MAKING ORGANISATIONS WORK

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INTRODUCTION

Welcome to the wonderful world of organisations and their management!

This handbook *Making Organisations Work* is an exploratory introduction to give students and other interested readers a deeper insight into the operation and 'managing' of organisations. Organisations are ever present in our society. They provide, amongst other things, employment, education, services, food, care, protection and entertainment. Organisations are the chessboard on which the game of life is played out. Knowledge about organisations is knowledge about the nature, the possibilities and the rules of this game (Kreitner and Kinicki, 2008).

According to the classic definition by Chester Barnard, an organisation is '*a system of consciously coordinated activities or forces of two or more persons*' (Barnard, 1953). In order to lead, analyse or offer sound advice to an organisation, it is crucial to study and understand the behaviour of people and the working of teams, groups and organisations as a whole. This book will therefore offer insights into organisational theory and management through a series of analyses, case studies and other evidence-based conclusions, and this at three different levels: the organisational level, the group level and the individual level.

In the different chapters of *Making Organisations Work* we will look more closely at the different elements that together make up the operational domain of organisations: **the employee** (micro-level)*,* **the group** (meso-level) and **the organisation** itself (macro-level). Acquiring knowledge about these micro, meso and macro-levels of organisations requires an **interdisciplinary** approach. The aim is to develop a better understanding of how employees in teams and organisations can be managed. To do this, we will make use of insights from different fields of study, such as organisational theory, organisational behaviour, sociology, psychology, social psychology, economic, anthropology, business administration and human resource management. We regard organisational management as a horizontal discipline. This implies that organisational management has an overarching function that transcends

every job category, business function and professional specialism. Every employee within an organisation – whether large or small, public or private – can benefit from the study of organisations and the knowledge and insight that such study brings (Kreitner and Kinicki, 2008).

Making Organisations Work is not intended to be a specialist handbook. It is not exhaustive. Its purpose is to offer a number of basic insights that will help the interested reader to deal critically with evolving organisations in a volatile labour market and a rapidly changing society.

This is an important point: the studying and understanding of organisations must always take place within the **context** of those organisations. The context is a crucial factor in the analysis of organisations and also has a significant impact on the three angles of approach (micro, meso, macro) that we will use throughout the book. As we look deeper and deeper into the different aspects of organisations, it is important to see a number of tendencies in their proper context: the world.

Societal and organisational challenges, such as technological change, diversity and an ageing and increasingly competitive labour market, make the analysis of present-day organisations more challenging – but also more fascinating – than ever before. In addition to basic insights and concepts, the book will also offer some of the most important current insights into management.

Each chapter and also some of the sub-sections will begin with an opening case or an article from the press, followed by discussion questions relating to the theme (usually a current issue or practice in organisations). Sometimes, real-life themes and case studies will be discussed. Sometimes, the case studies have been compiled especially for this book and are therefore fictitious, although they are always based on existing cases. In other words, the names of the employees and managers, the examples and the experiences are all based on existing practices within public and private organisations,

but cannot be attributed to a specific organisation or any person within an organisation. The primary purpose of these specific cases is to formulate a didactic case study that highlights practical issues.

The wider general purpose of the book is to give readers greater insight into the way organisations work at three different levels: the individual level, the group level and the organisational level. Having read this book, our hope is that the reader will be able to reflect on the problems and events that occur in organisations; to better understand organisational management and theory and a number of key new developments in the organisational domain; to analyse the processes and design of organisational management; and to assess the applicability of management within organisations.

This book is a revised version and translation of the Dutch-language book *Organisaties Doen Werken* by Adelien Decramer, published by Borgerhoff and Lamberigts (Owl Press). This has made it necessary to change a number of things. Some of the original press articles have been replaced by new ones and some of the examples have been amended. A number of additional insights from organisational theory have been added and the section on organisational structure and organisational culture has been expanded, with the intention of giving a broader and more critical view of organisational theories and their application.

In this way, we hope to provide inspiration and an incentive for further exploration of the fascinating world of organisations. Enjoy your reading!

Looking back
in history

CHAPTER 1:
LOOKING BACK IN HISTORY

Organisational behaviour and management have now been studied, analysed and debated for over a century. Before we take a retrospective look at the history of these developments, it may be useful to first define what we mean by the concept of an organisation. Organisations are ever present in our society. As such, they are of great importance, also for individuals, for whom they provide, amongst other things, employment, education, services, food, care, protection and entertainment (Buelens et al., 2011; Robins and Judge, 2011; Kreitner and Kinicki, 2008). Organisations are therefore diverse and have a huge impact on both man and society. Yet even though there are many different kinds of organisations, it can be assumed that they all share a number of common characteristics. Organisations are first and foremost social entities; they have goals and objectives; to achieve these, they are designed as a system of consciously structured and coordinated activities; and, last but not least, they operate in connectedness with the external environment (Daft, 2009). Following on from this definition, the first chapter will provide a summary of the different schools of thought in organisational and management history. The **rational approach** to management is a first important approach that needs to be examined. This will be followed by a number of later alternative approaches, including the **Human Relations** approach – which generated several groundbreaking research studies by pioneering organisational experts – and a number of other modern theoretical perspectives on organisation and management. The original ideas and basic principles of each school of thought will be discussed, as will the **relevance of these schools for contemporary organisations.** This brief look at the history of organisational management will show that during the preceding decades different points of emphasis were regarded as being important at different points in time, while the apparent discord between **efficiency and/or the 'human' factor** within organisations continues to present a serious challenge even today, anno 2020. The chapter will end with a short survey of the various sources and theoretical lenses that are used in this field of study, with a final focus on Evidence-Based Management: a basic principle that every future manager needs to understand.

It was necessary to wait until circa 1900 before the first scientific approach to organisations emerged. During the 19th century, **the sociologists Karl Marx, Emile Durkheim and Max Weber**, the founders of the modern science of sociology, studied the implications of the shift from feudalism to capitalism and the transition from a rural-agrarian to an urban-industrial society. Marx focused on the working class, while Durkheim offered his analysis of what he saw as the loss of solidarity in this new society. However, it was Weber – famous, amongst other things, for his definition of the organisational form of bureaucracy – who was really the first true organisational sociologist, with his detailed studies of the operation of organisations and the behaviour of people within them (Lammers et al., 2000; Buelens et al., 2011).

In this respect, it is important to remember the context of the times. The turn of the 20th century also marked an interesting turning point for organisations. Steam-driven machines were now performing the same tasks as the craftsmen of yesteryear, but much faster and therefore with a much larger capacity. Advances in scientific knowledge, especially chemistry, coupled with the industrial exploitation of coal mines, made it possible to produce high-quality steel cheaply. This in turn made possible the development of better machinery and more sophisticated forms of mechanisation. Improvements in the supply of electricity saw the advent of electrical-driven motors in industry and electricity-powered lighting in streets and homes. Modern oil exploitation also moved into overdrive, following the first early attempts in 1858. Perhaps most important of all, all these evolutions led to the creation of new products for a new type of consumer.

Frederick Winslow Taylor (Philadelphia, 1856-1915) is generally regarded as one of the 'founding fathers' of Organisational Behaviour. Taylor was an American engineer and management consultant (in other words, he gave advice about organisations) and he laid the foundations for **Scientific Management**: '*a scientific approach to management in which all tasks in organisations are in-depth analysed, routinised, divided and standardised, instead of using rules-of-thumb*' (Buelens et al., 2011; Bloisi et al., 2007). Taylor systematically studied organisations in the engineering industry from the

perspective of a link in the organisational chain that had largely been ignored up to that point: the task of the individual member of staff and, more particularly, the factory worker. With this in mind, he initiated a number of time and motion studies, on the basis of which he carried out a number of experiments to determine the methods that would provide **the most optimal return within the organisation**. His earlier studies in engineering led him to the conclusion that the majority of workers used many different techniques to carry out what was essentially the same task. According to Taylor, this meant that greater optimisation through greater uniformity must be possible. To prove his point, he studied every task in an organisation and divided each task into sub-tasks, the completion times of which he rigorously measured. He then eliminated the unnecessary and time-consuming tasks and/or movements performed by the workforce, whilst at the same time developing more appropriate tools (preferably light and easy to handle). This allowed him to identify the **most efficient** method of working (in other words, the optimal balance between resources used and results produced) for that organisation. This optimal method of working – the One Best Way – was then introduced as the standardised method that all the organisation's workers were obliged to use.

The mass production of cars via an assembly line: the legendary Ford Model T.

