MGMT1001 Summary Notes

<u>Topic 1:</u>

- An **organisation** refers to an entity that has a distinct purpose, includes people and has some deliberate structure
- **Management** is the process of coordinating and overseeing the work activities of others to achieve efficiency and effectiveness
- **Scientific management**: redesigning work processes to increase efficiency with greater specialisation and division of labour
- **Administrative management**: specialisation of labour as well as formal rules and procedures, well defined hierarchies and career advancements based on merit
    - **Management roles**: Planning, organising, leading, controlling
- **Behavioural management**: focuses on motivation and behaviour to improve performance
- **Mintzberg management roles**:
    - **Interpersonal**: figurehead, leader, liaison
    - **Informational**: monitor, disseminator, spokesperson
    - **Decisional**: entrepreneur, disturbance handler, resource allocator, negotiator
- In the 21st century, there is an increased emphasis on motivation, leadership and relationships, making effective communication a key skill. Managers are required to work smarter and harder, deal with the conflicting demands of creating shareholder value and remaining ethically and environmentally responsible, as well as the demands for worker flexibility, work life balance, etc.

<u>Topic 2:</u>

- **Organisational behaviour** is the study of the actions of people at work, focusing on individual behaviour as well as group behaviour
    - **Goal** is to: explain, predict and influence behaviour
    - Focused on: employee productivity, job satisfaction, absenteeism, turnover, and organisational citizenship behaviour
- **Attitudes** are expressions of favour or disfavour towards a person, place, thing or event, which help to predict and influence employee behaviour
    - **Cognitive** component: beliefs, opinions and knowledge
    - **Affective** component: feelings or emotions
    - **Behavioural** component: intentions to behave in a certain way
- Managers are interested in 3 **job related attitudes**:
    - **Job satisfaction**: individual's general attitude towards their job
        - Impact on productivity, absenteeism, turnover, customer satisfaction
    - **Job involvement**: degree to which an employee identifies with his or her job, actively participates in it and considers their performance important to their self worth
        - **Organisational commitment** is the degree to which an employee identifies with a particular organisation and its goals
        - **Perceived organisational support** is the employee's belief that their organisation values their contribution and cares about their wellbeing
    - **Employee engagement**: how connected, satisfied and enthusiastic employees are about their jobs
- **Cognitive dissonance theory**: individuals will try to reduce discomforts of

inconsistencies between their attitudes and behaviours. The intensity of the desire to reduce dissonance and change behaviour is affected by:
- Importance of factors creating dissonance
- Degree of influence individuals believe they have over factors
- Rewards available to compensate for dissonance
- Attitude surveys ask employees how they feel about their jobs, work groups, managers and organisation

Topic 3:

- **Personality** is an individual's unique combination of emotional, thought and behavioural patterns that affect how a person reacts and interacts with others; affecting how and why people behave the way they do; it is best to match personality types to jobs
- Classifying personality traits:
  - **Myers-Briggs Type Indicator**: psychometric questionnaire to determine how people perceive the world and make decisions
    - Social interaction (E/I)
    - Preference for gathering data (S/N)
    - Preference for decision making (F,T)
    - Style of decision making (P,J)
  - **Big Five Model:**
    - Extroversion
    - Agreeableness
    - Conscientiousness
    - Emotional stability
    - Openness to new experiences
- **Other personality traits:**
  - Locus of control
  - Machiavellianism
  - Self esteem
  - Self monitoring
  - Risk taking
  - Proactive personality
  - Resilience

- **Emotions** are intense feelings directed at someone or something
- **Emotional intelligence** is the ability to notice and manage emotional cues and information
  - **Self awareness** - being aware of how you feel
  - **Self management** - managing own feelings
  - **Self motivation** - persist in the face of adversity
  - **Empathy** - being aware of how others feel
  - **Social skills** - handle the emotions of others

- **Perception** is a process by which individuals organise and interpret their sensory impressions to give meaning to the environment:
  - **Influenced by**
    - attitudes, personality, motives, interests, past experiences and expectations
    - target characteristics (attribution theory)

MGMT1001 Notes

Topic 1: What is management? What is an organisation?

