

Pearson BTEC Level 5 Higher Nationals in Business (RQF)

Unit 20
Organisational Behaviour
Information Pack 1

in a series of 2 for this unit

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Sample

INTRODUCTION

Organisational behaviour is concerned with understanding, explaining and predicting the behaviour of individuals in the workplace and can assist in the development of practical solutions to organisational and managerial problems. Individuals, whether acting in isolation or collectively as part of a group, engage in actions and behaviours that can have a positive or negative impact on company performance and the achievement of strategic goals. It is therefore essential that those who are involved in managing and leading people in organisations, acquire insight and expertise in organisational behaviour.

The aim of this unit is to develop knowledge and understanding of how organisational behaviour concepts, theories and techniques can be applied in work and management settings in order to enhance individual, team and organisational performance. Students will be able to apply this knowledge in a variety of business situations. They will appreciate how effective application of organisational behaviour principles can be used to explain why people behave and act in particular ways and to predict how employees will respond to certain demands. The unit also develops student understanding of the influence of culture, the operation of power and politics in organisations and how these variables influence the actions and behaviour of people in an organisational context.

On successful completion of this unit, students will have developed a range of transferable skills and knowledge. This includes core people management skills used to achieve positive organisational outcomes and to create value by recognising individual difference, team working and the creation of inclusive organisational cultures.

GUIDANCE

This document is prepared to break the unit material down into bite size chunks. You will see the learning outcomes above treated in their own sections. Therein you will encounter the following structures.

Purpose

Explains *why* you need to study the current section of material. Quite often learners are put off by material which does not initially seem to be relevant to a topic or profession. Once you understand the importance of new learning or theory you will embrace the concepts more readily.

Theory

Conveys new material to you in a straightforward fashion. To support the treatments in this section you are strongly advised to follow the given hyperlinks, which may be useful documents or applications on the web.

Example

The examples/worked examples are presented in a knowledge-building order. Make sure you follow them all through. If you are feeling confident then you might like to treat an example as a question, in which case cover it up and have a go yourself. Many of the examples given resemble assignment questions which will come your way, so follow them through diligently.

Question

Questions should not be avoided if you are determined to learn. Please do take the time to tackle each of the given questions, in the order in which they are presented. The order is important, as further knowledge and confidence is built upon previous knowledge and confidence.

Challenge

You can really cement your new knowledge by undertaking the challenges. A challenge could be to download software and perform an exercise. An alternative challenge might involve a practical activity or other form of research.

Video

Videos on the web can be very useful supplements to your distance learning efforts. Wherever an online video(s) will help you then it will be hyperlinked at the appropriate point.

Information Pack

Influence of Culture

Culture is the character and personality of your organization. It is what makes your business unique and is the sum of its values, traditions, beliefs, interactions, behaviours, and attitudes.

Positive workplace culture attracts talent, drives engagement, impacts happiness and satisfaction, and affects performance. The personality of your business is influenced by everything. Leadership, management, workplace practices, policies, people, and more impact culture significantly.

The biggest mistake organizations make is letting their workplace culture form naturally without first defining what they want it to be.