Taylor used this knowledge and experience to work as a consultant for **Henry Ford**. At that time, Ford was producing aircraft wheels and Taylor's methods succeeded in significantly reducing the time needed to assemble these wheels. But the most famous application of the new management principles was undoubtedly Taylor's involvement with the Ford Motor Company, which was one of the first manufacturers to mass produce vehicles on a production line. When Ford started his new company, with the intention of manufacturing the now legendary Ford Model T, it was Frederick Taylor who helped to design and later adjust the production system, so that the work could be standardised optimally. By now, this standardisation was no longer based exclusively on the results of time and motion studies, but also involved the optimisation of all tools and equipment and the interchangeability of standard parts in all Ford models.

This made possible the production of a very simple (in our eyes) and very spartan-looking car, but one that was nonetheless capable of doing everything that was required of it at that time. Ford offered people the first vehicle that was affordable to those of middling income, was cheap and easy to maintain, had light and inflatable wheels, and offered a comfortable ride (thanks to its innovative suspension system) over the cobbled roads of the day. Millions of Model Ts were made and sold, as Ford (with Taylor's advice) carried through further rationalisation and optimisation of the assembly line, allowing him to force down prices even lower. It also made it possible for him to pay higher wages to his workers and to introduce an eight-hour working day. This in turn increased the purchasing power of his workforce, so that they could also become bigger consumers (not of Ford's cars, but of other products).

The assembly line in Ford's factory.

According to modern organisational experts, Taylor's ideas led to a number of important consequences for organisations (Sinding and Waldstrom, 2014):
- a higher return;
- standardisation of products and activities;
- greater control and predictability;
- greater sub-division and more routine tasks reduced training time and made possible the use of unskilled labour;
- a 'managers must think, workers only work' philosophy;
- optimisation of the tools and equipment used.

However, **resistance** quickly grew to the ideas of Taylorism and to the policies of company leaders who implemented Taylor's Scientific Management principles. This resistance came from the workers themselves and from the unions who later came to represent them, eventually resulting in a wave of strikes and social unrest. The work the workers were required to do was regarded by many as degrading and even capable of making people go mad. This latter image was given further popular credence by the manic satire of Charlie Chaplin's last silent film, *Modern Times,* which was made in 1936.

A satirical exaggeration of working conditions in the era of Taylorism: Charlie Chaplin in Modern Times.

There were different strands of thinking underlying this resistance. Some critics maintained an ideological standpoint, which argued that the application of the scientific approach to labour by company leaders was inspired solely by the desire to secure even **greater profits** by increasing the pressure on their workforce. Others were more nuanced in their critique, placing the focus on their fears for the 'deskilling' or the **devaluation of human labour**, which they believed would lead to social alienation (Bloisi et al., 2007; Sinding and Waldstrom, 2014).

Taylor himself was also aware of a certain degree of resistance among the working population during his experiments and tests, but it was resistance

of a very different kind. In particular, he was convinced that **workers deliberately worked slower**, in an attempt to ensure that his findings would not result in the tempo of their work being increased. He attributed this to a lack of direct supervision. For this reason, he suggested that the tasks of the foreman, as the front-line supervisor, should be split up into different sub-tasks: one sub-task for the distribution and allocation of tasks to the workers; one sub-task for ensuring the quality of execution; and one sub-task for ensuring the reasonable speed of execution. Perhaps it is understandable in human terms that the workforce reacted in the way that it did, when they saw a man leaning over their shoulder with a stopwatch, anxious to prove that they were not doing their best. Even more so, bearing in mind the spirit of the times, when it is unlikely that there was much communication from management about what was actually happening and why.

Is it possible that Frederick Taylor really had good intentions and that over the years these intentions have been misinterpreted and denigrated by his opponents? Taylor regarded the implementation of Scientific Management as a joint task between management and the workforce to find the best way of working to the benefit of all concerned. Alongside physical suitability, he therefore saw a willingness to conform to the obligatory and standardised methods of working as one of the most important selection criteria for recruitment. But he also thought that it was only logical that people who agreed to participate on this basis should then receive a higher wage. Unfortunately, this logic has not been followed – at least not in full – by the scientists and academics who followed Taylor. In particular, they argued that Taylor took no account of important aspects of the **human factor** in organisations. More specifically, he is said to have ignored the **importance of professional pride and job satisfaction and the significance of forms of reward other than the purely financial.** He saw the workings of the group and their adherence to the old rule-of-thumb methods as something essentially and deliberately counterproductive (he referred to it as 'soldiering'). However, at the same time he failed to take any account of the physical and psychological make-up of the employees required to carry out the routine work he advocated, which often led to strain and stress. As a result, many subsequent researchers have questioned his **exaggerated sub-division and routinisation of tasks**, regarding it as a recipe for reducing the quality of labour (deskilling), increasing employee alienation from both their work

and the products they make, and encouraging boredom as a result of the lack of any real challenge (Sinding and Waldstrom, 2014, Drenth, 1970).

Even so, it is generally accepted that Taylor **laid the foundations for further research and applications in the field**. Task division, allocation and optimisation, together with the search for the right forms of labour, taking due account of all factors, both human and technical, made their entry not only in the automobile sector, but also in other sectors and organisations, such as engineering, construction, electricity, clothing and even services. Further efforts to counterbalance the perceived shortcomings in the purely rational organisation of labour is evident in later initiatives to offset the disadvantages of task specialisation and short-cycle thinking by ensuring wherever possible a sufficient degree of **task enrichment**, **task enlargement** and **job rotation** (Kreitner and Kinicki, 2008; Bloisi et al., 2007; Sinding and Waldstrom, 2014).

CAN THE PRINCIPLES OF FREDERICK TAYLOR AND SCIENTIFIC MANAGEMENT BE APPLIED IN TODAY'S ORGANISATIONS?

McDonald's: is this the Taylor principle in modern-day action?

Much further research still needs to be done into machine and process-based work in our modern-day organisations. The assembly line system still exists; for example, in the car industry. That being said, and viewed from a purely technical and process-technical perspective, the situation today is immeasurably better than it was at the beginning of the 20th century, thanks to better workplace organisation and stronger logistical support. If we realise that cars no longer exist in just a single colour (the Model Ts were all black) and a single standard version, but in multiple colours and multiple versions, we can see that a **huge evolution** has taken place since the 'prehistoric' times of Ford and Taylor, and that the so-called 'productivity gain' of those times is nothing compared with what we now see in modern industry. At the same time, we must also realise that it is not just cars that have increased in complexity; the same is true of many other products. Outside the automobile sector, there are now numerous other sectors where machine and tempo-related work, with all its strengths and shortcomings, is now the rule rather than the exception. New solutions, such as more far-ranging workpost analyses and ergonomics (adjusting work to the capacities of the people required to do it), do not always bring the relief they intend.

In particular, criticism continues to be voiced against work involving a machine-related tempo, primarily because people do not tend to work at the same constant speed. There are variations both between individuals and within the same individual. If the tempo is too fast, people lose interest, concentration wavers and mistakes are made. This results in increased sickness absence and the threat of increased industrial action. On the other hand, a tempo that is too slow also leads to loss of interest through a lack of challenge, again resulting in costly mistakes. Every restaurateur knows that the quality of service decreases if there are too few customers and too many personnel. People need a certain degree of 'task tension' in order to be able to function optimally. In some students, this phenomenon is recognisable in the procrastination they show at the beginning of the academic year (low tempo), followed by a much increased level of motivation at the end of the academic year, as the exams approach.

Even in Taylor's time, there were other thinkers who developed organisational theories that were not exclusively focused on the individual, the labour tasks and the immediate working environment, but concentrated instead on the aspect of **management** as a separate and necessary task in every organisation (Sinding and Waldstrom, 2014; Buelens et al., 2011).

We are talking of an era when entrepreneurs were usually wealthy men in their own right or else could engage in their entrepreneurial activity because they were 'sponsored' by other wealthy men: their shareholders. These entrepreneurs tended to appoint technically trained engineers to run their companies as 'managers'. **Henri Fayol** (1841-1925), a contemporary of Taylor's, was the first person to explore the task of 'management' as a separate and important function within organisations. The Frenchman Fayol first worked as a mining engineer but later became a manager proper in the French mining industry. It was on the basis of this experience that towards the end of the 19th century he subsequently developed his first management theories, which were eventually published in 1916. He noted that in his time managers were nearly always trained engineers. This was the only form of training that gave access to senior positions in industry and the commercial world: social insights and theories had not yet been elaborated, never mind the idea of any kind of specific management training. Fayol wanted to change this narrow approach and his work can indeed be regarded as a kind of management training course, the first ever! The normative and excessively didactic style of his basic principles is perhaps most evident in the original French versions of his writings, which are full of compelling verbs and phrases like *falloir, devoir, le droit de*, etc. Even so, these basic principles contain many aspects that would continue to find their place in much later theories and insights relating to organisations and organisational management. In fact, it was not until the publication in 1949 of the English version of his book, *General and Industrial Management*, that his principles would finally gain access to and recognition in the wider and more trendsetting circle of (primarily American) researchers and experts.

