

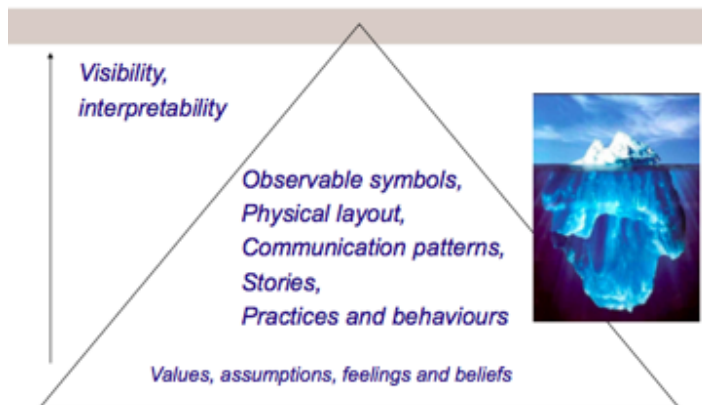
MGMT20001 Organisational Behaviour

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Culture

The “customary and traditional way of thinking and doing things which is shared to a greater or lesser degree by all members and which new members must learn in order to be accepted into the services of the firm”



Integrationist Theory of Culture

- Organisations have uniform cultures
- A single, uniform strong culture is better
- An organisation's culture influences its effectiveness (functionalist)
- Provides a common set of values to enable members to work together; reduces need for formal rules
- Culture is reproduced; organisation is stable
- Culture enables the organisation to survive in the environment in which it operates

Differentiationist theory of culture

- Organisation is a cluster of sub-culture related to particular challenge, task, responsibility of a unit group
- Consensus is found not at organisational level but in sub-cultures
- Relations among subcultures can be complementary, conflicting or independent
- Boundary between “inside” and “outside” is permeable

Critical Theory of Culture (purely an analysis tool)

- Both integrationist and differentiationist theories are functional (look at culture from management's point of view)
- Critical theory looks at how **employees** are affected
- Focuses on the way in which power is embedded in culture
- Especially interested in how strong culture is a way to control employees

Enron

- Culture of innovation:
 - “Most innovative company” 5 years in a row
 - Ability to embrace uncertainty
 - Invented radical new business concepts
 - Charismatic/visionary/revolutionary leadership
 - “Intensely stimulating environment”
 - Cut staff and recruited young talent for new thinking/ideas
- Culture of “best practice”:
 - On list of best companies to work for
 - Extremely high level of employee talent
 - High quality management
- Cut-throat culture:
 - “Make money at all costs”
 - Had to endure a punishing workload
- **Observable symbols:**
 - Rituals/ceremonies: Major spectacles using theatrical costumes and settings; rode on an elephant to promote India ventures
 - All Enron traders looked similar
 - Most employees had a goatee, or were clean cut
 - Outdoorsy look
 - All employees wore the same blue shirt
 - Enronians like a members of the same “club”
- **Communication Patterns:**
 - “Aggressive” nicknames for executives e.g. Rebecca Mark the the Shark
 - Nicknames of employees: “Enronians” - the best and brightest in the world
 - Employee’s in the ‘A’ category called ‘water-walkers’
 - Has particular terms/language e.g. “metrics” instead of “numbers” or “come to shore” instead of “build a consensus”
 - One way channel: top-down
 - Major presentations/spectacles on stage by leaders
- **Practices and Behaviours**
 - Recruitment process: initial interview; “Super Saturday” - interviewed for 50 minutes by 8 different interviewers
 - Employees “Enronized” - fierce competition, no loyalties other than Enron
 - 80 hours of work per week is normal
 - Performance appraisal: ranked twice a year into A, B or C
 - C’s have to improve or be fired. Almost impossible to get out of C.
 - People in category B or C faced threat of being fired

