

# Introduction to the Field of Organisational Behaviour

## Session 1

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## Wesfarmers Limited



Wesfarmers

Organisational behaviour practices have helped Wesfarmers Limited to become the largest private-sector employer in Australia and one of the most admired companies in the region.

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## Organisational Behaviour and Organisations

- Organisational behaviour
  - The study of what people think, feel, and do in and around organisations
- Organisations
  - Groups of people who work interdependently toward some purpose



Wesfarmers

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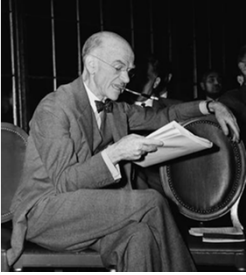
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## Organisational behaviour Foundations



Elton Mayo

- Distinct field around the 1940s
- Organisational behaviour concepts discussed for more than 2000 years
- Some pivotal scholars before Organisational behaviour formed include:
  - Max Weber
  - Frederick Winslow Taylor
  - Elton Mayo
  - Chester Barnard
  - Mary Parker Follett

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## Why Study Organisational behaviour ?

- Satisfy the need to understand and predict
- Help us to test personal theories
- Influence behaviour – get things done
- Organisational behaviour improves an organisation's financial health
- Organisational behaviour is for everyone

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## Old Perspective of Organisational Effectiveness

- Goal oriented – effective firms achieve their stated Organisational behaviour jectives
- No longer accepted as indicator of organisational effectiveness
  - Could set easy goals
  - Some goals too abstract to evaluate
  - Company might achieve wrong goals



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## Four Perspectives of Organisational Effectiveness

Open-Systems Perspective

Organisational Learning Perspective

High-Performance WP Perspective

Stakeholder Perspective

NOTE: Need to consider all four perspectives when assessing a company's effectiveness

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## Open-Systems Perspective

- Organisations are complex systems that 'live' within/depend upon external environment
- Effective organisations
  - Maintain a close 'fit' with changing conditions
  - Transform inputs to outputs efficiently and flexibly
- Open-systems perspective lays the foundation for the other three perspectives of organisational effectiveness

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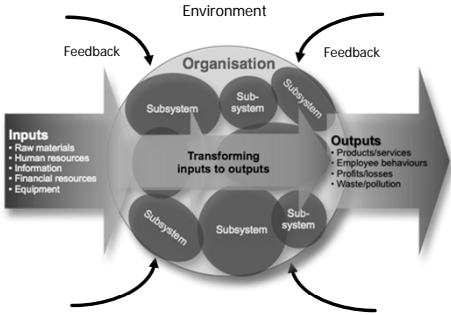
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## Open-Systems Perspective



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## Organisational Learning Perspective

- An organisation's capacity to acquire, share, use, and store valuable knowledge
- Need to consider both stock and flow of knowledge
  - Stock: intellectual capital
  - Flow: organisational learning processes of acquisition, sharing, and use

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## Organisational Learning Processes

KNOWLEDGE ACQUISITION

Extracting information and ideas from environment as well as through insight

Examples in practice:  
Hiring skilled staff

→

KNOWLEDGE SHARING

Distributing knowledge throughout the organisation

Posting case studies on intranet

→

KNOWLEDGE USE

Applying knowledge to organisational processes in ways that improve the organisation's effectiveness

Giving staff freedom to try out ideas

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## Intellectual Capital

Human capital	Knowledge that people possess and generate
Structural capital	Knowledge captured in systems and structures
Relationship capital	Value derived from satisfied customers, reliable suppliers, etc.