The most well-known of Fayol's theories describes the five basic tasks of management within the different functional fields of an organisation: production, purchasing and sales, finance, security (*sécurité de l'entreprise*), bookkeeping and administration. With this latter term – administration – Fayol does not simply mean administrative tasks, but rather the directing functions of management, and this according to **fourteen clearly defined principles**, which are detailed in the box below (Fayol, 1972; Fayol, 1966)**.**

Fayol's five basic tasks of management and their basic principles are as follows (Fayol, 1966):

1. Planning

A plan can be made at the organisational/enterprise level, but also at the levels of a department, section, service or group, or even within the framework of a project. A strategic organisational plan is made with the long term in mind and can be regularly revised (for example, annually). A project plan relates to the implementation of a specific task with a clear start and finish, and the project leader follows up and reports on progress to higher management levels.

Principles:
· a plan must seek to achieve general organisational/enterprise objectives;
· long-term and short-term plans must influence each other and be attuned to each other;
· a plan must be flexible and capable of adjustment to changing circumstances;
· a plan must be specific (well-defined) and expressed in sufficiently operational terms.

2. Organising

This involves the allocation of materials, resources and personnel. This can again apply to different levels within the organisation and within the existing rules relating to hierarchy and competencies. Fayol foresees **a strictly ordered hierarchical line** within each organisation.

Principles:
· each organisation is based on the concept of unity of leadership;
· everyone's responsibilities are clearly set out;
· the organisation operates in accordance with clearly defined procedures;
· all the rules and different levels of authority are clearly set out in an organigram.

3. Leading

An organisation must give guidelines and set tasks for its people. This implies more than simply 'issuing instructions'. It also means giving encouragement and motivation.

Principles:
· leaders must be aware of the different capacities of their personnel;
· leaders must take action against incompetent members of staff;
· leaders must ensure that the organisational/enterprise objectives are reached;
· leaders must set a good example;
· leaders must be aware of what the organisation is thinking and feeling;
· leaders must inspire action and show initiative and dedication.

4. Co-ordinating

Fayol's fourth basic task relates to the need to co-ordinate the tasks of the different departments to ensure that the wider organisational objective is reached. He recommends regular inter-departmental meetings and the appointment of liaison officers ('*ces agents appartiennent aux services d'état major*'). It is clear in this instance that Fayol is speaking on the basis of his own personal experience of working in a large organisation with a strictly organised structure and equally strict rules. In this respect, his basic principles are all closely linked to concepts such as authority, responsibility, unity of command, unity of purpose, discipline and order.

5. Controlling

This applies equally to his fifth principle. In this sense, 'controlling' means managing, keeping things under control and within the agreed bounds. This in turn means that at each level the managers and other responsible officials need to keep their finger on the pulse of what is happening. To be efficient, Fayol argues that every deviation from the agreed objective must be sanctioned. In current terminology, we would probably speak of performance indicators that are agreed in advance during the planning and, if necessary, are subject to corrective measures that can be included in revised planning (an important concept for quality management and quality control).

Fayol's fourteen basic principles of management are reproduced below. Many critics have found this list to be too strictly normative, although the list was often nuanced by Fayol himself (Berings et al., 2011; Sinding and Waldstrom, 2014; Bloisi et al., 2007).

1.. **Task division.** This makes it more readily possible for employees to specialise, gain experience and become more productive.
2. **Authority and responsibility**. Authority comes at a price, and that price is responsibility.
3. **Discipline**. Everyone in the workplace must know his place in the organisation and the limit of his competencies. Leaders must intervene as soon as the rules are infringed.
4. **Unity of command**. Every employee in the organisation can only have one manager/superior (although specialist experts can give guidance).
5. **Unity of direction.** Every employee in the organisation must work towards a single goal.
6. **Subordination of the individual's interests to the general interests of the organisation.**
7. **Remuneration** of employees as a lever to increased productivity. The reward must be proportionate to the effort made (although a 100% effective remuneration system does not exist).
8. **Centralisation** is the first rule of the natural order of things (although this can depend on the nature of the task and the competence of the people involved). An optimal balance needs to be found between centralisation and decentralisation.
9. **Respect for hierarchy**. Following the hierarchical line is essential (although it can sometimes be important that communication runs laterally as well).
10. **Order.** A place for every person and every person in his place (although social order remains difficult to achieve).
11. **Equity,** in the sense of treating each employee in the organisation correctly, fairly and justly, without favouritism.
12. **Stability of tenure of personnel**. Low staff turnover guarantees continuity in the organisation.
13. **Initiative.** This is necessary at all levels to successfully carry out an allocated task or plan.
14. **Esprit de corps.** The organisation can achieve harmony through unity of leadership and the avoidance of division.

Fayol made concrete in great detail the management tasks that need to be carried out in a large and formal organisation, the first seeds of which were present in Taylor's argumentation. Having said that, Fayol actually went against a number of the fundamental starting points of Taylorism, particularly with his principles of fair reward (based on equity and equality), initiative and unity of command.

Frederick Taylor believed that leaders must create and that employees must simply implement. Or as he put it: '*Managers think, workers work*'. In contrast, Fayol believed that initiative (his 13th principle) was important for success and therefore needed to be stimulated. Similarly, Taylor thought (in response to the 'soldiering' he claimed to have identified) that employees could have more than one functional leader at the same time, reflecting the division of tasks and the need for quality and speed. Fayol, however, argued that unity of command was crucial, although he also allocated a role to 'functional' management, reflecting the need for specialist knowledge and day-to-day guidance.

Although many later scientists and academics criticised the normative aspects of Fayol's fourteen principles, and particularly the primacy he ascribed to unity of command, it must nonetheless be concluded that Fayol's ideas were based on his own personal experience within a large organisation with a strong hierarchical structure. In short, he knew what he was talking about. As such, during the early years of the 20th century he played a crucial role in laying the foundations for the further development of organisational theory.

In Fayol's defence, it also needs to be remembered that the **line organisation** was the only kind of organisation in existence at the time he was writing. This further meant that the easily understandable terminology used by Fayol was easy to apply in other hierarchical organisations, such as the army during the Second World War, when huge numbers of soldiers needed to be trained in the shortest possible time.

In fact, it was necessary to wait until after the Second World War before any further meaningful development of the rational school of organisational thought became evident. This new breakthrough was made by, amongst others, **Chester Barnard** (1886-1961) and **Hubert Simon** (1916-2001).

They argued that all employees – not just the workers, but also the managers – often behaved far less rationally than had previously been assumed. As a result, they claimed that a purely rational approach was insufficient to adequately explain behaviour within organisations (Sinding and Waldstrom, 2014; Buelens et al., 2011).

In his highly abstract book *The Functions of the Executive* (1938) **Barnard** pointed out that classic organisational theory paid too little attention to the desire or willingness of employees to work for the same objectives and goals as the organisation. Based on his own experience as president of the New Jersey Bell Telephone Company, he had reached the conclusion that the effort of individual employees on behalf of the wider objectives of the formal organisation should not be taken for granted, as had generally been the case until then. Barnard said that every employee was different, and therefore had different visions and sources of motivation, which might not necessarily match the overall organisational objectives. For this reason, one of the prime tasks of leaders and senior management must be to ensure **compatibility between the individual needs of the employees and the objectives of the organisation as a whole.** This convergence continues to be an important principle in many present-day management systems (see, for example, Chapter 5 on performance management).

