PAPER NO CS11

CS SECTION 1

ORGANISATION BEHAVIOUR

STUDY TEXT

KASNEB SYLLABUS

CONTENT

CHAPTER ONE

THE NATURE OF ORGANIZATION BEHAVIOUR

FACTORS INFLUENCING HUMAN BEHAVIOUR

In order to address human factors in workplace safety settings, peoples' capabilities and limitations must first be understood. The modern working environment is very different to the settings that humans have evolved to deal with. The following human characteristics that can lead to difficulties interacting with the working environment.

Attention -The modern workplace can 'overload' human attention with enormous amounts of information, far in excess of that encountered in the natural world. The way in which we learn information can help reduce demands on our attention, but can sometimes create further problems

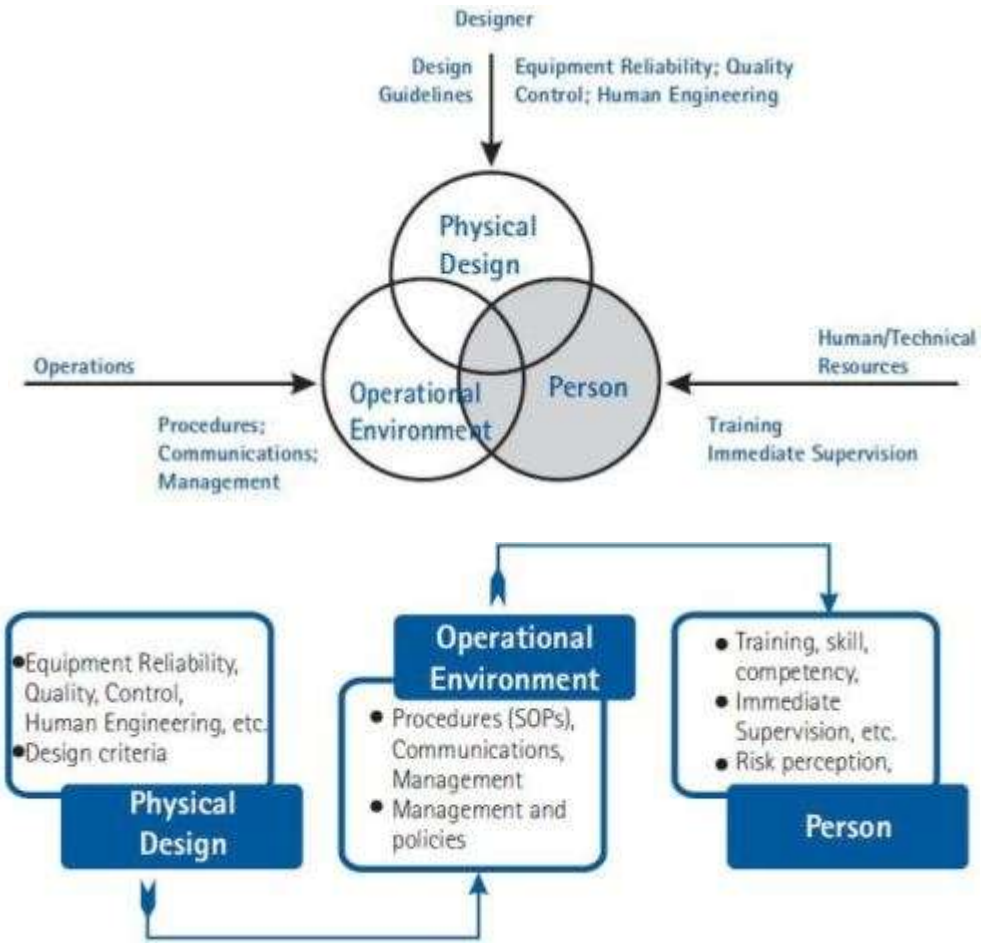
Perception -In order to interact safely with the world, we must correctly perceive it and the dangers it holds. Work environments often challenge human perception systems and information can be misinterpreted.

Memory -Our capacity for remembering things and the methods we impose upon ourselves to access information often put undue pressure on us. Increasing knowledge about a subject or process allows us to retain more information relating to it.

Logical reasoning -Failures in reasoning and decision making can have severe implications for complex systems such as chemical plants, and for tasks like maintenance and planning.

Environmental, organisational and job factors, in brief, influence the behaviour at work in a way which can affect health and safety. A simple way to view human factors is to think about three aspects: the individual, the job and the organisation and their impact on people's health and safety-related behaviour.

Following figures shows that all three are interlinked and have mutual influence



The typical examples of immediate causes and contributing factors for human failures are given below:

Individual factors

- low skill and competence level
- tired staff
- bored or disheartened staff
- individual medical problems

