ORGANIZATIONAL DESIGN AND BEHAVIOR
(87139)

INTRODUCTORY LESSON:
Rules of the game and basic concepts

Professor Luca Carollo
luca.carollo@unibg.it

Office hours
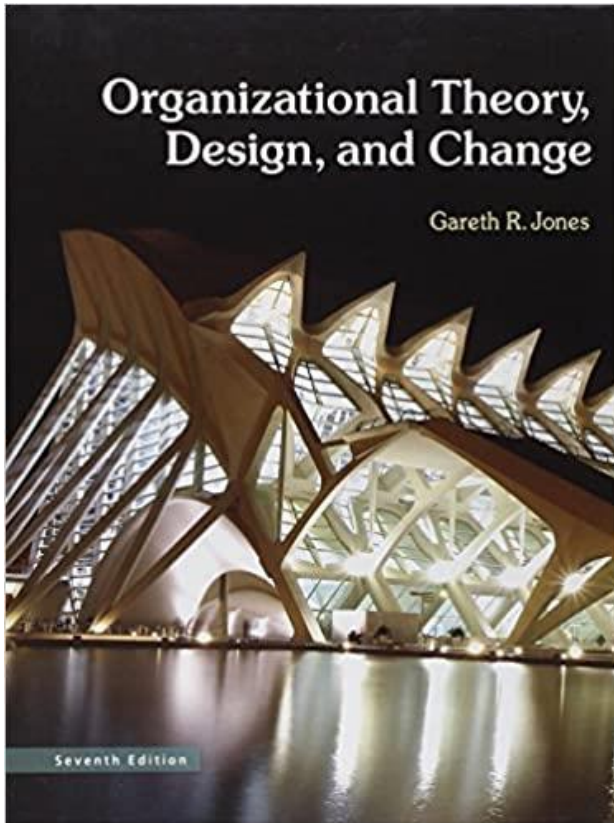**Thursday, 1-2 pm**

RULES OF THE GAME

Lecturers

ORGANIZATIONAL DESIGN PART (21 hours)

Dr Luca Carollo, luca.carollo@unibg.it
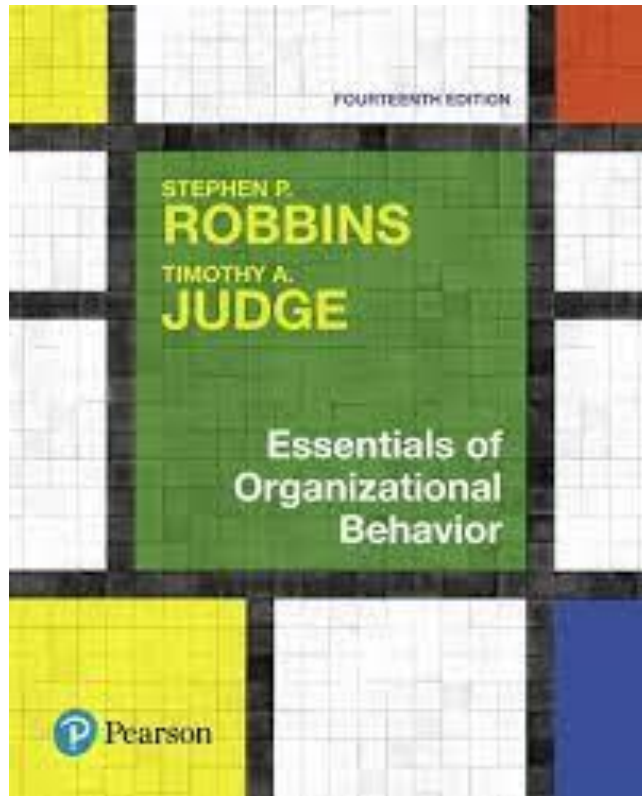
ORGANIZATIONAL BEHAVIOR PART (12 hours)

Prof Massimiliano Barattucci, Massimiliano.barattucci@unibg.it

Organizational Theory, Design, and Change

Gareth R. Jones

Seventh Edition

Jones, G. R. (2013). Organizational Theory, Design and Change (7th Ed). Pearson Education Limited. Chapters 1-9.

