Organizational behaviour and organizational development essay sample

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As we enter the twenty-first century, the environment in which organizations operate is increasingly turbulent, rocked by forces such as globalization and rapid technological change. Social and demographic forces have dramatically changed the make-up of today's workforce, which is now the most educated and ethnically diverse in history, in addition to having the greatest representation of people. These developments are profoundly affecting the way in which organizations structure themselves, just as they are influencing individuals' attitudes to and expectations of both organizations and work. Organizational behavior is compatible with careers in consulting, human resources, organizational design, and change management. In addition, the field can be effectively combined with other specializations.

Organizational development is the process through which an organization develops the internal capacity to be the most effective it can be in its mission work and to sustain itself over the long term. This definition highlights the explicit connection between organizational development work and the achievement of organizational mission. This connection is the rationale for doing OD work. Organizational Development (O. D.) can help groups and individuals improve various aspects of organizational life necessary for success, including culture, values, systems and behavior. The goal of O. D. is to increase organizational effectiveness and organizational health, through planned interventions in the organization's processes, operations, and behavior. Most often, O. D. Services are requested when an organization (or a unit within an organization) is undergoing a process of change.

More and more organizations today face a dynamic and changing environment. This, in turn, is requiring these organizations to adapt. " Change or die!" is the rallying cry among today's managers worldwide. Exactly, if organizations do not embrace change that will die, the company will go bankrupt. Successful organizations embrace change and develop to realign and adapt to changing environment, technology, and globalization, take advantage of business opportunities that may arise, and to stay competitive to beat the competition.

Executive summary

This particular case study is done based on organizational behaviors and organizational development theories. It is about the Farm Bank president to design and install a comprehensive management information system to try change and develop the organization in the country. This project analyzes the organization behavior and current organizational problems in the company, and the suggestions on how to enhance employee effectiveness and increase organizational productivity are discussed. We have analyzed the causes for the problem both macro and micro; and we are to discuss the OBOD intervention that would enhance the effectiveness in systems affected within the company, increasing the organizational productivity and also helping the employees to maintain high morale among them through the organization behavior.

The project also analyses interpersonal influences that impact upon group behavior in the work setting. Topics covered in this section include

communication, decision-making, constructing work teams, leadership, and issues in power and politics, and conflict resolution. As from the whole case analysis we basically following find the problems and causes through the systems affected with the organization behavior to make the recommendations, which in develop the organization of the Farm Bank in this project. The aim of this assignment is to explore the field of OBOD about the several issues in this case: the impact of organizational structure on individual and organizational effectiveness; leadership; conflict management; decision-making; motivation, and stress. All these issues analysis and recommendations that will illustrate by the case of " The Farm Bank".

All these basic OBOD principles and provide concepts from MBA course by the lecturer Tan Thian Seng. We would like to express our group thanks and appreciation to Mr. Tan Thian Seng for his advice and guidance in the course of this case study, which support and time contributed to make this assignment.

Introduction

The Farm bank is one of the state's oldest and most solid banking institutions. Located in a regional marketing center, the bank has been active in all phases of banking and offered a wide range of products for customers, specializing in farm loans. The bank's president, Frank Swain, 62, has been with the bank for many years and is prominent in local circles. Following the world step development tomorrow will not be the same as

today. So, the Farm Bank should be change. President Swain decided to design and install a comprehensive management information system (MIS).

The MIS department is the organization's primary source of information technology, and it is responsible for ensuring that the organization uses such technology to best accomplish its goals and objectives. That responsibility breaks into two major functions. One is to develop, operate, maintain, and manage the enterprise information systems. The second is to acquire technology and to facilitate its transfer to appropriate applications. The nature of this second function was summarized by Cash, McFarlan, and McKenney in a description of three broad objectives of information systems management control:

1. Facilitate appropriate communication between the user and the deliverer of information technology services and provide motivational incentives for them to work together….

2. Encourage the effective utilization of the resources and ensure that users are educated on the potential of existing and evolving technology…

3. Provide means for efficient management of information technology resources and give necessary information for investment decisions.

The organization

The Farm Bank is one of the state's oldest and most solid banking institutions. Located in a regional marketing center, the bank has been active in all phases of banking, specializing in farm loans. At the bank, five

functional departments were headed by senior vice presidents. They were with the bank for years and in general, they were very conservative.