Job factors

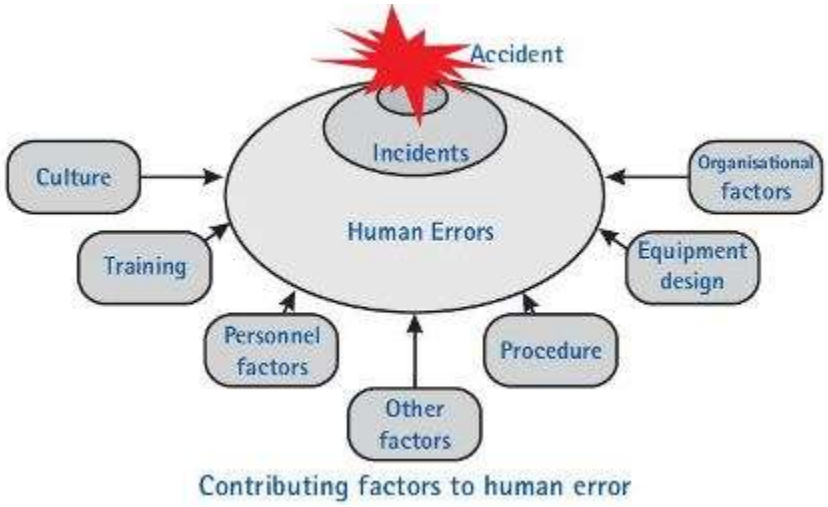
- illogical design of equipment and instruments
- constant disturbances and interruptions
- missing or unclear instructions
- poorly maintained equipment
- high workload
- noisy and unpleasant working conditions

Organisation and management factors

- poor work planning, leading to high work pressure
- poor SOPs
- lack of safety systems and barriers
- inadequate responses to previous incident
- management based on one-way communications
- deficient co-ordination and responsibilities
- poor management of health and safety
- poor health and safety culture.

It is concluded that the performance of human is being strongly influenced by organizational, regulatory, cultural and environmental factors affecting the workplace.
For example, organizational processes constitute the breeding grounds for many predictable human errors, including inadequate communication facilities, ambiguous procedures, unsatisfactory scheduling, insufficient resources, and unrealistic budgeting in fact, all processes that the organization can control.

Following figure summarizes some of the factors contributing to human errors and to accidents



THE CHANGING NATURE OF ORGANIZATIONS, WORK, AND WORKPLACE

Introduction

Imagine you went to sleep and woke up to a work day in 1960. How different is your work life today, compared to what it was 40 years ago? Clearly, there would not be a Starbucks on every corner or a cell phone in every pocket—but what else has changed and why?

In today's world, the structure, content, and process of work have changed. Work is now:

- more cognitively complex
- more team-based and collaborative
- more dependent on social skills
- more dependent on technological competence
- more time pressured
- more mobile and less dependent on geography.

In today's world, you will also be working for an organization that is likely to be very different due to competitive pressures and technological breakthroughs. Organizations today are:

- leaner and more agile
- more focused on identifying value from the customer perspective
- more tuned to dynamic competitive requirements and strategy
- less hierarchical in structure and decision authority
- less likely to provide lifelong careers and job security
- continually reorganizing to maintain or gain competitive advantage.

This Resource Page explores the changing nature of organizations and work, the drivers behind the changes, and the consequences for workers and the workplace.

Description

A. The Key Drivers for Changing Nature of Work

Although many factors ultimately contribute to the changing patterns of work, organizational theorists point to two key drivers:

- Increasing pressures on organizations to be more competitive, agile, and customer focused—to be a "lean enterprise."
- Communication and information technology breakthroughs, especially mobile technologies and the Internet that enable work to be separated from time and space.

Changes in Organizational Focus: What does it Mean to be Lean?

The Lean Enterprise model was introduced to the world by Toyota in the 1970s. Since then, it has fueled changes in organizations across the globe, particularly—but not exclusively—in manufacturing and product development.

The key principles of Lean Enterprise (or "lean thinking", as it is sometimes called) are:

- Define value from the customer's perspective.

- Identify internal activities and processes that add value for the customer and identify linkages between them (the "value chain").
- Eliminate non-value added activities (or "waste") across the organization.
- Reduce waste and inefficiencies in support (e.g., overhead) functions.

The lean enterprise principles enabled many organizations to respond more rapidly to the marketplace by reducing cycle time, developing mass customization processes, and supporting continual change and innovation.

Creating the Lean Machine: Changes in Organizational Structure and Relationships

Adopting lean principles and lean thinking has led to numerous changes in organizational structure to improve the efficiency of internal processes, with a goal of eliminating waste and defining customer value.

These changes have been supported and enabled by transformations in information and communications technology, especially the Internet and mobile computing and communication devices.

Key organizational changes include:

- Reduced hierarchical structure—Hierarchies are cumbersome and cannot respond quickly to changing market demands, such as pressures for reduced cycle time and continuous innovation. Hierarchies are being replaced by cross unit organizational groupings with fewer layers and more decentralized decision making.
- Blurred boundaries—As organizations become more laterally structured, boundaries begin to breakdown as different parts of the organization need to work more effectively together. Boundaries between departments as well as between job categories (manager, professional, technical) become looser and there is a greater need for task and knowledge sharing.
- Teams as basic building blocks—The move toward a team-based organizational structure results from pressures to make rapid decisions, to reduce inefficiencies, and to continually improve work processes.
- New management perspective—Workers are no longer managed to comply with rules and orders, but rather to be committed to organizational goals and mission. The blurring of boundaries also affects organizational roles. As employees gain more decision authority and latitude, managers become more social supporters and coaches rather than commanders.
- Continuous change—Organizations are expected to continue the cycles of reflection and reorganization. However, changes may be both large and small and are likely to be interspersed with periods of stability. Kling and Zmuidzinas identify three types of change—"metamorphosis" (far reaching, fundamental change), "migration" (shifts toward a new form), and "elaboration" (changes that enhance some aspect of work).