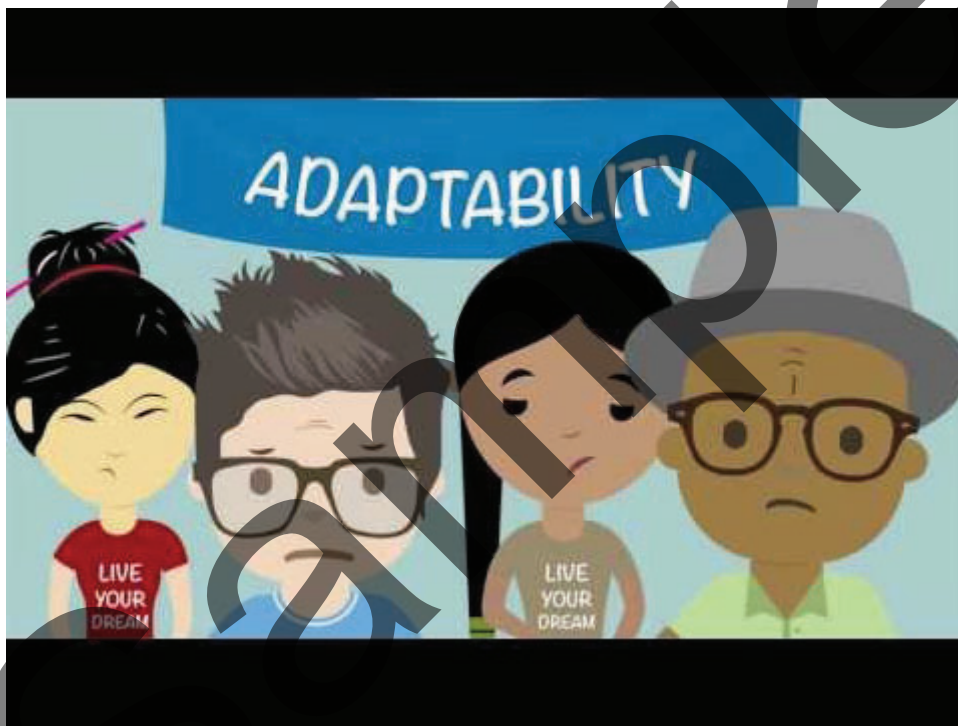


Figure 1 Introduction to Organisational Culture

Why is it important ?

Culture is as important as your business strategy because it either strengthens or undermines your objectives. Positive culture is significant, especially because:

- It attracts talent. Job candidates evaluate your organization and its climate. A strong, positive, clearly defined and well-communicated culture attracts talent that fits.
- It drives engagement and retention. Culture impacts how employees interact with their work and your organization.
- It impacts happiness and satisfaction. Research shows that employee happiness and satisfaction are linked to strong workplace culture (Source: Deloitte).
- It affects performance. Organizations with stronger cultures outperform their competitors financially and are generally more successful.

Classifications of culture (Power, Role, Task and Person)

Deal and Kennedy's Model

Deal and Kennedy's (1982) model, based on two dimensions, suggested that the biggest single influence on a company's culture was the business environment in which it operated. They called this 'corporate culture', which they asserted embodied what was required to succeed in that environment. The two key dimensions were the degree of **risk** associated with the company's activities, and the speed at which companies – and their employees – get **feedback** on whether decisions or strategies are successful. By 'feedback' Deal and Kennedy do not mean just bonuses, promotions and pats on the back. They use the term much more broadly to refer to knowledge of results. In this sense, a goalkeeper gets instant feedback from making a great save, but a surgeon may not know for several days whether an operation is successful, and it may take months or even years to discover whether a decision about a new product is correct. Deal and Kennedy distinguish between quick and slow feedback. Also, by splitting each dimension into high and low they came up with four 'generic' cultures, as you can see from the below figure.

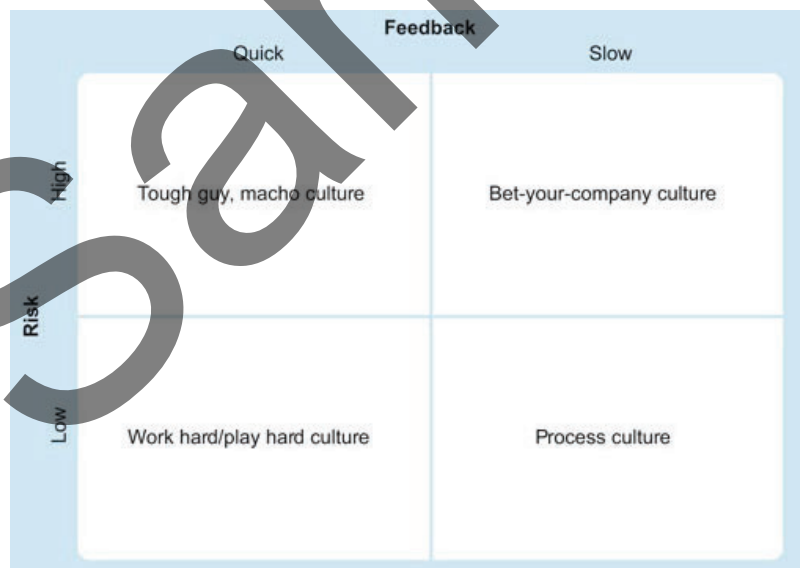


Figure 2 Deal and Kennedy

The tough guy, macho culture

A world of individualists who regularly take high risks and get quick feedback on whether their actions were right or wrong.

