SOURCE: Adapted from D. McGregor, *The Human Side of Enterprise* (New York: McGraw-Hill, 1960), Ch 4.

**New assumptions about human nature**

Unfortunately, unsophisticated behavioural research methods caused the human relations theorists to embrace some naive and misleading conclusions. For example, they believed in the axiom ‘A satisfied employee is a hardworking employee’. Subsequent research, as discussed later in this book (Chapter 3), shows the satisfaction–performance linkage to be more complex than originally thought.

Despite its shortcomings, the human relations movement opened the door to more progressive thinking about human nature. Rather than continuing to view employees as passive economic beings, organisations began to see them as active social beings and took steps to create more humane work environments.

**Morgan’s organisational metaphors**

Gareth Morgan, originally from Wales, lives and works in Canada where he is a professor at York University. Morgan is especially known for his creative view on organisations and for his famous book *Images of Organization*. In this book, he explains that each individual has a different ‘image’ of how organisations look in general. Each individual can view organisations through different lenses. Morgan explains that each lens or image only gives a partial view of how organisations work. The overview and evolution of views to organisation theory and organisational behaviour presented earlier in this chapter all take different lenses to organisations and therefore all take a partial view. Hence, if we want to understand organisations, we need to combine different lenses.

Gareth Morgan wrote another book together with Gibson Burrell, which preceded his bestseller *Images of Organization*, namely *Sociological Paradigms and Organizational Analysis*. This is a book well known among organisation theorists in which Burrell and Morgan categorise the different classical and new approaches to organisation theory. They explain how the different organisation theories and organisational behaviour theories are influenced by the specific views on the world of their writers.

In his more popular bestseller *Images of Organization*, Morgan identifies eight images of organisations grounded in the different theoretical views on organisation theories. His ‘images’ are highly recognisable metaphors (i.e. a figure of speech characterising an object in terms of another object, often a more everyday object that helps to explain a more complex object). We briefly describe the eight images of Morgan (see Table 1.6).<sup>39</sup>

**Organisations as machines**

The machine metaphor is very similar to how bureaucratic organisations (see Chapter 14) are described and the way the rational-system thinkers view organisations. Machines represent a

**TABLE 1.6 MORGAN'S ORGANISATIONAL METAPHORS**

Metaphor	Characterised by
Organisations as machines	Orderly relationships Clearly defined logical system with subsystems Predictability and controllability
Organisations as organisms	Adaptation to the environment Open system that transforms inputs in various outputs Dealing with survival
Organisations as brains	Think tanks, having information-processing capacity Strategy formulation, planning processes and management of the organisation Self-regulation of dispersed intelligence
Organisations as cultures	Constructed beliefs and interpretations Subjective reality Own language, shared values, norms and mental models
Organisations as political systems	Competition, conflict and influencing Power and politicking Own goals versus organisational goals
Organisations as physical prisons	Being controlled mentally by the organisation Constrained thinking Unconsciously getting trapped in web of own creation
Organisations as flux and transformation	Self-producing system Mutual causality Dialectic change
Organisations as instruments of domination	Ugly face External domination of environment and humans Dominating own people

SOURCE: Based on G. Morgan, *Images of Organization* (Thousand Oaks, CA: Sage Publications, 1986).

number of relationships between elements that work together harmoniously. Each element, each component in the machine, is crucial and must work exactly as intended or the whole machine malfunctions. The machine metaphor thus represents a system with subsystems but does not take the point of view of single individuals. In a machine view, there is no space for creativity, individual thinking or change unless the whole system changes. Concepts such as hierarchy, authority, line of command, departments, work allocation and organisation charts are all crucial elements in the machine view of organisations (these concepts are all explained more thoroughly in Chapters 14 and 15).

Machines are built for automating repetitive work and so are organisations which look like machines. Production lines, fast-food hamburger chains such as McDonald's and other kinds of organisations oriented towards efficiency and routine work can be viewed as machines. However, taking a machine view in the case of organisations that need to be creative will lead to the application of inappropriate principles. Furthermore, the machine metaphor is criticised for neglecting human aspects and for viewing people as instruments or parts of the machine. Nonetheless, many people still see organisations as logical systems with orderly relationships which are predictable and controllable.

### Organisations as organisms

This metaphor compares organisations with the human body. Human beings need resources to survive. In biological sciences the survival of living beings through evolution and competition is an important topic. An organism metaphor thus considers that organisations must try to adapt to their environment to be able to survive. The organism model characterises the organisation as an open system that transforms inputs into various outputs. The outer boundary of the organisation is per-

meable. People, information, capital, goods and services move back and forth across this boundary. Feedback about such things as sales and customer satisfaction or dissatisfaction enables the organisation to self-adjust and survive despite uncertainty.

Adaptation is the key concept when we study organisations from this metaphor. Hence, principles of open systems (see Chapter 15), change (see Chapter 17) and life cycles fit within this view. Contrary to the machine, organisms thrive on change. Such a kind of metaphor is of particular interest when we study organisations that are in a highly turbulent and demanding environment, such as many e-business organisations today. Internally, the organisation is seen as flexible, open and creative with only loose structures. However, a disadvantage of this view is the over-strong emphasis on change, since organisations need some structure as backbone and cannot change infinitely.

In *Organizations in Action*, James D. Thompson explained the biological model of organisations in the following terms:

Approached as a natural system, the complex organisation is a set of interdependent parts which together make up a whole because each contributes something and receives something from the whole, which in turn is interdependent with some larger environment. Survival of the system is taken to be the goal, and the parts and their relationships presumably are determined through evolutionary processes.

Central to the natural-system approach is the concept of homeostasis, or self-stabilisation, which spontaneously, or naturally, governs the necessary relationships among parts and activities and thereby keeps the system viable in the face of disturbances stemming from the environment.<sup>40</sup>

### Organisations as brains

Organisations learn, make decisions, process information, in other words they act and think like our brains do. For organisation theorists taking the brain view as dominant paradigm, the information-processing capacity is the most crucial aspect of the working of organisations. Our brains, however, do not process information in a linear cause-and-effect way or via a fixed set of relations between elements of our brains. Brains have a more complex and flexible way of processing information.

Considering organisations as brains, however, does not mean that we focus on the strategic decision-making unit, the planning processes or the management of the organisations. Viewing organisations as brains means that thinking is dispersed in organisations. Organisations can work because the dispersed intelligence in the organisation works together in a self-regulating manner. The learning capacity of organisations is crucial in this metaphor. Everyone in the organisation is able to learn and has valuable knowledge. Frederick von Hayek explains that every worker holds valuable knowledge and discusses how organisations work with the 'problem of utilisation of knowledge not given to anyone in its totality'.<sup>41</sup> Furthermore, such organisations are characterised by self-regulation (instead of structure), flexibility, autonomy, openness, horizontal co-operation and empowerment. In the machine view on organisations there is a clear task differentiation with a clear distinction between the decision and thinking tasks and the acting and operational tasks. Hence, such view clearly contradicts the brains metaphor.

