

Organisational behaviours defined in a structure commerce essay



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Organisational behaviour is defined as being ' the study of the structure, functioning and performance of organisations, and the behaviour of groups and individuals within them' (Pugh, 1971). A more recent and in depth definition describes organisational behaviour as ' the interdisciplinary body of knowledge and field of research, concerned with how formal organisations, behaviour of people within organisations, and salient features of their context and environment and environment, evolve and take shape, why all these things happen the way they do, and what purposes they serve' (Sorge and Warner, 1997). There is however constant debate as to the meaning of the subject and varying ideas of the areas the subject covers and there are also varying titles of the subject for example ' organisational theory' and ' organisational analysis'.

The report will analyse the following areas; Organisational structural style and design, management control & leadership, organisational culture and individual perception. Identification of the interrelationships between these areas and an organisation will then be made. The organisation which will be analysed is Barclays Bank PLC.

Management can be described as many different things and there a number of contrasting views as to what is actually meant by the term management and different ideas about what a manager does. One widely used definition is ' Management is the process of achieving organisational objectives, within a changing environment, by balancing efficiency, effectiveness & equity, obtaining the most from limited resources and working with & through people' (Naylor, 2002). Management is also seen as not just being a process but ' Management is tasks. Management is a discipline. But management is

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also people. Every achievement of management is the achievement of a manager. Every failure is a failure of a manager' (Drucker, 1979). This definition shows the link to humanistic approaches to management and highlights the importance that they have in terms of management. Drucker also identifies the pressure on managers to achieve as the responsibility ultimately lies with them. These two definitions both relate to the idea that ultimately management is 'making things happen'. The debate occurs when identifying how people and resources should be used in order to make things happen effectively. Henri Fayol identified 5 key elements of management which he described as; planning, organising, command, co-ordination and control.

A classical management theory comes from Frederick Winslow Taylor (1856 - 1915) who developed the 'scientific management theory'. This theory set a belief that there was 'one best way' to complete a task and scientific methods were used to determine this. As a result of this belief tasks were standardised as much as possible in order to create the 'one best way'. Taylor developed the theory in order to create a solution for the growing complexities in industry and the emergence of new technology which created organisational problems for businesses. Scientific methods were used to identify and select the best person to do a job and train the correct person to do a job. The theory also implemented a clear division of tasks between management and workers. Taylor explained to workers that following his 'one best way' would increase production which in turn would increase their pay.

Taylorism was developed further by Gilbreth and Gantt. Gilbreth (1878 - 1972) used time and motion study to improve efficiency further. One example of this is 'field study' which he devised for use on work sites to improve efficiency by creating a set of rules and procedures.

Gantt (1861 - 1924) agreed with Taylor's approach but he believed, in considering human psychology the theory could be made more acceptable. He introduced the idea of 'best known way at present' which compared to Taylor's idea of 'one best way' as it gave less detailed analysis of jobs. Gantt also introduced the 'Gantt chart' which planned work activities in order to improve efficiency.

Henry Ford (1863 - 1947) was another advocate of Taylorism. Ford's view was 'continuous improvement' instead of 'the one best way' view of Taylor. He brought about the de-skilling of work in order to meet the needs of mass production as the number of skilled workers was not enough to meet the mass production desired. His major innovations were the analysis of jobs using time and motion techniques, the use of single purpose machines to manufacture standardised parts and the introduction of the assembly line. The main differences between Taylorism and Fordism were that technology was now at the fore front of work in Fordism and the introduction of technology controlled the pace of work and design of work, compared to Taylorism where the workers or supervisors controlled these.

These classical theories concentrate on the production in an organisation whereas the humanistic theories take into consideration the individual workers concerns. Classical theories use the idea of control and punishment

of workers based on targets. This approach was seen as demotivating and in some cases it was believed it limited the performance of workers.

Human relations theory used the principle that in letting workers communicate their opinions, concerns and suggestions about work they could create a better satisfaction and higher production. The social well being of workers was now considered as being an important factor and this as a major influence on effectiveness of organisations.

The Hawthorne studies conducted by Elton Mayo in Chicago, 1924 conducted research into the relation of quality and quantity of illumination to the efficiency in industry. The studies helped illustrate the importance of social relations in the workplace and moved managers to consider interpersonal aspects of organising. However the studies had many criticisms as it was believed that there were too few subjects and that subjects were replaced with more cooperative participants. Many labelled the studies as worthless and full of errors due to these criticisms.