B. How Work is Changing for Individuals and Groups

Over the past two decades, a new pattern of work is emerging as the knowledge economy realizes the full potential of both new technologies and new organizational models. The changes fall into the following domains:

- Cognitive competence
- Social and interactive competence
- The new "psychological contract" between employees and employers
- Changes in process and place

Although these domains are discussed separately, they overlap. We briefly discuss the overlaps, where they exist, and point to the benefits and concerns the new work patterns present for workers and managers.

Cognitive Competence

Cognitive workers are expected to be more functionally and cognitively fluid and able to work across many kinds of tasks and situations. The broader span of work, brought about by changes in organizational structure, also creates new demands, including:

- Increased complexity of work—Workers need to know more, not only to do their jobs and tasks, but also to work effectively with others on teams. Many knowledge-based tasks require sound analytical and judgment skills to carry out work that is more novel, extemporaneous, and context based, with few rules and structured ways of working. Although demand for high cognitive skills are especially prominent in professional, technical, and managerial jobs, even administrative tasks require more independent decision making and operational decision making.
- Continuous competency development—Not only do workers need to keep their technology skills up to date, they need to be continuous learners in their knowledge fields and to also be more conversant with business strategy. Time to read and attend training classes is no longer a perquisite of only a few, it is essential for all workers.
- Different ways of thinking—Rosabeth Kantor argues that cross-functional and cross boundary teams require "kaleidoscope thinking," the ability to see alternative angles and perspectives and to create new patterns of thinking that propel innovation. Workers also need to be able to synthesize disparate ideas in order to make the cognitive leaps that underlie innovation.

Cognitive Overload: The Cost of Complexity

Vastly increased access to information has made work both easier and more difficult. The ease comes from ability to rapidly locate and download information from diverse web sites. The difficulty comes with the need to consume and make sense of new information in a timely

fashion. Information overload, coupled with time pressures and increased work complexity, lead to what psychologists call "cognitive overload syndrome (COS)." Symptoms of COS include stress, inability to concentrate, multitasking, task switching, and a tendency to focus on what is easy to do quickly rather than what is important.

Social and Interactive Competence

In a 2001 report on the changing nature of work, the National Research Council called attention to the importance of relational and interactive aspects of work. As collaboration and collective activity become more prevalent, workers need well-developed social skills—what the report calls "emotional labor."

Good social skills are necessary for:

- Team work and collaboration—Conflict resolution and negotiation skills are essential to collaborative work. Conflicts often occur about group goals, work methods, assignments, workloads, and recognition. Team members with good conflict and negotiation skills are better equipped to deal openly with problems, to listen and understand different perspectives, and to resolve issues in mutually beneficial ways.
- Relationship development and networking—Sharing important information, fulfilling promises, willingness to be influenced, and listening are building blocks of reciprocity and the development of trust. When workers trust one another, they are more committed to attaining mutual goals, more likely to help one another through difficulties, and more willing to share and develop new ideas.
- Learning and growth—Many organizations strive to be learning centers—to create conditions in which employees learn not only through formal training but through relationships with coworkers. Learning relationships build on joint problem solving, insight sharing, learning from mistakes, and working closely together to aid transmission of tacit knowledge. Learning also develops from mentoring relationships between newcomers and those with experience and organizational know-how.

The Costs of Collaborative Environments

In a collaborative work setting, the fate of individuals is inextricably bound to collective success. Dependence on others for one's own success is often uncomfortable. As Susan Mohrman and Susan Cohen write in a chapter from The Changing Nature of Work:

"We have been socialized to value individual responsibility and individual achievement, and feel discomfort with the thought of relying on others."

Comments about the fear of not having individual efforts recognized are common in the literature on team work.

Collaboration and relationship development also take time and effort. Understanding coworkers' perspectives and "thought worlds" requires time spent listening, integrating, and synthesizing. For those workers recognized as both knowledgeable and approachable, the demands of interaction may be especially high.

C. The New Psychological Contract

As work changes, so does the nature of the relationships between employees and employers. In the new work context, the informal, "psychological contract" between workers and employers—what each expects of the other—focuses on competency development, continuous training, and work/life balance. In contrast, the old psychological contract was all about job security and steady advancement within the firm. As already discussed, few workers expect, or desire, lifelong employment in a single firm.

As job security declines, many management scientists see clouds on the horizon, including:

- Corporate indifference—Shoshana Zuboff and James Maxmin, in The Support Economy, describe a new individualism among U.S. workers. These new individuals are invested in "psychological self determination." They desire participation, expression, identity, and quality of life—all values which are espoused by organizations, but largely ignored in practice as organizations continue to focus on reducing fixed labor costs.
- Reduced loyalty and commitment—With little expectation for advancement, workers feel less committed to organizational goals and more committed to their own learning and development. The knowledge and technological skills that employees bring with them to the workplace are transportable and are not lost when a new job is taken.
- Increased time burdens—Years of downsizing and outsourcing have produced what Lesie Perlow calls a "time famine"—the feeling of having too much to do and too little time to do it. In order to keep up with workloads, many workers are spending longer hours at work, according to reports by the Bureau of Labor Statistics and the Center for Workforce Development.
- Flexible work arrangements do not keep up with employee preferences—The Work Trends 2000 report found that 74% of workers were not allowed flexible hours and work arrangements (such as telecommuting). Those with flex hours have limited freedom regarding when and where to work. The vast majority of workers have to commit to a specific day to work at home or a specific day to take off if they work four10-hour days.