Hodges J., and Gill, R. (2015). Sustaining change in organizations. London: Sage Chapters: 1, 2, 4, 7

SUSTAINING CHANGE in ORGANIZATIONS

Julie Hodges & Roger Gill
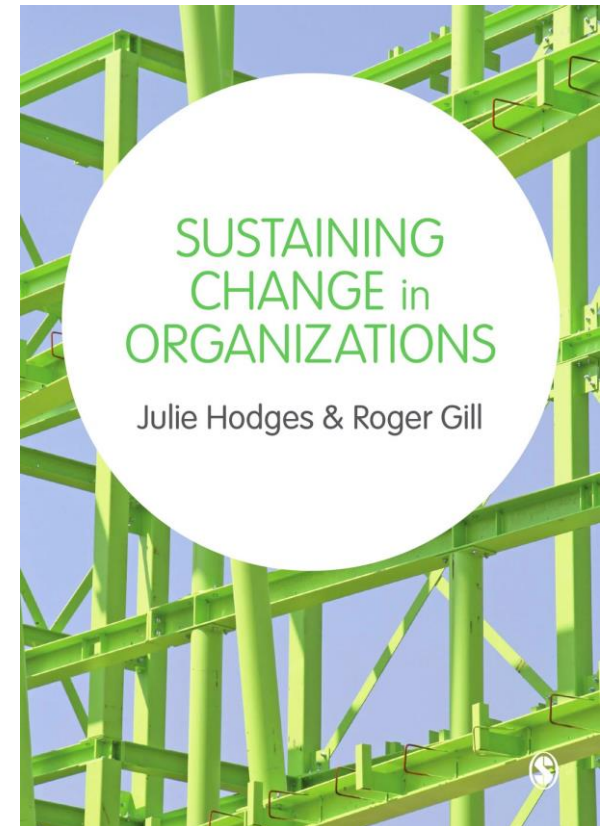
Robbins, S. P., and Judge, T. A. (2018). Essentials of organizational behavior (14th Ed). Pearson Education.
Chapters 1, 3, 4, 5, 6, 7, 8, 11, 12, 16

Calendar and program of the course

Week	Date	Topic	References (book chapters)
1	Mon 15/5 6:00-8:00 pm	Course introduction	/
	Tue 16/5 1:00-4:00 pm	Introduction: rules of the game and basic concepts	Jones 1-3
	Wed 17/5 1:00-4:00 pm	Organizational ethics and the environment	Robbins & Judges 3-4
	Fri 19/5 8:30-11:30 am	Emotion and personality at work	
2	Tue 23/5 1:00-4:00 pm	OD challenges, hierarchy and structure	Jones. 4-7
	Wed 24/5 1:00-4:00 pm	Organizational structure and culture	Robbins & Judge 5-8
	Fri 26/5 8:30-11:30 am	Perceptions and motivation at work	
3	Tue 30/5 1:00-4:00 pm	Strategy in a global environment	Jones, 8-9
	Wed 31/5 1:00-4:00 pm	Technology and competences	Robbins & Judge 10
	Thur 1/6 8:30-11:30 am	Group dynamics	
4	Tue 6/6 1:00-4:00pm	Organizational change and change management	Hodges and Gill 1, 2, 4, 7
	Wed 7/6 1:00-4:00 pm	Leadership	Robbins & Judge 10
	Fri 9/6 9:00-12:00 am	FINAL TEST (together with the other Italian courses which are part of the exchange program)	/

The rooms in which the lessons will be held may vary depending on their availability. Therefore when you enter, please double-check on the screens at the front door of the faculty in which room the daily lesson will be!

Attendance rules

Attending students will need to attend at least **75% of the course**.

i.e. students can skip **3 classes at most** (2 classes of OD and 1 of OB).

At the beginning of every lesson I will take note of who is participating and who is missing.

p.s. we are always available to talk if you have any problems or concerns.

Spirit of the course

The course is organized in an interactive way, thus student's ability to participate actively is critical for creating a good learning environment.

Each student will be asked to perform a series of in-class activities (mainly individual or group discussions of questions, cases and exercises) that address issues related to organizational design and behavior.

Students' evaluation

The final grade in the course will be based on the following:

- FINAL EXAM– multiple choice test with 32 questions (19 about OD and 13 about OB topics). Every correct answer is worth 1 point;

- 4 additional points could be assigned by the instructors on the basis of students' active participation during classroom discussions and case analyses;

- Those who totalize more than 30 points will be graded '30 e lode' (A+, in the US grading system);

- Please, note that you will pass the exam if you will get at least 21/30 points (C-)!