Barnard also emphasised that the less visible and informal working of groups within organisations and in classic organisational theory should be acknowledged. With this in mind, he argued that the most important matters of concern for an organisation are to obtain **collaboration** for the development of a **common objective** (which must be based on a consensus between individual and organisational objectives) and to **communicate** on these matters clearly. Further **specialisation** would also be needed to organise the work effectively, while appropriate **remuneration** was necessary to persuade employees to accept the additional pressure of that work, but with the recognition that this was not always the most important motivation: other more subjective forms of motivation were also possible. **Authority** (communication to allocate tasks) was likewise necessary, although it was not always clear if the implementer (the employee) would automatically accept that authority. Barnard also questioned the **decision-making process** in formal organisations, which until then had been assumed to take place in a rational manner. He accepted

that decision-making was not a matter of personal initiative but needed to follow the formal lines of the organisational hierarchy. However, he further pointed out that in contrast to the precepts of logical decision-making, many managers had a tendency to base their decisions on environmental factors or opportunism. The logical decision-taker bases his decision on an analysis of the problem, the identification of the causes, a creative search for alternatives and a thorough consideration of both the positive and negative consequences of any proposed solution. However, this logical thought process can be influenced or even disturbed by pressure of time, the need to obtain short-term results and the willingness of others to accept the solution on offer. This may mean that the manager sometimes takes action that seems to go against the conclusions of the logical decision-making process. This is the difference between making a decision and dealing with a situation or problem. Making a decision always implies a choice between alternative options, with the making of this choice being the prerogative of the manager. Dealing with a situation or problem sometimes means 'deciding' to accept the only available option that is acceptable in the circumstances (Buelens et al., 2011; Sinding and Waldstrom, 2014).

In much the same vein as Chester Barnard, **Herbert Simon** (1916-2001) – who is most commonly described in the professional literature as a 'rationalist' – argued that a purely rational vision of organisations is insufficient by itself to explain the behaviour of people and managers within those organisations. As an academic specialising in the cognitive sciences and computer technologies, Simon had no practical experience of running an organisation. Even so, on the basis of his own research and observations he concluded that organisations distinguish themselves through their **communication processes**, their **attention to human relations** and their **decision-making processes**.

For Simon, the ability to motivate people to work hard on behalf of the objectives of the organisation was a crucial factor. According to him, this was possible by:

· ensuring that people can identify with the **objectives of the organisation**;
· giving people sufficient information and **training**, without making use of authority (the imposition of rules) and without tight control;

- attempting to **convince rather than coerce people through the provision of appropriate information and advice**, linked to an amended form of leadership in which respect for the formal hierarchy was matched by greater attention to informal relationships.

In a later phase of his career (1978), Simon was awarded the Nobel Prize for Economics for his groundbreaking work relating to decision-making processes in organisations. In this new work, he finally broke with the rational school of thought, which claims that people and managers take decisions based on purely rational considerations. Rationality means that all the advantages and disadvantages are carefully examined and weighed, so that an optimal choice can be made. Simon now argued that people were not capable of deciding things in this manner, simply because the human brain lacked the ability to identify and process all the different elements involved. He called this phenomenon **bounded rationality.** He further argued that psychological and social factors also play a role, as does organisational culture. This is particularly the case in organisations where it is necessary to negotiate and convince people in relation to decisions, which may then need to be adjusted in a later phase.

1.2 THE HUMAN RELATIONS MOVEMENT

During the 1930s, a movement developed amongst behavioural scientists in the United States, which for the first time focused attention on the 'human' factor in organisations. One of the most important pioneers in this respect was undoubtedly Elton Mayo, who was the brain behind the now legendary **Hawthorne Studies**.

There were a number of different causes underlying the emergence of this **Human Relations movement**. On the one hand, there was pressure from the American trade unions and even from the legislative power, which in 1935 encouraged managers to find new and better ways to interrelate with their employees. On the other hand, behavioural and social scientists were finding it increasingly hard to ignore the impact of people – all people – on the organisations for which they worked.

By the 1930s, a number of companies and organisations had already taken initiatives to improve their working conditions with the aim of increasing their organisational efficiency. As early as 1924, experiments were carried out at the Hawthorne plant of the Western Electric Company, a large organisation that was already recognised as being progressive in its approach to personnel policy (for example, its employees received extra holidays over and above the national average). The **first phase of these Hawthorne Studies** involved carrying out a series of tests to see if better working conditions resulted in increased labour efficiency. Tests were conducted in several different departments by introducing different gradations of improvement in the **lighting** of the spaces in which people worked. These gradations ranged from the subtle and hardly noticeable to the dazzling and impossible to miss. The test results showed that productivity improved in all departments, although there was no immediately clear correlation between the level of improvement in the lighting and the level of improvement in productivity. This led to a first tentative conclusion that performance could be enhanced by 'various' factors, including environmental ones.

A **second study** in 1927 was more specific and involved groups of six women who were put to work in a specially prepared test room. This time, the researchers introduced more variables, such as the length of the working day, the number of rest breaks, the temperature and (again) the lighting. But even after a year of tests, it was still not possible to find any direct connection between particular working conditions and the improvements in productivity that they continued to record. Elton Mayo, who at that time was Professor of Industrial Research at the Harvard School of Business Administration, was closely involved with these experiments. He was convinced that the productivity improvements were the result of the attention the women received and their active participation in the experiment through the conversations they had with the researcher, who for the duration of the testing was effectively their 'boss'. Mayo believed that this led to and accentuated an informal group feeling and that it was the social processes within the group that were responsible for stimulating the improvement.

Based on these findings and assumptions, **a further series of tests** was organised. This time, the researchers interviewed all the workers at the plant.

Their most important conclusions related to the critical way the employees reacted to the company's policy and the (generally indifferent) manner in which they were treated by the company's management, which was counterbalanced to some extent by the positive effect of the informal groups that had been formed within the formal organisation in response to this policy and treatment. At the same time, there was clear approval and appreciation among the personnel for those occasions when the management did pay attention to the results of their work (in other words, demonstrated supportive supervision). The Western Electric management drew the necessary lessons from these conclusions and introduced a new system of working that incorporated improved working conditions, a more positive and supportive attitude amongst its supervisors and greater attention to human relations within the organisation.

Workers in a test room during the Hawthorne Western Electric studies.

A fourth research study, carried out in 1931 and 1932, focused on the **influence of reward on productivity.** On this occasion, there was no difference in the forms of leadership for the different groups and no contact with the researchers. The research team was aware, however, of the existence of informal groups within the three formal test groups that had been created. If the production norms for a group were increased, this led to a decrease in productivity for the entire group, even though the workers knew that they would be rewarded on the basis of their individual performance. The researchers again attributed this phenomenon to the social mechanisms at

play within the informal groups, which effectively wanted to 'protect' the weaker members of the group through a kind of collective solidarity. This led the researchers to conclude that informal group pressure is much stronger than any form of pressure that can be exerted formally or by any incentive offered through a reward system.

The most important overall conclusion from these various studies was that it was the **special attention** given to the workers in the test conditions, allied to the fact that the results of their performance were being followed with interest by the management, that led to the improvement of productivity. This phenomenon is now known as the **Hawthorne effect**. Although many behavioural researchers were involved in the almost ten years of experiments (including Fritz Roethlisberger), it is still the name of Elton Mayo that is most closely associated with the Hawthorne studies. The Hawthorne effect has frequently been viewed too narrowly as a phenomenon to explain the different levels of performance of test subjects when they know they are being observed. In reality, however, the impact of the effect is much more wide-ranging. For example, the introduction of more rest breaks had no real direct impact on productivity. However, the increased number of breaks allowed the workers to get to know each other better, which in their normal and more regimented working conditions was not possible. As a result, during the first set of experiments a process of informal group forming was initiated, and it was the social mechanisms within these groups that had a positive effect on productivity – and this in stark contrast to the negative effects of 'soldiering' that Taylor had claimed to identify. That being said, it was this same informal group pressure that led to a decline in productivity in the final experiment. For this and various other reasons, **the validity of both the experimental conditions and the results they obtained have continued to be a matter for debate**. For instance, some researchers have pointed to the fact that after the Wall Street crash in 1929 America was plunged into the Great Depression, a major economic downturn that lasted most of the 1930s, which prompted those with jobs to work harder for fear of losing them – and that it was this that influenced productivity levels.

Yet when all is said and done, it still seems reasonable to conclude that the results of the Hawthorne studies, for all their ambiguities and methodological imperfections, were valid and it is now generally accepted that the

experiments formed the basis for further studies on the role of people in organisations, particularly with regard to the different motives that persuade people to work hard or less hard, the existence of informal groups and their positive and negative effects, and the importance of the type of leadership and the attention it devotes to the workforce (Buelens et al., 2011; Sinding and Waldstrom, 2014; Bloisi et al., 2007; Berings et al., 2011; Kreitner and Kinicki, 2008).