D. The Changing Workplace

The changing workplace is driven by the organizational issues described above and enabled by technologies that support mobility and easy access to information. These pressures and opportunities, however, have not resulted in a specific new workplace model. Many models

and ideas exist concurrently, with designs depending upon the organization, its work practices, culture, and customers. Table 1 highlights key drivers, solutions, and potential issues raised by the solution.

Table 1. Drivers, Solutions, and Issues for the Changing Workplace

Drivers	Workplace and technology solutions	Issues and concerns
Increased use of teams and cross unit work; more pressure for communication and information flow	• More meeting space • Greater variety of meeting spaces (open & enclosed, large & small) • Smaller individual workspaces • More open individual workspaces • Unassigned workspaces • Greater interior visibility to support awareness • Mobile supports (phones, laptops, PDAs, wireless) • Personal video, instant messaging, desktop team software • More use of project rooms • Displayed information and work progress • Small rooms for individual focus • Lockers for personal belongings	• Increased noise • Increased distractions and interruptions • Potential for "over communicating" • Cultural barriers to behavioral change • Individuals working longer hours to compensate for lack of time to do individual tasks • Expectations that workers are always available
Greater use of dispersed work groups—often global	• Increased use of video conferencing, computer-based team tools • More reliance on conference calls • Greater need for mobile technological supports for meeting rooms	• Expansion of the workday to accommodate geographically dispersed team meetings • Loss of opportunity to develop trust through face to face interaction • More difficulty managing

	• Use of facilities beyond normal working hours	and coordinating • Very high dependence on technological reliability
Continual reorganization and restructuring	• Flexible infrastructure to support rapid reconfiguration • Mobile furnishings	• Acoustical problems with loss of good enclosure • Potential for reduced ergonomic effectiveness
Reduced costs/more efficient space use	• Shared or unassigned workspaces • Centralized filing system • Reduced workstation size and increased overall densities • Greater overall spatial variety to enable different kinds of work to be accommodated at same time	• Increased distractions and interruptions • Increased noise • May meet with employee resistance • More difficult for paper intensive work
Improved quality of work life and attraction of new workers	• More equitable access to daylight, views, and other amenities • More equitable spatial allocation and workspace features • Amenities for stress reduction and quiet relaxation	• Resistance from those who support hierarchical space allocation

ORGANIZATION AS A SYSTEM

Definition of a System

A system is an organised or complex whole, an assemblage or combination of things or parts performing as a complex or unitary whole.

This definition conveys three very important ideas:

The first concept is that of **interdependence.** That is to say the parts that make up a system are interdependent i.e. if change occurs in one part or set of parts, it affects all other parts. This effect on each part or set of parts in a system may be direct or indirect. The second concept is that of **holism**. That is to say, the system should be considered as a functioning whole. Changes in parts of the system and in the functioning of the elements of the system should be considered from the standpoint of the systems overall performance.

Finally is the concept of synergism. This refers to the fact that the interactive effects of the parts of the system working together create an effect greater than the effect of the parts acting separately. This means that, as each part performs its role within the system it enhances the performance of other parts and hence the total performance of the system.

The system is capable of growth.

It is also capable of receiving inputs

It is also capable of producing outputs.

It is a goal searching system. (In fact also multi goal seeking). It consists of both abstract and concrete subsystems.

It also a dynamic system.

The general subsystems of an organisation system are:

Production subsystems

Boundary spanning subsystem

Maintenance subsystem.

Management subsystem.

Adaptation subsystem

These subsystems are explained in detail in paragraph 4.4 below

What are Subsystems?

Subsystems are a group of functioning elements within a larger system. They are in fact systems within a larger system. The determination of subsystems depends on the desired

level of abstraction at a given time for a desired type of analysis. If we are concerned with analysing the University Of Nairobi as a system, we can break it into colleges as subsystems. If we want to analyse the College of Humanities as a system, we can break it into faculties and consider them as subsystems and so on. Thus, all systems can be considered as subsystems and every sub system can be considered as a system depending on the level of analysis desired. In the case of organisations, we are interested in looking at an organisation as a system composed of subsystems (departments).

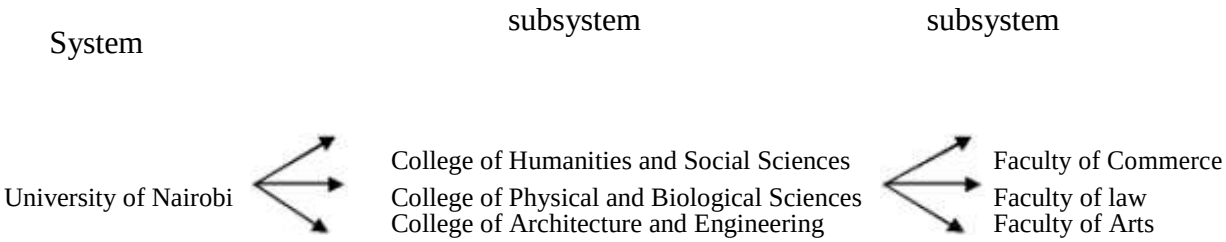


Figure 4.1 an example of systems and subsystems of the University of Nairobi

Organization Subsystems.