The e-learning platform

https://elearning15.unibg.it/ → Login with your Unibg access credentials

Categorie di corso

▷ Generale (38)

▶ Giurisprudenza (127)

▶ Ingegneria (265)

▶ Lettere, Filosofia, Comunicazione (311)

▶ Lingue, Letterature e Culture Straniere (465)

▷ PhD Dottorati di ricerca (6)

▶ Scienze Aziendali e Scienze Economiche (410)

The e-learning platform

Operazioni e bilanci straordinari a.a. 2022-23

Organizational Behaviour a.y. 2022-23

Organizational Design and Behavior (SBP) a.y. 2021-22

Organizational Design and Behavior (SBP) a.y. 2022-23

Organizzazione aziendale - Classe A-C - a.a. 2022-23

Organizzazione aziendale - Classe D-L a.a. 2022-23

Why to use
the e-learning platform

1) All the presentations and readings used during the lessons will be available immediately before or soon after every meeting… you will need them to **prepare yourself for the final test**!

2) Any variations in the course timetable or any urgent messages will be communicated through the e-learning platform.

Keep in touch… thank you for your collaboration!

Any questions?

To warm up a bit...

How many of you have already followed courses of organization theory or management?

1. Think about the most interesting thing you have learnt so far about organization or management;

2. To clarify your thoughts, write it down in **one single sentence** (comas are ok, just one full stop, no semicolons);
   5 mins

3. Every two rows, read your sentence to the classmate in front of/behind you and motivate your statement;

4. Discuss about each other's claim and supporting arguments;
   5 mins

5. Share what you have learnt with the rest of the class!

MY VIEW:

"Organization" is the response to the question "what **pushes** people to act?".

Why students go to school (even if they do not want to do so)?

Why employees go to work (even if they do not want to do so)?

Why soldiers participate in a fight (even if they do not want to do so)?

The organization is both the enabling and the constraining force pushing people to act: organizations are the <u>basic infrastructures</u> of our everyday life.

= it is important that they are designed well!

Tolstoy, War and peace (1867)

Extract from the second epilogue, chapter VI

The soldier himself does the stabbing, hacking, burning, and pillaging, and always receives orders for these actions from men above him; and he never gives an order. The noncommissioned officers (of whom there are fewer) perform the action itself less frequently than the soldiers, but they already give commands. An officer still less often acts directly himself, but commands more frequently. A general does nothing but command the troops, indicates the objective, and hardly ever uses a weapon himself. The commander in chief never takes direct part in the action itself, but only gives general orders concerning the movement of the mass of the troops. A similar relation of people to one another is seen in every combination of men for common activity in agriculture, trade, and **every administration**.

BASIC CONCEPTS

Organizational design

An organization is…

A **tool** that people use to **coordinate their actions** in order to achieve preestablished **goals**

The instrumental view

… a means to an end

Entrepreneurship

is the process by which people recognize **opportunities** to **satisfy needs** and then gather and use **resources** to meet those needs

Organization's Inputs

Organization obtains inputs from its environment

- Raw materials
- Money and capital
- Human resources
- Information and knowledge
- Customers of service organizations

Organization's Conversion Process

Organization transforms inputs and adds value to them

- Machinery
- Computers
- Human skills and abilities

Organization's Environment

Sales of outputs allow organization to obtain new supplies of inputs

- Customers
- Shareholders
- Suppliers
- Distributors
- Government
- Competitors

Organization's Outputs

Organization releases outputs to its environment

- Finished goods
- Services
- Dividends
- Salaries
- Value for stakeholders

How **business** organizations create value?

How

![McDonald's logo]

creates value?

McDonald's inputs:
Obtained from its environment

- Raw materials (ground beef, sandwich buns, potatoes, milk-shake mix, etc.)

- Human resources (cooks, clean-up crew, order takers, managers)

- Information and knowledge (training, knowledge of fast-food industry)

- Money and capital (shareholders' investments)

- Customers

McDonald's conversion process:
Tranforms inputs and adds value to them

- Machinery (grills, toasters, frying machines, milk-shake machines)

- Computers (computerized cash registers, ordering systems, inventory tracking)

- Human skills and abilities (personnel trained in sandwich preparation, ordering, potato frying, overseeing the whole operation)

McDonald's environment:
Sale of outputs to customers

- Satisfied customers

- Potential customers

- Suppliers of meat, potatoes, milk-shake mix

- Population from which to choose employees

- Government health regulations

- Competitors (KFC, Burger King, Taco Bell)