(Source: Deal and Kennedy, 1982, p. 107).

This type of culture is commonly thought to be prevalent in organisations in which feedback comes in the form of financial rewards. You can think here of commodity brokers and sales-orientated organisations, such as those that sell water purifiers or financial services. Feedback, however, can come in many other ways. Police officers, sports people and entertainers all receive rapid feedback on the effectiveness of their work, and they could all be classified as belonging to a 'tough guy' culture, even though their feedback is not simply financial. Similarly, all these occupations have a degree of inherent risk, and the line between success and failure can be very fine indeed. For example, a football manager's career could rest on one refereeing decision, and a comedian's success depends on the mixture of people in the audience.

Managers in this type of culture need to be able to make decisions quickly and to accept risk. To survive when things go wrong, they need to be resilient. These cultures are characterised by aggressive internal competition. Employees in such organisations believe that to get on they must be as tough as the 'movers and shakers' at the top. These activities tend to produce a lot of internal politics and conflict. In addition, these cultures tend to nurture short-term views, and here you might recall some of the reasons that are believed to have led to the fall of organisations such as Enron (auditing failures in picking up billions in debt from failed deals and projects) and Lehman Brothers Bank (bad debts led to its eventual collapse). Despite the label 'tough guy', Deal and Kennedy suggest that this culture is the least discriminatory of the four because it is, in their view, a meritocracy in which success is what is acknowledged and rewarded.

The work hard/play hard culture

Fun and action are the rule here, and employees take few risks, all with quick feedback; to succeed, the culture encourages them to maintain a high level of relatively low-risk activity

(Source: Deal and Kennedy, 1982, p. 108)

This type of culture is characterised by high levels of activity, and each employee has to take few risks. Instead, success is measured by persistence. Typically, the primary cultural value is to supply customers with a quality product or service. These cultures spawn meetings, conventions, teamworking, office parties, jargon, buzzwords and so on. They are typical of large organisations such as the motor industry, IT and telecoms because in smaller organisations there are often increased levels of risk as 'every decision is a big one'. The high levels of energy create two main problems for a manager: ensuring that the energy is being directed at the right tasks and ensuring that quality accompanies the high levels of activity. For these reasons, IBM put up 'Think' signs all around the company.

The bet-your-company culture

Cultures with big-stakes decisions, where years pass before employees know whether decisions have paid off. A high-risk, slow-feedback environment.

(Source: Deal and Kennedy, 1982, p. 108)

This type of culture is found in organisations involved in projects that consume large amounts of resources and take a long time to be realised. Examples include an aerospace organisation deciding to develop a new aircraft, such as Airbus, which has spent many years developing its new A380. Other examples would include a construction company building a skyscraper or an oil company that starts drilling in a new region. Each of these projects is very risky and the organisation does everything it can to ensure it makes the right decisions initially. Meetings become very important and experts are drawn in to give their opinions.

The process cultures

A world of little or no feedback where employees find it hard to measure what they do; instead they concentrate on how it's done. We have another name for this culture when the processes get out of control – bureaucracy!

(Source: Deal and Kennedy, 1982, p. 108)

Process cultures get a bad press from nearly all quarters. They are the bureaucracies, awash with red tape and memos. Their low-risk, slow feedback environment means that employees become more concerned with how work is done – the process – than with what the work is. There is a danger that artificial environments develop, detached from the real world. Employees in these cultures may be very defensive. They fear and assume that they will be attacked when they have done things incorrectly. To protect themselves they engage in behaviour such as circulating emails copied to everyone remotely concerned with the issue.