Two years ago, the president, Mr. Swain, realized that the bank needed to modernize its operations, so he decided to design and install management information system in order to achieve two major goals: to improve its internal operations so that the time servicing customers can be expedited; and to provide economic operating data for top management planning and decision making. Mr. Hassler, a solid operations manager, with Ms. Wyatt, an MBA graduate as his assistant, headed the MIS department. After the MIS was designed and put into operation, they printed thousands of pages of reports to all vice presidents, branch managers and Mr. Swain. However, Mr. Swain noticed that there was little improvement in management operations. So he requested Ms Wyatt to conduct a survey among the users of the system. The survey showed that over 50% of the users didn't accept the system well although the majority of the managers were in favor of the system. Ms. Wyatt reported the result to Mr. Hassler, yet Mr. Hassler decided to hold the result and not to report to Mr. Swain. Mr. Hassler wanted to solve the problems by MIS department, which made Ms. Wyatt wonder what should be done.

The problems

Macro-

1. The pressure of competition

Bank industry belongs to service sector, high quality service is very important within this industry. Many banks strive to attract and retain their customers by providing diversified service and products to cater their customers. With intensified competition, banks are urged to adopt various marketing strategies to keep their competitive advantages. With more and more banks and other financial institutions entering into this industry, the competition becomes more fierce. Under such condition, president of the Farm Bank decided to design and install a comprehensive management information system.

2. Technology

Technology has been growing very fast during the last decades. Nowadays, many banks begin to realize that it is an urgent matter to take advantage of technological advancement to support their development and strategy. For instance, almost all the banks adopt to apply e-banking, tele-banking, ATM to serve customers in addition to traditional methods. Technology has been playing a very important role in an organization's success. Hence, to continuously achieve business success and growth, organizations need to take action without any delay so that they can enhance organization's service quality and internal management as well. The Farm Bank, in such a business context, inevitably need to apply certain technological steps to catch the business trend.

Micro-

1. The need to improve and modernize the internal operations

The bank's internal operation need to be further modernized and improved by supplying necessary information on a more expeditious basis. Therefore, decreasing the time necessary to serve customers and enhancing the quality of the service become important for the Farm Bank. Also, the top management needs economic operating data for business planning and decision-making purposes.

2. Lower employee involvement and participation

The management information system was not used in the way as Mr. Swain had expected. Although the majority of managers were strongly in favor of the system, other employees felt it was not convenient to apply it in the daily work. The senior vice presidents would like to use their usual methods to make decision rather than through management information system reports. As the survey data showed, (1) 93 percent employees did not regularly use the system, (2) 76 percent employees reported that the printouts were hard to interpret, (3) 72 percent stated they received more data than they wanted, (4) 57 percent found some errors and inaccuracies, and (5) 72 percent employees did not trust the MIS, and they still kept manual records instead of MIS. As can be seen, employees using the management information system every day didn't treat the system seriously and they didn't use it as a major tool in their work. So the function of the management information system was not recognized by the employees.

The causes-

1. The designer of the MIS lack of basic knowledge of internal operations

The head of MIS department, Al Hassler, a solid operations manager, had some knowledge and experience in the computer department. His assistant, Valerie Wyatt, was a young M. B. A. with strong system analysis background, but with no experience about bank's internal operations. As per the case, the farm bank had five departments: they were Savings, Loans, Operations, Trust, and Investments. And each department had its special operating procedure of transaction. The specific information requirement in each department should be met in a diverse range. At the Farm Bank, there was no direct end user (from five departments) participation in this systems development projects before the MIS was implemented.

In addition, Al Hassler and Valerie Wyatt could not identify clearly the information requirements of each department in the whole bank (who needs what information, and how) due to little experience about other department. As we know, the primary goal of the management information system is to improve internal operation. For this very purpose, the system was designed, yet with a poor user interface (the part of the system that end users interact with). Sometimes employees couldn't receive integrated and useful data for day-to-day operations. Some data was not provided by the system accrual enough or in a useful format.