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## Organisational Memory

- The storage and preservation of intellectual capital
- Retain intellectual capital by:
  1. Keeping knowledgeable employees
  2. Transferring knowledge to others
  3. Transferring human capital to structural capital
- Successful companies also unlearn

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## High-Performance Work Practices (HPWPs)

- Effective organisations incorporate several workplace practices that leverage the potential of human capital
- HPWP foundations:
  - Believe that human capital is valuable, rare, difficult to imitate, nonsubstitutable
  - Develop and benefit from human capital through specific organisational practices
  - Organisational behaviour obtain highest benefit when practices are bundled

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## High Performance Work Practices

- No consensus, but HPWPs include:
  - Employee involvement and Organisational behaviour autonomy (and their combination as self-directed teams).
  - Employee competence (training, selection, etc.)
  - Performance-based rewards

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## Stakeholder Perspective

- Stakeholders: entities who affect or are affected by the firm's Organisational behaviour jectives and actions
- Personalises the open systems perspective
- Challenges with stakeholder perspective:
  - Stakeholders have conflicting interests
  - Firms have limited resources

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## Stakeholders: Corporate Social Responsibility

- Stakeholder perspective includes corporate social responsibility (CSR)
  - Benefit society and environment beyond the firm's immediate financial interests or legal obligations
  - Organisation's contract with society
- Triple bottom line
  - Economy, society, environment



Aviva Hong Kong

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## Stakeholders: Values, Ethics, and CSR at Aviva

Aviva, the world's fifth largest insurer, has won several CSR awards and is the only UK-listed insurer included in the Dow Jones Sustainability World Index. Aviva Hong Kong employees focus on battling air pollution, including planting trees (shown here).



Aviva Hong Kong

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## Stakeholders: Values and Ethics

Values and ethics prioritise stakeholder interests.

- Values**
  - Stable, evaluative beliefs, guide preferences for outcomes or courses of action in various situations
- Ethics**
  - Moral principles/values that determine whether actions are right/wrong and outcomes are good or bad



Aviva Hong Kong

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## Types of Individual Behaviour

Task performance	Goal-directed behaviours under person's control
Organisational citizenship	Contextual performance – cooperation and helpfulness beyond required organisational behaviour duties

more 

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## Types of Individual Behaviour (cont.)

Counterproductive work behaviours	Voluntary behaviours that potentially harm the organisation
Joining/staying with the organisation	Agreeing to employment relationship; remaining in that relationship
Maintaining work attendance	Attending work at required times

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## Globalisation

- Economic, social, and cultural connectivity with people in other parts of the world
- Effects of globalisation on organisations
  - New structures
  - Increasing diversity
  - Increasing competitive pressures, intensification

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## Increasing Workforce Diversity

- Surface-level diversity
  - The observable demographic and other overt differences in people (eg. race, ethnicity, gender, age)
- Deep-level diversity
  - Differences in psychological characteristics (eg. personalities, beliefs, values, and attitudes)
  - Example: differences across age cohorts (eg. Gen-Y)
- Consequences of diversity
  - Leveraging the diversity advantage
  - Also diversity challenges (eg. teams, conflict)
  - Ethical imperative of diversity

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## Emerging Employment Relationships

- Work/life balance
  - Degree to which a person minimises conflict between work and nonwork demands
- Virtual work
  - Using information technology to perform one's Organisational behaviour away from the traditional physical workplace
  - Telework – issues of replacing face time, clarifying employment expectations



Kelvin Brown

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## Organisational Behaviour Anchors

- **Multidisciplinary anchor**
  - Many Organisational behaviour concepts adopted from other disciplines
  - Organisational behaviour develops its own theories, but scans other fields
- **Systematic research anchor**
  - Organisational behaviour researchers rely on scientific method
  - Should apply evidence-based management, but...
    - Bombarded with theories and models
    - Challenge translating general theories to specific situations
    - Swayed by consultant marketing
    - Perceptual biases – ignoring evidence contrary to our beliefs

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## Organisational Behaviour Anchors (cont.)

- **Contingency anchor**
  - A particular action may have different consequences in different situations
  - Need to diagnose the situation and select best strategy under those conditions
- **Multiple levels of analysis anchor**
  - Individual, team, organisational level of analysis
  - Organisational behaviour topics usually relevant at all three levels of analysis

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