McDonald's outputs:
Released to its environment

- Fast and cheap food

- Satisfied customers

- Satisfied shareholders

Michael Porter's Value Chain Analysis

In: 'Creating competitive advantage' (1985)

https://www.business-to-you.com/value-chain/
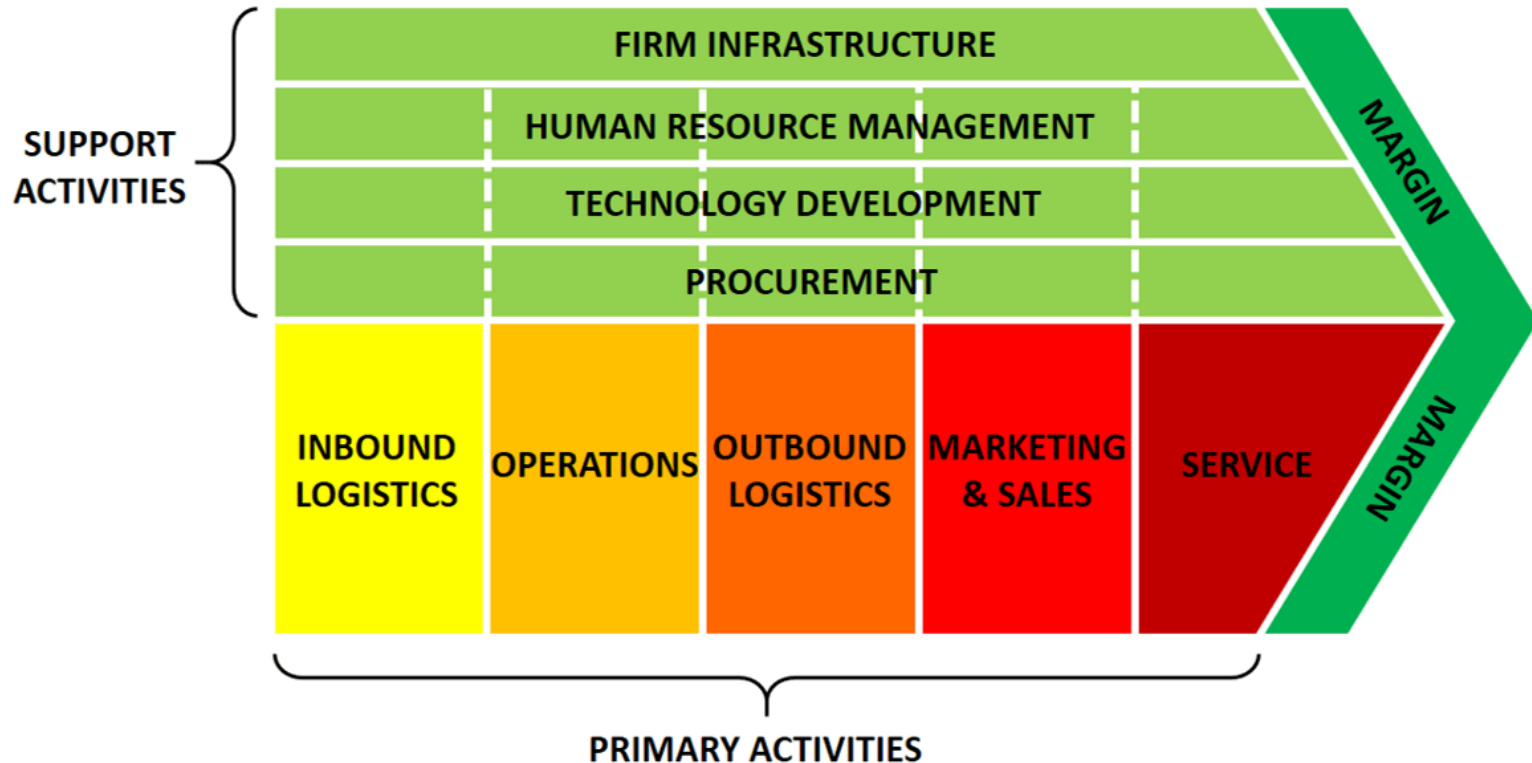
But why do organizations exists?

people **working together** to produce goods and services can **create more value** than people working separately

The use of an organization allows people jointly to:

- Increase specialization and the division of labor
- Use large-scale technology
- Manage the external environment
- Economize on transaction costs
- Exert power and control

