



Handbook Organisation and Management

A Practical Approach



Noordhoff

Jos Marcus & Nick van Dam

5th Edition

**Handbook Organisation
and Management**
A Practical Approach

Dedicated to:

Anjette, Jasper, Hugo
and Yannick

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Acknowledgements

This book offers a comprehensive introduction to the field of Organisation and Management, making it a suitable choice for many higher educational studies at both the Bachelor and Master levels. Furthermore, it is a useful handbook for professionals already working in organisations.

In addition to the topics traditionally associated with Organisation and Management, the current developments and international context of the discipline feature prominently. The discussion of these topics is not restricted to the realm of theory either; instead, it is illustrated through many practical examples, thus offering the reader an insight into applying theory to practice and vice versa.

Celebrating the fifth edition!

More than 30 years ago (June 1991) the first edition of this book was published with the title *A Practical Approach to Organisation & Management*. In 2023 we will be celebrating the release of the 5th edition of this book.

You might be curious about the major changes and additions in the new book (not in any specific order):

- Technological developments
- Environment and sustainability
- The way we work (together)
- Globalisation
- Democratisation of leadership
- Speed of change and the prevailing high degree of uncertainty
- Diversity and inclusivity
- Strategic management
- The importance of learning and development
- The professionalisation of human resource management
- The disappearance and creation of jobs.

We are very excited that we have been able to introduce many students to the insights in our book. We would like to thank all the teachers and colleagues with whom we have enjoyed working together over the past 30 years for continuing to help innovate our book. We hope that the students will study this important field with great interest and apply their new insights in their work.

What's new in this revised edition?

In recent years, there have been substantial developments in the field of Organisation and Management, fuelled in part by many trends, which have been brought about by the global COVID-19 pandemic. Developments in terms of technology, politics, and society – that have also had an effect on the approach towards, and the development of, organisations.

Among the strengths of this book have always been its relevance, practical orientation, and innovative character. It is with these strengths in mind that there have been many adjustments and modernisations to this new edition.

The structure of the book has remained the same.

In addition to the modernisation of the theory, numerous practice-oriented texts and examples have been updated, thereby maintaining and safeguarding the book's high degree of relevance and practical orientation. In this fifth edition, all practical frameworks are linked to the United Nations Sustainable Development Goals (SDG's) as shown below.



SUSTAINABLE DEVELOPMENT GOALS



Source: United Nations, un.org

The interviews at the beginning of each part of the book have also been replaced with new ones, and now feature the following managers of three well-known international enterprises:

- Part A: Martijn Hagens, CEO Vattenfall Netherlands
- Part B: Ryan Gellert, CEO Patagonia
- Part C: Jan-Joost Bosman, CEO Royal Auping

What are new topics in the fifth edition? The most important are indicated below.

Part A:

- Many new thinkers have been included, including many women.
- Attention to diversity, inclusiveness and Generation Z.
- Climate agreements, the energy transition, the nitrogen problem and sustainability.
- ESG, the three central factors in measuring the sustainability of an investment.
- The future of the EU through the eyes of its citizens.
- Women and the Dutch labour market.
- Integration and expansion of corporate social responsibility (was part of chapter 5 in the previous edition).
- Focus on Metaverse, Digital Enterprise and the acceleration of digital transformations due to the COVID-19 pandemic.
- New forms of economic integration.

Part B:

- New leadership:
 - Humane leadership.
 - Adaptive leadership.
 - Relationship-oriented leadership.
 - Dialogical leadership.
- The 'reset' of the future of work.
- Hybrid working, inclusiveness and diversity.
- Tribes, Team Intelligence and Psychological Safety.

Part C:

- Integration of Corporate Governance in chapter: 'Management' (was part of chapter 5 in the previous edition).
- Integration of Ethics in chapter: 'Culture' (was part of chapter 5 in the previous edition).
- Production systems, theory of constraints and Gantt chart planning.
- Supply chain management.
- Risk management of dynamic risks.
- Tips for creating an experimental corporate culture.
- Types of resistance to change.

A final note is that the book's appearance and layout have been significantly renewed, thus reinforcing and updating its contemporary nature, and making it an eminently useful and challenging handbook.

Website

Many new theoretical insights have been incorporated in the fifth edition. All practical examples (O&M IN PRACTICE) have also been renewed. The sections on the website have also been updated. Cases have been adapted and the repository with test questions has been supplemented. The PowerPoint presentations have been adapted to the new theoretical insights and finally, the terminology training has been updated.

Teachers can use s custom made exam template to easily create their own exams, supplemented with their own questions. These exams can be compiled using test questions unavailable to students.

Acknowledgements

Our special thanks to the following people: Judith Grimbergen for processing the many practical example text and contributing to the theoretical topics; Narda Vermeulen for writing the texts on hybrid work, inclusiveness and diversity. We would also like to thank Hugo Marcus for his piece on Supply Chain Management and prof. dr. Rens van Loon for his text on Dialogic Leadership. Annelie Uittenbogaard and Martin van der Sluis for their dedication in developing website materials. From publishing company Noordhoff, we want to thank our publisher Monique Scholten for her continued contributions, to Rudy Maarsman for his translation of new texts and proofreading of the whole manuscript, and to Maurice de Graaf and Ada Bolhuis for editing this fine handbook.

February 2023,

Jos Marcus, Wormer
Nick van Dam, Madrid

About the authors

Jos Marcus

Jos Marcus studied Economic Sciences at the Vrije Leergangen Vrije Universiteit (Bachelor's) and Business Administration at the Vrije Universiteit (Master's).

During his career he worked at the Hogeschool Inholland in Diemen / Amsterdam as well as the Free University of Amsterdam. In addition to teaching Marketing, Management and all kinds of other business economics related subjects, he has always been involved in (co-)developing full-time and part-time courses. As a member of the management team of the Amsterdam Academy, he was involved in setting up the HBO and WO courses in Banking and Finance, a collaboration between the Vrije Universiteit and Hogeschool Inholland. In a national collaboration between various universities of applied sciences, he has been developing a part-time course under the name of Economics Compact. Based on this concept, he has also developed a part-time and dual course for the financial sector for Hogeschool Inholland: Financial Service Management. Part of his work over the past few years has been to set up and develop a new full-time course called Business Studies. In the last years of his career, until November 2020, he was also chairman of the



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Nick van Dam

Nick van Dam is driven by a singular passion for human development. He is a consultant, author, speaker, teacher, and researcher in the field of (corporate) learning & development and leadership development. He is a professor at the Nyenrode Business Universiteit (Amsterdam/Breukelen), the University of Pennsylvania (Philadelphia) and the IE Business School (Madrid).

He is affiliated with McKinsey & Company on a part-time basis as an external consultant and lecturer for their leadership programs.

He has written articles and has been cited by publications including *The Financial Times*, *The Wall Street Journal*, *Harvard Business Review*, *Forbes Fortune*, *Business Week*, *Information Week*, *Indian Times*, *TD Magazine* and *CLO Magazine*.

He is also the author and co-author of over 27 books and numerous articles. He published *Ga doen wat je écht belangrijk vindt! Positieve psychologie in de Praktijk* (2017), *Authentiek Zelfvertrouwen* (2020) and *Handboek Leren & Ontwikkelen in Organisaties* (2022).

In 2012, he received the 'Lifetime Learning Leadership Award' from the MASIE Center, a thinktank focussing on corporate learning, and in 2013 the 'European Leonardo Corporate Learning Award' for his efforts in the fields of corporate learning and leadership development. He is the founder and chief executive officer for the 'e-learning for kids' foundation (www.e-learningforkids.org), which has helped over 27 million children obtain free digital education.



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Introduction

Part of everyday life

Throughout their lives, everyone comes into contact with organisations and organising.

In the home, family life contains many instances where tasks need to be organised – whether it be parents arranging activities for their children, or simply planning the shopping for the week ahead. Although running a home and a formal organisation are not the same, the two have much in common.

Children often come into contact with organisations outside the home. From quite a young age, they may join a swimming club, go to a music school to learn piano, learn to dance at a ballet school, or join the local scout group. These are all organisations. Formally speaking, an organisation exists when two or more people choose to work together to achieve a certain goal or goals. In fact, being part of an organisation is a theme that is recurrent throughout one's entire life. Put another way, organisations are such a normal part of daily life, people hardly notice that they are so ubiquitous. Everyone interacts with, talks about, and experiences both their positive and negative aspects daily.

Organisations, companies and enterprises

A recurrent theme in this book is the functioning of organisations – but what exactly is an organisation?

An organisation can be seen as:

Any group of people cooperating to achieve a common purpose.

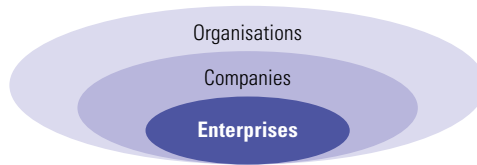
Following this definition, the three elements of an organisation can be seen as:

- 1 it's about people who
- 2 work together for achieving
- 3 a specific goal.

The reason why people work together in an organisation is that some tasks cannot be completed by just one person. Organisations exist because society has a demand for the products or services they provide. An organisation, therefore, is part of human society and environment.

Within this book, the word 'organisation' is sometimes used to refer to a company or an enterprise. In this context, a company is often an organisation that produces goods or services, and an enterprise is a company that aims to make a profit. From these descriptions, it is evident that enterprises are a category of company, which in turn is a category of organisation. Figure 1 illustrates these categorisations.

Figure
The relationship
between organisations,
companies and
enterprises



Management

Organising involves combining and structuring tasks, people, and resources in such a way that the goals of an organisation are reached.

This is often an activity allocated to several people within an organisation, and it is common for the task of organising to be a part of management's job. With this in mind, the second term used in the title of this book takes the stage: management.