For the last important milestone in the development of the Human Relations movement we need to look no further than **Douglas McGregor** (1960). McGregor formulated a seemingly simple basic premise, in which he argued that it is the way managers think about and treat their personnel that is important in terms of motivation. He argued that this can be viewed from the perspective of two contrasting visions, known as **Theory X and Theory Y**. In Theory X, the manager sees the employee as someone who wishes to avoid effort, responsibility and initiative, and therefore only works when put under pressure and supervised closely. Theory Y has a more positive perception of the employee's role within the organisation: this employee is by nature willing to make an effort and take responsibility. He/she is willing to accept challenges and to work hard for his/her job, the team and the organisation. At the same time, he/she will feel responsible for providing a good end result and will monitor this personally.

The starting point of Theory X is that people do not actually like to work. As a result, they will try as far as they possibly can to avoid making an effort. Consequently, this theory assumes that people must be put under pressure to do their job. This also implies that employees must be told in advance and in concrete terms what they are expected to do. If things go wrong, they must also be instructed to ask their supervisors what they should do next. In fact, in Theory X-employees actually like to be guided and directed because it allows them to avoid the need to take responsibility within the organisation. Not surprisingly, a Theory X-employee will be most unlikely to show any form of initiative.

The starting point for Theory Y could not be more different. This Theory assumes that work and labour are natural activities for an employee, as are rest and play. In contrast to Theory X, Theory Y-employees are capable of directing themselves and controlling their own work (providing they are properly informed about their objectives). They are also willing to take and accept responsibility for their work at their own initiative. Theory Y therefore regards people in general and employees in organisations as being imaginative, creative and resourceful (Kreitner and Kinicki, 2008).

ARE DOUGLAS MCGREGOR'S THEORIES OUTDATED, TOO SIMPLISTIC, TOO EXTREME IN THEIR CONTRAST AND TOO IDEALISTIC (THEORY Y)?

Over the years, the general view of mankind and of employees within organisations has become much more positive. During the 1960s, many organisations treated their people as though they were Theory X-employees. This meant too many rules, too much guidance and too much direct control, allied to poor leadership and a lack of information and feedback. In short, if you treat your employees as 'X-ers', this is how they will behave. Anno 2020, there is a widespread assumption that applying Theory X in organisations has become unthinkable and unworkable. How would it be possible for Theory X-employees to organise self-steering teams and services without direct management from above? And what would be the role and position of specialists, who have greater knowledge than the line managers who, according to Theory X, must direct and control them?

Nowadays, it is difficult to accept that employees are by nature unwilling to take initiative and show responsibility. Of course, this does not mean that there are no **differences in employees' attitudes towards these and other similar matters**. We all know people who only do just enough to make sure they do not lose their job. Sometimes this is simply something in their character. Sometimes they are only interested in earning a living for themselves and their families. Sometimes their challenges and fulfilment in life are to be found outside their working environment: travelling, visiting museums,

running marathons, etc. Likewise, we also all know people who are risk-takers at work, people who are prepared to take the initiative and help to search for solutions, and who know exactly what they are capable of doing independently and what not. Every organisation has its followers and its rebels, and it is a challenge for leadership in general and change project managers in particular to take account of these differences. It is self-evident that variations in the personalities and basic attitudes of employees will have an impact on a number of outcomes, such as job satisfaction, but also tension, stress and burn-out. These concepts will be looked at more closely later in the book.

Other alternative theoretical schools within the domain of organisational behaviour are less focused on the development of general principles for all organisations, but try to explain the variations in organisations, organisational forms and their operation. **Symbolic interactionism**, for example, is a theory that analyses the behaviour and interactions of individuals at the micro-level, by investigating the symbols associated with these interactions; in other words, people's communication and the meanings that they give to the different elements of that communication. **The Conflict Theory** argues that all social structures and relationships are based on conflict and change. Proponents of this theory therefore claim that there is no such thing as stability: people in organisations will always find themselves in conflict situations, because they each have different visions and objectives. These differences of opinion in combination with the scarcity of available resources for allocation create an ideal breeding ground for new conflicts (Sinding and Waldstrom, 2014; Buelens et al., 2011).

The Contingency Theory also plays an important role within the wider field of organisational theory. The Scientific Management Theory viewed all organisations as being identical, but this was a potentially 'dangerous' approach. If we regard every organisation as being exactly the same, we soon run into a number of problems. For example, it is impossible for all organisations to have the same design: structures and systems that are appropriate for one organisation are often totally inadequate for another organisation (Daft, 2009). It is this link between the environment and the organisation's internal organisation that is investigated by The Contingency Theory. A crucial aspect of this approach is the so-called 'goodness of fit': the effectiveness of an organisation is dependent on the level of congruence between its structure and its environment (Rogier, 1998). Consequently, there is no such thing as the 'one best way to organize'.

Different technological structures (mass production, process production, small-scale production, etc.) will each require a different organisational structure in order to be efficient and effective (Berings et al., 2016). As long ago as the 1960s, Burns and Stalker carried out research into different types of organisation. On the basis of their findings, it was possible to make a distinction between two broad types of organisation: those with a **mechanistic structure** and those with an **organic structure**. Burns and Stalker investigated primarily English and Scottish industrial companies and came to the conclusion that the organisational structure of a company in a dynamic environment was different from the structure of companies in a stable environment. They regarded these two ideal types of structure – the organic and the mechanistic – as being two extremes of a continuum. As a result, many different forms of organisational structure are possible between these two extremes, so that the 'one best way' theory becomes superfluous (Rogier, 1998).

A distinction can also be made between organisations with open and closed systems. A closed system is not connected with the external environment and operates in complete autonomy and isolation from the outside world. In contrast, an open system operates in interaction with an external environment and needs to adjust to that environment in order to survive (Daft, 2009). According to **systems theory**, an organisation is a comprehensive set of connected elements. In other words, this theory emphasises both the totality and the interconnectedness of organisational structures. Consequently, whenever we devote attention to an element of a structure, we must always do so against the background of the totality of which it is a part, as well as bearing in mind its relationship with other individual elements. For example, a team is an element within an organisation; this means that the functioning of this team is related to the functioning of all other teams, services, departments, etc. in the organisation. This further implies that if changes are made in one team, service or department, account needs to be taken of the possible consequences to all other teams, services and departments (Berings et al., 2016). What's more, it is not only the internal processes that need to be considered, but also the external environment. The interaction between the internal system and its surrounding environment therefore remains of fundamental importance. More specifically, an organisation will receive input from its environment, which its transforms into goods and services that it then sends back as an output to that environment (Berings et al., 2016).

1.3 SOURCES OF KNOWLEDGE AND INSPIRATION

1.3.1 THE ANALYTICAL FRAMEWORK

The knowledge relating to organisations – such as the analysis of employees working within organisations, teams and groups, the organisational climate, the organisational structure, etc. – is very wide-ranging. For this reason, it is necessary to make use of **insights gained from other disciplines, such as psychology, sociology, business science, management and HRM**. According to a number of leading economic thinkers, economic education and training need to be based increasingly (if not exclusively) on psychological and sociological perspectives. And it is certainly true that it will be essential for future managers to have an understanding of the basic insights of these related disciplines. This, in turn, is closely connected to the growing call for greater **interdisciplinary** research. Many universities – for example, Ghent University – are more and more inclined to play the interdisciplinary research card. In fact, at Ghent no fewer than 21 new professors were recruited in the autumn of 2018 to specifically conduct (and underline the importance of) interdisciplinary projects with a likely societal impact. Of course, monodisciplinary research at the university also continues to be important, but the opening of the boundaries between disciplines and the opportunity to collaborate with researchers from other fields is groundbreaking. In particular, it is hoped that interdisciplinary research will '*lead to academic breakthroughs that might otherwise have been impossible, whilst at the same time tackling social challenges that can only be approached through a combination of different forms of scientific expertise and the use of a variety of different methods that can result in better innovations*' (Ghent University, 2018).

Within our own specific field of Organisational Science, there are also a number of interesting examples of the way in which an interdisciplinary approach is necessary to investigate employees, teams and organisations in general. For instance, one theme that is currently high on the social agenda is **burn-out** (a subject that will be examined more closely later in the

book as a reflection of organisational culture). In recent years, burn-out has largely been researched from a psychological perspective. In this context, the Job Demand-Resources model (JD-R) developed by professors Bakker and Demerouti (with other authors) plays a central role in the analysis of employee burn-out within organisations. This well-known model posits that burn-out is the result of the relationship between **work (job) demands** and available **sources of energy (resources)**. Work demands are the psycho-social and organisational aspects of the job, which have a physical or psychological cost to the employee. Energy sources are the psycho-social and organisational aspects of the job that make it possible to work towards the realisation of professional objectives, while at the same time lowering the level of the physical and psychological cost of that work. Within the discipline of psychology, this model is used as a predictor for the burn-out phenomenon. The generally accepted explanation for burn-out (or perhaps it would be better to say its cause), founded on this model, is that it results from a combination of high job demands and a low availability of energy sources.