This metaphor is described by the organisation theorists Richard Daft and Karl Weick as:

This perspective represents a move away from mechanical and biological metaphors of organisations. Organisations are more than transformation processes or control systems. To survive, organisations must have mechanisms to interpret ambiguous events and to provide meaning and direction for participants. Organisations are meaning systems, and this distinguishes them from lower-level systems.

Almost all outcomes in terms of organisation structure and design, whether caused by the environment, technology or size, depend on the interpretation of problems or opportunities by key decision makers. Once interpretation occurs, the organisation can formulate a response.<sup>42</sup>

In fact, the concept of the learning organisation, which will be discussed in detail in Chapter 17, is very popular in management circles these days and builds on the brains metaphor.

### Organisations as cultures

Viewing organisations as cultures means that we emphasise the development of norms, language, shared values and mental models among people during their interactions. Hence, organisations are social groups that interact, build intersubjectively shared meanings and reinforce this meaning and interpretations through further co-operation and interacting. Important in this view is the fact that the members of the organisation construct their subjective reality. Thus, constructed beliefs and interpretations bound the organisational members.

The culture metaphor relates to the symbolic interactionism view of organisations. However, it is not the development of this organisational view that led to the culture metaphor but the impression that Japanese organisations were much more successful than Western organisations in the 1960s and 1970s. Researchers found that culture was the only factor that could explain the differences in success. Chapter 16 discusses in depth the importance of culture in organisations. However, many organisational behaviour researchers studying culture are looking at culture as an element of organisations besides other elements, such as formal structures, decision-making processes, co-ordination systems, etc. A few researchers study culture from the culture metaphor and consider the organisation as 'being culture', not as 'having culture'.<sup>43</sup> Gareth Morgan describes this as follow: 'Organisations are mini-societies with their own distinctive patterns of culture and subculture.'<sup>44</sup>

### Organisations as political systems

The political metaphor is a model of competition. Organisations have scarce resources and everyone in the organisations takes part in the competition for these. Furthermore, each employee in the organisation has his or her own goals, which often do not match the organisational ones. Hence, politicking is used to achieve personal goals. This metaphor parallels the conflict view on organisations. Central values in such organisation are: power, conflict, coalitions, competition and influence. Politicking is actually the unjustified use of power. Power can originate from formal positions in the organisation (authority), expertise (the possession of unique knowledge), (charismatic) leadership, a position of control, having valuable information about the organisation (knowing how things work around here), dependency (hold-up positions) or from the personality of the powerful person.<sup>45</sup> Interest groups and pressure groups arise in the organisation, which try to influence decision making.

The strength of the metaphor is in the fact that politicking is not neglected as in many other organisational views. Many, if not all, organisations face some degree of politicking, although most like to hide or deny that fact. However, viewing organisations as only political is for most organisations highly inaccurate. An organisation that is dominantly political will suffer from large dysfunctionality and may have difficulty surviving. Power is used in organisations to achieve personal goals or to get control of more of the resources than is appropriate.<sup>46</sup> Hence, the achievement of organisational goals is at risk. Chapter 13 teaches us more about how to deal with conflict, power and politicking in organisations.

### Organisations as psychic prisons

People can become trapped in the organisation as in a kind of psychic prison. We spend a great deal of our time working in organisations and our thinking can be dominated by that organisation, its rules and way of working. Our identification with the organisation can become so great that it starts to control us mentally. Our thinking becomes constrained by our life in the organisation. In fact, the organisation becomes a prison for our mind and body, not just from nine to five but also when we are outside the organisation. Organisations with a strong control system, requiring obedience to many rules and limiting individual creativity, for instance, will also limit our ability for creative thinking outside the organisation.

However, people themselves create the organisation, rules and social systems that become their prisons. Hence, people construct organisations based on their own beliefs shaped partly by their own personality, while the constructed organisation in turn shapes their beliefs and personality. As Morgan puts it: 'Human beings have a knack of getting trapped in webs of their own creation.'<sup>47</sup> Important in this metaphor is that the development of a psychic prison happens unconsciously. Hardly any organisational member is really aware of the impact that the organisation has on their life in general. Consider the following example:

“ Satoshi Hirata, a young auditor at one of Japan’s top accountancy firms, committed suicide most probably because of the results of an audit at Resona. Resona is Japan’s fifth biggest bank. Mr Hirata had just discovered together with the rest of the audit team that there was a big hole where Resona’s capital ought to have been. The young auditor could not stand the pressure that went along with his job, namely deciding on the life or death of large companies and with this the jobs of many thousands. Such stories are not uncommon in Japan where workers and managers identify themselves very strongly with the company they work for. Often they work their whole lives for one company and start to live for the company. Managers and workers who risk shameful dismissal prefer to die rather than starting a new life outside the company.<sup>48</sup> ”

### Organisations as flux and transformation

The flux and transformation metaphor views organisations as being in a continuous change process. Morgan compares the organisation with all other aspects of our universe that are in constant evolution. The organisation is permanent in the sense that it can exist for a long time, but it is constantly changing inside. We observe permanence and order, but underneath there is a logic of change. Morgan further explains that ‘the explicate reality of organisational life is formed and transformed by underlying processes with a logic of their own’.<sup>49</sup> He suggest three images of change to explain this underlying logic.

First, there is the logic of self-producing systems or autopoiesis systems. Such systems are closed and autonomously self-renewing. The organisation makes representations of its environment and organises this environment as part of itself. Note the similarity with the self-represented or constructed environment in the postmodernist view of organisations.

Second, there is the logic of mutual causality. There can be negative or positive feedback making the system change. The negative feedback loops prevent change and create stability, while the positive feedback loops result in exponential change. The organisation consists of numerous feedback loops based on causal relationships between its elements. To understand organisations, we need to understand these loops.

Third, there is the logic of dialectical change. All phenomena have their opposites: cold and hot, order and disorder, etc. The one cannot exist without the other, meaning that there is no use talking about wrong when there is no right. The same logic counts for organisations. An organisation exists because of its opposite, disorder. This also goes for any other aspect of organisations. The two sides often include conflict. Hence, many aspects of organisations are based on conflict. Think back on the conflict view on organisations previously mentioned in this chapter, for instance, the conflict between capital and labour.