Management means:

The leading and steering of an organisation

Managerial responsibility is given to key people, normally being the owner(s) or most senior person(s) in an organisation, plus anyone else delegated to take the role. Their main task is to direct the entire company. Combining the principles of 'organisation' and 'management' leads to the title of this book.

Organisation and management is about governance for any kind of human cooperation with a common objective.



The evolution of organisation and management

The development of trade, the emergence of (multinational) enterprises and the associated organising needed within organisations does not take place in a linear manner. Theories alternate over time, are criticized, are disproved of and/or improved. With what views did Taylor counter the main principle of 'Unity of Command'; a structuring principle that is still the prevailing principle in the military? Why are certain management techniques very successful in some situations, while in other situations they fail completely?

The mindsets and personalities that will be discussed in this chapter have all influenced the development in the field Organisation & Management. This will improve the understanding of topics covered later in the book.

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1.1 Introduction

Organisational behaviour

The introduction to this book states that its topic is organisation and management. However, the original and more widely used name for this field is that of organisational behaviour!

Organisational behaviour can be defined as ‘an interdisciplinary science concerned with the study of the behaviour of organisations, as well as with the factors that determine this behaviour, and the manner in which organisations can be directed with maximum effectiveness’.

In this context, the concept of behaviour is given to include actions and reactions within organisations.

This definition of organisational behaviour encompasses two aspects of the subject, namely:

- 1 a **descriptive aspect**. This is a description of the behaviour of organisations, including motives and consequences;
- 2 a **prescriptive aspect**. This is advice about recommended organisational design and course of action.

This double-sided nature can also be seen in other practical sciences, including medicine, psychology and pedagogy. Even more so than these other fields, however, organisational behaviour is oriented towards practical application and pragmatism. This means that the importance of a methodologically sound line of reasoning and sound evidence are considered to be less important than the identification of practical ramifications.

Interdisciplinary

The term interdisciplinary is sometimes linked with organisational behaviour, although the term is often misused. To clarify: organisational behaviour contains many elements that have originated in other sciences. The study of organisations involves many disciplines from various scientific fields. Examples of such fields are business studies, which comprises topics like financing, accounting and bookkeeping, marketing, technical sciences, information technology; behavioural sciences, like organisational psychology or sociology; and law.

Interdisciplinary approach

Combining all of the contributions from these fields in order to undertake and complete a study or project does not make for an interdisciplinary approach, but for a so-called multidisciplinary approach. An interdisciplinary approach takes matters one step further. That is to say: the various contributions from the other subject areas are individually evaluated and then used to develop a new insight, one that reviews the subject in its entirety. Here, the existing disciplines cease to be recognisable in their original forms (in contrast, this situation does not apply to a multidisciplinary approach). The interdisciplinary approach, therefore, is an ambitious one. It is an often pursued ideal, which tends to be unattainable. Often, it is impossible to move past the multidisciplinary approach, even in organisational behavioural research.

Two other aspects of the definition of organisational behaviour are control and effectiveness. The first of these can be described as ‘attempted targeted persuasion’. In a more specific organisational sense, it may be described as giving direction to the processes occurring within an organisation. This direction refers to a goal which should be determined in advance. Processes take place within the framework of a structure. Development and adjustment of this structure is an important aspect of control.

Effectiveness

The extent to which control is successful is defined using the concept of effectiveness. The matter of who should carry out which tasks is expressly disregarded, whether they be formal organisational management, a consultant, a member of the board of consultants, or an employee who comes up with a suggestion during a staff meeting.

The fact that organisational behaviour is concerned with obtaining an overall picture of an organisation, an organisational problem, or a project, means that abstraction is often required, and that details are of secondary importance – otherwise, one would lose sight of what is important. This means that an organisational expert may often feel less at home in certain organisational fields than a specialist might. The organisational expert could be described as a generalist instead of a specialist. An alternative qualification could be ‘a specialist in general matters’. As a result, organisational theory is often criticised for being a fragmented whole; a little of this, and a little of that.

Additionally, organisational behaviour is a science that is still in its infancy, and undergoing full development. This is particularly evident from the fact that there is currently no established system of knowledge and theory development; rather, organisational behaviour is subject to a collection of approaches. Together, these do not comprise a coherent whole in the same way as do mathematics and medicine.

1.2 Origins of the field of study

The subject of organisational behaviour was born from the need for a structured frame of thought and comprehension regarding organisations and their processes. When viewed from this perspective, it is a mature subject indeed. Socrates and Plato put forward theories about leadership, task allocation, and specialisation as early as the fourth century B.C.

It was first taught as subject in the United States in the second half of the 19th century, although not yet in its current form. Following the Industrial Revolution, as businesses emerged and expanded, management became far more complicated – and therefore required new and special skills.

One of the first people to suggest that management was a science that could and should be taught and learned, rather than a position that was awarded based on innate talent or inheritance, was Henri Fayol (1841–1925).

In the Netherlands, organisational behaviour was introduced as a major study at technical colleges shortly after the Second World War. The subject was initially called business organisation, and was more technical in its orientation.

Business organisation

Organisational
behaviour

Organisational behaviour in its current form was introduced into the Dutch higher educational system during the 1960s and 70s. Other disciplines, such as business studies, logistics, behavioural sciences and law, were incorporated into the subject. At the same time, the concept of the interdisciplinary approach was introduced.

The underlying reason for this introduction was the ever-increasing complexity and size of organisations, particularly enterprises, caused by significant technical and general economic developments. The management of such organisations required more than mere aptitude in an appropriate field or possession of leadership skills. There arose a need for people who could examine, integrate, and draw conclusions from the contributions made by the various fields. In short: people with a holistic vision.

The initial impetus for change came from within the business world. This explains the name of the new field of study: business administration. Later on, other

organisations began to see the advantages of the approach and began to apply many of the new insights to their own methods.

Degree courses in business administration exist in a number of universities and colleges today. Within various courses and studies, the topic of business administration is known alternatively as organisational behaviour, business organisation, organisational theory, management and organisation, organisation and management, or simply management.

1.3 Development of trade and emergence of multinational enterprises

The foundation of (international) enterprise has always been a combination of trade among various tribes in various (cross-border) geographical regions. The earliest examples of international trade can be traced to the so-called 'trade routes'. The Silk Road, one of the oldest trade routes, was established in the 1st century B.C. It connected Europe, the Middle East, and Asia, and therefore linked major large Roman and Chinese civilisations. The Silk Road ensured that commodities like silk, fur, pottery, iron, and bronze from Asia were transported to the west, and exchanged for gold, other precious metals, ivory, wool, and glass. Trade was mainly carried out by commission agents: middlemen who travelled part of the route in caravans. The Silk Road went into decline as a trade route around 1400 A.D. Other important historic commercial routes include the Roman trade routes (50 B.C. to 500 A.D.), the African trade routes (1000 A.D. to 1500 A.D.), the Indian maritime routes (from 800 A.D.), the Spanish trade routes (15th and 16th century) and the Portuguese trade routes (16th century).

Silk Road

The first international trading companies (or multinationals) were established with the support and financial backing of national governments who wished to support their colonial trade policy. In 1600, the English East India Company was established with the primary goal of trading with East and South-East Asia, as well as with India. The Dutch East India Company (Dutch VOC, short for 'Verenigde Oost-Indische Compagnie' – the United East Indian Company) was founded on 20 March 1602. The States General of the day granted the VOC an exclusive charter establishing their monopoly on all trade between the Republic of the Seven United Netherlands and 'India', meaning all countries east of the Cape of Good Hope. Over the course of its 200-year existence, the Dutch East India Company developed into the largest company of its time, trading in such spices as cloves, nutmeg, cinnamon and pepper, and other products like silk, tea, and porcelain. The Dutch East India Company went into decline during the second half of the 18th century, primarily because of competition from the English and the French. It was dissolved on 17 March 1798.

International trading companies

Other important trading companies were:

- the Danish East India Company (established in 1614);
- the Dutch West India Company (established in 1621);
- the French West-India Company (established in 1664);
- the Royal African Company (established in 1663);
- the Hudson's Bay Company (established in 1670).

Between the establishment of the first international trading companies and the beginning of the 20th century, the number and size of companies with departments

in at least two countries, so-called multinationals, saw a dramatic increase: from around 3,000 multinational businesses at the start of the 20th century to approximately 100,000 by the end of 2022. There are a number of factors that can explain this growth pattern. From a historical perspective, governments exerted the majority of influence on trade, but began to relinquish part of this influence. Technological developments also played a key role by, among other things, shortening distances (transport) and optimising communications between people at different locations (the telephone, satellites, the internet). Technology also improved the availability of greater and better know-how in various markets and consumer groups. Lastly, companies became able to quickly address global developments by providing access to financial means for investments, setting up offices in different countries, employing staff, etc.

The term multinational enterprise is used to refer to organisations that operate internationally. Many of these enterprises have fewer than 250 employees, yet still fall within this definition. Approximately 445 of the world's largest 500 companies are found in North America, Europe, and Japan.

Following this brief outline of the development of trade and the emergence of multinational enterprises, the remainder of this chapter addresses schools of thought and personalities relevant to the development of organisation and management.

1.4 Schools of thought and personalities

Table 1.1 places the most significant contributors in the history of organisational behaviour on a time line. These individuals often represent a particular idea or school of thought within the field of organisational behaviour. The following sections discuss those schools of thought and personalities that have had (significant) impact on the development of organisational behaviour theory.