This model and the results of the psychological research on which it is based are hugely interesting for organisational scientists and have been widely confirmed in various studies. Even so, some authors still point to a number of gaps in the model that need to be filled by future research and additional objective details. To a large extent, this can only be achieved by interdisciplinary collaboration. With this in mind, a number of professors from different faculties at Ghent University have now joined forces to further examine the burn-out phenomenon and provide new insights that will allow the labour market to tackle and hopefully prevent this problem. For example, professors Eva Derous (Faculty of Psychology and Pedagogic Sciences) and Stijn Baert (Faculty of Economics and Business Administration) propose to carry out research which, in addition to the original psychological perspective, will also look at JD-R from a **socio-economic perspective**, to see to what extent various 'hard' economic employment parameters and the sociological context (for example, belonging to a disadvantaged social group or having a stable personal relationship) have an impact on burn-out. This is a fine example of interdisciplinary research in relation to organisations that can help to solve a problem with a high degree of social relevance (Baert and Derous, 2018).

There are, of course, other disciplines that also carry out research into organisations. Berings et al. identified two broad fields of endeavour (Berings et al., 2016).

1. On the one hand, there are scientific disciplines that focus primarily on human behaviour; for example, industrial and organisational psychology.

2. On the other hand, there are other scientific disciplines that take the objectives of the organisation as their starting point, often viewed from an economic or management perspective.

That being said, Organisational Behaviour theory tends to combine both approaches. And like Berings and his colleagues (Berings et al., 2016), this book also wishes to follow these two distinct paths. Devoting attention to the objectives of organisations is certainly important, but so is devoting attention to the wellbeing of the employees who work within those organisations. For example, a number of researchers within our HRM and Organisational Behaviour research group at the Faculty of Economics and Business Administration at Ghent University focus on ways in which organisations can best plan, monitor and evaluate the performance of their employees. Organisations currently use a variety of different management systems to achieve this, but the key question that needs to be asked is to what extent these systems are compatible with the wellbeing of the individual employee. By concentrating on these aspects, we again hope to provide possible solutions for another of the major problems facing organisations in today's business world. Nowadays, many managers, business leaders and organisations are displaying increasing concern for employee wellbeing and this is also a central theme in much of today's HRM literature. In particular, there is a growing consensus among HRM experts that improved employee wellbeing contributes to better organisational performance. Moreover, these experts no longer simply regard employee wellbeing as a means to improve performance, but also as an end – an objective – in its own right. This is something that will be examined further in the chapter on performance management, where examples will be given of various different applications that can shed light on the impact of performance management on employee wellbeing, effectiveness and productivity. Making this choice between

efficiency and/or the 'human' factor has been a bone of contention amongst scholars even since classic organisational theory first came into being and it continues to pose an important challenge to organisations anno 2020.

1.3.2   EVIDENCE-BASED MANAGEMENT

We will end this section by considering the concept of Evidence-Based Management, which is a basic principle that will need to be understood by all future managers and organisational advisers. To approach this subject, we will start by looking at an article that highlights a current problem in the world of HR, organisations and organisational advice.

Why the Myers-Briggs test is totally meaningless

Source: https://www.vox.com/2014/7/15/5881947/myers-briggs-personality-test-meaningless (Stromberg and Caswell, 2015)

The Myers-Briggs Type Indicator is probably the most widely used personality test in the world.

About 2 million people take it annually, at the behest of corporate HR departments, colleges, and even government agencies. The company that produces and markets the test makes around $20 million off it each year.

The only problem? The test is completely meaningless.

'There's just no evidence behind it,' says Adam Grant, an organizational psychologist at the University of Pennsylvania who's written about the shortcomings of the Myers-Briggs previously. 'The characteristics measured by the test have almost no predictive power on how happy you'll be in a situation, how you'll perform at your job, or how happy you'll be in your marriage.'

The test claims that based on 93 questions, it can group all the people of the world into 16 different discrete 'types' — and in doing so, serve as 'a powerful framework for building better

relationships, driving positive change, harnessing innovation, and achieving excellence.' Most of the faithful think of it primarily as a tool for telling you your proper career choice.

But the test was developed in the 1940s based on the totally untested theories of Carl Jung and is now thoroughly disregarded by the psychology community. Even Jung warned that his personality 'types' were just rough tendencies he'd observed, rather than strict classifications. Several analyses have shown the test is totally ineffective at predicting people's success in various jobs, and that about half of the people who take it twice get different results each time.

Yet you've probably heard people telling you that they're an ENFJ (extroverted intuitive feeling judging), an INTP (introverted intuitive thinking perceiving), or another one of the 16 types drawn from Jung's work, and you may have even been given this test in a professional setting. Here's an explanation of why these labels are so meaningless — and why no organization in the 21st century should rely on the test for anything.

The Myers-Briggs rests on wholly unproven theories

In 1921, Jung published the book Psychological Types. In it, he put forth a few different interesting, unsupported theories on how the human brain operates.

Among other things, he explained that humans roughly fall into two main types: perceivers and judgers. The former group could be further split into people who prefer sensing and others who prefer intuiting, while the latter could be split into thinkers and feelers, for a total of four types of people. All four types, additionally, could be divided based on attitudes into introverts and extroverts. These categories, though, were approximate: 'Every individual is an exception to the rule,' Jung wrote.

Even these rough categories, though, didn't come out of controlled experiments or data. 'This was before psychology was an empirical science,' says Grant, the Penn psychologist. 'Jung literally made these up based on his own experiences.' But Jung's influence on the early field was enormous, and this idea of 'types' in particular caught on.

Jung's principles were later adapted into a test by Katherine Briggs and her daughter Isabel Briggs Myers, a pair of Americans who had no formal training in psychology. To learn the techniques of test-making and statistical analysis, Briggs worked with Edward Hay, an HR manager for a Philadelphia bank.

They began testing their 'Type Indicator' in 1942. It copied Jung's types but slightly altered the terminology, and modified it so that people were assigned one possibility or the other in all four categories, based on their answers to a series of two-choice questions.

Raise two (the number of possibilities in each category) to the fourth power (the number of categories) and you get 16: the different types of people there apparently are in the world. Myers and Briggs gave titles to each of these types, like the Executive, the Caregiver, the Scientist, and the Idealist.

The test has grown enormously in popularity over the years — especially since it was taken over by the company CPP in 1975 — but has changed little. It still assigns you a four-letter type to represent which result you got in each of the four categories.

The Myers-Briggs uses false, limited binaries

With most traits, humans fall on different points along a spectrum. If you ask people whether they prefer to think or feel, or whether they prefer to judge or perceive, the majority will tell you a little of both. Jung himself admitted as much, noting that the binaries were useful ways of thinking about people, but writing that 'there is no such thing as a pure extravert or a pure introvert. Such a man would be in the lunatic asylum.'

But the test is built entirely around the basis that people are all one or the other. It arrives at the conclusion by giving people questions such as 'You tend to sympathize with other people' and offering them only two blunt answers: 'yes' or 'no.'

It'd be one thing if there were good empirical reasons for these strange binary choices that don't seem to describe the reality we know. But they come from the disregarded theories of an early-20th-century thinker who believed in things like ESP and the collective unconscious.

Actual data tells psychologists that these traits do not have a bimodal distribution. Tracking a group of people's interactions with others, for instance, shows that as Jung noted, there aren't really pure extroverts and introverts, but mostly people who fall somewhere in between.

All four of the categories in the Myers-Briggs suffer from these kinds of problems, and psychologists say they aren't an effective way of distinguishing between different personality types. 'Contemporary social scientists are rarely studying things like whether you make decisions based on feelings or rational calculus — because all of us use both of these,' Grant says. 'These

categories all create dichotomies, but the characteristics on either end are either independent from each other, or sometimes even go hand in hand.' Even data from the Myers-Briggs test itself shows that most people are somewhere in the middle for any one category, and just end up being pigeonholed into one or the other.

This is why some psychologists have shifted from talking about personality traits to personality states — and why it's extremely hard to find a real psychologist anywhere who uses the Myers-Briggs with patients.