- 15% of employees were regularly fired or quit
 - No seniority-based salaries, highly leveraged compensation in the form of huge cash bonuses and stock option grants to top performers
- **Values, assumption, feelings and beliefs**
 - Hiring young people because they didn't mind long hours, did not question authority and did not care about things being kept as they always had been
 - Consistent message to employees that they are the brightest and best
 - Employees who performed were compensated well, "if you were smart enough and tough enough to work at Enron, you deserved to live like last year's Oscar winner"
 - Each employee for himself "if I step on a guys throat and he doubles my compensation, well I'd stomp on the guy's throat" - no cohesion
 - Corrective feedback stifled - employees need to be consistent with their leaders

Integrationist Theory

- Same culture of being innovative, being the best and cut-throat culture organisation-wide
- Consensus on culture throughout the organisation
- Top-down - Ken Lay dictates the culture through his procedures e.g. punishing employees who speak out
- Boundaries of in and out - it is very exclusive, like a "club" to be a trader at Enron
- Extremely strong organisational commitment - loyalty to Enron is first and foremost
- Weaknesses:
 - Patterns do not tell the whole story - although employees all look to be in uniform, they certainly do not work as a unified team
 - The strong culture of not speaking up is hindering the organisation

Differentiationist Theory

- Subcultures exist between traders vs other divisions - other divisions see the traders being favoured with big bonuses and holidays
- The sub-cultures do seem to be complementary but there is some animosity between them
- A definitive boundary between traders and other workers - more elite/exclusive
- Weaknesses:
 - Balkanization - each culture seems to be working for themselves
 - Not so easy to move between trader culture and other cultures
 - Although there is more scope for middle managers to manage culture, it is not utilised

Critical Theory

- Employees seem to enjoy being apart of the Enronian group as they feel apart of something special that is contributing to society and they have it good, happy to conform

- Employees want to resist the culture of not speaking up as they believe there are critical issues, however they cannot for fear of losing their job
- Employees that are not traders are unhappy with the bonus/holiday rewards culture that traders are afforded

Recommendations

- Enron should align the reward part of the culture across to ensure greater fairness - makes all employees feel valued
- Encourage a culture of sharing ideas and concerns - this can contribute to greater success at Enron as problems can be pinpointed and solved before they grow
- Promote more unity amongst employees - it is so competitive and they would likely achieve more if they supported each other
 - Bonuses could be tied less to just number-figure performance and on other aspects such as helping others or innovative ideas
 - Present the idea that they are all “Enronians” already, and will be more successful if unified
- Spend less money on large, grand spectacles as a form of communication and focus more on a clear, concrete and reassuring message

Automakers

- Male-dominated culture - 80% of the workforce in the industry
 - Key employee issues:
 - Culture of workers feeling insecure due to widespread layoffs
 - Union leaders vigorously opposed to making "concession" contracts
 - Increasing pressure to reduce costs, improve quality and fight imports
 - Low employee motivation and job satisfaction
 - Culture of aggression
 - Culture of competition
 - Culture of lying, cheating and stealing
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- **Physical Layout:**
 - Production line - separated into units
 - **Communication Patterns:**
 - Verbal abuse - yelling and screaming
 - **Stories:**
 - Extreme examples of behaviour were "myths", perpetrators "folk heroes"
 - **Practices and Behaviours:**
 - Vague/unclear productivity and quality standards
 - Dramatic confrontations
 - Figuratively beating up offenders
 - Competition between shifts, "shiftitis"
 - Everything based on results - unscrupulous actions as a result
 - Counting back on the line to get a better count
 - Foreman lock up tools so people on the next shift don't get them
 - Breaking into other's lockers
 - Damage and waste results
 - Each unit always passes goods that have quality issues onto the next unit due to the pressure to deliver numbers over quality
 - no longer a problem to the unit once it is through the metaphorical 'wall' between units
 - Due to fear of being exposed/humiliated, people were self-defensive and always came up with excuses
 - Failing to take responsibility for product defects "shipping shit"
 - Calling maintenance/engineering if something goes wrong, pinning the problem on them
 - Concealing (stockpiling) parts
 - Hiding personnel
 - Falsifying reports concerning injuries, defects and manpower