### Organisations as instruments of domination

Finally, organisations can also be seen as instruments of domination, what Morgan calls the ‘ugly face’. He means that organisation are able to create many good things for the world but can also be very destructive for humans and the environment. Think of environmental pollution, social disasters when thousands of people are laid off at once, the health effects of cigarettes, the production of arms, child labour, etc. In fact, the organisation producing cigarettes obtains profits for its owners and creates jobs for its employees, but in the meantime destroys the health of many others. Hence, this organisation uses its dominance to gain benefits at the expense of others. It actually uses power, not internally as in the political organisation, but externally to dominate others in the environment. Think also of multinationals that escape control of local government or can even control these local governments. Hence, we view here again the conflict view of organisations with conflicts between different social classes.

However, the dominance of organisations, like the bureaucratic organisation forms (see Chapter 14), also has negative implications for the employees of these organisations. The fact that this is the dominant form of organisations forces many people to work in such organisations and suffer from the disadvantage of control and alienation. Furthermore, some people dedicate most of their lives to one organisation, spending all their energy and emotions in the organisation and sacrificing their private lives. They are voluntarily or involuntarily abused and dominated by that organisation. In 2002, 143

people committed suicide because of overwork in Japan. Japan is the only country in the world that has a specific word that means death by overwork: *Karoshi*.<sup>50</sup> Many researchers also investigated the exploitation of blue- and also white-collar workers and the creation of organisation structures that favour workaholism. In Chapter 18, the ethical aspects of business are further discussed. This metaphor found support in the critical view on organisations, criticising the capitalistic system.

To make the eight metaphors of Morgan more concrete, consider the next Activity.

activity

### Assessing your understanding of Morgan’s organisational metaphors

Review Morgan’s eight metaphors in Table 1.6. Think about an example that evokes for each of the images Morgan describes. It may help to use organisational characteristics such as:

- a recent merger,
- a strong mission statement,
- a lot of contact with stakeholders,
- strict internal procedures,
- a high absenteeism and/or turnover rate,
- a strong CEO.

### Learning about OB from theory, research and practice

As a human being with years of interpersonal experience to draw upon, you already know a good deal about people at work. But more systematic and comprehensive understanding is possible and desirable. A working knowledge of current OB theory, research and practice can help you develop a tightly integrated understanding of why organisational contributors think and act as they do. In order for this to happen, however, prepare yourself for some intellectual surprises from theoretical models, research results or techniques that may run counter to your current thinking. For instance, one important reason why stress and satisfaction remain popular concepts is the belief that happy, satisfied workers are necessarily more productive workers (also see Chapters 3 and 7). Hence, improving the ‘feel-good factor’ is believed to produce improvements in work performance. This argument has great superficial appeal. But on closer inspection it makes less sense. For example, feeling particularly happy may make it difficult to concentrate on a complex task, while a person’s performance in a repetitive, machine-paced job may not depend on how they feel. In addition, there is little research evidence that supports such links.<sup>51</sup>

Therefore, research surprises can not only make learning fun, they can also improve the quality of our lives both in and outside the workplace. Let us examine the dynamic relationship between, and the value of, OB theory, research and practice.

Figure 1.2 illustrates how theory, research and practice are related. Throughout the balance of this book, we focus primarily on the central portion, where all three areas overlap. Knowledge of why people behave as they do and what organisations can do to improve performance is greatest within this area of maximum overlap. For each major topic we build a foundation for understanding with generally accepted theory. This theoretical foundation is then tested and expanded by reviewing the latest relevant research findings. After interpreting the research, we discuss the nature and effectiveness of related practical applications.

Sometimes, depending on the subject matter, it is necessary to venture into the large areas outside the central portion of Figure 1.2. For example, an insightful theory supported by convincing research evidence might suggest an untried or different way of managing. In other instances, an innovative management technique might call for an explanatory theoretical model and exploratory research. Each area – theory, research and practice – supports and, in turn, is supported by the other two. Each area makes a valuable contribution to our understanding of, and ability to manage, organisational behaviour.

### Learning from theory

A respected behavioural scientist, Kurt Lewin, once said there is nothing as practical as a good theory. According to one management researcher, a **Theory** is a story that explains ‘why’.<sup>52</sup> Another

**Theory**  
a story defining key terms, providing a conceptual framework and explaining why something occurs





**FIGURE 1.2 LEARNING ABOUT OB THROUGH A COMBINATION OF THEORY, RESEARCH AND PRACTICE HERE**

calls well-constructed theories ‘disciplined imagination’.<sup>53</sup> A good OB theory, then, is a story that effectively explains why individuals and groups behave as they do. Moreover, a good theoretical model:

- Defines key terms.
- Constructs a conceptual framework that explains how important factors are interrelated (graphic models are often used to achieve this end).
- Provides a departure point for research and practical application.

Indeed, good theories are a fundamental contributor to improved understanding and management of organisational behaviour.<sup>54</sup>

### Learning from research

Because of unfamiliar jargon and complicated statistical procedures, many professionals are put off by behavioural research.<sup>55</sup> This is unfortunate because practical lessons can be learned as OB researchers steadily push back the frontier of knowledge. If you want to learn more about research methods in OB, the Learning module which is included after this chapter can be a good starting point. Let us examine the various sources and uses of OB research evidence.

### FIVE SOURCES OF OB RESEARCH INSIGHTS

To enhance the instructional value of our coverage of major topics, we systematically cite ‘hard’ evidence from five different categories. Worthwhile evidence was obtained by drawing upon the prioritised research methodologies, namely meta-analyses, field studies, laboratory studies, sample surveys and case studies.

A **Meta-analysis** is a statistical pooling technique that permits behavioural scientists to draw general conclusions about certain variables from many different studies.<sup>56</sup> It typically encompasses a vast number of subjects, often reaching the thousands. Meta-analyses are instructive because they focus on general patterns of research evidence, not fragmented bits and pieces or isolated studies.<sup>57</sup>

In OB, a **Field study** probes individual or group processes in an organisational setting. Because field studies involve real-life situations, their results often have immediate and practical relevance for organisations.

In a **Laboratory study**, variables are manipulated and measured in contrived situations. College students are commonly used as subjects. The highly controlled nature of laboratory studies enhances research precision. But generalising the results to organisational contexts requires caution.<sup>58</sup>

**Meta-analysis**  
pools the results of many studies through statistical procedure

**Field study**  
examination of variables in real-life settings

**Laboratory study**  
manipulation and measurement of variables in contrived situations

**Sample survey**  
questionnaire  
responses from a  
sample of people

**Case study**  
in-depth study of  
a single person,  
group or  
organisation

In a **Sample survey**, samples of people from specified populations respond to questionnaires. The researchers then draw conclusions about the relevant population. Generalisability of the results depends on the quality of the sampling and questioning techniques.