There's also another related problem with these limited choices: look at the chart above, and you'll notice that words like 'selfish,' 'lazy,' or 'mean' don't appear anywhere. No matter what type you're assigned, you get a flattering description of yourself as a 'thinker,' 'performer,' or 'nurturer.'

This isn't a test designed to accurately categorize people, but rather a test designed to make them feel happy after taking it. This is one of the reasons it's persisted for so many years in the corporate world after being disregarded by psychologists.

The Myers-Briggs provides inconsistent, inaccurate results

Theoretically, people might still get value out of the Myers-Briggs if it accurately indicated which end of a spectrum they were closest to for any given category.

But the problem with that idea is the fact that the test is notoriously inconsistent. Research has found that as many as 50 percent of people arrive at a different result the second time they take a test, even if it's just five weeks later.

That's because the traits it aims to measure aren't the ones that are consistently different among people. Most of us vary in these traits over time — depending on our mood when we take the test, for instance, we may or may not think that we sympathize with people. But the test simply tells us whether we're 'thinking' or 'feeling' based on how we answered a handful of binary questions, with no room in between.

Another indicator that the Myers-Briggs is inaccurate is that several different analyses have shown it's not particularly effective at predicting people's success at different jobs.

If the test gives people such inaccurate results, why do so many still put stock in it? One reason is that the flattering, vague descriptions for many of the types have huge amounts of overlap — so many people could fit into several of them.

This is called the Forer effect, and is a technique long used by purveyors of astrology, fortune telling, and other sorts of pseudoscience to persuade people they have accurate information about them.

The Myers-Briggs is largely disregarded by psychologists

All this is why psychologists — the people who focus on understanding and analyzing human behavior — almost completely disregard the Myers-Briggs in contemporary research.

Search for any prominent psychology journal for analysis of personality tests, and you'll find mentions of several different systems that have been developed in the decades since the test was introduced, but not the Myers-Briggs itself. Apart from a few analyses finding it to be flawed, virtually no major psychology journals have published research on the test — almost all of it comes in dubious outlets like *The Journal of Psychological Type*, which were specifically created for this type of research.

CPP, the company that publishes the test, has three leading psychologists on their board, but none of them have used it whatsoever in their research. 'It would be questioned by my academic colleagues,' Carl Thoresen, a Stanford psychologist and CPP board member, admitted to the Washington Post in 2012.

Apart from the introversion/extroversion aspect of the Myers-Briggs, the newer, empirically driven tests focus on entirely different categories. The five-factor model measures people's openness, conscientiousness, extroversion, agreeableness, and neuroticism — factors that do differ widely among people, according to actual data collected. And there's some evidence that this scheme may have some predictive power in determining people's ability to be successful at various jobs and in other situations.

One thing it doesn't have: the marketing machine that surrounds the Myers-Briggs.

So what is the Myers-Briggs useful for?

The Myers-Briggs is useful for one thing: entertainment. There's absolutely nothing wrong with taking the test as a fun, interesting activity, like a BuzzFeed quiz.

But there is something wrong with CPP peddling the test as 'reliable and valid, backed by ongoing global research and development investment.' The company makes an estimated $20 million annually, with the Myers-Briggs as its flagship product. Among other things, it charges between $15 and $40 to each person who wants to take the test, and $1,700 to each person who wants to become a certified test administrator.

Why would someone pay this much to administer a flawed test? Because once you have that title, you can sell your services as a career coach to both people looking for work and the thousands of major companies — such as McKinsey & Co., General Motors, and a reported 89 of the Fortune 100 — that use the test to separate employees and potential hires into 'types' and assign them appropriate training programs and responsibilities. Once certified, test administrators become cheerleaders of the Myers-Briggs, ensuring that use of the outdated instrument is continued.

If private companies want to throw their money away on the Myers-Briggs, that's their prerogative. But about 200 federal agencies reportedly waste money on the test too, including the State Department and the CIA. The military in particular relies heavily on the Myers-Briggs, and the EPA has given it to about a quarter of its 17,000 employees.

It's 2015. Thousands of professional psychologists have evaluated the century-old Myers-Briggs, found it to be inaccurate and arbitrary, and devised better systems for evaluating personality. Let's stop using this outdated test — which has about as much scientific validity as your astrological sign — and move on to something else.

As this article makes clear, there are both supporters and opponents of the use of these instruments. The most important criticism is that such instruments have never been shown to 'work' and that their design is not based on the findings of research. This is crucial, because it is not clear on what basis decisions are taken by these systems. Worse still, it is equally unclear what the consequences are likely to be of taking decisions based on this kind of 'unresearched' model. This is where **Evidence-Based Management** can help, both by shining light on the problem and by offering a solution.

Medical professionals use **'evidence'** to draw up diagnoses for their patients. The idea that all decisions in the world of medicine must be based on the best and most recent evidence of what actually works has increasingly gained in importance during recent decades. A growing number of doctors and care providers have joined this movement, dedicated to the basic principle of Evidence-Based Management and, more specifically, to the identification, dissemination and, above all, application of this kind of correctly implemented and clinically relevant research (Pfeffer and Sutton, 2006).

Evidence-Based Management has also been gaining in importance in non-medical organisations in recent years. In this context, the idea is that managers must also make diagnoses and take decisions based on the most current knowledge of what has been proven to work best in organisations. Even so, the concept is still used far too infrequently. According to the experts, this is because the challenges of using the evidence-based approach are greater in non-medical organisations than in their medical counterparts: sometimes the evidence is weaker (than in medicine); almost everyone (with or without training in the field in question) can be a 'management expert'; and insecure (and not always traceable) sources and evidence can be used to generate management advice. In addition, it is not always easy for the manager, leader, trainer or organisational adviser to find and follow up all the most relevant and, above all, the most recent scientific and academic literature.

Creating a solution for these problems for organisations is also far from easy. Managers who wish to search for the best evidence are immediately confronted with a serious basic problem: because organisations are so very different from each other (in terms of size, form, age, etc.), there is a much greater risk attached to making the assumption that a 'remedy' that has been proven to work in one organisation will automatically work in a different organisation (Pfeffer and Sutton, 2006; Barends, 2015).

Yet for all these caveats, it is probably fair to say that there is evidence enough to show that managers (like doctors) are better able to exercise their function if they are routinely guided by the best logic and the best available evidential materials, and if they are constantly searching for new knowledge and new insights from both inside and outside their organisation, so that the assumptions they make can be regularly checked and updated. In other words, Evidence-Based Management works. Jeffrey Pfeffer claims that managers and organisations that come closest to the idea of Evidence-Based Management have a clear competitive advantage.
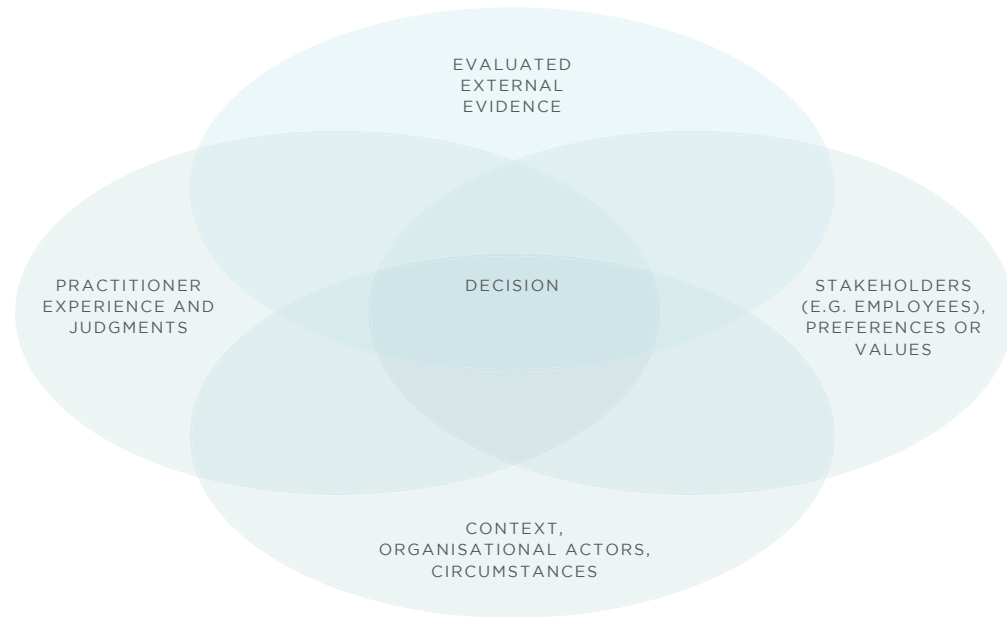
Nor is he alone in this opinion. There is a growing consensus that any attempt to understand, explain and advise employees, teams and organisations must be based on 'evidence' (Briner et al., 2009). Above all, it is important to avoid making decisions using a purely 'commonsense' or 'gut feeling' approach. Advice given to organisations and decisions made by them are far too often based on 'fads and fashions' (Abrahamson and Fairchild, 1999), the success stories of famous CEOs and business leaders, or on the unsubstantiated opinions of so-called (and often self-declared) experience experts. At the same time, we also see that traditional models that wish to find new and advanced solutions for individuals, teams and organisations often fail to make good their promises and are unable to provide the answers needed to solve new problems in a complex environment. This presents a serious challenge to managers, business leaders and organisational experts: how can they effectively support organisations by using valid and reliable 'evidence'?