The sub-systems perform the specific functions required for organisational survival. Each sub-system is a system on its own because it has a boundary and absorbs inputs from other sub-systems and transforms them into outputs for use by the remainder of the organisation. The organisational sub-systems can be divided into the following functional sub-systems:

i. **Production sub-system:** this subsystem is responsible for producing the product and service output of the organisation. This is where the primary transformation takes place. In a manufacturing firm, the production subsystem is the production department. In a university, it is a teaching department. In a brewing company it‘s the department that actually produces beer.

ii. **Boundary spanning:** the boundary spanning subsystems handle transactions at organisational boundaries. They are responsible for exchange with the environment on both the input and the output sides. The boundary spanning subsystems acquire the needed supplies and materials. On the output side,

they create demands and deliver outputs. On the input side they provide inputs to the organization Boundary spanning subsystems work directly with the external environment. In a beer manufacturing company, the boundary subsystem includes the marketing department on the output side and the purchasing department on the input side.

iii. **Maintenance subsystem:** this is a subsystem responsible for the smooth operationand upkeep of the organisation. The maintenance subsystem includes cleaning and painting of buildings and maintenance of machines. Maintenance subsystem also includes departments, which take care of human needs such as morale, compensation and physical comfort. Such departments include personnel, salaries, and cafeteria e.t.c.

iv. **The adaptation** subsystem: This is the subsystem responsible for the organisational change. It scans the organization's environment for problems, opportunities, threats and technological developments and provides appropriate recommendations to the organisation. It is also responsible for providing information and helping the organisation to change and adapt. In a manufacturing organisation, the adaptation subsystem includes such departments as marketing research, Research and Development and corporate planning.

v. **The management subsystem:** this subsystem is responsible for directing the other subsystems of the organisation. It provides direction, establishes strategy, goals and policies for the whole organisation. The subsystem also coordinates the performance and activities for the other subsystems and resolves conflicts between them. It is also responsible for developing organisation structure and directing tasks within each subsystem. This subsystem consists of the top management team in an organisation.

Advantages of the Systems Approach.

i. Its holism approach enables one to consider the organisation as a whole. This clearly emphasizes the interdependence of the parts of the system.

ii. The approach allows the student or manager to clearly comprehend the various concepts, ideas, or elements and their relationships.

iii. The approach also allows for model building, which makes presentations of ideas easier. The diagrammatic presentation makes the understanding of the relationship easier not only to understand but also to build up models to help in empirical research and hypothesis generation and testing.

iv. The approach also allows for quantifications of relationships between elements in the system.

v. It enables managers to view their jobs as parts of a system, not as static isolated elements

Disadvantages of the Systems Approach.

There is a tendency for some students and practitioners who apply the system approach to advocate for a more centralised administrative structure in organisation. That is looking at the organisation as a whole may tempt one to concentrate decision-making power at the top of the organisation with little delegation if any.

The systems approach tends to oversimplify organizational relationships. Relying exclusively on these models at the expense of managerial judgment and experience can lead to dysfunctional consequences.

Closed and Open Systems

Closed System

- A closed system would not depend on its environment
- A closed system would be autonomous, enclosed or sealed off from the outside world.
- Although a closed system would not exist since it would die due to entropy, the classical theorists looked at organizations as closed systems because they focused on internal systems. This is because they took the environment for granted and assumed that the organizations could be made more effective only through internal design. They assumed that the environment was stable and predictable and did not affect the organization.

- Does not depend on its environment
- Does not interact with its environment
- It is enclosed and sealed off from its environment
- It has all the energy it needs.
- Assumes the environment is static and has no effect on the organisation.
- Assumes that the only thing that matters is internal structure and design, which can be effectively structured by management.

It has all the energy it needs. It can function without the consumption of external resources.

An approach that considers an organisation as a closed system takes the environment for granted and assumes that the organisation can be made more efficient through internal design.

This approach further considers the environment as stable, predictable and would not cause problems.

According to this approach the main issue for management is internal efficiency.

a) Advantages of looking at organizations as closed systems:

- Some managers treat their organisations as closed systems.
- The classical theorists treated organisations as closed systems.
- As a basis of theory building, one can conceptualise the organisation as a closed system to enable more understanding.

b) Disadvantages:

- No organisation is a closed system.
- This approach ignores the importance of the external environment in affecting the organization

Open System

An open system:

- Interacts with its environment to survive.
- To survive, it must continuously change and adapt to the environmental changes.
- It must correctly interpret and act on the changes happening to its environment.
- It must also control and coordinate its internal activities in the face of environmental disturbances and uncertainty.
- The need for input from the environment and the need to export its output into

  the environment denote an interdependence relationship between an organisation and its environment.
- It both consumes resources from and exports resources to the environment. for
- It cannot seal itself off from its environment. It must deal continuously with its environment. At the same time, **it** must also deal with internal efficiency as well as interact and act on the environmental changes.
- It must sell its output in the environment, coordinate its internal activities, and deal with environmental changes and uncertainties.
- All systems that must deal with their external environments to survive are open systems. Human beings are open systems. The University of Nairobi is an open system.
- It must correctly interpret and act on the changes happening in its environment
- At the same time it must control, structure and coordinate its internal

  environment to take account of changes in the external environment.

a) Advantages of looking at organizations as open system:

- Enables us to see the dependence of the organisation on the environment
- Enables us to understand the inter-relationship between the organisation and the environment.

b) Disadvantages

- Tends to ignore the role of management behaviour and decision- making, capacity to make the organisation efficient.
- It ignores the importance of the internal environment to the organisation‘s efficiency and effectiveness.