A **Case study** is an in-depth analysis of a single individual, group or organisation. Because of their limited scope, case studies yield realistic but not very generalisable results.<sup>59</sup>

### THREE USES OF OB RESEARCH FINDINGS

Organisational scholars point out that organisations can put relevant research findings to use in three different ways.<sup>60</sup>

- 1 **Instrumental use.** This involves directly applying research findings to practical problems. For example, a professional experiencing high stress tries a relaxation technique after reading a research report about its effectiveness (see Chapter 7).
- 2 **Conceptual use.** Research is put to conceptual use when professionals derive general enlightenment from its findings. The effect here is less specific and more indirect than with instrumental use. For example, after reading a meta-analysis showing a negative correlation between absenteeism and age,<sup>61</sup> a manager might develop a more positive attitude towards hiring older people (see Chapter 4).
- 3 **Symbolic use.** Symbolic use occurs when research results are relied upon to verify or legitimise stances that are already held. Negative forms of symbolic use involve self-serving bias, prejudice, selective perception and distortion (see Chapter 4). For example, tobacco industry spokespeople routinely deny any link between smoking and lung cancer because researchers are largely, but not 100 per cent, in agreement about the negative effects of smoking. A positive example would be professionals maintaining their confidence in setting performance goals after reading a research report about the favourable impact of goal setting on job performance (see Chapter 6).

By systematically reviewing and interpreting research relevant to key topics, this book provides instructive insights about OB.

### Learning from practice

Relative to learning more about how to effectively manage people at work, one might be tempted to ask, 'Why bother with theory and research; let's get right down to how to do it.' Scholars have wrestled for years with the problem of how best to apply the diverse and growing collection of management tools and techniques. Our answer lies in the **contingency approach**. The contingency approach calls for the use of management techniques or specific theoretical models in a situationally appropriate manner, instead of trying to rely on 'one best way'. According to a pair of contingency theorists:

**Contingency approach**  
using tools and  
techniques in a  
situationally  
appropriate  
manner; avoiding  
the one-best-way  
mentality

“ [Contingency theories] developed and their acceptance grew largely because they responded to criticisms that the classical theories advocated 'one best way' of organising and managing. Contingency theories, on the other hand, proposed that the appropriate organisational structure and management style were dependent upon a set of 'contingency' factors, usually the uncertainty and instability of the environment.<sup>62</sup> ”

The contingency approach encourages professionals to view organisational behaviour within a situational context. According to this modern perspective, evolving situations, not hard-and-fast rules, determine when and where various management techniques are appropriate. For example, as will be discussed in Chapter 11, contingency researchers have determined that there is no single best style of leadership. In Chapter 15, contingency theory is applied to organisation design. Also consider the next Snapshot as an example of the contingency approach.

Fortunately, systematic research is available that tests our 'commonsense' assumptions about what works where. Management 'cookbooks' that provide only how-to-do-it advice with no underlying theoretical models or supporting research virtually guarantee misapplication. As mentioned earlier, the three elements of theory, research and practice mutually reinforce one another.

## No one best way of managing organisations

One cross-cultural study of a large multinational corporation's employees working in 50 countries led the Dutch researcher Geert Hofstede to conclude that most made-in-America management theories and techniques are inappropriate in the context of other cultures.<sup>63</sup> Many, otherwise well-intentioned, performance improvement programmes based on American cultural values have failed in other cultures because of naive assumptions about transferability.

In France, the most common medical complaint is *crise de foie* (liver crisis) while in Germany it is *Herzinsuffizienz* (heart insufficiency). Prescriptions to soothe the digestive system are higher in France, while in Germany digitalis is prescribed six times more frequently to stimulate the heart. These differences have been attributed to the French cultural obsession with food, and the German cultural quest for romanticism. In other words, different countries have very different approaches to medicine. If the practice of medicine is shaped by its cultural origins, why should the practice of management be any different?

SOURCE: Based on C. Schneider and J. L. Barsoux, *Managing across Cultures* (London: Prentice-Hall, 1997).

The theory → research → practice sequence discussed in this section will help you better to understand each of the major topics addressed later in the book. Attention now turns to a topical model that sets the stage for what lies ahead.

## A topical model for understanding and managing OB

By definition, organisational behaviour is both research and application orientated. The three basic levels of analysis in OB are the individual, the group and the organisation. OB draws upon a diverse array of disciplines – including psychology, management, sociology, organisation theory, social psychology, statistics, anthropology, general systems theory, economics, information technology, political science, vocational counselling, human stress management, psychometrics, ergonomics, decision theory and ethics. This rich heritage has spawned many competing perspectives and theories about human work behaviour. By the mid-1980s one researcher had identified 110 distinct theories about behaviour within the field of OB.<sup>64</sup>

**Organisational behaviour** is an academic designation. With the exception of teaching and research positions, OB is not an everyday job category such as accounting, marketing or finance. Students of OB typically do not get jobs in organisational behaviour, *per se*. This reality in no way demeans OB or lessens its importance in effective organisational management. OB is a horizontal discipline that cuts across virtually every job category, business function and professional specialty. Anyone who plans to make a living in a large or small, public or private, organisation needs to study organisational behaviour. Moreover, according to a recent *Management Review* article, more and more CEOs have become 'self-made psychologists'.

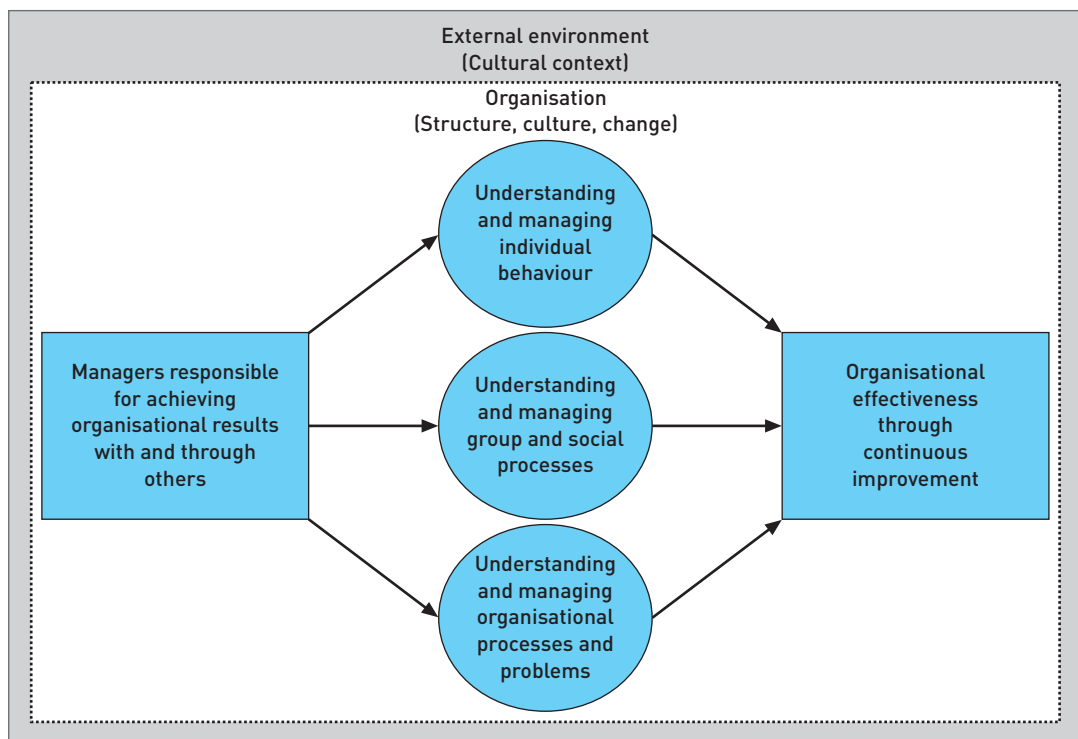
Freudian disciples, they are not. But in their commonsense way, CEOs have turned their attention to issues of human behaviour and psychology. In coming down from the mountain, they have discarded the old reliance on organisation and process and become much more directly involved with people and psychological issues. They have adopted a strong 'show me' approach to employee behaviour. It is all very well to create mission statements and articulate corporate values, but CEOs want to see concrete evidence of behaviour that reflects those values. That is why we see IBM's Lou Gerstner spending more than a third of his time visiting and interacting with customers, and Heinrich von Pierer from Germany's Siemens stating that his most important task in directing a change programme was to stimulate people to think differently. The fact is, the previous generation of CEOs placed too high a priority on ivory tower [academic] strategising. Nowadays they spend much more time on people issues and learning as they go; in that sense they are getting into applied psychology.<sup>65</sup>