Organisational behaviour

Table 1.1
Important persons and ways of thinking in the history of organisational study

Personalities	Mindsets / Key Concepts
Niccolò Machiavelli (1469–1527)	Power and opportunism
Adam Smith (1723–1790)	Division of Labour and Productivity
Frederick Taylor (1856–1915)	Scientific Management: Organisation of production and efficiency
Henri Fayol (1841–1925)	General Management theory
Max Weber (1864–1920)	Bureaucracy and the ideal type of organisation
Elton Mayo (1880–1949)	Human Relations Movement: Informal organisation and subjectivity
Rensis Likert (1903–1981)	Revisionism: synthesis between Scientific Management and Human Relations: finetuning people and organisations.
Kenneth Boulding (1910–1993)	System approach: the organisation as one system and the interaction between organisation and environment
Paul Lawrence (1922–2011) and Jay Lorsch (1932)	Contingency approach: application management technique depends on the situation

Personalities	Mindsets / Key Concepts
Modern organisational theories	
Peter Drucker (1909–2005)	Knowledge as an essential production factor
Philip Crosby (1926–2001)	Quality assurance in organisations
Henry Mintzberg (1939)	Configuration theory and seven configurations
C.K. Prahalad (1941–2010)	Competition, innovation, globalisation
Tom Peters (1942)	Management principles for good business operations
Manfred Kets de Vries (1942)	Clinical Leadership
Martin Seligman (1942)	Positive Leadership
Michael Porter (1947)	Competitive Advantage
Michael Hammer (1948–2008)	Restructuring Business Processes
Clayton Christensen (1952–2020)	Disruption
Gary Hamel (1954)	Future of management
Lynda Gratton (1955)	Future of work
Jim Collins (1958)	Corporate culture and leadership
Amy Edmondson (1959)	Psychological safety
Rita Gunter McGrath (1959)	Strategy, innovation and entrepreneurship
Linda Hill (1961)	Leadership and innovation
Brené Brown (1965)	Vulnerability
Susan David (1970)	Emotional flexibility
Modupe Nyikoale Akinola (1974)	Stress, diversity, equality and inclusiveness
Adam Grant (1981)	Motivation and meaning

Why this plunge into the past? The reason is that the contributions of these individuals are still part of the current theoretical framework of the field. Although originated in a different time and therefore partly outdated, they contain valuable elements that have a timeless character. But also very recent theoretical views and personalities will be discussed. The reader will notice that many new theories have their roots in the past.

The core question is always how to achieve goals through joint effort. The way tasks and coordination are divided, the chosen leadership styles and the manner of communication play an important role in this regard.

The contributions made by the afore-mentioned persons relate to different aspects of organisations. Naturally, different starting points are also employed. We also see that one contribution often arose as a reaction to a previous one. This is then criticized and sometimes partially disproved and a different explanation or approach is put forward, without the previous contribution being completely falsified. In this way, the theoretical framework of organisational science has acquired its richly varied, but also somewhat incoherent character.

1.5 Events prior to the Industrial Revolution (400 B.C.–1900 A.D.)

As indicated in the previous section, notions about leadership, management and the design of organisations are, in fact, as old as humanity. Formal studies on these topics were, however, quite rare before the twentieth century. Nevertheless, there are some examples in the writings of ancient Greek philosophers such as Socrates and Plato.



Niccolò Machiavelli

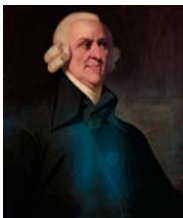
Italian Niccolò Machiavelli (1469–1527) provides numerous potentially useful guidelines for rulers and other leaders in his book *Il Principe* (The Prince, 1968). These guidelines focus primarily on the preservation and expansion of power. Their nature is extremely opportunistic, based on pure self-interest and the ability to unscrupulously take advantage of a situation whenever opportunity presents itself. *Il Principe* represents Machiavelli's accumulated experiences as an advisor to the government and as a diplomat in Florence (De Wilde, 2008).

Until the second half of the 18th century, the dominant economic school of thought was that of mercantilism. A key belief of this philosophy was that one's possessions in gold and money were the only source of wealth. This changed in 1776, when Adam Smith (1723–1790) wrote his influential *An inquiry into the nature and causes of the wealth of nations*. Smith's work put forward the idea that productive labour is the source of wealth and that, by proper distribution of labour, labour productivity can vastly be improved. Adam Smith thus rejected the value of mercantilism.

Mercantilism

From then on, management began to take a more systematic approach to operations, with greater attention being paid to efficiency.

Efficiency



Adam Smith

The 18th century was an age of ground breaking technological advancement: the invention of the steam engine, the use of coal as fuel. This made it possible to maintain large factories aimed at mass production instead of product manufacture in workers' homes or small workplaces. The explosive growth of factories attracted large numbers of workers from the countryside. Western civilisation turned from agriculture to industry. In the larger cities, the growing working classes lived in poorly built workers' houses. Their pay was low and their living conditions were miserable. This development began in England. Then, after 1840, it made its way across Western Europe and the United States.

By the end of the 19th century, American companies had grown dramatically in response to the ever-expanding consumer market. The existing system of checks and balances had become inadequate. The division of responsibility between supervisors and staff was unclear, production standards and wages were determined subjectively, and an air of unpredictability prevailed. Planning was almost unheard of. Managers had only one objective: to keep pushing their workers into producing as much as possible. The workers, in turn, responded by systematic and organised stalling.

The situation began to call for a more structured and systematic approach. The man who recognised the issue and was willing to address it was engineer Frederick Winslow Taylor (1856–1915), whose publications and lectures laid the foundations for what later came to be known as scientific management.

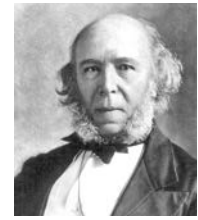


The main idea of this theory, which was devised in 1840 by the Scotsman Thomas Carlyle (1795–1881), is that our history is nothing more than ‘the biography of great men’. Great leaders are born that way, according to this theory, with a number of specific personality characteristics that make them ideal leaders, regardless of the time and the circumstances in which they live. Moreover, the judgment of the absolute leader should not be questioned. The special qualities that leaders in general, and great leaders in particular, are born with and others are not, include: charm, intelligence, intuition, judgment, courage, aggressiveness, persuasiveness, etc. According to Thomas Carlyle, these cannot be learned, someone has them or not.

The call for worship of a ‘Great Leader’ is not only dangerous, but also incorrect according to

the philosopher, Herbert Spencer (1820–1903). He called the Great Man Theory childish, primitive and certainly not scientific. He assumed that leaders were products of their environment and argued that great personalities are made by society. Leadership cannot be seen separately from the context.

The ‘Great Man Theory’ often refers to a ‘toxic triangle’: a toxic combination of destructive leadership, an unstable context with poorly functioning institutions and susceptible followers. No matter how great a leader thinks he is, it will not work without followers.



Herbert Spencer

Het Financieele Dagblad, March 2022

1.6 Frederick Taylor and Scientific Management (ca. 1900)



Frederick Winslow Taylor

Frederick Taylor first offered a systematic, coherent business approach to how production should be organised. A manager should not act as a slave driver but have a broader vision of his task in the organisation which consists of planning, coordinating, supervising and controlling results.

Several key elements of the theory of management and control of organisations (scientific management) are:

- 1 A scientific analysis of the activities and the performance of movement studies. The results of this can lead to standardisation and normalisation of the production process and the machines and materials to be used for it.
- 2 A far-reaching division of labour and training of workers, in which every action and movement is precisely prescribed; this gives the worker a lot of routine, so that higher production standards can be achieved.
- 3 Close and friendly working relationships between managers and workers.
- 4 The business leaders are responsible for analysing and searching for working methods and creating production conditions; previously this was left to implementation.
- 5 The right man in the right place through careful selection.
- 6 Introducing performance-related pay with the aim of achieving lower production costs.

Furthermore, Taylor proposed a division of front-line supervisory responsibilities within the production department into eight separate areas, with each area and its tasks to be the sole responsibility of a particular individual:

- 1 determining time and cost
- 2 setting up work instructions
- 3 determining the chronological order of work / operations
- 4 preparing and issuing work
- 5 maintenance
- 6 quality control
- 7 technical leadership
- 8 personnel management

Eight boss system

This system has become known as the eight boss system. This system worked under his leadership, but it has never been widely adopted because of the many coordination problems between the chiefs and lack of clarity for employees. Besides the theory of the aforementioned organisational format, the influence of Taylor's ideas was enormous. Where his principles were applied, productivity shot up which quickly caused its widespread application. Often, however, it was limited to an increase in efficiency, without the improvement in wages and mutual relationships with superiors, which Taylor had in mind. Consequences were situations such as those which were immortalized the movie *Modern Times* and which connected the name of Taylor and his scientific management with the idea of man as an extension of a machine, monotonous work, freedom limitations and the disappearance of pleasure in work.

Efficiency

Another consequence of Taylor's ideas was that the governance and management of production departments throughout the industrial world improved. After production, administration and sales were also approached according to his methods. In addition, all kinds of standards were developed for production, but also for materials. Planning techniques were further developed and applied, with the associated progress control. Current issues such as employment studies, work science, job descriptions and classification can be traced directly to his ideas. Taylor has fundamentally changed the way organisations work and is an important figure in the history of organisational science.

O&M IN PRACTICE

Henry Ford, a stubborn and brilliant entrepreneur with otherworldly traits



He changed the industry on the assembly line, but he behaved like an enlightened despot: Henry Ford was a weirdo.

By introducing the assembly line at his car factory and a basic wage for his employees, he not only made the car affordable, but also laid the foundation for the emergence of an era in which machines and mass consumption would define the modern world.