Input — Output Analysis of a System

- An input- output analysis depicts the system as taking or receiving resources from the environme1at, processing them into outputs and giving them to the environment.
- Input — output analysis involves examining a flow of materials, ideas, concepts, money, people, e.t.c. from the environment.
- The input- output analysis consists of *5* parts namely:

a) Inputs: the resources, ideas, concepts and people coming from the environment.

b) The transformation process: the process that works on the inputs and changesthem usually by adding value.

c) The feedback: the process or flow of information regarding the quality or pricee.t.c. of inputs and outputs.

d) The outputs: the end results of the transformation process that is taken to theenvironment.

e) The environment: the element, which constitutes these sources of inputs or theusers of the outputs.

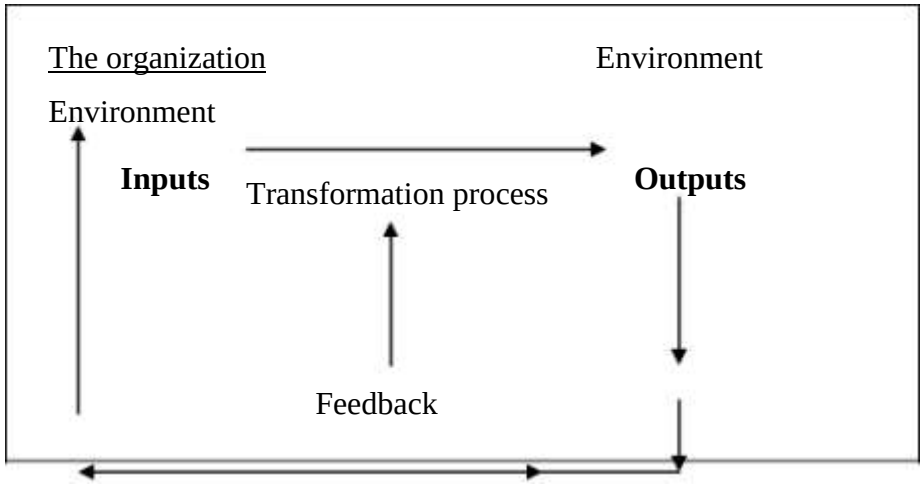


Figure 4.2 an input- output diagram of an open system

Other Kinds of Systems

There are many kinds of systems with their own subsystems. The human being is one of them, but it is the most complex because it:

i. Is alive- it has life.

ii. It can think, plan and remember.

iii. Is aware of its surroundings.

iv. Is also aware of itself.

v. Have attitudes, moods, feelings and norms.

You can also proceed to a higher and more complex system,

vi. The organization as a system. It is composed of human beings and consequently transforms the complexity of the human system many times over. The complexities of social system arise from:

- Complexities of the human system.
- The norms and values of human beings, which are intangible and hard to detect.

- Cultural dimensions of human beings, which are even harder to identify.
- The fact that these norms, values and cultures are constantly changing.

Thus the social system (the organisation) requires extra training to be understood, manage and change. Other systems include :(from the simplest to the most complex).

1. Atom, map or bridge. Simplest
   because it's static.
2. Clocks and watches.

   A higher complexity because it is dynamic.
3. Thermostat.

   Higher complexity because it is self regulating within prescribed limits.
4. Cell.

   This is the beginning of a system that is not only Self-regulating but it is a living thing. 5. Plant.

   Complexity increases due to ability to reproduce and grow. (Several cells).
6. Animal system.
   Dynamic and living.
7. Human beings.

   Living, dynamic and has awareness of its surrounding. Self- regulating
8. Social organisation.

   A social system is composed of complex systems namely human beings that transfer their complexities to the social organisation.

Levels of analysis- in systems theory, each system is composed of subsystems. Four levels of analysis usually characterize organization.

- The individual human being is the basic building block of the organisation.
- The next higher level of analysis is the group or department. These are collections of individuals who work together and interact to perform subsystem tasks.
- The next level of analysis is the organisation itself. An organisation is a collection of individuals who work together and interact top perform subsystem tasks.
- The next level is the community of organisations, which are grouped together. They form an important part of the environment.

Organisation theory focuses on the organisation level of analysis. Organisation theory is a macro examination of the organisation because it analyses the whole organisation as a unit. Organisation behaviour on the other hand focuses on the individuals within the organisation as the relevant unit of analysis. Organisation behaviour examines concepts such as motivation, leadership style and personnel and is concerned with cognitive and emotional differences among people within the organisation.

ORGANIZATIONAL GROWTH AND DECLINE

Introduction

In this chapter, we are going to define size, growth and decline. We also discuss two models of organizational growth and propose strategies for dealing with decline.