2. Inadequate end-user training

When the new management information system was installed, it involved much more than just new hardware and software. It also included changes in jobs, skills, management, and even organization. According to the case,

there was not any training launched after the installation and implementation of the management information system. So most of employees lacked necessary knowledge about the application of the system. Some employees actually did not know how to use this system correctly. They even did not trust this system and never used it. This was due to less staff involvement and participation.

3. The conservative nature of the Farm Bank

As per the case, all the senior vice presidents were with the Farm Bank for years and they reflected a stable and conservative outlook. After the management information system was installed and implemented, they were provided with various reports. Yet they tended to make decisions and function as they did before the MIS was set up. From here it can be seen that the top management was not apt at innovation and unwilling to accept new things. This could be crucial to the bank, especially in a dynamic economy, things changed very quickly. When an organization was slow in action at business trend and strategy, it could be impacted severely. This is even well illustrated when Mr. Hassler got the report from Ms. Wyatt, he tried to keep it without letting the president know. This conservative nature will make damages to the Farm Bank in the long run.

Systems affected

Structural-

Structural strategies attempt to change an organization's design; that is, the lines of authority, span of control, and arrangement of work functions are modified. In order to make business more competitive and effective, many organizations approach to restructure themselves as a major goal. As can be seen from the organization chart below, the Farm Bank is organized into five departments before the installation of the MIS.

After the Farm Bank designed and installed the management information system, a new department-MIS Department was set up and Mr. Al Hassler, a solid operations manager, was appointed to head this department. The following is the restructured organization chart of the Farm Bank.

Psychosocial-

Based on the case, the senior vice presidents at the Farm Bank were conservative in business management. They were accustomed to doing business in a stable environment. Most of the vice presidents tended to make decisions and function as they had before the MIS was installed. Based on the survey required by Mr. Swain and conducted by Ms. Wyatt, there were several major points as follows: (1) 93% reported they did not regularly use the reports because the information was not in a useful form, (2) 76% reported the printout was hard to interpret, (3) 72% stated they received more data than they wanted, (4) 57% reported finding some errors and inaccuracies, and (5) 87% stated they still kept manual records because they did not fully trust the MIS. From the survey, we can see that over half employees who were either not used to this system, or not supporting the

system. Their opinions were somewhat indifferent. We even can say that many employees were quite passive to this new system. They don't want to change, even refuse to accept new things.

Technical-

As the development of technology becomes vitally important, it is necessary for organizations to constantly adopt or update their technical system, which can be applied to their operational process. Any organization that wants to gain a leading position in the market must adopt advanced technology to support their daily operations and decision making. Under such circumstance, the Farm Bank built and implemented the management information system, which was an intranet computer system. With this technical improvement, the primary goal of accelerating the internal operation by using necessary and accrual information could be met, and thereby provide prompt service to customers. Also, the Farm Bank planned to support and assist top management to make decisions by using the management information system. With the installation of the system, MIS department could provide operating information to vice presidents, branch managers as well as the president.

Managerial-

One of the best solutions of the management information system for top management is decision-making. With the usage of the management information system, managers could find the data they needed as quickly as possible.

Another advantage of the management information system for the bank was to save cost. Resources could be utilized within the bank, so different departments could save much time and efforts, thus management information system was quite cost-effective. In addition, as data and information can be fully shared by different departments to meet various needs, they don't have to search certain information through piles of files for a long time. Now the report procedure could be dramatically shortened, so they saved a lot of time. Finally, when different types of reports were generated at a fast pace, this would enable the top management to plan their short-term as well as long-term strategy effectively and efficiently.

Goals-

Even if the management information system was installed and put into use, yet employees seldom put much emphasis on the system. Therefore, the result was not achieved as expected. As mentioned in the survey, 87% stated they still kept manual records because they did not fully trust the management information system. So they could not serve the customers at a higher level effectively. Besides, the senior vice presidents still made decisions and functioned in the same way as before the management information system was installed. It can easily be seen that the Farm Bank didn't fulfill their goals set by Mr. Swain.

Alternatives

After a thorough study of the case and several discussions, we found out that there are several alternative approaches that the Farm Bank can choose to change the current dilemma. They are as follows:

1. To build an intergroup team to replace MIS department

To organize an intervention team to replace MIS department, the number of the team should consist of seven numbers, besides Hassler and Wyatt, the other five number come from each function department.