Which increases the value that an organization can create
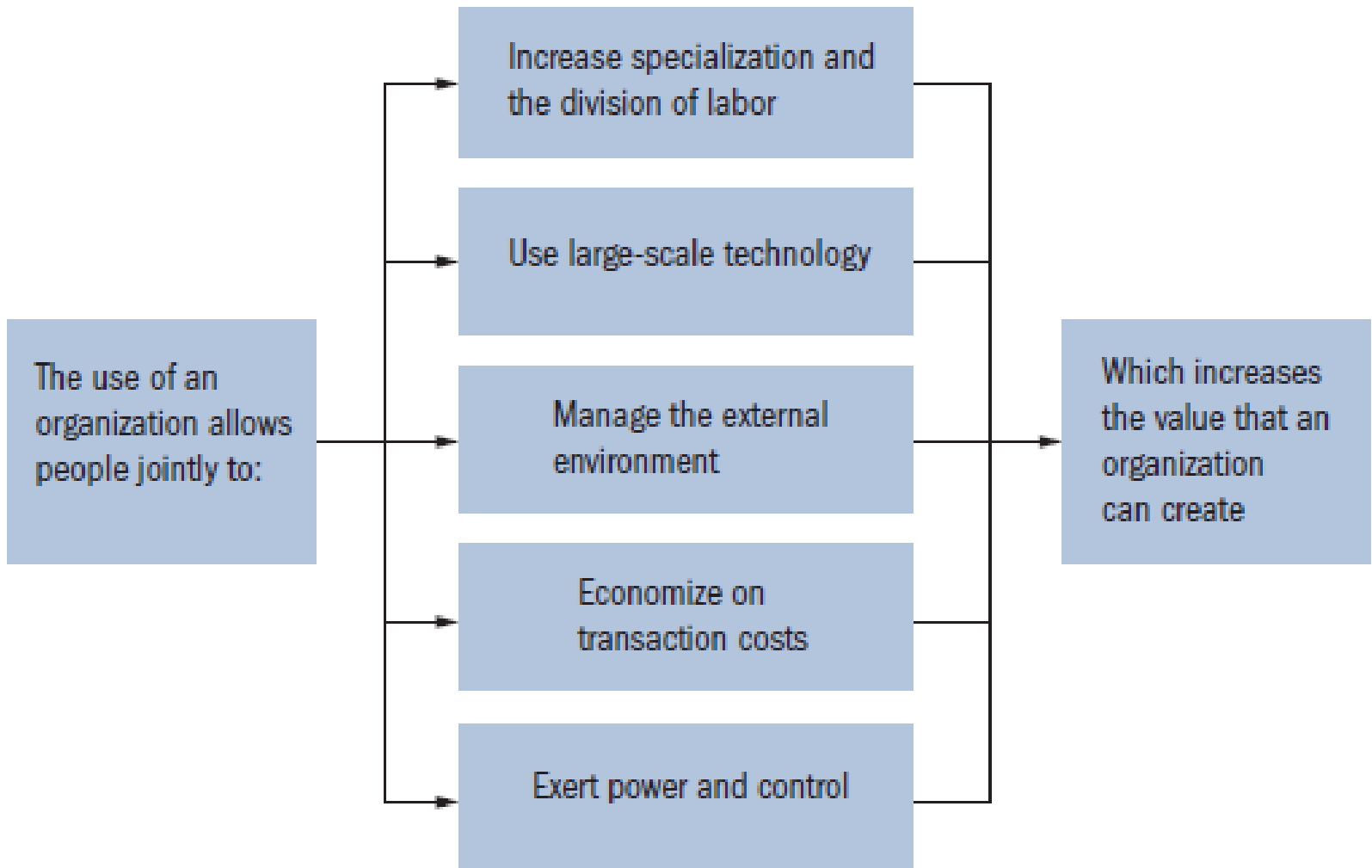
Increased specialization and division of labor

The collective nature of organizations allows individuals to focus on a narrow area of expertise, which allows them to become **more skilled** or **specialized** at what they do.
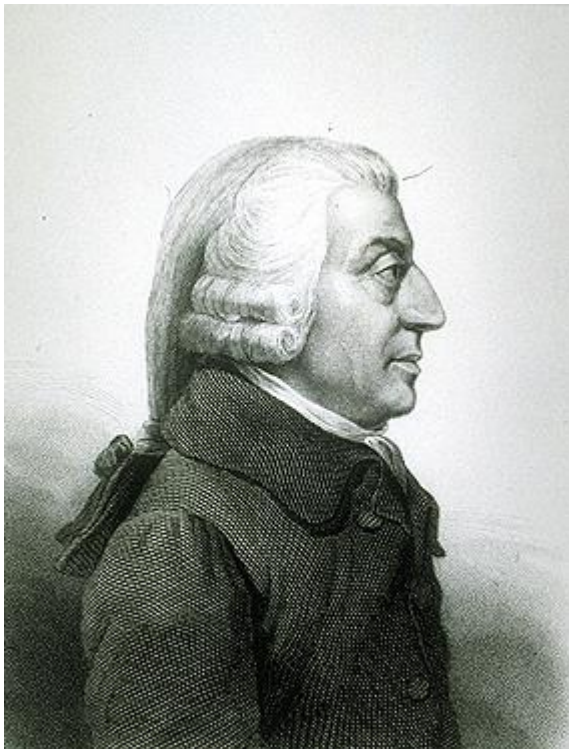

One worker who did all the operations necessary to make a single pin, produces no more than 20 in one day. Ten workers could make 200 pins this way.