Deal and Kennedy admit that this four-culture model is simplistic, but it can be a useful starting point for looking at your own organisation. A mix of all four cultures may be found within a single organisation. Furthermore, they suggest that companies with very strong cultures will skilfully blend the best elements of all four types in a way that allows them to remain responsive to a changing environment. Although these cultures have been criticised, for example, because customers fear the high-risk attitudes of those in a tough guy culture or the thoughtless energy of those in a work hard/play hard culture, they exist because they bring order to organisations and ensure that certain procedures are followed. Yet few organisations fall neatly into one of these four types, and it is very hard to relate these types to psychological personalities.



Figure 3 Deal and Kennedy's Model of Organisational Culture

Handy's Four Types of Organisational Culture

popularised by Charles Handy (1999) – and following work by Harrison (1972) – also presents organisational cultures as classified into four major types: the power culture, the role culture, the task culture, and the person or support culture. Handy's approach may help you understand why you have been more comfortable in some organisations than others. Interestingly, although Handy chooses to talk about culture, he shows the structures associated with his culture types. This may be because of the difficulty of drawing something as diffuse as culture, but it also reinforces the fact that culture and structure are interrelated.

Power Culture



Figure 4 Power Culture

Handy illustrates the power culture as a spider's web (see Figure 18), with the all-important spider sitting in the centre '... because the key to the whole organisation sits in the centre, surrounded by ever-widening circles of intimates and influence. The closer you are to the spider, the more influence you have' (1999, p. 86). Organisations with this type of culture can respond quickly to events, but they are heavily dependent for their continued success on the abilities of the people at the centre; succession is a critical issue. They will tend to attract people who are power orientated and politically minded, who take risks and do not rate security highly. Control of resources is the main power base in this culture, with some elements of personal power at the centre.

Size is a problem for power cultures. They find it difficult to link too many activities and retain control; they tend to succeed when they create new organisations with a lot of independence, although they usually retain central financial control.

This type of culture relies heavily on individuals rather than on committees. In organisations with this culture, performance is judged on results, and such organisations tend to be tolerant of means. They can appear tough and abrasive and their successes can be accompanied by low morale and high turnover as individuals fail or opt out of the competitive atmosphere. Working in such organisations requires that employees correctly anticipate what is expected of them from the power holders and perform accordingly. If managers get this culture right, it can result in a happy, satisfied organisation that in turn can breed quite intense commitment to corporate goals. Anticipating wrongly can lead to intense dissatisfaction and sometimes lead to a high labour turnover as well as a general lack of effort and enthusiasm.

In extreme cases, a power culture is a dictatorship, but does not have to be.

Role Culture



Figure 5 Role culture

The role culture can be illustrated as a building supported by columns and beams: each column and beam have a specific role to playing keeping up the building; individuals are role occupants, but the role continues even if the individual leaves. This culture shares several factors in common with Weber’s description of the ‘ideal-type’ bureaucracy.

This type of organisation is characterised by strong functional or specialised areas coordinated by a narrow band of senior management at the top and a high degree of formalisation and standardisation; the work of the functional areas and the interactions between them are controlled by rules and procedures defining the job, the authority that goes with it, the mode of communication and the settlement of disputes.

Position is the main power source in the role culture. People are selected to perform roles satisfactorily; personal power is frowned upon and expert power is tolerated only in its proper place. Rules and procedures are the chief methods of influence. The efficiency of this culture depends on the rationality of the allocation of work and responsibility rather than on individual personalities. This type of organisation is likely to be successful in a stable environment, where the market is steady, predictable or controllable, or where the product’s life cycle is long, as used to be the case with many UK public sector bodies. Conversely, the role culture finds it difficult to adapt to change; it is usually slow to perceive the need for it and to respond appropriately. Such an organisation will be found where economies of scale are more important than flexibility or where technical expertise and depth of specialisation are more important than product innovation or service cost – for example, in many public service organisations.

For employees, the role culture offers security and the opportunity to acquire specialist expertise; performance up to a required standard is rewarded on the appropriate pay scale, and possibly by promotion within the functional area. However, this culture is frustrating for ambitious people who are power orientated, want control over their work or are more interested in results than method. Such people will be content in this culture only as senior managers. The importance of Handy’s role culture is that it suggests that bureaucracy itself is not culture-free.