This is, of course, the problem that Evidence-Based Management is designed to solve. Its aim is to improve the quality of organisational decision-making by making use of critically evaluated evidence from a number of sources: **organisational characteristics, professional expertise, stakeholder interests and the professional literature.** Various authors have described and explained the specific skills that are necessary to collect, understand and make use of evidential material, in order to make better informed organisational decisions (Barends and Rousseau, 2014).

The fundamental idea behind Evidence-Based Management is that decisions must be of good quality, and that this is only possible based on a combination of **critical thinking and the best available evidence**. Although all organisational experts use evidence in their decision-making, many of them pay little attention to the quality of that evidence. This often leads to organisations making poor decisions, decisions often based on little more than unfounded convictions, hypes and ideas popularised by management gurus. Poor decisions in turn lead to poor results and a poor understanding of why the organisation is not performing well (Barends et al., 2014).

It is this combination of critical thinking and the best available evidence that forms the cornerstone of Evidence-Based Management. But what exactly do we mean by the term 'evidence'? Various authors in the field have defined evidence as information that supports or refutes a hypothesis. Working on the basis of the best available evidence therefore means that managers and organisations base their decisions on the best possible insights obtained from the four sources mentioned previously: the organisation itself, its stakeholders, the professional community and scientific research (Barends et al., 2014). All the information obtained from these sources must be analysed critically (Ten Have, 2017).

With this in mind, the Centre for Evidence-Based Management (www.cebma. org) has developed a method for taking evidence-based decisions. In their methods the four different sources of information and insight are brought together and integrated into the decision-making process (Briner et al., 2009):

EVALUATED
EXTERNAL
EVIDENCE

PRACTITIONER
EXPERIENCE AND
JUDGMENTS

DECISION

STAKEHOLDERS
(E.G. EMPLOYEES),
PREFERENCES OR
VALUES

CONTEXT,
ORGANISATIONAL ACTORS,
CIRCUMSTANCES

The four elements of Evidence-Based Management (Briner et al. 2009).

1. The best available organisational evidence: data on the specific nature of the context and the organisation

   Data, details and information about the organisation are essential sources if you want to properly identify and contextualise problem situations within the organisation. In concrete terms, this means there needs to be a systematic collection of data and the results of performance indicators, etc., not just financial indicators, but also internal organisational indicators, such as process indicators and customer satisfaction scores.

2. The best available evidence from stakeholders/interested parties

   The interest, values and perceptions of internal and external stakeholders are also a vital source of information that can help to support qualitative decision-making. Internal stakeholders include the organisation's personnel, managers and the board of directors. External stakeholders include suppliers, customers, shareholders, formal authorities and society in general.

The values and interests of stakeholders make it possible to identify what is important to them and suggest how they might react to the possible consequences of any decisions taken.

3. The best available expert evidence (for example, HR managers and organisational advisers)

   A third source of useful information is the **professional expertise** and experience of managers, consultants, business leaders and other practitioners.

   Professional expertise is certainly an important source of insight in support of high quality decision-making. Using his/her knowledge and experience, a professional can offer a reasoned opinion about whether or not the situation under review warrants concrete action, as well as passing on judgement on the reliability of the information related to that situation (for example, whether the available scientific research is actually applicable to your organisation or whether a previously proven solution would work in your organisational context).

4. The best available scientific evidence: how far has it previously been proven that the effect you desire is realistically achievable?

   This fourth and final source of information relates to relevant scientific insights and research results, as published in the professional literature. Although many management practitioners acquire relevant information as their careers progress, it is open to question just how relevant this information continues to be, particularly if they have been in the labour market for a long time. Just as we expect doctors not to draw up diagnoses based on outdated evidence and methods, so it is also reasonable to expect the leaders of organisations to avoid making decisions based on out-of-date data and models. This requires a conscious and thorough search and assessment of the most current scientific and academic insights that are relevant to the situation you are reviewing.

   Used in combination, these four sources of insight and information will help organisations, managers and advisers to take the correct evidence-based decisions.

Although there are still a number of maverick managers and rogue theories in the field of organisational decision-making, some of which still have their supporters, there is also an increasing volume of protest from academics, organisational advisers and experts against the continued use of methods that belong to an era that has had its day. The majority of authors and researchers are categorical in their belief that organisations need to move away from the use of pseudo-scientific theories and incorrect measuring instruments as the basis for their decision-making. Evidence-based decisions are widely held to be much more reliable.

1.4 CONCLUSION

This retrospective look at the history of organisational history and behaviour has underlined the initial importance of the rational approach, in which Frederik Taylor and Henri Fayol played an important role in developing Scientific Management, whereby all tasks in an organisation were analysed, routinised, divided up and standardised. The American Frederick Taylor made organisations more efficient, primarily by increasing the speed at which work was carried out and by organising the various tasks that made up that work in a different manner. Taylor believed that there was only 'one best way' to organise work. This means that employees (at that time primarily workers in factories) had no freedom to choose how their work should be done. In part for this reason, the principles of Taylorism soon began to attract criticism. In response to this criticism, the Frenchman Henri Fayol defined a number of basic tasks for managers: planning, organising, leading, coordinating and controlling. To carry out these basic tasks correctly, Fayol also developed a list of fourteen general management principles.

After the First World War, an alternative to the rational approach emerged in the shape of the Human Relations movement. This movement devoted greater attention to 'the employee in the organisation', so that for the first time the 'human' factor became important. The famous Hawthorne studies, which investigated the behaviour of informal groups in a formal organisation, suggested that 'supportive supervision' had a positive effect on increasing productivity. Subsequent studies were not always able to

confirm these initial results, but this did little to detract from the influence of the Hawthorne experiments on the Human Relations movement. In particular, Elton Mayo and his colleagues emphasised the importance of the human needs of employees within organisations. Douglas McGregor later analysed these different needs within the context of his famous X and Y Theories. Theory Y assumes that some employees can be (and want to be) self-steering, engaged, responsible and creative. This contrasts sharply with the more negative perception of Theory X, which posited that some employees are passive, disinterested and willing to be led. Management systems based on Theory X, which were popular from the 1960s onwards, have a strong focus on rules and control, which obviously has important implications for the behaviour and performance of the employees concerned. Fortunately, organisations, managers and leaders anno 2020 are increasingly coming to the realisation that employees are active social people, so that more and more steps are now being taken to create more human and less control-oriented working environments. According to the modern Contingency Theory, the 'one best way' to organise no longer exists (if it ever did). Instead, this theory makes the connection between an organisation's environment and its internal structuring. The starting point for this approach is the 'goodness of fit': the effectiveness of an organisation is dependent on the level of congruence between its environment and its structure.

This overview of the history of Organisational Management makes clear that ever since people first started to think seriously about organisations, a number of different and sometimes contrasting emphases have been set. In particular, the need to choose (or at least find the right balance) between **efficiency and the 'human' factor** continues to present organisations with an important challenge, even today. In this context, later in the book we will further examine a number of different theories and visions relating to employee performance and wellbeing. For example, there is a critical school of thought which argues that while HRM is good for the performance of the organisation, it has no effect or even a negative effect on the wellbeing of individual employees. However, a different research perspective claims that this negative effect is consistent, even when employee performance improves, although there are other studies which seem to suggest precisely the opposite: namely, that HRM is good for

both organisational performance and employee wellbeing! More of this later. One thing is certain: the task of finding the right balance between employee performance and employee wellbeing in organisations will continue to be a delicate one.

To find the answer to this and other problems, organisations are making increasing use of Evidence-Based Management, which combines the use of theory, research, expertise and practice in a manner that helps organisations to obtain correct and reliable insights that allows them to take the best possible decisions.