Cons:

Confrontation or directly communication may lead these six departments straight to the point or where the problems lie with. In addition, the five team numbers who come from the function department are familiar with the internal operation of the bank, such as the procedure of each transaction, what kind of data they need or do not need and which format of data can meet the different requirements of each department.

Pros:

After the setting up of the team, some current specific problems and issues can be identified and dealt with fast. The purpose of the team is to solve the current problems. However, as we know, the management information system is a computer system based on intranet, which requires maintenance and checking regularly during the daily work by someone who has computer system analysis background. Thereby, more serious problems or new

problems will possibly cause if the running of the system is not monitored properly after the modification of the MIS.

2. To arrange the vice presidents to analyze the system.

Pros:

This can help to solve the problems and enhance communication and understanding of the situations between the departments. The vice presidents involve in the modification of the system, which may change their mindset quickly and possibly enable them to use the MIS for their decision-making instead of the way before MIS, and further influence their subordinats to use the system daily.

Cons:

These senior vice presidents have been with the bank for years and it is not easy to change their mind and attitude in a short time, this is commonly seen in the organization, especially when we are talking about the Farm Bank which has held the conservative culture for a long time. Thereby, they may think the current situation is good at what their departments in charge of and may be reluctant to confront any changes for their internal operation.

3. To recruit another two employees who are skilled both in computer and banking knowledge to substitute for Mr. Hassler and Ms. Wyatt.

Pros:

The new employees of the MIS department may have a higher responsibility for their job than Mr. Hassler and Ms. Wyatt. They may modify the system properly using their knowledge and experience, and then, to monitor and control the use of the system in time. This may avoid such problems to happen again in the future.

Cons:

The whole system was designed and installed by Mr. Hassler and Ms. Wyatt themselves. As the new staffs do not know anything about the structure and the procedure of the system, so they need to spend long time studying and comprehending this system and internal operation of the bank. This will waste much time to modify the MIS system. There is also a potential risk for the Farm Bank to recruit new staff to undertake the task since nobody can ensure whether they can do the task better than Mr. Hassler and Ms. Wyatt.

4. To redesign a new management information system.

Pros:

To repeal the current MIS and redesign a new management information system according to the feedback from each department, which may overcome the problems the old MIS had and enable the system more efficiently for internal operation and decision-making.

Cons:

Redesigning a new MIS instead of the old one will spend much time and cost to the Farm Bank. More importantly, the MIS department does not make profit directly for the bank as it is not an operational department. Thereby, MIS department investing so much money in the system may cause the discontentment of staffs of other departments. This may bring on new conflict between each department and block the running and usage of MIS in the future.

5. To set up an administrative control formalized standards, rules, procedures, and control disciplines of MIS.

Pros:

An administrative standard can ensure that the management information system controls are properly executed and enforced. Each department may do their duty better for the system under the administrative pressure. The MIS department can modify the system quickly, and control the running of the system regularly; the other end-users can deal with the system as a necessary tool in their daily work, which can come to effect in a short-term time.

Cons:

The use of administrative authority for the system can of course raise serious moral issues without rational and re-educative approach, which will lead to more potential passive attitudes toward the system in the future.

Recommendations:

As the problems emerge as above, we can see that necessary procedures must be considered to solve the problems occurring at the Farm Bank. Here are our recommendations:

1. Structural interventions–

As per organization chart given, the Farm Bank was led by Mr. Swain as president and under his supervision were vice presidents of various departments. Ms. Wyatt, the only MBA graduate at the bank, was under the direct supervision of Mr. Hassler, vice president of MIS department. After the management information system was installed and put into operation, Ms. Wyatt was the only person responsible for the system. As for other different departments, no specific personnel were assigned to participate the operations for them. So certain staff need to be deployed for each department to form a team led by Ms. Wyatt, then the staff can print reports to vice presidents and managers.

As per the survey conducted by Ms. Wyatt, " 72% stated they received more data than they wanted", thus each department need to have one staff to selectively print out reports for their vice president. Besides, the survey also showed, " 57% reported finding some errors and inaccuracies", so improvement should be done to enhance the accuracy of the MIS and this work should be carried out by staff from each department, not by Ms. Wyatt only. Since the bank need many analysis reports, strong recommendation is made that a small team led by Ms. Wyatt should be formed in order to

provide proper reports for vice presidents as well as Mr. Swain for decision-making purpose.