- Hiding scrap and calling it lost stock - \$1m of obsolete material recorded, when it was actually \$2m
- **Values, assumption, feelings and beliefs:**
 - In order to be promoted, one had to be a 2x4 manager
 - Glory in the “show” of being an aggressive manager when something was done wrong
 - Often all an act - e.g. after screaming manager turns and winks at another worker
 - 2x4 managers often vastly different in their family life and/or are ashamed of their job
 - People do not listen to you if you are a “nice guy” - better to be straightforward and incite fear
 - Functional loyalty - empire building at all levels
 - Turning up machines for short periods of time to get more work done
 - No trust as no one wants to get blamed
 - Expectation that repair will pick up defects, otherwise warranty - just get the job done
 - Success determined by the ability to be aggressive and competitive
 - No reward for anyone who asked questions, communicated problems or accepted blame

Integrationist Theory

- Strong, unified culture of aggression; competition; lying, cheating and stealing
- Top-down:
 - top managers asserted aggressive culture through yelling and screaming
 - Asserted competitiveness between shifts by hiding their tools
 - Asserted lying, cheating and stealing by inciting fear of making mistakes and not meeting numbers, rather than quality
 - Only selected 2x4 managers as they were the only ones seen to be successful
- The unification of culture and aligned goals leads to strong commitment of the workers (it is just misguided)
- Weaknesses:
 - Culture is so unified, no one is willing to challenge its toxic consequences
 - Outward pattern of teamwork and unity, but competition is so fierce and pressures so great that

Differentiationist Theory

- T-Plant has a sub-culture compared the the rest of the organisation due to the nature of their work in production
- Each unit could also share their own sub-culture e.g. the unit who sped up production line
- Some scope for middle managers within their own division (although choose to adopt 2x4)
- Permeable barrier between inside and out - between each unit and each shift

- Weaknesses:
 - Definite Balkanisation - sub-cultures working for self-interest rather than the interest of the organisation as a whole

Critical

- Many employees felt shiftitus fostered “good, clean competition”
- Employees thought part of the fun of working at T-plant was “its macho, competitive, street-fighting world”
- Only the external consultants perceive the culture as bad as employees fail to consider the impact of their practices on the organisation as a whole

Apple

- **Observable symbols:**
 - Logo
 - 1970s: Isaac Newton lost in thought under an apple tree
 - 1977: Multicoloured Apple with a bite (byte) taken out of it
 - Later: White Apple\
 - Staff wore jeans and sneakers, suits and ties rarely seen
- **Physical Layout:**
 - Early days: “friends were called to assemble the boards in Jobs’ family home”
- **Communication Patterns:**
 - Informal
- **Practices and Behaviours:**
 - Emphasis on low costs, quality control, just-in-time inventory control and external suppliers
 - Very decentralised structure under Jobs, Sculley centralised it
 - Jobs’ practices:
 - Rock music playing at night, classical in the day
 - Fruit juice provided free to employees
 - Masseur on call
 - Ethical e.g. Chinese working conditions questioned, inspected factories and resolved
- **Values, assumption, feelings and beliefs:**
 - With new rainbow logo: “image of a \$100 million company at a time when it had twelve employees”
 - Innovation
 - User friendliness for customers particularly those who have no tech knowledge
 - Believed it was “their mission to bring computer literacy to the masses”
 - 1984-85 Mac very much favoured within the company, Apple II team felt neglected, Jobs said “the dull and boring product division”
 - Del Yocam said “The Mac people had God on their team” as Jobs was the manager with 12% ownership
 - Jobs advocated for a strategy of innovation, whereas Sculley was focused on building computers and inventory quickly and efficiency
 - Evolution from a computer company to a mobile device company