Figure 1.3 is a map for our journey through this book, indicating the topics through which we pass. Our destination is organisational effectiveness via continuous improvement. The study of OB can be a wandering and pointless trip if we overlook the need to translate OB lessons into effective and efficient organised endeavour.

At the far left of our 'topical road map' are managers, those who are responsible for accomplishing

**Organisational behaviour** interdisciplinary field dedicated to better understanding of management of people at work

FIGURE 1.3 A TOPICAL MODEL FOR WHAT LIES AHEAD



organisational results with and through others. The three circles at the centre of the map correspond to Parts Two, Three, and Four of this book. Logically, the flow of topical coverage in this book (following the introductory Part One) goes from individuals, to group processes, to organisational processes and problems. Around the core of our topical road map in Figure 1.3 is the organisation.

The broken line represents a permeable boundary between the organisation and its environment. Energy and influence flow both ways across this permeable boundary. Truly, no organisation is an island in today's highly interactive and interdependent world.

## Learning outcomes: Summary of key terms

### 1 Give an overview of the different views that were a source for the development of the organisational behaviour field

First studies on organisational behaviour were made by the sociologists. However, studies of the working of organisations started at the very beginning of the twentieth century with the birth of scientific management in which a rational-system view of organisations is taken. The main researchers of this view were Taylor, Fayol, Barnard and Simon. Later, alternative views on the working of organisations developed, such as symbolic interactionism, postmodernism, conflict theory and critical theory. Around 1930 the Human Relations movement arose with more attention paid to the human factor in organisations. The Hawthorne studies, Mary Parker Follett and McGregor's Theory Y provided the most influential ideas in this movement.

### 2 Explain Taylor's principles

Taylor increased productivity by studying work methods. He divided tasks into many small sub-tasks for which he determined the most optimal time and manner to do the task. All tasks should be standardised, controlled and routinised. The management of the tasks and the execution of the tasks should be clearly separated.

### **3 Describe the five key tasks of a manager according to Fayol**

The key tasks are: planning, organising, commanding, co-ordinating and controlling. Every person in the company has to do these tasks to some degrees but the higher in the hierarchy, the more time is spent on these five sequential tasks.

### **4 Give Barnard's view on co-operation**

There are several conditions that need to be fulfilled to allow co-operation, such as a willingness to co-operate, a common purpose and communication. This needs to be accomplished with specialisation, incentives, authority and decision making to allow efficient co-operation in organisations. Managers need to create the conditions for efficient co-operation but have to pay attention to informal aspects as well, such as the existence of informal groups and power.

### **5 Explain Simon's ideas about motivating workers and bounded rationality**

There are three ways in which employees can be motivated: identification with the organisation, training and coercion. To make the right decisions in organisations, we need to think rationally but humans are bounded, physically and socially, in their ability to process information and to be rational.

### **6 Describe the four alternative views of organisation studies**

Symbolic interactionism explains that our world is subjectively created through interactions. Post-modernism questions the existence of any objective concept and principle. Conflict theory is based on the idea that all organisational structures are based on conflict. Critical theory reacts against the dominant capitalistic view of organisations, which is based on control over resources.

### **7 Contrast McGregor's Theory X and Theory Y assumptions about employees**

Theory X employees, according to traditional thinking, dislike work, require close supervision and are primarily interested in security. According to the modern Theory Y, employees are capable of self-direction, seeking responsibility and being creative.

### **8 Describe Morgan's eight organisational metaphors**

The eight metaphors are: machines (a system view on organisations), organisms (organisations are like human organisms), brains (dispersed information-processing and knowledge-creating capacity), culture (organisation is a culture), political system (competition is the core of organisations), psychic prison (our lives are completely dominated by the organisation), flux and transformation (there are fundamental change processes in organisations) and instruments of domination (organisations dominate their internal and external environment).

### **9 Define the term organisational behaviour (OB) and explain why OB is a horizontal discipline**

Organisational behaviour (OB) is an interdisciplinary field dedicated to better understanding and managing people at work. It is both research and application oriented. Except for teaching and research positions, one does not normally get a job in OB. Rather, because OB is a horizontal discipline, its concepts and lessons are applicable to virtually every job category, business function and professional specialty.

## Review questions

- 1 Why has Taylor been so strongly criticised?
- 2 What are the major differences between the ideas of Taylor, Fayol and Barnard?
- 3 What do you think are the functions of a manager?
- 4 Think of an important decision you had to make and discuss how your rational decision making was bounded.
- 5 Consider the alternative views and the rational view on organisations. Which of these views has according to your opinion the most realistic view on the working of organisations? Why?
- 6 Why look at the typical employee as a human resource?
- 7 Why is it said that Mary Parker Follett was ahead of her time?
- 8 What is your personal experience of Theory X and Theory Y managers (see Table 1.5)? Which did you prefer? Why?

## Personal awareness and growth exercise

### What is your view of today's employees?

#### Objective

To identify whether you have a rather modern or a rather conservative view of today's employees.

#### Introduction

How we look at employees influences our behaviour towards them. Douglas McGregor identified two contrasting sets of assumptions of people at work, as described in Table 1.5. The rather positive, modern view is called Theory Y, the contrasting, negative one Theory X.