However, ten workers could produce 48,000 pins per day if each of eighteen specialized tasks was assigned to particular workers (4,800 pins per worker per day).

Use large scale technology

Economies of scale are cost savings that result when goods and services are produced in large volume on automated production lines
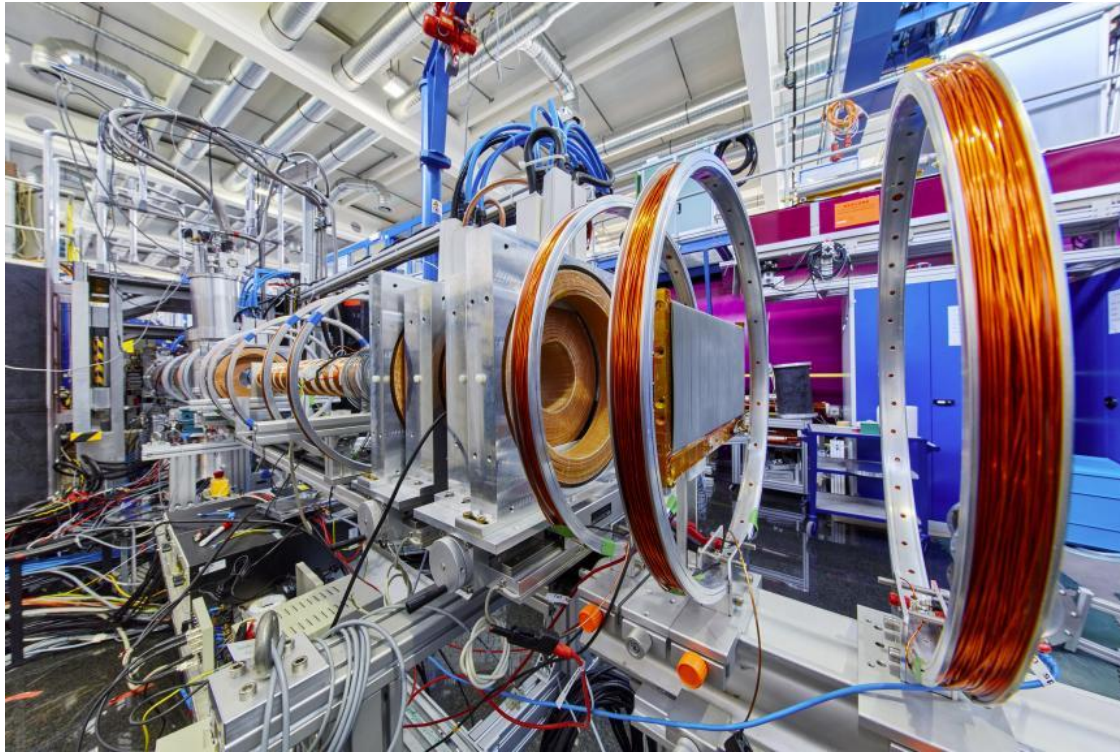
Economies of scope are cost savings that result when an organization Apply the same technology across several different products or tasks

Manage the external environment

Market, economic, social, political, environmental **pressures** are more easy to manage if you have **dedicated specialists** that coordinate themselves to deal with the various challenges and requests.

Economize on transaction costs

Organizations' ability to control the **exchanges** between people in some cases reduces the transaction costs associated with these exchanges.

Exert power and control

Organizations can exert **pressure** on individuals to conform to certain tasks, behaviors and production requirements

"Your evaluation is based on the next 30 seconds. Go!"