Douglas McGregor's (1906 - 1964) 'Theory X and Theory Y' focuses on the assumptions managers have about human nature. It set about understanding human behaviour by discovering the theoretical assumptions which behaviour is based. Theory X relates to the classical theory as it assumes that humans have an inherent dislike of work. It also assumes that most people must be directed and controlled and also threatened with punishment and that they avoid responsibility.

Theory Y relates to human relations theory. It assumes that external control and the threat of punishment are not the only strategies. It assumes that
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humans learn under proper conditions not only to accept but to seek responsibility. It also theorises that the intellectual potentialities of the average human being are underutilised. The 'scale of authority' illustrates McGregor's theory.

Reward Theory X (Classical) Theory Y (Humanistic)

Concern for workers

Concern for production

Social

Join

Consult

Sell

Tell

The scale of authority diagram shows the activities and methods of controls and the relation these have to the theories of management. The classical theories which relate to McGregor's 'theory x', use high levels of control and direction which can be described as delegation. The humanistic theories use a more limited approach to control and try to align the individuals and the organisations goals in order to create more effective work, this can be seen as empowerment.

Barclays Bank Plc uses high levels of control and direction in some of its work areas, for example their sales and customer service teams which operate in their call centres. The approach used is highly controlling, which can be related to the 'tell' approach to management. Technology is used to standardise tasks by the use of electronic scripts and prompting systems which limits individuals influence on tasks. Also financial incentives are offered to workers based on performance and meeting sales and quality targets. This level of delegation can be related to Taylorism, and shows that elements of classical theory are still present in modern day work. This method can also be linked to the McDonaldisation theory (Ritzer, 1993) due to the predictability of tasks and the level of control used which means workers perform a limited number of tasks in a precise way. This method can de-motivate staff as a lack of influence on work methods and responsibility can lead them to feel insufficient and feel as if they are just a tool to be used. However if workers are in fact considered to be in the category of 'theory X' then this method may help them achieve their individual goals and they may in fact be satisfied with this work method.

Barclays also show a concern for social needs in these same work departments, for example workers are provided with entertainment areas and gym's which may be seen to help workers social well being. Barclays show what is typical of modern day work, that a mix between classical theories and humanistic theories are now put in place to help achieve effective working practises with the addition of achieving individual worker satisfaction.

Structure

Structure is defined as being ' the pattern of relationships among positions in the organisation and among members of the organisation. It defines tasks and responsibilities, work roles and relationships and channels of communication' (Mullins, 2005). Good management and control are not the only ways of improving the performance of an organisation and other factors are needed to help an organisation succeed in creating good performance, such as organisational structure. ' Good organisation structure does not by itself produce good performance. But a poor organisation structure makes good performance impossible, no matter how good the individual managers may be. To improve organisation structure ... will therefore always improve performance' (Drucker, 1989). Drucker shows the importance of having a good organisation structure and illustrates the impact it can have on performance.

There are three different levels within an organisation which are technical level, managerial level and community level. These levels are all interrelated as the technical level interrelates to the managerial level which in turn interrelates with the community level. The technical level deals with specific operations and the jobs that need to be done for example in Barclays the branch cashier that deals with customers. The managerial level deals with the co ordination and integration of work in relation to the technical level. For example in Barclays the branch managers would be part of this level making decisions on performance and resources required. Finally the community level deals with the business as a whole and focuses on decisions

that concern the whole business. The directors of Barclays and their business strategy is an example of the community level.

The span of control is an important factor in regards to organisational structure as it has a big influence on the communication and co ordination a business has between its different levels and staff. A tall (Hierarchical) organisation has many levels and therefore has a narrow span of control. If the span of control is too narrow then communication may become more difficult and less effective. Alternatively a flat (Organic) organisation has a small number of levels which in turn allows it to have a wide span of control. If an organisation has a span of control which is too wide then it may become more difficult to supervise subordinates which in turn could create more stress for managers.

There are also four different types of structure an organisation can have which are functional, divisional, matrix and informal. Functional structure adopts a tall style and the chain of command goes from the top down. Divisional structure divides command through product. This can be likened to many international businesses which provide different products to different area to the world. Matrix structure incorporates dual responsibilities and mixes functional structure and divisional structure together. It is usually used when people with functional expertise are needed for certain projects, but when the project is completed they are again moved to another area. Informal structure is loose in structure and individuals are usually part of a network of relationships. Communication is usually quick but not always effective. This form of structure is usually seen in family businesses or small businesses where all the individuals know each other.