#### Instructions

Respond to the items below as they apply to your view of people at work today. Upon completion, compute your total score by adding up your responses. In the scoring key, you will find the interpretation of your results.

- 5 = strongly agree  
 4 = agree  
 3 = neither agree nor disagree  
 2 = disagree  
 1 = strongly disagree

1 Work is distasteful to most employees.	5	4	3	2	1
2 People are mainly motivated by extrinsic rewards, such as bonuses.	5	4	3	2	1
3 Most people dislike working.	5	4	3	2	1
4 People prefer to avoid responsibility.	5	4	3	2	1
5 People working in large companies show no interest in organisational goals. They only have their own interests in mind.	5	4	3	2	1
6 Most people have little innovative capacity and do no efforts to help solving problems within their companies.	5	4	3	2	1
7 Most people desire to be directed.	5	4	3	2	1
8 Most people are not ambitious, prefer to stay where they are and do not want to work hard to get ahead in life.	5	4	3	2	1
9 Work is unnatural to most people.	5	4	3	2	1
10 Most employees show no interest in developing their full potential and abilities.	5	4	3	2	1

Your score: \_\_\_\_\_

### Scoring key and norms

Once you have added up your responses, you get a total between 50 and 10.

A score below 20? You have a very positive view of employees and they certainly enjoy working under your supervision!

A score above 40? Your view of employees is outdated and you are probably convinced that close direction is the only way to lead. We have serious doubts about the atmosphere in your team. This should certainly change!

A score between 20 and 40? You are characterised by both Theory X and Y. Ask yourself which points of view should be altered to enhance the relationship with your employees!

The lower your score, the more positive your view of people at work is. You are convinced that people have a natural need to work and you will do everything to create a climate to meet that need. The higher your score, however, the more negative your view of modern employees is. You are convinced that people only come to work to earn an income. You also think that people are inherently lazy.

## Group exercise

### Timeless advice

#### Objectives

- 1 To get to know some of your fellow students.
- 2 To put the management of people into a lively and interesting historical context.
- 3 To begin to develop your teamwork skills.

#### Introduction

Your creative energy, willingness to see familiar things in unfamiliar ways, and ability to have fun while learning are keys to the success of this warm-up exercise. A 20-minute, small-group session will be followed by brief oral presentations and a general class discussion. Total time required is approximately 40 to 45 minutes.

#### Instructions

Your lecturer will divide your class randomly into groups of four to six people each. Acting as a team, with everyone offering ideas and one person serving as official recorder, each group will be responsible for writing a one-page memo to your current class. Subject matter of your group's memo will be 'My advice for managing people today is ...'. The fun part of this exercise (and its creative element) involves writing the memo from the viewpoint of the person assigned to your group by your lecturer.

Among the memo viewpoints your lecturer may assign are the following:

- Henry Ford (the founder of Ford Motor Company).
- A Japanese bank manager requiring full dedication of its employees.
- Mary Parker Follett.
- Douglas McGregor.
- A Theory X supervisor of a construction crew.
- The manager of an extremely competitive organisation where everyone is competing to be perceived as the best.
- Henri Fayol.
- The manager of a company operating in a communistic world.
- Owner of a company that developed a totally new kind of fast airway transportation in 2030.
- A Japanese auto company executive.
- The head of the world's largest call centre.

Use your imagination, make sure everyone participates and try to be true to any historical facts you have encountered. Attempt to be as specific and realistic as possible. Remember, the idea is to provide advice about managing people from another point in time (or from a particular point of view at the present time).

Make sure you manage your 20-minute time limit carefully. A recommended approach is to spend 2 to 3 minutes putting the exercise into proper perspective. Next, take about 10 to 12 minutes brainstorming ideas for your memo, with your recorder jotting down key ideas and phrases. Have your recorder use the remaining time to write your group's one-page memo, with constructive comments and help from the others. Pick a spokesperson to read your group's memo to the class.

### Questions for discussion

- 1 How can each of the views and lenses from the different researchers help us to improve the working in organisations?
- 2 Suppose you have to work for one of the managers from the above list, for which one would you like to work? Why?
- 3 Which of the views is most accurate for the situation in which organisations operate today? Are the ideas of Taylor and Barnard of almost a century ago still useful today? Why (not)?
- 4 Which of the different views in this chapter on how to motivate people will be most effective?



## Internet exercise

The purpose of this exercise is to build bridges between what you've read in this chapter and what's going on in the world today. Thanks to the internet you have loads of current information at your fingertips to keep you up to date. Go to our website [www.mcgraw-hill.co.uk/textbooks/buelens](http://www.mcgraw-hill.co.uk/textbooks/buelens) for further instructions.

## Notes

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- 2 P. Whiteley, 'Five Steps to Added Value', *The Times*, 19 October 2000.
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- 6 Adapted and translated from K. Weytjens, 'Fiere en geëngageerde werknemers', *Vacature*, 1 May 1999.
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## Appendix: Learning module

### Research methods in organisational behaviour

As a future professional, you probably will be involved in developing and/or implementing programmes for solving business problems. You may also be asked to assess recommendations derived from in-house research reports or judge the usefulness of proposals from consultants. These tasks might entail reading and evaluating research findings presented both in scientific and professional journal articles. Thus, it is important for professionals to have a basic working knowledge of the research process. Moreover, such knowledge can help you critically evaluate research information encountered daily in newspaper, magazine and television reports.

One study revealed people cannot judge the difference between good and bad research.<sup>1</sup> So, how do they know what to believe about research results pertaining to organisational or societal problems? This Learning module presents a foundation for understanding the research process. Our purpose is not to make you a research scientist. The purpose is to make you a better consumer of research information.

#### The research process

Research on organisational behaviour is based on the scientific method. The scientific method is a formal process of using systematically gathered data to test hypotheses or to explain natural phenomena. To gain a better understanding of how to evaluate this process, we discuss a model of how research is conducted, explore how researchers measure organisationally relevant variables, highlight three ways to evaluate research methods and provide a framework for evaluating research conclusions. We also discuss how to read a research article.

#### A model of the research process

A flowchart of the research process is presented in Figure LM-1. Organisational research is conducted to solve problems. The problem may be one of current interest to an organisation, such as absenteeism or low motivation, or may be derived from published research studies. In either case, properly identifying and attempting to solve the problem necessitates a familiarity with previous research on the topic. This familiarity contributes background knowledge and insights for formulating a hypothesis to solve the problem. Students who have written formal library-research papers are well acquainted with this type of secondary research.

According to a respected researcher, 'A hypothesis is a conjectural statement of the relations between two or more variables. Hypotheses are always in declarative form, and they relate, either generally or specifically, variables to variables.'<sup>2</sup> Regarding the problem of absenteeism, for instance, a manager might want to test the following hypothesis: 'Hourly employees who are dissatisfied with their pay are absent more often than those who are satisfied.' Hypothesis in hand, a researcher is prepared to design a study to test it.