Employment, **promotion** and other **rewards** are important and scarce: organizations can use them to exert power over individuals

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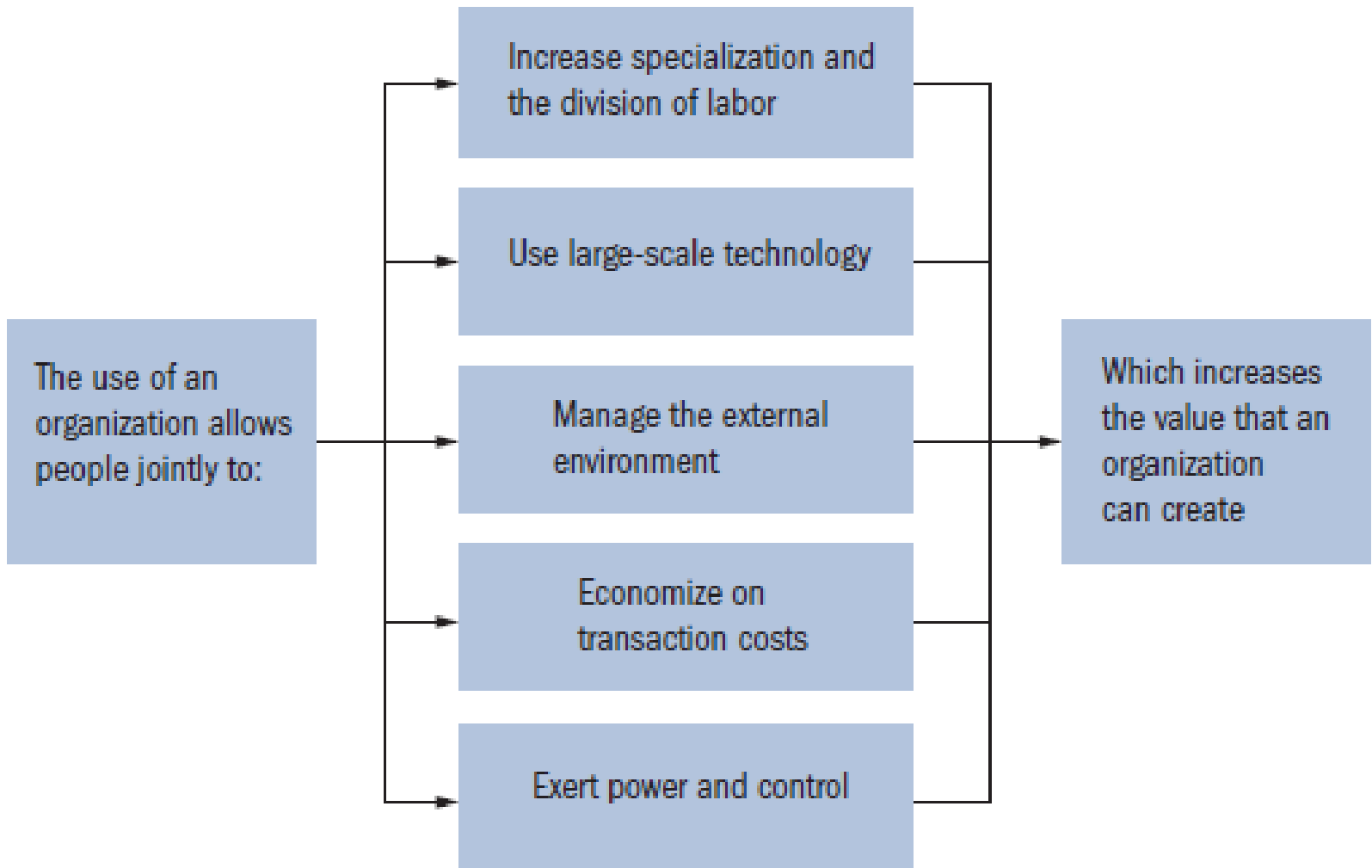
CASE
How Steve Jobs learned to organize and control Apple?

The 4 main problems of organizing

- the division of labor;
- the integration of effort;
- the provision of information;
- the provision of rewards.

There are various alternatives:
how to do this is basically a matter of **organizational design**

Organizational design

The process by which **managers** select and manage various **components** of an organization so that it can **control the activities** necessary to achieve its **goals** in relation with the **environment**.

Organizational structure

it is the formal system of task and authority relationships that control how people coordinate their actions and use resources to achieve organizational goals

Organizational culture

is the set of **shared values and norms** that controls organizational members' interactions with each other and with suppliers, customers, and other people outside the organization

Contingency

An event that might occur and must be planned for so that the organization can respond to it.

Examples of common contingencies:
- emergence of a new competitor;
- change in laws and regulation;
- technological development;
- economic crisis;
- […]

Organizational design #2

The process by which **managers** try to align the **internal components** of an organization with the **external components** of the environment and its **contingencies**, so that the organization is able to maintain its long-term success and **competitive advantage**.