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Barclays is a tall (hierarchical) organisation with many levels. The organisation splits into two business clusters which are 'global retail banking' and 'corporate & investment banking and wealth management'. There are also two other major areas of business which are 'group centre' and 'absa'. This suggests that they adopt a divisional structure as they split the organisation by product. The group centre is the head office and support functions operation. The organisation is decentralised; even though it has a main headquarters in London it also has other headquarters in other cities such as New York which allow it to make quick effective decisions and respond to changes in different areas of the world (Barclays, 2011). This can affect individual workers as it may improve their performance as they are provided with more effective control which will not hinder their work as the decisions being made will be quicker and more responsive. The problem with this sort of organisational structure for the individual is that the roles of people in the organisation become unclear and role ambiguity occurs. This could affect workers as they may be unsure about who they should approach on certain issues and therefore work may become more complicated resulting in decreased performance which in turn may lead to de motivation.

Culture

Culture is defined as being 'the configuration of learned behaviour and results of behaviour whose component elements are shared and transmitted to the members of a particular society' (Linton, 1945). Culture can also be applied to organisations as well as general society as 'organisational structure describes the fundamental assumptions people share about an organisation's values, beliefs, norms, symbols, language, rituals and myths

that give meaning to organisational membership and are collectively accepted by a group as guides to expected behaviours' (Pettigrew, 1979). Pettigrew expands on Linton's definition of culture and describes how culture can exist within an organisation and influence the behaviour of individuals within the organisation.

Organisational culture can be interpreted in different ways. Deal and Kennedy generic culture grid explains that there are four types of culture that a organisation can fall into. These are ' tough-guy, macho', ' work hard/play hard', ' bet your company' and ' process'.

Risk

Low

Feedback and reward

Rapid

Work-hard, play-hard

culture

Slow

Process

culture

The ' tough-guy, macho' culture is about individualism of employees who enjoy risks. This culture is all about success of individuals, and successful employees work very hard to be stars. Due to this fact there is high labour turnover as failure is unwanted and this in turn means a cohesive culture

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cannot be formed. Individualism in this culture ultimately prevails and an example of this culture could be an advertising firm or a sports team.

The 'work hard/play hard' culture is mainly attributed to the sales world. Employees take few risks but feedback on performance is immediate. High levels need to be maintained in this culture and it requires employees to always be upbeat. Team effort is encouraged and everyone is driven to perform and excel.

The next culture illustrated is the 'bet your company' culture. High risk decisions are taken coupled with slow feedback which means that people have to wait long periods of time to see if decisions have paid off. The long term is the focus in this culture and planning is seen as essential.

Finally the 'process' culture has low risks along with slow feedback so again it takes time to find out if a decision was the right one or not. Employees concentrate on getting the task done correctly instead of the outcome of tasks as it is hard for employees to measure their performance.

Charles Handy's model of culture explains that there are four types of culture which co-exist in most organisations. These four cultures are firstly 'role' culture which is stable with predictable work. People in this culture do their job adequately. The next type of culture is 'power' culture which uses key figures to control. This culture is usually attributed to small organisations where the second guess what the boss thinks. 'Task' culture focuses on expertise and talent and is subject to constant change. This sort of culture is usually seen in matrix structure organisation where project management is commonly used. Finally 'person' culture focuses on individuals and these

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individuals see themselves as professionals who are lending their expertise to the business. Management is not seen as being necessary and is given a lower status level.

Barclay's organisational culture can be seen to use many of these different culture types for example the sales teams in their regional call centres may be seen to be using the 'work hard/ play hard' culture as employees are required to maintain high performance and they are driven to excel.

However in other departments this culture may not be adopted for example Barclay's investment banking department may adopt a 'tough-guy, macho' culture as the risks for workers is high but many of them strive to be successful and work hard to be stars within the organisation. In relation to Charles Handy's culture types Barclays use 'role' culture for its branch staff as their work is seen to be highly predictable and the workers do their jobs as they are told to. Barclay's investment bankers may be seen to adopt the 'person' culture as they see themselves and are considered by others to have a high level of expertise and because of this are paid high sums of money in order to keep them in the organisation.

Conclusion

An effective organisation mixes good organisational structure with effective management control and organisational culture. If an organisation can do this then they have a greater chance at being successful and achieving the maximum performance from workers while creating employee satisfaction.

Achieving this mix can be very difficult and is effected by many different factors. Even if this mix is created it does not guarantee success but without it, it may be difficult to achieve an organisations overall objectives and goals.
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