What is Organization Size?

Organizational size can be measured in many ways including:

i. Market share — organizations that dominate the market place are considered large.

ii. Number of branches: organizations with many branches in several towns are considered to be larger than single branch organizations.

iii. Number of products: organizations with varied products are considered larger than those with few products.

iv. Asset size is also considered as a measure of size.

v. Number of full —time employees can also be used as a measure of size.

Use of full-time employees as a measure of size

Using the number of employees as a measure of size because it is simple to understand, is the most commonly used. All organizations have employees or people and it is a less subjective measure than many of the other measures.

Organizational Size and Complexity

When organizations grow in size the organization complexity as measured by the following measures also increases

a) Formalization

Formal communication in terms of rules, written procedures etc increases

b) Differentiation —this is the process of dividing the work of the organization intomanageable units. This may include

- Vertical differentiation — differentiation on hierarchal levels
- Horizontal differentiation — differentiation on functional departments

c) Specialization- concentration of tasks into specialist areas

d) Routinization —development of a set of routines for the performance of work

e) More impersonal work environment

- More impersonal atmosphere in the work place
- Friendship groups tend to be limited to a few co-workers

f) Less direct involvement by the chief executive: In small organizations theentrepreneur is involved or takes part in all operations. As the organization grows, this is no longer feasible and delegation becomes absolutely necessary.

Organizational Growth

What is growth?

Growth is the increase in size for an organization. The motives for growth (why do firms grow) include: adventure and risk, prestige power and job security, increases compensation, organizational self-realization, to achieve a stable environment, organizational survival, increased profits, increased revenue, decreased costs via economies of scale, and to achieve monopolistic power.

Growth Models

1 Lippitt — Schmidt model

This model suggests that organizations normally experience three stages in their development i.e. birth, youth, and maturity. As an organization enters each of these stages it encounters a predictive series of critical crises accompanied by recognizable key issues and results. A true measure of an organization‘s stage of development is best gained through analysis of how it handles predictable organizational crises, rather than through simply making judgments based on its age or economic size. Consequently, a relatively small or newly founded organization may rapidly achieve developmental maturity, and a relatively large (or comparatively older) organization remain youthful.

2. Larry Grainer Growth Model

Greiner observed that organizations often go into trouble when the specific structure was not appropriate to the organizations stage of growth and development; He identified five phases through which organization pass through in their growth. For each phase there was dominant issues and crises that faced a growing organization.

Phase 1 Creativity

The organization is born. Emphasis is on creating a product and surviving in the market place. The founders are entrepreneurs and they devote full energies to the technical activities of production and marketing. The organization is informal and non-bureaucratic. Control is based on the owners‘ personal supervision.

Leadership crisis: when the organization starts to grow, it faces a leadership crisis because founders are not skilled or interested in management activities. They may restrict growth. A strong manager, who can introduce good management techniques is needed. If the leadership crisis is resolved, the organization grows into the next phase.

Phase 2 Direction

New management systems and clear organizational structures are introduced to guide the organization into more growth. Departments are established along with a hierarchy of authority, job assignments, and 4livision of labor. Communication may become more formal. Elements of bureaucracy become apparent.

The Autonomy *crisis*If the new management structures and techniques are successfullower level employees find themselves restricted by the strong leadership and increasing bureaucracy. Lower level managers begin to acquire confidence in their own functional areas and want more discretion. The autonomy crisis occurs when top managers do not want to give up responsibility

Phase 3 Delegation

For the organization to grow into this phase, it must overcome the autonomy crisis. Top management must delegate responsibility and decentralize decision making. Top management becomes concerned with top management issues such as strategy and planning and leaves the operations of the firm to lower level management. Internal control and information systems are installed and used. Communication is less -———— and more formal. New products and new employee‘s specialists may be added.

The control crisis: as middle and lower—level managers become more autonomous,top executives feel that they are losing control of the organization. In order to overcome the crisis, new techniques to coordinate the increased number of departments and activities must be found.

Phase 4 Coordination

The response to the control crisis is sophisticated techniques of coordination. Staff personnel and specialists are required to review company wide programs. Product groups or other decentralized units may be formed to improve coordination. Incentive systems based on profits may be implemented to ensure that managers work towards what is best for the overall company. If the new systems are successful, and effective, the organization will grow to the next phase

The red — tape crisis: the proliferation of systems and programs may begin to frustratemiddle level executives. The organization may become over-bureaucratized. The organization may seem too large to manage through formal program.

Phase 5 Cooperation

The solution to the red tape crisis is a new sense of collaboration and cooperation. Managers develop skills for confronting problems and resolving interpersonal differences and conflicts. Formal systems may be simplified and partially replaced by manager conferences and task forces.

Organizational Growth and other Organization Characteristics

Greater organization size is associated with

(i) Increased number of management levels (vertical complexity)

(ii) Greater number of jobs and departments (horizontal complexity)

(iii) Increased specialization of skills and functions

(iv) Greater formalization

(v) Greater decentralization

(vi) Smaller percentage of top administrators

(vii) Greater percentage of technical and professional support staff.

CHAPTER TWO

NATURE AND CONTEXT OF ORGANISATION

What is Organization Theory?