- An **organisation** refers to an entity that has a distinct purpose, includes people and has some deliberate structure; they exist independently of the people within them
- Key characteristics of organisations include: size, industry, ownership type, owner domicile, location, physical environment, remuneration and benefits
- Organisations and management are experiencing constant change, primary due to the impact of globalisation, and must adapt to these changes:
    - Technological change - fostered new inventions and innovations and has increased the amount of outsourcing and offshoring
    - International division of labour - production is no longer confined to national boundaries and instead moves globally to nations with a comparative advantage
    - Changing conception of time and space - advancements in communications technologies has removed the restraints of working hours with many employees now on call 24/7
    - Changing demographics - widespread migration has led to changing demographics in the workforce and less discrimination
- **Management** is the process of coordinating and overseeing the work activities of others to achieve efficiency and effectiveness
    - **Efficiency (doing things right)** is about maximising output from the least amount of inputs, and not wasting resources
    - **Effectiveness** (doing the right things) is about completing activities that will help to achieve business goals

Timeline of Management Theory

- Frederick W. Taylor defined the techniques for **scientific management** as the systematic study of relationships between people and tasks for the purpose of redesigning the work process to increase efficiency - he believed in the

specialisation and division of labour in order to improve efficiency and maximise output
- Foundation for automation and off shoring as it led to the rising use of technology in production and greater specialisation of labour
- Max Weber described key characteristics of **administrative management**: specialisation of labour, formal rules and procedures, well defined hierarchies and career advancements based on merit
- Henri Fayol developed a list of principles which aimed to increase efficiency in **administrative management**, describing the key functions of managers:
    - Planning - defining goals, establishing strategies to achieve those goals and developing plans to integrate and coordinate activities
    - Organisation - designing processes and systems to achieve those goals; determining what needs to be done, how it will be done and who is to do it
    - Leading - commanding and coordinating to select the right employees, evaluate work performance and put together teams to ensure production is efficient; primarily dealing with people
    - Controlling - measuring and monitoring to evaluate how the system is working
- **Behavioural management theory** was developed in response to the scientific approaches to management, and instead focuses on motivation and behaviour to improve performance. It is related to the Hawthorne Studies (1920's), Maslow's Hierarchy of Needs and McGregor's Theory X and Theory Y
- Henry Mintzberg conducted research and concluded that managers perform ten different but highly interrelated **management roles**:
    - Interpersonal: roles that involve people and other duties that are ceremonial/symbolic in nature - figurehead, leader, liaison
    - Informational: roles that involve receiving, collecting and disseminating information - monitor, disseminator, spokesperson
    - Decisional: roles that revolve around decision making - entrepreneur, disturbance handler, resource allocator, negotiator
- In the 21st century, there is an increased emphasis on motivation, leadership and relationships, making effective communication a key skill. Managers are required to work smarter and harder, deal with the conflicting demands of creating shareholder value and remaining ethically and environmentally responsible, as well as the demands for worker flexibility, work life balance, etc.

Topic 2: Individuals in Organisations

- **Organisational behaviour** (OB) is the study of the actions of people at work. One of the challenges is understanding important but hidden aspects of organisations which influence how employees work
    - OB focuses on individual behaviour (attitudes, personality, perception, learning and motivation) as well as group behaviour (norms, roles, team building and conflict)
    - The goals of OB are to explain, predict and influence behaviour
- There are 5 behaviours that managers want to predict and influence:
    - **Employee productivity:** a performance measure of efficiency and effectiveness
    - **Job satisfaction:** an individual's general attitude towards their job
    - **Absenteeism:** failure to report to work
    - **Turnover:** voluntary and involuntary permanent withdrawal from an