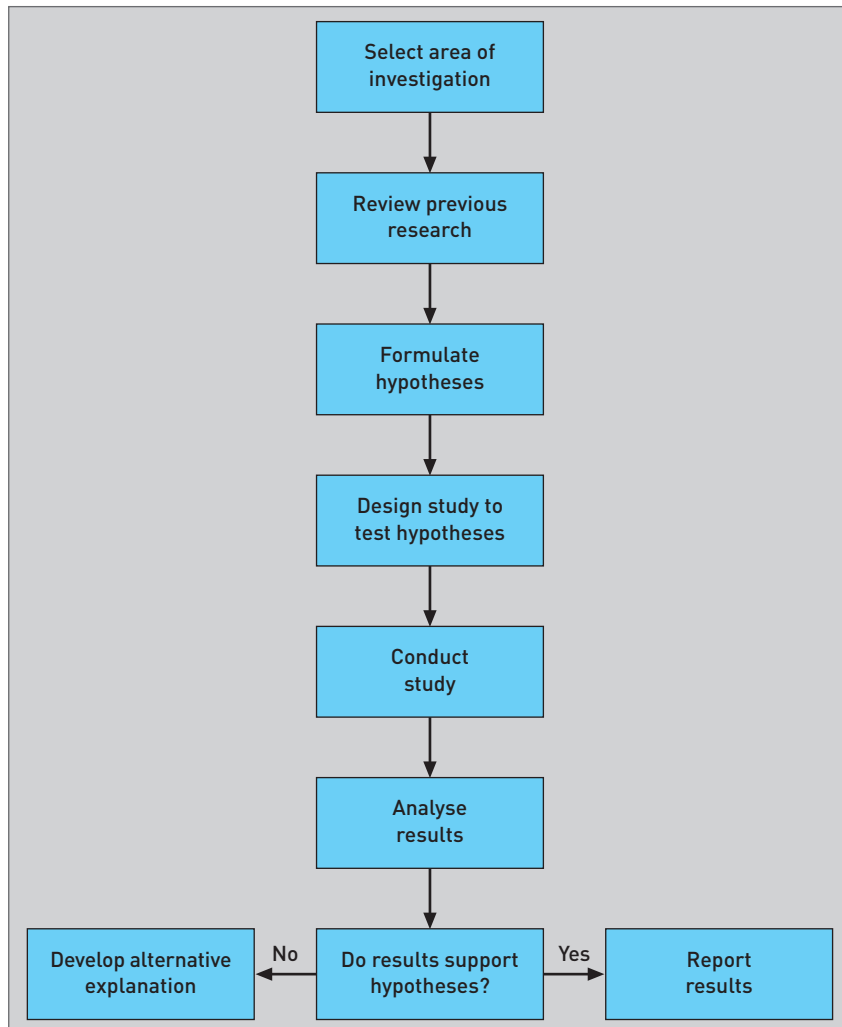
There are two important, interrelated components to designing a study. The first consists of deciding how to measure independent and dependent variables. An independent variable is a variable that is hypothesised to affect or cause a certain state of events. For example, a study demonstrated that losing one's job led to lower self-esteem and greater depression.<sup>3</sup> In this case, losing one's job, the independent variable, produced low levels of self-esteem and higher levels of depression. A dependent variable is the variable being explained or predicted. Returning to the example, self-esteem and depression were the dependent variables (the variables being explained). In an everyday example, those who eat less (independent variable) are likely to lose weight (dependent variable). The second component of designing a study is to determine which research method to use. Criteria for evaluating the appropriateness of different research methods are discussed in a later section.

After a study is designed and completed, data are analysed to determine whether the hypothesis is supported. Researchers look for alternative explanations of results when a hypothesis is not supported.<sup>4</sup>

#### MEASUREMENT AND DATA COLLECTION

'In its broadest sense, measurement is the assignment of numerals to objects or events according to the rules.'<sup>5</sup> Organisational researchers measure variables. Job satisfaction, turnover, performance

FIGURE LM-1 MODEL OF THE RESEARCH PROCESS



SOURCE: V. R. Boehm, 'Research in the "Real World": A Conceptual Model', *Personnel Psychology*, Autumn 1980, p. 496. Used with permission.

and perceived stress are variables typically measured in OB research. Valid measurement is one of the most critical components of any research study because research findings are open to conflicting interpretations when variables are poorly measured.<sup>6</sup> Poor management reduces the confidence one has in applying research findings. Four techniques are frequently used to collect data: (1) direct observation, (2) questionnaires, (3) interviews and (4) indirect methods.

**1 Observation.** This technique consists of recording the number of times a specified behaviour is exhibited. For example, psychologist Judith Komaki developed and validated an observational categorisation of supervisory behaviour. She then used the instrument to identify behaviour differences between effective and ineffective managers from a large medical insurance firm. Managerial effectiveness was based on superior ratings. Results indicated that effective managers spent more time monitoring their employees' performance than did ineffective managers. Komaki more recently applied the same instrument to examine the performance of sailboat captains competing a race. Similarly to her previous study, skippers finished higher in the overall race standings when they monitored and rewarded their crews.<sup>7</sup>

- 2 *Questionnaires.* Questionnaires ask respondents for their opinions or feelings about work-related issues. They generally contain previously developed and validated instruments and are self-administered. Given their impersonal nature, poorly designed questionnaires are susceptible to rate bias. Nevertheless, a well-developed survey can be an accurate and economical way to collect large quantities of data.<sup>8</sup>
- 3 *Interviews.* Interviews rely on either face-to-face or telephone interactions to ask respondents questions of interest. In a structured interview, interviewees are asked the same question in the same order. Unstructured interviews do not require interviewers to use the same questions or format. Unstructured interviews are more spontaneous. Structured interviews are the better of the two because they permit consistent comparisons between people. Accordingly, human resource management experts strongly recommend structured interviews during the hiring process to permit candidate-to-candidate comparisons.<sup>9</sup>
- 4 *Indirect methods.* These techniques obtain data without any direct contact with respondents. This approach may entail observing someone without his or her knowledge. Other examples include searching existing records, such as personnel files, for data on variables such as absenteeism, turnover and output. This method reduces rater error and is generally used in combination with one of the previously discussed techniques.

### EVALUATING RESEARCH METHODS

All research methods can be evaluated from three perspectives: (1) generalisability, (2) precision in control and measurement, and (3) realism of the context.<sup>10</sup> Generalisability, which also is referred to as 'external validity', reflects the extent to which results from one study are generalisable to other individuals, groups or situations. Precision in control and measurement pertains to the level of accuracy in manipulating or measuring variables. A realistic context is one that naturally exists for the individuals participating in the research study. In other words, realism implies that the context is not an artificial situation contrived for purposes of conducting the study. Table LM.1 presents an evaluation of the five most frequently used research methods (see Chapter 1) in terms of these three perspectives.