Ford has been referred to more than once as the Steve Jobs of the 20th century. He disliked the

world in which he lived and tended to withdraw from society, which he had made faster and more impersonal with his mechanisation. In addition to his entrepreneurship, he took charge of many community projects, from the construction of a hospital to the development of a number of agriculturally oriented villages along the Tennessee River. In addition to being both introverted and committed, Ford also resembled a twentieth-century, self-righteous CEO with an obsessive drive. His vision of social developments was extremely confused.

Vincent Curcio's Ford biography shows that successful businessmen who are not vigorously corrected by their environment come to hold views that cannot tolerate the light of day. In the heyday of his success, Ford became America's most outspoken but also most influential anti-Semite. He published *The International Jew*, a bestseller that was translated worldwide and that was considered a major source of inspiration by Hitler and other Nazis. In fact, Henry Ford was the first recipient of the Great Eagle's Cross, the highest Nazi award for foreigners. Ford himself later distanced himself from his anti-Semitism and has apologized for it several times. It didn't stop with anti-Semitism; Ford went from being a paternalistic CEO to an enlightened despot; he became more and more narcissistic and blunt. Like a Steve Jobs, he

fired engineers who had played a role in building and growing his automobile factory. His distrust of his employees became so strong that he even used company detectives to spy on them. In the 1930s, his factories began to resemble labour camps. The conveyor belts were put into a higher gear and talking was no longer allowed in the workplace. Many a factory worker suffered from the so-called 'Forditus', a working life characterized by apathy, submission and exhaustion. Biographer Curcio concludes that strong CEOs always benefit from a strong board of directors or supervisory board. However, history shows that self-righteous CEOs rarely allow themselves to be corrected by their immediate environment.

Het Financieele Dagblad, March 2014



The Ford assembly line in 1913

1.7 Henri Fayol and General Management (ca. 1900)



Henri Fayol

In Europe, Henri Fayol (1841–1925) was the first to develop a coherent system of views on how organisations as a whole should be run. His experiences as director of a mining company led him to formulate a theory of general management for the entire organisation. In this respect, he differs from Taylor, who built his system from and for the production department. His theory is also intended for types of organisations other than industrial enterprises. He believed that general principles could be formulated that apply wherever people work together and that these principles could and should be learned as a profession. His general management theory was intended as an educational model.

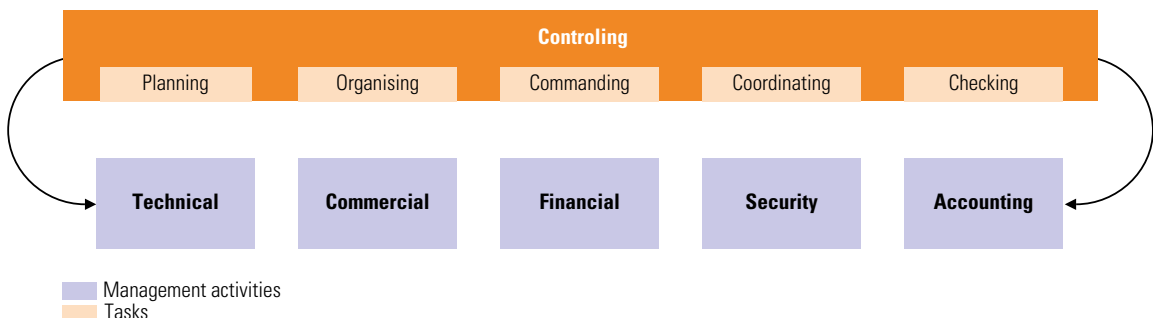
Fayol distinguished six independent management areas:

- 1 technical
- 2 commercial
- 3 financial
- 4 self-protection (by this he means safety of people and property)
- 5 accounting
- 6 control

The control ensures the mutual coherence in the other areas (see Figure 1.1). This control is, of course, the most important part of the manager's job and consists of five tasks:

- 1 **Plan or foresee.** Drawing up an action plan for the future.
- 2 **Organise.** Building the organisation with people and resources.
- 3 **Take command.** Making sure people stay at work.
- 4 **Coordinating.** Coordination of activities.
- 5 **Check.** Ensure that the results are in accordance with the plan.

Figure 1.1 Relationship between management areas in General Management theory



Unity of command

Unity of command was the most important principle for Fayol. Every employee has only one (direct) boss above them. Until then, this principle was the only structuring principle; it originated in the military, where it is still the prevailing principle. This means that Fayol's views are at odds with those of Taylor, who broke through the unity of command with his functional organisation.

Fayol's significance lies primarily in his views on the universality of management and his zeal for teaching management as a subject. Mainly because of his influence, more attention was paid to the tasks of the manager.

1.8 Max Weber and bureaucracy theory (ca. 1920)



Max Weber

While Taylor focused primarily on manufacturing companies and Fayol on management in general, Max Weber (1864–1920) has dealt with government organisations and large corporations from a sociological perspective.

According to Weber, large organisations in his day had the following characteristics:

- strongly implemented division of tasks;
- hierarchical command structure;
- precisely defined powers and responsibilities;
- impersonal relations between officials (the function is more important than the person);
- recruitment based on skills and knowledge rather than any form of favouritism;
- promotion and remuneration based on objective criteria and procedures;
- performance of work according to a fixed routine and rules;
- recording of all data in written documents, so that everything can be checked;
- restricted power of officials, including that of senior officials.

Weber argued that if an organisation functioned according to the afore-mentioned characteristics, there is an ideal bureaucracy. An organisational form that, according to him, is the most effective. This is because every person in such an organisation functions rationally and is a cog in a well-oiled machine.

Ideal bureaucracy

The ‘ideal type of bureaucracy’ is not only a description of an organisation but also a model of thought that is helpful in the study of organisations. Some contemporary organisational writers, whom we shall consider later in this chapter, have also formulated such idealistic theories.

We must therefore separate Weber’s analysis from the negatively charged meaning that the word bureaucracy has acquired for us. We tend to think of a sluggish organisation, a paper mill, with indiscriminate following of rules and so on.

Weber’s description is intended as an objective–scientific analysis of the then predominant organisational form, finding both positive, effective features—such as disrespectful implementation, efficient performance of managerial duties—and negative, ineffective features such as rigidity, lack of initiative and creativity. He saw the bureaucracy as a perfect means to achieve stated administrative goals as well as an organisational form that is so perfectly put together that self-preservation becomes an end in itself. However, the emphasis on technical perfection leads to the structure becoming more important than the organisational goals, which could have consequences for business continuity. Particularly within many larger organisations, we can still find features akin to Weber’s bureaucratic model.

1.9 Elton Mayo and the Human Relations movement (ca. 1945)

The Human Relations movement came to the fore at a time when scientific management was the most important movement and the accompanying strong rational approach to the way of working in organisations. In this context, in 1927, a



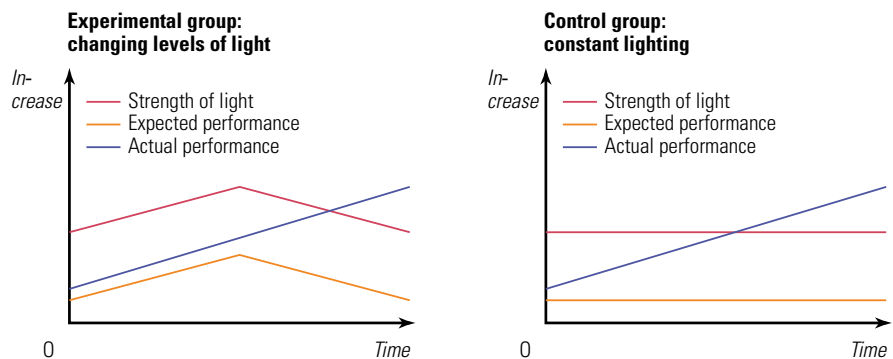
Elton Mayo

study was conducted in the United States into the influence of lighting on work performance of production workers at General Electric's Hawthorne plants. The light intensity was increased in one group while it was kept constant in a control group.

The production did indeed increase, but to the surprise of the researchers, it increased at about the same rate in the control group. Even when the light intensity was subsequently reduced to the absolute minimum, productivity continued to increase! They were puzzled and brought in Elton Mayo (1880–1949) of Harvard University to find an explanation.

From 1927 to 1947, he conducted a series of experiments investigating the relationship between improvement in working conditions (e.g. shortening of the working day, length and number of rest breaks, provision of soup or coffee in the morning break, etc.) and productivity. Each change resulted in an increase in production and the subjects felt less fatigued (see Figure 1.2).

Figure 1.2
The influence of light
on work performance



Source: De Wilde, 1999

In the light intensity experiment, the underlying cause turned out to be the attention the subjects received during the experiment. Mayo thus proved his theory that, in addition to objective factors, subjective factors also determine the result, such as attention, certainty, belonging to a group and appreciation. These are even much more important. Being part of a group was the most important, according to him. He elaborated on these thoughts in the book *The Human Problems of an Industrial Civilization* (1933), which was very influential.

In its wake, a great stream of investigations started. A new form of management was promoted, based on the social relationships of people in small groups, which opposed the approach of scientific management, which was strictly rational and focused only on the individual production worker. In fact, it was based on the assumption that happy, satisfied people usually deliver maximum performance at work. That is why management must ensure good interpersonal relationships in relatively small groups, pay sufficient attention to the groups and individuals, show appreciation, and give sufficient personal responsibility and freedom to individuals.

Collaboration is the magic word and therefore social skills for managers are very important. The great significance here lies mainly in discovering the importance of human factors that contribute to effectiveness.

Objective factors
Subjective factors

1.10 Rensis Likert (and others) and Revisionism (ca. 1950)



Rensis Likert

In the period 1950–1955, criticism arose about the Human Relations movement's ideas. It was seen as an overly idealistic view of organisations, which began to resemble 'a club of friends', while one hardly ever encountered these ideas in practice. Moreover, these ideas were not unequivocally supported by research results.