Organization theory is the discipline that studies the structure and the design of organizations. Organization theory refers to both the descriptive and prescriptive aspects of the discipline. It describes how organizations are actually structured and offers suggestions on how they can be structured to improve their effectiveness. It is a body of knowledge about organizations which has been developed through the scientific method.

S**ources of Knowledge**

(a) Common sense: When people share a common belief then. it must be true e.g. opposites attract, ―birds of a feather flock together.‖ Although common sense may at times be correct or true, it may sometimes present different versions of the truth.

(b) Appeal to Authority. The second source of knowledge is appeal to authority. This means that what experts say is correct (is the truth) and it is to be accepted.

c) Deductive Reasoning. Deductive reasoning is a logical process in which a conclusion is based on the concordance of multiple premises that are generally assumed to be true.

Deductive reasoning is sometimes referred to as top-down logic. Its counterpart, inductive reasoning, is sometimes referred to as bottom-up logic. Where deductive reasoning proceeds from general premises to a specific conclusion, inductive reasoning proceeds from specific premises to a general conclusion.

The Greek philosopher Aristotle, who is considered the father of deductive reasoning, wrote the following classic example:

- All men are mortal.
- Socrates is a man.
- Therefore, Socrates is mortal.

In Aristotle's example, sometimes referred to as a syllogism, the premises of the argument -- that all men are mortal and that Socrates is a man -- are self-evidently true. Because the premises establish that Socrates is an individual in a group whose members are all mortal, the inescapable conclusion is that Socrates must likewise be mortal.

(d) Unsystematic Research. This form of creating knowledge entails thecarrying out of research and making conclusions without following a systematic (scientific) method for

example, one i4ay want to find the proportion of cars in and Nairobi which are Toyotas. He or She stops at a main road e.g. Uhuru Highway, counts all the cars that pass there, in terms of makes and at the end of his research, finds that Toyotas were 10% of the cars passing through. He/She therefore concludes that 10% of cars in Kenya/Nairobi are Toyotas.

(e) Scientific/Systematic Research. In this method of building knowledge, theresearcher follows a systematic (scientific) method which can be tested and followed by other researchers in order to confirm the findings. In the systematic of method the following steps are necessary:

Step 1 State study objectives

Step 2 State in detail proposed data collection sources e.g. primary data or of secondary data

Step 3 State data analysis methods
Step 4 State data presentation

What is a Theory?

A theory is a body of knowledge used to describe and predict. It is an integrated set ofstatements that summarise and explain research findings. It is an explanation of some phenomenon and it consists of principles that describe relationships observed in some situation. In other words a theory tries to explain some practice observed in nature. In organization theory the primary focus is the study of organizations at the macro level. In other words we are trying to learn the whole organization or departments: the way it is structured: the ways the various variables relate to each other and the way groups behave in an organization set up.

Purpose of Organization Theory 1.4.3.

The purpose of organization theory is to explain the component parts of an organization and their relationships so that some prediction can be made about how they are likely to behave under certain conditions. It is a way that scholars try to see and think about organizations based upon patterns and regula1ities in organization design. It is a theory that studies organizations, their structure and the relationships between its various parts. It focuses on organizations as entities in themselves i.e the whole organization.

Management Theory, Organizational Behaviour and Organization Psychology

What is **Organizational Behaviour?**

Organizational behavior refers to the behavior of people in organizations. It tries to understand the behavior, attitudes and performance of people in organizations. In addition it discusses human psychological processes that can affect behavior in organizations for

example it tells us how a system of rewards affects a person‘s behavior and performance in organizations. Organizational behavior derives its concepts from political science, psychology, anthropology and social psychology.

Organizational behaviour as a theory seeks increased understanding of human behaviour in organizational settings. It seeks to find out how individuals behave the way they do and how one can change their behaviour and guide them to behave in a certain way. Thus Organizational Behaviour (O.B) is about individuals (their attitudes, perceptions, motives).O. B is defined as a field that seeks enhanced knowledge of behaviour in organizational settings, through the scientific study of individuals and individual processes. The goal of such knowledge is to enhance both organizational effectiveness and individual well being.

What is Organizational Theory?

Organizational theory focuses on the design and structure if organizations. It also looks at organizations as social systems. The discipline of organization theory derives its concepts from sociology, and anthropology. Organizational theory therefore studies organizations from their macro aspects

How does Organizational Theory Differ from Organizational Behavior?

Organizational theory looks at an organization as a whole - its objectives, goals, structure and context. On the other hand organizational behavior looks at the micro elements of the organization, the individual worker

What is Management Theory?

Management theory on the other hand is the study of a particular group (managers) in the organization. How this group behaves, what makes them do what they do and how they can be made to behave in a way that benefits the organization is in the field of management theory.

What is Organizational Psychology?

Organizational psychology is a science of behaviour and mental processes. Psychology is a study of mind or the soul. Thus in psychology, we study both the mental experiences such as hunger and thirst or anger and their outward manifestations such as drinking or aggression.

Importance of Organization Theory

For people who are or will be managers, organization theory provides significant insight and understanding to help them be better managers in a rapidly changing world. For example, one of the greatest threats to organization today is the inability of management to adapt to the speed and chaos of technological change. Although companies have made massive investments in technology, they are only beginning to implement the organizational and

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