2. Behavioral and psychological interventions–

As per the case shows, the new system was designed to improve the internal operations, to better serve the customers as well as to help the top management make decision. Nevertheless, after the MIS was installed and operated, " little improvement in management operations", " most of the older VPs tended to make decisions and function pretty much as they had before the MIS was installed". " 87% stated they still kept manual records because they did not full trust the MIS". The above statements show very clearly that many employees including some department heads and branch managers didn't support the MIS fully and low effectiveness and inefficiency were inevitable. As Don Harvey and Donald R. Brown put it,

" People generally have higher morale and are motivated toward organization goals when their personal resources and talents are being fully used. By increasing the level or morale, motivation, and commitment of members, organization performance can also be improved."

In a nutshell, something must be done to improve the whole function of the bank. Under such condition, improvements need to be adopted through 1> individuals–as mentioned above, each department need to have certain staff assigned to be in charge of MIS operations. Individual employees should be trained on how to operate the system so they should at least be able to provide reports for their own department. Another option is to form a team

led by Ms. Wyatt as mentioned above. After team members submit reports, Ms. Wyatt makes analyses and then submit to VPs of each department, through this method, effectiveness and efficiency must be achieved. 2> managerial level–since the MIS was supposed to achieve certain goals for management planning and decision making, under such circumstance, Mr. Swain needed to assess the result of MIS after a period of operation.

Mr. Swain could call for meetings to discuss the operation of the MIS. He could also discuss the issue with other VPs to see how they can better improve the results of the MIS. As can be seen, " 93% reported the information was not in a useful form"; 76% reported the printouts were hard to interpret". Ms. Swain could make the MIS adapted to the need of the VPs and other managers. He could even arrange Ms. Wyatt to hold some seminars for the VPs to clarify and analyses the advantages of the MIS. The above work should be done by Mr. Swain since the case shows at the end, Hassler stated to Ms. Wyatt " Let's just keep this ourselves for the time being..". It is completely necessary that Mr. Swain take certain actions to change this situation. 3> technological–as stated above, the MIS was in operation for a short period.

There must be room for further modifications since the survey illustrates that " 76% reported the printouts were hard to interpret", " 57% reported finding some errors and inaccuracies". Since the MIS was a new system, to better operate it, efforts and support need be made so the advantages could be shown. On the other hand, there possibly will be errors occurring in the system. So adjustments should be done to achieve that goal. Note that the

MIS is for bank use, data must be accurate. Otherwise, there will be losses caused either to the bank or to clients. Besides, the printouts are hard to interpret, so the bank should adjust the data into more specific terms so they are easily understood.

3. Intensive training to the end users

Training and development is essentially concerned with achieving individual change through learning. Change within organizations requires such learning to occur. It is therefore critical for training practitioners to have and apply a sound understanding of individual learning if they are to effectively contribute to managing organization change. However, we know from a study of OD that focus of learning cannot be confined to knowledge and skills. Individual beliefs, values and attitudes play an important part in creating a learning organization and in successful implementation of planned organization change. Mr. Hassler and Ms. Wyatt, as training specialists, also need a sound understanding of change processes in these areas.

Of course, there are other methods to improve the situations at the bank regarding the new system and the bank's employees. As per the case, the MIS has done and will do a lot of benefits for the bank since " the majority of the managers were strongly in favor of the system". At the same time, these techniques must be carried out step by step, not immediately. Departments concerned must cooperate and interrelate with each other to achieve the core goals. Only through this way can the Farm Bank obtain its primary target and gain competitive strength.

Conclusion

For OD strategies to be successful, the organization must consider the interdependencies that exist among the various sub-elements. A change in one subsystem will have some impact upon other elements of the system. A comprehensive approach needs to consider technological and structural variables as well as behavioral variables of the system. When we analyze organizational development and organizational behavior problems, we need to analyze the overt organization elements that are easily observed, such as patterns of communication, trust, openness that are often obscured or hidden. It is also essential to consider all possible problem areas, both overt and covert, if the strategy is to be successful.