On the other hand, there was no desire to return to scientific management. So it was time for a synthesis of the two. Warren G. Bennis described it this way: Taylor's approach concerns an organisation without people and that of the HR movement concerns groups of people without an organisation. He emphasized the need for an overhaul of the principles of the HR movement, which gave rise to the term Revisionism.

Revisionism

Several writers have attempted to bridge the two opposing mainstreams: Likert, Herzberg, McGregor, Blake, and Mouton. These writers have done this from a completely different angle.

'Linking pin' structure

Rensis Likert (1903–1981) was the first to attempt to bridge the two mainstreams. He focused in particular on organisational structure and communication, and developed the so-called 'linking pin' structure, in which the organisation consists of overlapping groups, where the leader of the group is also a member of a higher group (linking pin). He should lead the group but also ensure communication with the higher group (see also Section 11.7).

Hierarchy of needs

Another theory was developed by Frederick Herzberg. His theory was based on the hierarchy of needs of the psychologist Abraham Maslow. He distinguished five levels of needs, the satisfaction of which, according to him, every person strives for. All this to explain human behaviour. Once a lower level is satisfied, the pursuit continues and is directed at a higher level.



Frederick Herzberg

In ascending order these are:

- 1 physiological needs (eating, drinking, sleeping, sex);
- 2 need for security and safety (protection, stability, regularity);
- 3 need for acceptance (friendship, belonging);
- 4 need for recognition (prestige, success);
- 5 need for self-development (carrying responsibility, development opportunities, creativity, etc.).



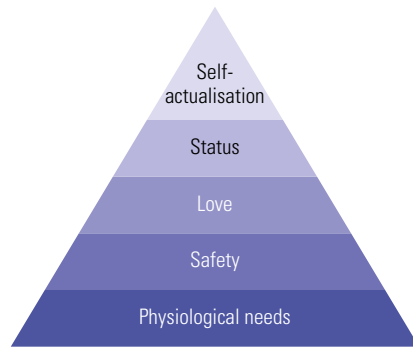
Abraham Maslow

Maslow represented these needs in the form of a pyramid (Figure 1.3).

Although the theory has never been conclusively proven, it is very appealing and has had a lot of influence. Herzberg applied this theory to the behaviour of people in organisations.

He looked for factors that strengthen the motivation of people in an organisation and for factors that lead to dissatisfaction. He concluded that there are 'satisfiers' or 'motivators' and 'dissatisfiers' or 'hygiene factors'. Satisfiers are factors that lead to job satisfaction. These are work-intrinsic factors such as recognition and self-development. However, when these stimuli are absent, this does not lead to dissatisfaction. Dissatisfiers lead to job dissatisfaction. These are work extrinsic factors such as working conditions and salary. When these are bad, there will be discontent. However, when these factors are good, they will not motivate people.

Figure 1.3
Maslow's hierarchy of needs



Douglas McGregor

Douglas McGregor (1906–1964) in his 1960 book *The Human Side of Enterprise*, developed an approach in which he contrasted two visions of people in the organisation, which he called theory X and Y. With theory X, he indicated how most organisations functioned at that time. This is strongly reminiscent of scientific management. With theory Y, he gave his own vision of how people in an organisation should work together. We would like to point out that the X-Y theory says more about people and instead of organisations. Subsection 9.6.2 will discuss the X-Y theory in detail.

1.11 Kenneth Boulding and the system approach (ca. 1950)

After the Second World War, some revisionists, including Kenneth Boulding (1910–1993), developed a theory in which organisations are seen as a system, that is, a set of connected parts. According to this theory, all activities in organisations are closely related. Another important element of the system approach is that organisations interact with the outside world (the environment).

As Figure 1.4 shows, a system (an organisation) consists of a number of interconnected subsystems (departments). If the total result of all subsystems is greater than the sum of their individual results, we speak of synergy.

A system (organisation) is controlled by using information that is fed back (feedback) to the various subsystems (departments).

Synergy

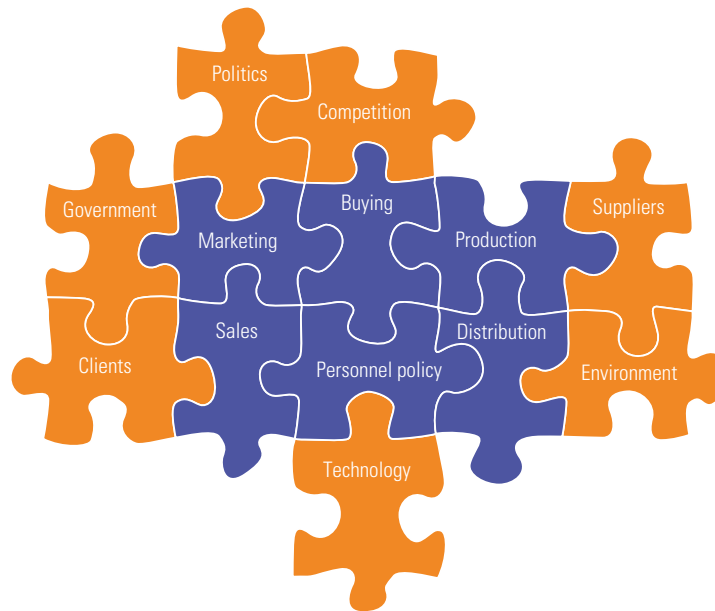


Kenneth Boulding

The system approach states that management should tackle organisational problems in an integrated manner. This means that one should not only look at the interests of a single organisational unit, but also at the influence of decisions taken on the entire organisation. This sounds very obvious, but often management tries to solve problems in its own departments without being aware of the consequences for other departments.

Reducing inventory saves warehouse space but could lead to longer delivery times and could lead to a loss of customers. This example shows the importance of thinking in terms of the systems approach in organisations.

Figure 1.4
The organisation and surroundings as one system



1.12 Paul Lawrence and Jay Lorsch and the contingency approach (ca. 1965)



Paul Lawrence

Contingency



Jay Lorsch

In the late 1950s, Joan Woodward published the results of a survey of a hundred British companies in which she looked at the effectiveness of applying the theories by Taylor and Fayol. This study showed that there was no correlation between the extent to which a company was organised according to the rules of scientific management and its economic success. This was a very surprising conclusion because until then it had been assumed that there would be a 'one best way of management'.

After additional research in 1967, the Americans, Paul Lawrence (1922–2011) and Jay Lorsch (1932) also came to the conclusion that different circumstances will lead to a different structure of organisations, tasks and working methods, if they want to perform optimally. The term 'contingency' introduced by them means 'determined by situation or situational'.

According to the contingency approach, the choice of applying certain management techniques, which stem from an organisational theory, strongly depends on the circumstances in which an organisation finds itself. Certain management techniques can be very successful in some situations while failing utterly in others. The trick is to discover which technique can be best applied under which circumstances.

One of the most important elements of the contingency theory is an organisation's relationship with its environment. Organisations will have to focus on their environment. The contingency approach constantly challenges management to recognize the complexity of environmental relationships and to search for the most appropriate choices in strategy, organisational structure, and so on for each situation. In the past decades, many contingency studies have been done in which the principles of this movement have been confirmed.

O&M IN PRACTICE

What can we learn from the founders of Scientific Management?

Anyone who has studied management has probably learned that the founder of the field is the efficiency-obsessed Frederick

Winslow Taylor (1856–1915). The idea attributed to Taylor – that economic efficiency is the fundamental principle of the profession of management – predominated in the 20th century and is even in line with current thinking in the 21st century. Great thinkers like Gulick, Drucker and Hamel emphasize Taylor's ideas that the purpose of the company is to solve inefficiency.

The current dialogue about corporate social responsibility, for example, does not deviate from the principles of scientific management; in fact, it is returning to them.

Entrepreneurship should serve a higher social purpose. Taylor's contemporary, Louis Brandeis (1856–1941), defended the view that entrepreneurship should serve a higher social purpose. This sounds remarkably contemporary. His ideas became popular and found a large audience among companies that adopted and advocated sustainable working methods. In 1910, Brandeis formulated a new approach he called scientific management, a term mistakenly attributed to Taylor. Most of his themes are still important today including, for example, task specialisation, standardisation of processes, production planning.

MITSloan, winter 2022

1.13 Modern recent organisational theories

Since the 1970's, there have been several authors/consultants who, after extensive organisational studies, have made undeniable contributions to the development of organisational theories and are of great importance for the functioning of many organisations. The authors discussed here are listed by date of birth.

Peter Drucker (1909–2005) and General Management



Peter Drucker

Peter Drucker has been called the patriarch of management gurus. Since 1939, he has written more than 34 books on management studies, which have been published in 24 languages.

According to Drucker, after the Industrial Revolution with its increase in productivity, we have now arrived at the knowledge revolution. According to Drucker, knowledge has become the essential production factor. The importance of nature, labour and capital lies mainly in the restrictions they impose. Without these production factors, knowledge cannot yield anything.

Drucker estimates that the number of people working in traditional industries, such as agriculture and manufacturing, has now fallen to 20 or 25% at the most.

The remaining three quarters of workers can be divided into three groups of approximately equal size, namely: knowledge workers such as high-quality specialists, professionals and technicians; the higher educated service providers such as salespeople, teachers and civil servants and the lower educated service providers such as cleaners, drivers and administrators whose wages increasingly lag behind the other groups.