Task Culture

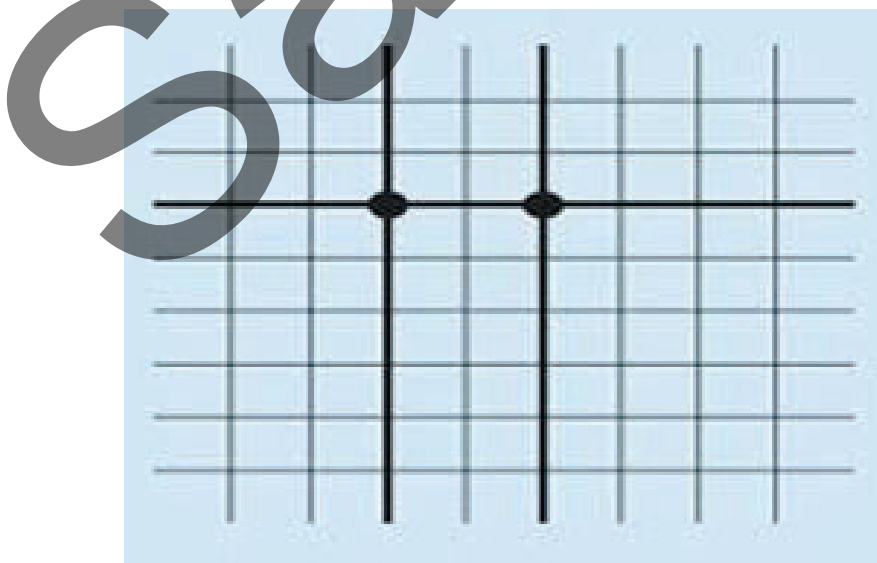


Figure 6 Task culture

Task culture is job-or project-oriented, and its accompanying structure can be best represented as a net (see Figure 20). Some of the strands of the net are thicker or stronger than others, and much of the power and influence is located at the interstices of the net, at the knots. Task cultures are often associated with organisations that adopt matrix or project-based structural designs.

The emphasis is on getting the job done, and the culture seeks to bring together the appropriate resources and the right people at the right level to assemble the relevant resources for the completion of a particular project. A task culture depends on the unifying power of the group to improve efficiency and to help the individual identify with the objectives of the organisation. So, it is a team culture, where the outcome of the team's work takes precedence over individual objectives and most status and style differences. Influence is based more on expert power than on position or personal power, and influence is more widely dispersed than in other cultures.

Task culture depends on teamwork to produce results. Groups, project teams or task forces are formed for a specific purpose and can be re-formed, abandoned or continued. The organisation can respond rapidly since each group ideally contains all the decision-making powers required. One example of a task culture is NASA, the US space agency, which in the 1960s had the specific task of putting a man on the moon before the end of the decade and bringing him back safely. Individuals find that this culture offers a high degree of autonomy, judgment by results, easy working relationships within groups and mutual respect based on ability rather than on age or status.

The task culture is therefore appropriate when flexibility and sensitivity to the market or environment are important, where the market is competitive, where the life of a product is short and/or where the speed of reaction is critical. Against this must be set the difficulty of managing a large organisation as a flexible group, and of producing economies of scale or great depth of expertise.

Control in these organisations can be difficult. Essential control is retained by senior managers, who concentrate on the allocation of projects, people and resources, but they exert little day-to-day control over methods of working or procedures, without violating the norms of the culture. This works well in favourable circumstances and when resources are available for those who can justify using them. However, when resources are not freely available, senior managers begin to feel the need to control methods as well as results, and team leaders may begin to compete for resources, using political influence. Morale in the work groups tends to decline and the job becomes less satisfying, so that employees begin to reveal their own objectives. This necessitates the introduction of rules and procedures, the use of position or the control of resources by managers to get the work done. So, the task culture has a tendency to change to a role or power culture when resources are limited or when the whole organisation is unsuccessful.

