DEM Course Review

Individual and Organisational Decision Making

Bounded Rationality – limited by processing and informational requirements (too complex), systematically impaired by cognitive factors which cause patterned deviations from optimum
Anchoring – people adjust rather than create when making decisions, based on previous experiences
Confirmation Bias – people selectively perceive what they expect/hope to see
Retrievability and Availability Bias – decision makers assess the frequency of a class or the probability of an event by the ease with which instances or occurrences can be brought to mind
Fundamental Attribution Error – tendency to over emphasize personality explanations and to ignore effects of situation or chance

Personality at Work

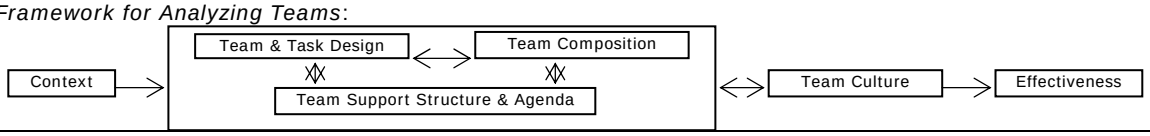
Big Five personality theorem:
1. Emotionality – calm, confident, secure vs. nervous, depressed, insecure
2. Extraversion – sociable, gregarious, assertive vs. reserved, timid, quiet
3. Openness – creative, curious, artistically sensitive vs. conventional, finding comfort in familiar
4. Agreeableness – cooperative, good-natured, trusting vs. cold, disagreeable, antagonistic
5. Conscientiousness – responsible, organised, dependable, persistent vs. easily distracted, unorganized, unreliable

Motivation and Incentives

AMO Theory – enhance **a**bilities, **m**otivate employees, provide **o**pportunities
Content Theories – Extrinsic (by rewards) vs. Intrinsic (by personal challenge) Motivation
Expectancy Theory – motivation depends on expectation of desired outcome
Goal Setting & Reinforcement Theory
Equity Theory – employees continually make comparisons with others; distributive justice, procedural justice
Work Interest Schedule: 1.Comfort, 2.Structure, 3.Relationships, 4.Recognition, 5.Power, 6.Autonomy & Growth

Managing Groups and Teams

Group Think – deterioration of mental efficiency, reality testing, and moral judgement that results from group processes
Groups vs. Teams
Framework for Analyzing Teams:



Culture in Organizations

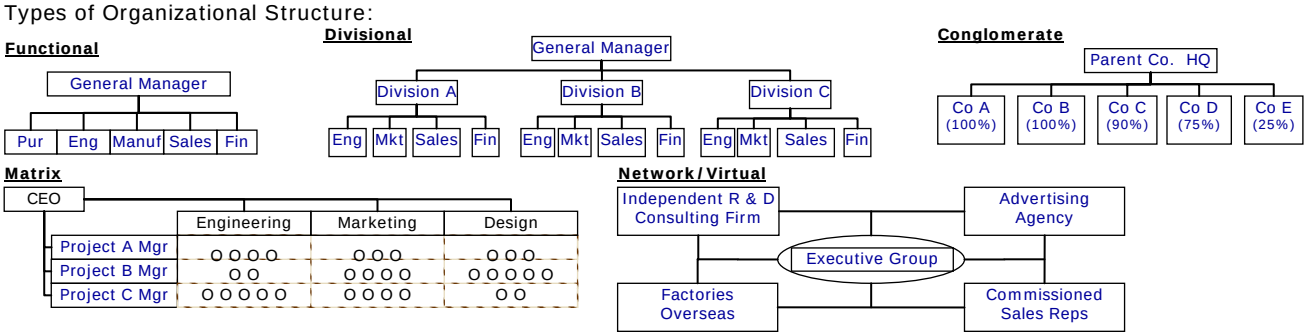
Organizational Culture Profile:
- Innovativeness, stability, people oriented, outcome oriented, aggressiveness, detail oriented, team oriented

Advantages of strong cultures:
- social control mechanism, goal alignment (employee to organization), behavioural consistency, increase employee motivation, quicker socialization of new members

Disadvantages of strong cultures:
- danger on inward looking, conformist, complacent organization, possibility of group think, can be rigid and barrier to change

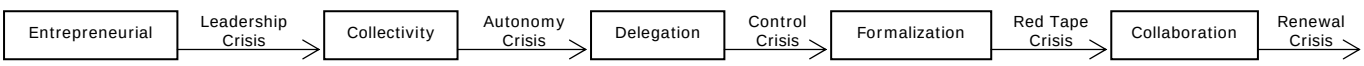
Organisational Structure

Dimensions of Organizational Design: 1. Division of Labour, 2. Coordination Mechanism, 3. Decision Rights, 4. Basis of Authority, 5. Formal / Informal, 6. Boundaries of firm
Types of Organizational Structure:



Organisational Change

Age & Size – Phases and Crises (Greiner's Model):



Alternative approaches to change management – goal to reduce costs to enhance value, or to develop organizational capabilities
Rationalist Perspective Model – planned change; logical step process; recognize need, identify measures, implement, evaluate
Emergent Model – Continuous process of change; stress on process and path; mobilising, rituals, emotion, influencing
Complex Adaptive Systems – Large orgs. too complex to change programmatically; prod, guide, facilitate, not command, control
8 steps to effective organizational change – 1. Establish sense of urgency, 2. Form powerful guiding coalition, 3. Create vision to direct change effort, 4. Communicate vision through every means possible, 5. Empower others to act on vision, 6. Plan for and create short-term wins, 7. Consolidate improvements and produce further change, 8. Institutionalise new approaches

Leadership and Power

Leadership – process or act of influencing the activities of an organized group in its efforts toward goal setting and achievement
Trait Theory – Leaders born, not made; traits: achievement goals, energy, self-confidence, intelligence, expertise, integrity
Contingency Theory – both individual traits and context are key; good leadership only emerges if circumstances are appropriate
Leaders – Transactional (rewards, manage by exception) vs. Transformational (charismatic, inspiring, stimulating, individualised)
Centralized Leadership vs. Shared & Distributed Leadership