Productivity
development

Until the late 1980s, management was not really concerned about the productivity development of the knowledge and services sector. But now that the productivity

revolutions in agriculture and industry are coming to an end, an increase in productivity in the knowledge and services sector is becoming an absolute precondition for further economic growth. The characteristic of knowledge work is that the worker largely determines the content of his work. And usually without much regard for productivity. Research has shown that about three quarters of the time is often wasted by inefficient coordination or by performing irrelevant activities. Productivity can be greatly increased by constantly asking yourself as an employee what you are really being paid for. What activity do you need to delete! Other remedies that Drucker recommends for significant productivity gains include: analysing and re-structuring work, outsourcing service work outside the organisation, which promotes competition, and building teams that are a good fit for a particular type of work. 'Besides an economic challenge to higher productivity, there is a social challenge in the dignity of the less educated service provider', Drucker said.

In his latest book *Management Challenges in the 21st Century* (2000), Peter Drucker writes in a refreshing way about the future of management. According to Drucker, no single organisational form is the right one. Management should look for the organisational structure that best suits the work to be performed; the organisational form is primarily a means of enabling people to be productive. Drucker also foresaw a number of other developments. Managers will not have the same work experience as their subordinates; there will be a different balance between full-time and part-time jobs; the average company currently has a *raison d'être* of no more than thirty years, and this time is only going to get shorter. Drucker examined the fundamental issues of the next century, the changes in the world economy and management practices. What are the new realities and how can companies adapt their strategies to these new challenges?

Organisational structure

Philip Crosby (1926–2001) and Quality Assurance

An important movement in organisational studies relates to quality assurance in organisations. The founder of theories in this field is the American, W. Deming, who first applied his ideas in this field in companies after the Second World War. One of the best known contemporary 'quality gurus' is the American Philip Crosby who developed a total quality management theory that is currently used in many Japanese, European and American companies. Philip Crosby served as vice president at International Telephone and Telegraph Company, where he was responsible for quality assurance worldwide for fourteen years. His firm, Crosby Associates, is one of the world's largest quality management consulting firms. Working according to the 'zero defects' concept is key to Crosby. This means that organisations should strive not to make mistakes in their processes. He dispels the outdated notion that quality control is only necessary in manufacturing departments and not in the boardroom. Crosby believes that organisations can reduce their costs by about 20% if they place quality assurance as the number one factor within the company.

Total quality management theory

'Zero defects' concept



Phil Crosby

Henry Mintzberg (1939) and Organisational Structuring and Strategic Planning

The Canadian, Henry Mintzberg continues to surprise with his remarkable contributions to organisational structuring and management and his views on strategic planning. He works as a professor of management studies at McGill University in Montreal and is a part-time professor at INSEAD in France. Among the most influential books he has written are: *The Strategy Process* (2003), *Structure in Fives* (2009), *The Structuring of Organisations* (1998), *Mintzberg on*



Henry Mintzberg

Management (2011) and *The Rise and Fall of Strategic Planning* (2013). He has twice won the McKinsey Award for 'Best *Harvard Business Review* Article'. One of his most important fundamental works, *The Structuring of Organisations* (1979) can be seen as an attempt to synthesize the most important organisational theories concerning the way in which organisations should be structured. According to Mintzberg, the success of organisations cannot be explained by the fact that 'the best' organisational structure has been chosen; we can never speak of the best structure for organisations in a general sense because there are different paths to success.

Mintzberg argues that organisations should not see their characteristics as separate from each other, but should bring them in harmony, in a common form or configuration. A configuration can be seen as an 'ideal type of organisation'.

Configuration

Basic configuration forms

Mintzberg distinguished five basic configuration forms which he later expanded with two more forms, namely:

- 1 the business organisation;
- 2 the machine organisation;
- 3 the professional organisation;
- 4 the divisional organisation;
- 5 the innovative organisation;
- 6 the mission organisation;
- 7 the political organisation.

The configurations each have their strengths and weaknesses. Depending on the type of environment, turbulent or stable, and the purpose of the organisation, the strengths emerge.

Although the configurations are descriptions of 'ideal types' that in reality rarely or never occur, studying them is certainly worthwhile, according to Mintzberg. As a result, a vision is developed that makes it possible to understand other organisations more quickly. Understanding the strengths and weaknesses of the organisation in which one works is of course also valuable. In chapter 11 extensive attention will be paid to Mintzberg's theories on organisational structuring.

Organisational structuring

In his book *The Rise and Fall of Strategic Planning* (1993), Mintzberg wipes out traditional views on strategic planning. Mintzberg concludes that strategy cannot be planned and that strategic planning often fails in organisations. Chapter 2 focuses on Mintzberg's views on strategic planning.

In his latest book *Bedtime Stories for Managers: Farewell to Lofty Leadership... Welcome Engaging Management* (2019), Mintzberg argues that managers should come out of their ivory towers and see what's going on in the workplace. In chapter 9, the difference between managers and leaders is extensively discussed and different leadership styles are discussed.

C.K. Prahalad (1941–2010) and contemporaries



Coimbatore
Krishnarao Prahalad

Coimbatore Krishnarao Prahalad was born in Coimbatore, Tamil Nadu. He studied physics at the University of Madras (present-day Chennai). He started his working career as a manager at Union Carbide. He then studied in the United States and received a PhD from Harvard University. He has taught in India and the United States before becoming a professor at the University of Michigan Business School (Harvey C. Fruehauf chair of Business Administration).

In Ann Arbor, Michigan he met the young international business student Gary Hamel. Their collaboration resulted in the book *Competing for the Future* (1994). This

book describes how management is in a transition phase. According to Prahalad and Hamel, management is moving from the old control-and-demand model to a model where managers have to look for new opportunities in the market.

Globalisation

In one of his more recent books *The Future of Competition* (2004), written with Venkat Ramaswamy, he explains that companies have made too little use of the possibilities of globalisation. The rules of the game and the players have changed. The 'customer' is stronger and proactive and has more expressiveness. Thanks to the internet, the customer is better informed and more creative. The client wants greater involvement and control in the decision-making of certain transactions. Prahalad envisioned a greater hands-on approach to doing business; this requires greater cooperation with the customer/consumer.

Hands-on approach

Value-conscious consumers

Prahalad has gained worldwide fame through his book *The Fortune at the Bottom of the Pyramid* (2004), in which he makes a simple yet revolutionary proposal at the beginning of the book: if we stop thinking about the poor (the bottom of the pyramid or abbreviated BOP) as victims or as a burden, and begin to see them as resilient and creative entrepreneurs and value-conscious consumers, a whole new world of opportunities will open up. The new markets are not the small group of rich or the large group of consumers with an average income, but the billions of poor who will participate in the global economy for the first time. According to Prahalad, the bottom of the economic pyramid consists of four billion people living on less than \$ 2 a day.

This group can be the engine of the next round of global trade and prosperity, and a source of innovation. Serving the customers at the bottom of the pyramid requires large companies to work collaboratively with civil social organisations and local governments. Then this will create millions of new entrepreneurs at a grassroots level. He speaks here of a 'co-creation' between economic development and social transformation as a solution to the poverty problem. The nine largest countries that Prahalad has in mind are: China, India, Brazil, Mexico, Russia, Indonesia, Turkey, South Africa and Thailand.

To increase the purchasing power of the poor, companies can offer their goods and services differently, for example in smaller quantities. As a result, the marginalized consumer is included in an economic system, and he or she also creates more opportunities to provide the necessary higher income. According to Prahalad, innovation is the key concept. The whole economic structure has to be turned upside down. Companies must first look at the poorest, their needs and possibilities, and translate the resulting solutions to market segments.

Innovation

Tom Peters (1942) and management principles for business operations

Tom Peters is a management consultant and founder of the Tom Peters Group in California. He conducted applied scientific research with the aim of designing management principles for business operations. In 1982 he published a study of 43 American companies whose profitability had been constant for twenty years. This book, entitled *In Search of Excellence* (2015), which he co-wrote with Robert Waterman, sold over four million copies.



Tom Peters

For the success of the companies surveyed, including McDonald's, Procter & Gamble, Boeing, IBM and Hewlett Packard, the researchers identified eight common characteristics:

1 Strong action orientation.

Although many of the companies surveyed have an analytical way of making decisions, this does not have a paralyzing effect. This way of working is characterized by: 'Do it, fix it, try it'.

2 Maintaining a close relationship with the customer.

As a company you can learn a lot from your customer and most innovative companies get the best ideas about the new products to be developed from their customers.

3 Creating entrepreneurship and independence.

One of the main problems of large organisations is that they lack what they grew up with, namely: innovation. The trick is to be big and act small at the same time. That is why an entrepreneurial climate must be created in which employees work on innovation with great creativity. In such a culture, there should be room for launching 'unorthodox' ideas and making mistakes should not be punished.

4 Employees are the main source of productivity.

The 'excellent' companies see their employees as a source of quality and productivity. One of the most important principles here is 'respect for the individual'. It's about getting energy and talent out of people.

5 Driven by values and beliefs.

It is very important that a company indicates what it stands for, what the company is good at and what every employee is proud of. All 'excellent' companies had clear values and took the creation of values seriously.

6 Stick to what you know.

Successful companies don't get involved in things they don't understand.

7 A simple structure with limited support departments.

All companies had a simple and clear organisational structure, i.e. no matrix structure (see Chapter 9). And support (staff) departments are also limited in size.

8 Governance is both centralized and decentralized.

Many 'excellent' companies are managed in both ways. For example, on the one hand, these companies are managed almost 'rigidly' from the top, while on the other hand, departments have a high degree of independence, combined with entrepreneurship and innovation.

Recent years have shown that if a company has been successful (for a long time), this does not have to be a guarantee for the future.

For example, IBM was forced to almost halve its workforce as from the end of the 1980s. It is of great importance that companies continuously anticipate in a strongly changing environment.

In his 1987 book *Thriving on Chaos*, Tom Peters says that chaos has become the norm. Managers will be confronted on a daily basis with major changes that are prompted by, among other things, the development of automation and telecommunications. Companies will have to be flexible to use the chaos to tackle new challenges in the market. In his book, he gives 45 recommendations for management.