"alignment"   **"fit"**

OD & competitive advantage

- core skills and competences;
- workforce diversity;
- ability to innovate (R&D);
- strategy;
- technology…
- organizational design!!!

The consequences of poor OD

Ford, IBM, and Kodak have all experienced enormous problems in the 2000s adjusting to the reality of modern global competition and have seen their sales and profits fall dramatically.

Why did this happen?

> Loss of control of organizational structures and cultures:
big and successful organizations tend to become so bureaucratic that they are no more able to change and adapt to the environment

The Chief Operating Officer

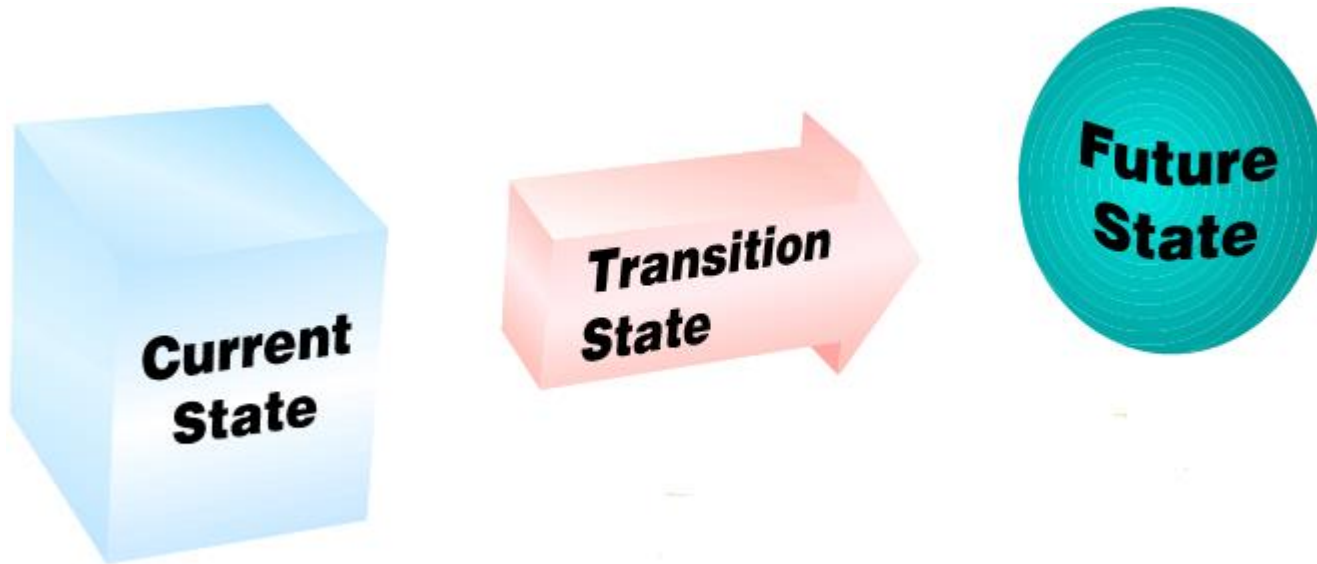Belinda Johnson, COO of Airbnb from 2017 to 2019

COOs create and oversee teams of experienced senior managers who are responsible for organizational design and for orchestrating small and incremental changes as well as organization-wide transformations in strategy, structure, and culture.

https://www.entrepreneur.com/leadership/4-common-traits-of-the-best-chief-operating-officers/232762

Organizational change

Current State

Transition State

Future State

the process by which organizations redesign and transform their structures and cultures to move from their present state to some desired future state to increase their effectiveness and efficiency

Harvard Business Review

READ Carucci's article and answer to the following questions:

1) what are the problems diagnosed by Henry and the solutions he put forward?
2) what are instead the organizational design issues discussed by Carucci?
3) what is the difference in their approach?

Questions?

Additional resources

- Systemic leadership as a good model for effective organizational designers: https://www.weforum.org/agenda/2016/09/reinventing-leadership-the-10-imperative-leadership-aptitudes-you-will-need-as-a-systemic-leader/

- Ways to improve knowledge and information sharing in organizations: https://executiveeducation.wharton.upenn.edu/thought-leadership/wharton-at-work/2011/08/successful-strategy-execution/

- Avoid unnecessary complexity and bureaucratization through the founder's mentality: https://www.forbesindia.com/article/rotman/the-power-of-the-founders-mentality-chris-zook-of-bain-co/50743/1