organisation
- **Organisational citizenship behaviour:** discretionary behaviour that is not part of an employee's formal job requirements, but which promotes the effective functioning of the organisation - such as helping other teams, volunteering for extended job activities, etc.
- **Attitudes** play an important role in helping managers predict and influence the five employee behaviours. They are expressions of favour or disfavour towards a person, place, thing or event. Managers should be interested in employees' attitudes as it provides warnings of potential problems and influences organisational behaviour - managers should make work challenging and interesting, provide equitable rewards, and create supportive working conditions
    - It is made up of 3 components
        - **Cognitive component:** the <u>beliefs</u>, opinions, knowledge and information held by a person
        - **Affective component**: the emotional or <u>feeling</u> part of an attitude
        - **Behavioural component**: the <u>intention to behave</u> in a certain way
- Managers are interested in **3 job related attitudes:**
    - **Job satisfaction**: affected by the level of income earned and the type of job a worker does - more responsibilities, greater challengers and more control/freedom generally translate into higher job satisfaction
        - Impact on **productivity**: there is a strong positive correlation between job satisfaction and productivity
        - Impact on **absenteeism**: satisfied employees tend to have lower levels of absenteeism but numerous factors affect the amount of absenteeism, so the correlation between absenteeism and dissatisfaction is not strong
        - Impact on **turnover**: satisfied employees have lower levels of turnover while dissatisfied employees have higher levels of turnover (but this is also affected by factors such as labour market conditions, etc). However, the preferential treatment towards superior employees makes satisfaction less important
        - Impact on **customer satisfaction**: the level of job satisfaction for frontline employees will impact on levels of customer satisfaction, retention and loyalty but regular contact with dissatisfied customers can increase job dissatisfaction.
            - Increase job satisfaction by hiring upbeat and friendly employees, rewarding superior customer service, providing a positive work climate and using attitude surveys to track employee satisfaction

The Links in the Service-Profit Chain
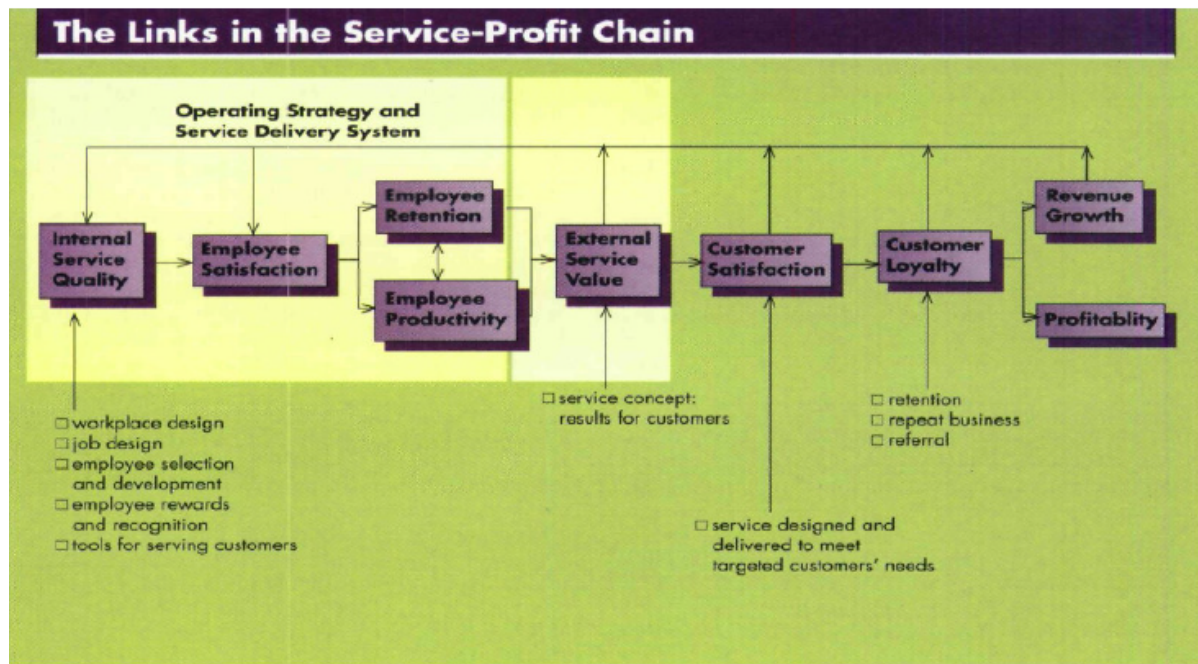
- **Job involvement**: the degree to which an employee identifies with his or her job, actively participates in it and considers his or her performance to be important to his or her self worth - high job involvement generally leads to fewer absences, lower resignation rates and higher employee engagement
    - **Organisational commitment**: the degree to which an employee identifies with a particular organisation and its goals, and wishes to maintain membership in the organisation - it leads to lower levels of absenteeism and turnover
        - Commitment to organisations is less important nowadays, but **perceived organisational support** (employees' belief that their organisation values their contribution and cares about their wellbeing) is important towards increased job satisfaction and lower turnover.
        - There are 3 forms of organisational commitment:
            - Affective commitment - employee want to commit to an organisation as they strongly identify with it
            - Continuance commitment - employee has to commit due to high costs of losing organisation membership
            - Normative commitment - employer ought to commit due to feelings of obligation
    - **Employee engagement:** how connected, satisfied and enthusiastic employees are about their jobs - highly engaged employees are passionate about their work, leading to high performance, and higher retention rates