Since 1987 Tom Peters has written a number of books including: *Liberation Management* (1992), *The Pursuit of Wow* (1994), *The Circle of Innovation* (1997), *The Brand You 50* (1999), *Re-imagine* (2003) and *The Excellence Dividend: Meeting the Tech Tide with Work That Wows and Jobs That Last* (2018).



Manfred Kets de Vries

Manfred Kets de Vries (1942) and Clinical Leadership

Manfred Kets de Vries is a Dutch psychoanalyst, management scientist and economist who is professor of human resource management and leadership development at INSEAD in Fontainebleau. INSEAD is an international management training institute and business school.

Due to his intensive research and knowledge of leadership styles, he regularly advises large international companies. Kets de Vries gives a different view on the much studied topics: leadership and the dynamics of individual and organisational change. He does this by using his knowledge and experience in economics, management and psychoanalysis to investigate the interfaces between international management, psychoanalysis, psychotherapy, and dynamic psychiatry.

His specific areas of interest include: leadership, career dynamics, executive stress, team building and the dynamics of corporate transformation and change.

He is the author and co-author of forty-nine books and has published over 400 articles or book chapters, including *What Drives Leaders* (2006) and *Sex & Money, Happiness and Death* (2008).

He has been teaching clinical leadership to top managers for over 35 years at the French management institute INSEAD. His courses consist of intensive group sessions based on socio-psychoanalysis. As a psychoanalyst, he confronts his students with their shortcomings, pitfalls and challenges. His students are often top CEOs and ministers. According to Kets de Vries, the recipe for effective leadership is a combination of hope, humility, humanity and humour. Good leaders are able to give people hope for improvement, using humility, humanity and humour to do so. They are less guided by greed. Leadership also requires integrity: an organisation that does not trust its leaders cannot survive in the long term. He is for organisations and, in a broader context, for a society that is strongly based on mutual trust.

Socio-psychoanalysis

Integrity

Kets de Vries's mission is to make top managers more human and thus make organisations more liveable. His name is inextricably linked to what he calls the clinical paradigm. In it he combines two approaches to leadership: the psychodynamic and the systemic. The first looks at how people think, feel and act; the second looks at the context in which that happens – such as the family, the culture or the work environment. More often than not, behaviour appears to have an irrational component and stems from subconscious driving factors. These are shown through emotions that people experience and the way in which they express themselves more or less openly. As a result, there are all kinds of relationships between personality, leadership style, organisational culture and decision-making patterns. According to Kets de Vries, the leader of the future is someone who researches, inspires and asks the right questions. In addition, he must ensure that there is a truly value-driven organisation where it is all about autonomy, appreciation for own initiative, creativity, entrepreneurship and collaboration.

The clinical paradigm



Martin Seligman

Martin Seligman (1942) and Positive Psychology

Martin Seligman is an American psychologist. He graduated in philosophy from Princeton University and received his PhD in psychology from the University of Pennsylvania in 1967. Since 2000, he has chaired the Positive Psychology Network. Since the beginning of the 21st century, he has mainly focused on positive psychology. This movement stems from humanistic psychology. Together with Mihaly Csikszentmihalyi, Seligman continued this movement, which resulted in positive psychology; Here the focus is mainly on what makes people happy.

Previously, psychology in the US emphasized dealing with problems and the negative aspects of existence. Positive psychology is the school of thought that is based on the strengths of a person and the assumption that happiness does not come from just the right genes or chance, but can be found by identifying and using the strengths and qualities a person already possesses. More emphasis is placed on possibilities rather than impossibilities. Recognizing and stimulating competences and virtues is more effective than correcting weaknesses: strength instead of complaint. The human being as a whole and the development of his powers is key. This refers to positive, functional and health-promoting forces (core qualities). Core qualities are positive psychological mechanisms that evoke a sense of fulfilment in a person which has a positive effect, not only on the person, but also on his/her environment.

Seligman is best known for his books *Authentic Happiness* (2004) and *Flourish* (2011).



Michael Porter

Michael Porter (1947) and Strategy

Michael Porter is a Harvard professor and has had a major influence on the development of strategic thinking and acting in companies. As we will see in Chapter 3, the value of his work, is namely in providing structures for performing analyses in order to arrive at a successful strategy. Porter was the first to map out the significance of work by managers for the success of a company. In the 1979, the award-winning article 'How Competitive Forces Shape Strategy', details his five environmental forces which provide firms with a method to analyse the market and competitive behaviour. In his first book *Competitive Strategy* (1980), Porter mainly deals with the 'what' and 'why' of strategy.

Strategy

His second book *Competitive Advantage* (1985), focuses on the 'how' of strategy. Porter argues that companies must look for their competitive advantage. According to him, a competitive advantage can arise from the fact that the company can offer a product or service at a lower cost than the competition or by creating a piece of 'added value', so that the buyer is willing to pay more for the product or service.

Competitive advantage

Sustainable competitive advantage

In *Competitive Advantage of Nations* (1990), Porter argues that business success factors are created by a country or region. In this book, he outlines a number of criteria based on which a company can assess the attractiveness of a location. Porter increasingly comes to the conclusion that ultimately, the organisation's environment is the source of sustainable competitive advantage.



Michael Hammer

Michael Hammer (1948–2008) and Business Process Re-engineering

Michael Hammer was one of the leading management gurus of our time. He was a professor of computer science at MIT in the United States and director of his own consultancy company. Together with James Champy, he wrote the highly successful book *Re-engineering the Corporation, a Manifest for Business Revolution* (1993). In this book, he explains that for the past fifty years, our businesses have been based on three principles, namely:

- 1 the basic unit of work is the task;
- 2 simple tasks are performed by low-skilled people;
- 3 there is a distinction between 'performers' and 'managers' (hierarchy).

In an environment that changes slowly and is characterized by predictability and continuity, these principles proved to work reasonably well. However, in this turbulent time with its rapid technological developments and the emergence of global markets, the focus of organisations is on flexibility, quality, service and savings in overhead costs. The classic 'task-oriented organisation', in which each process is subdivided into all kinds of sub-processes, which are then divided over the entire organisation, no longer fits here. After all, this leads to unnecessary slowness, bureaucracy and inflexibility.

Process-oriented

Hammer and Champy are therefore arguing for a revolution within companies. The core of this is that companies will have to work in a process-oriented way. A process can be understood as a sequence of activities that create value for the customer. For example, if an organisation receives an order from a customer, many dozens of departments are busy with this order. The customer is not interested in all internal administrative-organisational processes, but is only interested in the result. Therefore, the process will have to become the entry point / first point of contact for the customer. In a process-oriented organisation, an important part of the administrative and managerial supervision is no longer needed. Simple tasks will disappear. The distinction between implementers and managers is also done away with. Professionals and coaches work in this new organisation. The coaches will mainly have to focus on inspiring and motivating professionals as well as designing a working environment.

According to the authors, this new organisational approach will lead to major cost savings of 40 to even 80%. Before this is realized, the top management of companies will have to be aware of the need for this change (see also chapter 13).

Clayton Christensen (1952–2020) and Disruption



Clayton Christensen
Disruptive innovation

Clayton M. Christensen was the Kim B. Clark professor in the business administration department at Harvard Business School. He gave one of the most popular lectures there: 'building and sustaining a successful enterprise'. He is considered an expert in innovation and growth. His ideas have been used in organisations worldwide. Christensen is the author of seven bestsellers; he is best known for his books on innovation in commercial enterprises. His book, *The Innovator's Dilemma* (1997), emphasizes his theory of disruptive innovation. Most technologies improve the performance of existing products using the criteria existing customers already use. Christensen calls these technologies sustained technologies. This is countered by so-called disruptive technologies. These disruptive technologies create an entirely new value proposition. They improve the performance of products according to new performance criteria. Products resulting from the disruptive technologies are often smaller, cheaper, simpler and easier to use than the existing variants. However, at the time of their introduction, they cannot (yet) compete with the established traditional products in terms of performance and therefore there is not yet a large market for them.

Christensen examined in depth how disruptive technologies have developed in, for example, the computer disk industry, a rapidly evolving industry.

Disruptive innovation has the following four principles:

- 1 In well-run companies, customers not managers, actually determine the resource allocation patterns. The bottom line is that middle managers in companies are not inclined to invest in technologies that are not immediately appreciated by important customers, because they will not be able to score quickly financially with these investments.

Disruptive technologies

Emerging markets

- 2 Small markets do not meet the growth needs of large companies. There are several reasons why it is good for companies to grow. Unfortunately, the bigger a company is, the harder it is to continue growing. A small company (turnover 40 million euros) with a growth target of 20%, must have a turnover of 8 million euros to create additional growth. A large company with a turnover of 4 billion euros that wants to grow by 20% must create 800 million euros in additional turnover. Emerging markets are usually not big enough to meet the growth needs of large companies; however, they are large enough for small businesses.
- 3 Markets that do not exist cannot be analysed. The ultimate applications of disruptive technologies are not known in advance. Failure is an intrinsic step to success.
- 4 Technology supply does not always match market demand. The speed of technological progress is often faster than the speed at which customer needs to evolve. The performance improvement of the disruptive technologies (e.g. the 3.5-inch disks, initially only used in the small laptop market) makes the innovations suitable for a larger market (the PC market).