In summary, there is no one best research method. Choosing a method depends on the purpose of the specific study.<sup>11</sup> For example, if high control is necessary, as in testing for potential radiation leaks in pipes that will be used in a nuclear power plant, a laboratory experiment is appropriate (see Table LM.1); in contrast, sample surveys would be useful if a company wanted to know the generalisable impact of a television commercial for light beer.

### EVALUATING RESEARCH CONCLUSIONS

There are several issues to consider when evaluating the quality of a research study.<sup>12</sup> The first is whether results from the specific study are consistent with those from past research. If not, it is helpful to determine why discrepancies exist. For instance, it is insightful to compare the samples, research methods, measurement of variables, statistical analyses and general research procedures across the discrepant studies. Extreme differences suggest that future research may be needed to reconcile the inconsistent results. In the meantime, however, we need to be cautious in applying research findings from one study that are consistent with those from a larger number of studies.

**TABLE LM.1 ASSESSMENT OF FREQUENTLY USED RESEARCH METHODS**

Method	Generalisability	Precision in control and measurement	Realistic context
Case study	Low	Low	High
Sample survey	High	Low	Low
Field study	Moderate	Moderate	High
Laboratory experiment	Low	High	Low
Field experiment	Moderate	Moderate	Moderate

SOURCE: Adapted in part from J. E. McGrath, J. Martin, and R. A. Kulka, *Judgment Calls in Research* (Beverly Hills, CA: Sage Publications, 1982).

The type of research method used is the second consideration. Does the method have generalisability (see Table LM-1)? If not, check the characteristics of the sample. If the sample's characteristics are different from the characteristics of your work group, conclusions may not be relevant for your organisation. Sample characteristics are very important in evaluating results from both field studies and experiments.

The level of precision in control and measurement is the third factor to consider. It is important to determine whether valid measures were used in the study. This can be done by reading the original study and examining descriptions of how variables were measured. Variables have questionable validity when they are measured with one-item scales or 'ad hoc' instruments developed by the authors. In contrast, standardised scales tend to be more valid because they are typically developed and validated in previous research studies. We have more confidence in results when they are based on analyses using standardised scales. As a general rule, validity in measurement begets confidence in applying research findings.

Finally, it is helpful to brainstorm alternative explanations for the research results. This helps to identify potential problems with research procedures.

### Reading a scientific journal article

Research is published in scientific journals and professional magazines. *Journal of Applied Psychology* and *Academy of Management Journal* are examples of scientific journals reporting OB research.

**TABLE LM.2 A LIST OF HIGHLY REGARDED MANAGEMENT JOURNALS AND MAGAZINES**

1 Administrative Science Quarterly	27 Public Administration Quarterly
2 Journal of Applied Psychology	28 Journal of Organizational Behavior Management
3 Organizational Behavior and Human Decision Processes	29 Organizational Dynamics
4 Academy of Management Journal	30 Monthly Labour Review
5 Psychological Bulletin	31 Journal of World Business
6 Industrial and Labor Relations Review	32 Journal of Business Research
7 Journal of Personality and Social Psychology	33 Group and Organization Management
8 Academy of Management Review	34 Human Resource Planning
9 Industrial Relations	35 Journal of Management Studies
10 Journal of Labor Economics	36 Administration and Society
11 Personnel Psychology	37 Negotiation Journal
12 American Psychologist	38 Arbitration Journal
13 Journal of Labor Research	39 Compensation and Benefits Review
14 Journal of Vocational Behavior	40 Journal of Collective Negotiations in the Public Sector
15 Journal of Applied Behavioral Science	41 Public Personnel Management
16 Occupational Psychology	42 Journal of Management Education*
17 Sloan Management Review	43 Review of Business and Economic Research
18 Journal of Conflict Resolution	44 Personnel Journal
19 Human Relations	45 Journal of Small Business Management
20 Journal of Human Resources	46 SAM Advanced Management Journal
21 Labor Law Journal	47 Business Horizons
22 Harvard Business Review	48 Business and Public Affairs
23 Social Forces	49 HR Magazine**
24 Journal of Management	50 Training and Development***
25 California Management Review	
26 Journal of Occupational Behavior	

\*Formerly Organizational Behavior Teaching Review.

\*\*Formerly Personnel Administrator.

\*\*\*Formerly Training and Development Journal.

SOURCE: Adapted by permission from M. M. Extejt and J. E. Smith, 'The Behavior Sciences and Management: An Evaluation of Relevant Journals', *Journal of Management*, September 1990, p. 545.

*Harvard Business Review* and *HR Magazine* are professional magazines that sometimes report research findings in general terms. Table LM.2 contains a list of 50 highly regarded management journals and magazines. You may find this list to be a useful source of information when writing term papers.

Scientific journal articles report results from empirical research studies, overall reviews of research on a specific topic and theoretical articles. To help you obtain relevant information from scientific articles, let us consider the content and structure of these three types of articles.<sup>13</sup>

## EMPIRICAL RESEARCH STUDIES

Reports of these studies contain summaries of original research. They typically comprise four distinct sections consistent with the logical steps of the research process model shown in Figure LM-1. These sections are as follows:

- **Introduction.** This section identifies the problem being investigated and the purpose of the study. Previous research pertaining to the problem is reviewed and sometimes critiqued.
- **Method.** This section discusses the method used to conduct the study. Characteristics of the sample or subjects, procedures followed, materials used, measurement of variables and analytic procedures typically are discussed.
- **Results.** A detailed description of the documented results is presented.
- **Discussion.** This section provides an interpretation, discussion and implications of results.

## REVIEW ARTICLES

These articles, included meta-analyses, are critical evaluations of material that has already been published. By organising, integrating, and evaluating previously published materials, the author of a review article considers the progress of current research toward clarifying a problem.<sup>14</sup> Although the structure of these articles is not as clear-cut as reports of empirical studies, the general format is as follows:

- A statement of the problem.
- A summary or review of previous research that attempts to provide the reader with the state of current knowledge about the problem (meta-analysis frequently is used to summarise past research).
- Identification of shortcomings, limitations and inconsistencies in past research.
- Recommendations for future research to solve the problem.

## THEORETICAL ARTICLES

These articles draw on past research to propose revisions to existing theoretical models or to develop new theories and models. The structure is similar to that of review articles.

## Notes

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  - 11 Ibid.
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  - 13 This discussion is based on material presented in the *Publication Manual of the American Psychological Association, fourth edition* (Washington, DC: American Psychological Association, 1994).
  - 14 Ibid., p. 5.