- The **cognitive dissonance theory** explains that individuals will try to reduce the discomfort of inconsistencies/incompatibilities between their attitudes and behaviours. It helps to predict how likely individuals are to change their attitudes and behaviours. The intensity of the desire to reduce dissonance is determined by:
    - The importance of factors creating the dissonance - pressure to correct the imbalance is low if the factors creating the dissonance are unimportant
    - The degree of influence individuals believe they have over factors - if the dissonance is uncontrollable, the pressure to correct the imbalance will be

  - <mark>Rewards available to compensate for the dissonance - high rewards for high dissonance reduces the discomfort of dissonance</mark>
- **Attitude surveys** ask employees how they feel about their jobs, work groups, managers and organisation - it provides an insight into the levels of job satisfaction, morale, trust, availability and quality of training, job security and pay

Topic 3: Attitudes, perception and personality

- **Personality** is an individual's unique combination of emotional, thought and behavioural patterns that affect how a person reacts and interacts with others; affecting how and why people behave the way they do. Managers need to understand personality differences to match individual personalities with job types in order to maximise job satisfaction and reduce turnover. It also allows managers to better understand employee behaviour and their approach to problem solving, decision making, etc. and their ability to work in teams
- There are two main approaches to classifying personality traits:
  - <mark>**Myers-Briggs Type Indicator -** a psychometric questionnaire designed to measure psychological preferences in how people perceive the world and make decision; uses social interaction (extrovert/introvert), preference for gathering data (sensing/intuitive), preference for decision making (feeling/thinking) and style of making decisions (perceptive/judgemental); it helps managers understand and predict the behaviours of individuals as it influences how they interact with others and solve problems</mark>
  - **Big Five Model -** uses five personality traits including extroversion, agreeableness, conscientiousness, emotional stability and openness to experience - research has found relationships between personality dimensions and job performance; for example, extroversion predicts performance in sales positions, conscientiousness predicts job knowledge, etc.
  - **Holland's theory of personality-job fit** suggests that it is best to match personality types with job types
- Other personality traits which help to explain individual behaviour in organisations include:
  - **Locus of control** - the degree to which people believe they control their own fate; people who believe their lives are controlled by outside forces are less satisfied and tend to blame external factors
  - **Machiavellianism** - the degree to which people are pragmatic, maintain emotional distance and seek to gain and manipulate power or believe that ends can justify means
  - **Self esteem** - individual's degree of like or dislike for himself or herself
  - **Self monitoring** - an individual's ability to adjust his or her behaviour to external, situational factors
    - High self monitors are sensitive to external cues and behave different in different situations, with their behaviour different in public and private
    - Low self monitors do not adjust their behaviours to the situation and are behaviourally consistent in public and private
  - **Risk taking** - willingness to take changes affects how long it takes managers to make decisions and how much information they need
  - Proactive personality - people who identify opportunities, show initiative,