Most managers, certainly at the middle and junior levels, prefer to work in the task culture, with its emphasis on groups, expert power, rewards for results and a merging of individual and group objectives. It is most in tune with the current trends of change and adaptation, individual freedom and low status differentials – but it may not be an appropriate culture for all circumstances.

Person Culture

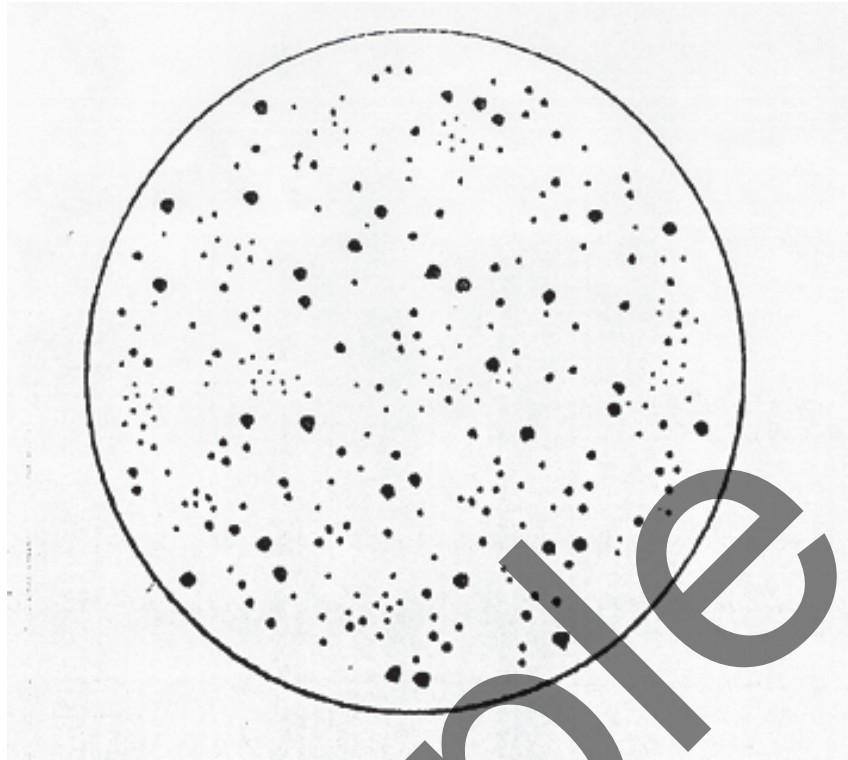


Figure 7 Person culture

Person culture is an unusual culture. It is not found in many organisations, yet many people espouse some of its values. This type of culture is illustrated by a loose cluster or a constellation of stars (see Figure 1.10). In this culture the individual is the focal point; if there is a structure or an organisation, it exists only to serve and assist the individuals within it, to further their own interests without any overriding objective.

Clearly, not many organisations can exist with this sort of culture, or produce it, since organisations tend to have some form of corporate objective over and above the personal objectives of those who comprise them. Furthermore, control mechanisms, and even management hierarchies, are impossible in these cultures except by mutual consent. An individual can leave the organisation, but the organisation seldom has the power to evict an individual. Influence is shared and the power base, if needed, is usually expert; that is, people do what they are good at and are listened to for their expertise.

Consultants – both within organisations and freelance workers – and architects' partnerships often have this person-orientation. So do some universities. A cooperative may strive for the person culture in organisational form, but as it develops it often becomes, at best, a task culture, or often a power or role culture.

Although it would be rare to find an organisation in which the person culture predominated, you will often encounter people whose personal preferences are for this type of culture, but who find themselves operating in more orthodox organisations. Specialists in organisations, such as computer people in a business organisation, consultants in a hospital, architects in local government and university teachers benefit from the power of their professions. Such people are not easy to manage. Being specialists, alternative employment is often easy to obtain, and they may not acknowledge anyone as being able to exercise expert power greater than their own. Position power not backed up by resource power means nothing to such people, and coercive power is not usually available. They may not be influenced by group norms or