In 2010, in a now-famous speech, Christensen addressed that year's graduates of Harvard Business School. Drawing on his extensive research, he offered them a series of guidelines to lead a successful, happy and meaningful life in all facets. The speech went viral on social media and spawned one of the most read articles ever in the authoritative *Harvard Business Review*. This later resulted in the book *How Will You Measure Your Life* (2013). In this book, Christensen wonders whether the insights of management theories can also be used for managing private situations. That question became more emphatic when he himself developed a life-threatening illness. The answer is: you should not look for 'quick solutions', but you should think about 'how to solve problems'. Coming up with a solution yourself turns out to be a well-functioning intrinsic reward (feeling happy). His latest book, *The Prosperity Paradox: How Innovation Can Lift Nations out of Poverty*, was published in 2019.

Gary Hamel (1954) and the Future of Management

Gary Hamel is often seen as one of the most important business thinkers, an expert in the field of business strategy.

Hamel has worked at the London Business School since 1983, and is currently a visiting professor in the Strategic and International Management Department. He was the creator, together with Prahalad, of the concept of 'core competences'. His book, *Leading the Revolution* (2002) was especially well-known, in which Hamel describes that innovation and not efficiency, should be the guiding principle in business operations. New organisational concepts are a requirement for business success in the dotcom-era. Just like quality, innovation should be the responsibility of all employees. Key words for achieving success according to Hamel are speed, reorganising the self, tapping new markets and distribution channels.

In his most recent work, *The Future of Management*, co-written with Bill Breen in 2007, the authors argue that the current model of management has become obsolete, and that several companies have already replaced it with one of various alternatives resulting in greater innovation and a better fit with the knowledge economy.

Core competences



Gary Hamel

Company management-DNA is still based on achieving improvements in productivity through systematic management under the principles of:

- standardisation
- specialisation

- objective outlining
- hierarchy
- planning
- control and extrinsic rewards

Key principles of new management are:

- diversity
- enabling active experimentation
- depoliticisation of decision making
- making use of the wisdom of masses and markets
- de-centralisation of leadership
- accountability from the top to the first line

Involving all employees in the company is of crucial importance when trying to create a democracy of ideas, to reinforce human imagination, to pool collective wisdom – thus ensuring everyone has a chance to participate. In doing so, none of the employees are drained of their natural human resilience. To this end, management principles need to be revised. In the management of the future, obedience, zeal, and factual knowledge need to make room for initiative, creativity, and passion. There are companies like Google and Whole Foods Market who are already working from this vision and following certain of its principles. Their emphasis is not on the top layer, but on teams lower down the organisational ladder, and they offer employees relatively large chunks of free time to employ their creativity.

Hamel is a great advocate of management innovation: Make change into an ingrained principle. His latest book, *Humanocracy: Creating Organisations as Amazing as the People Inside Them*, was published in 2020.

Lynda Gratton (1955) and the future of work

Psychologist and organisational expert Lynda Gratton is a professor at London Business School and the founder of the Hot Spot Movement, a global community passionate about fostering inspiration and innovation at work. She is one of the most influential women in the field of Human Resources.



Lynda Gratton

In her best-known, internationally leading book, *The Shift, The future of work is already here* (2014), she describes the importance of organisations getting the best out of their employees by treating them as their most important capital. The research question she asked herself was: what changes can organisations expect in the coming decades? She set up an international research team that interviewed more than 200 top executives in more than 45 companies such as Nokia, Reuters, Manpower and Shell, among others.

Her conclusion: nothing will be the same again. Demographic, technological and social developments, globalisation and the need for sustainable energy are driving a revolution. Robots and automation are taking over a lot of work and in 2025, for example, more than 5 billion people will be connected online. Rising energy prices mean that more and more people are working from home with less business travel, which in turn has consequences for mutual communication. This calls for a new relationship between leaders and their employees. Especially the younger generation does not want to be led in an old-fashioned hierarchical way. It will be difficult to keep them as they are increasingly starting up businesses for themselves. In her ideal democratic enterprise, the employee is a citizen with duties, but above

all an autonomous individual who is given a lot of freedom within the company. The employee and the company invest both in themselves and the other, making the company a place where human capital is fully utilized.

The democratic enterprise, according to Gratton, is characterized by the following characteristics:

- The relationship between company and employee is a relationship between adults, not a relationship between parent and child.
- Individuals are seen as citizens who invest in their own development.
- Individuals can display their diverse qualities and develop their talents.
- Individuals participate in determining their working conditions.
- The freedom of some does not come at the expense of others.
- Individuals have responsibilities and obligations towards themselves and the organisation.

In addition, the pandemic and its impact on businesses has led to one of the largest global shifts in a century. The way we work has been radically changed. In her latest book, *Redesigning Work* (2022), Gratton discusses the implications for today's organisations with respect to hybrid work, other transformations and challenges caused by the global pandemic.

Jim Collins (1958) and Corporate Culture and Leadership



Jim Collins

Jim Collins has written a worldwide bestseller with his book, *Good to Great* (2001). It is considered the most thorough, insightful and innovative study of recent decades.

Collins was born in Aurora, Colorado USA and studied mathematical science and then obtained an MBA at Stanford University. He then taught at the Stanford University Graduate School of Business. Today he has his own management research center.

In his book, *Good to Great* (2001), he followed hundreds of Fortune 500 companies with a team of researchers. But above all, he was interested in those eleven companies that turned from a good company into a great, explosively growing company, managing to keep it up for years. Collins has formulated his insights in a number of principles. What distinguishes these successful companies from their competitors and what can others learn from this?

According to Collins, the following factors are responsible for business excellence:

- 1 **Level 5 leadership.** Leaders with personal modesty, coupled with professional will (result-oriented). They are workhorses, often come from the company itself, ensure there is proper succession and place responsibility for success with others.
- 2 **First who, then what.** It's about getting the right people on board in the right places, and throwing the wrong people out. Only then are direction and strategy determined.
- 3 **Culture of discipline.** With disciplined people and working methods, you no longer need bureaucracy and hierarchy. Entrepreneurship combined with a culture of discipline is the magic mixture for great achievements.
- 4 **Face the hard facts without losing faith.** There must be room for the truth by creating a climate where people are really listened to.
- 5 **The Hedgehog Concept.** Based on the Greek Archilochus who writes in one of his fables: 'The fox knows many things, but the hedgehog knows one great

thing: the insight into what you can be the best at.' According to Collins, this principle can be divided into three sub-questions: with which can we as a company become the best in the world, what activities are we most passionate about and how can we earn money?

- 6 **Technology.** Technology is never a critical factor for success, but carefully chosen technologies are used.
- 7 **The flywheel.** Excellent companies don't just happen; it's a matter of pushing a large flywheel. It starts off slowly, but at some point an acceleration occurs. People only see the magnitude of the transformation in retrospect.
- 8 **Guarding the core and driving progress.** The core values of a company – what we stand for – must be monitored and maintained. The way in which work is done, on the other hand, must always be adapted to changing circumstances.

Amy Edmondson (1959) and Psychological Freedom



Amy Edmondson

Professor of Leadership and Management at Harvard Business School, Amy C. Edmondson puts the concept of psychological freedom on the map within organisations and teams. She mainly focuses on the study of human interactions that lead to more successful companies. Edmondson is the author of seven books and more than sixty scientific articles. She is also a much sought-after keynote speaker.

Psychological freedom

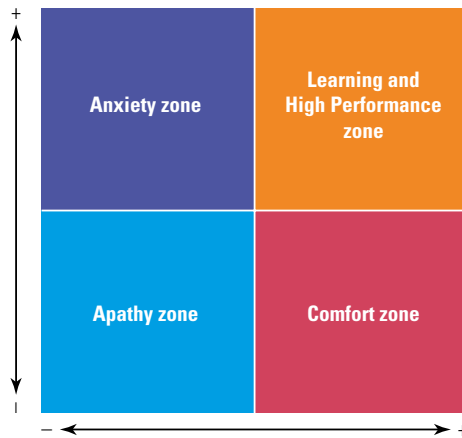
In her latest book, *The Fearless Organisation* (2019), Edmondson demonstrates, after years of in-depth research and scientific substantiation, that organisations make real progress when employees feel completely free to discuss their ideas and plans. But they certainly can and dare to express their reservations. Psychological freedom: the feeling of being able to freely exchange ideas with each other in an environment where you feel safe to take interpersonal risks, according to Edmondson, is the foundation for successful teams and organisations.

As a young researcher, Edmondson became involved in an investigation of medical errors in hospitals. The results were striking and the opposite of what she had expected: effective teams made more mistakes than poorly functioning teams. What turned out was that well-functioning teams were not so much more likely to make mistakes, but that they were more likely to report mistakes and discuss them with each other. In a psychologically safe environment there is more room to ask questions, propose ideas, express opinions and give criticism. In psychologically insecure environments, employees are more likely to keep their mouth shut, afraid of asking 'wrong' questions, of being seen as pushy, or of being labelled negative with critical questions. The result is that there is often silence, as a result of which important information and input is lost.

Edmondson describes in her book a three-step approach to promote a safe psychological climate:

- **Framing.** Try to 'frame' the work differently. Don't talk about execution, talk about learning. Emphasize what can be learned together on a daily basis. Make sure there is room to make mistakes and experiment. Give uncertainty a place: uncertainty and doubts are normal. Propose meaningful and shared goals.
- **Stimulate discussion.** Make room for frank and intensive discussion. Set up rules of the game to steer that discussion in the right direction. Stimulate curiosity. Constantly ask questions: how could we do things differently, smarter, better?
- **Take everyone seriously.** Be inclusive, and don't express your point of view directly. Involve everyone in the team, try to give people who think differently the space to voice a different opinion or perspective.

Figure 1.5
Edmondson's
psychological safety
matrix



Psychological safety

Psychological safety in the workplace is becoming increasingly important and is now high on the agenda. Edmondson concludes that, for the time being, most organisations are not doing well. A Gallup poll shows that only three in 10 employees strongly agree that their opinion counts at work. Still, Edmondson is optimistic. She sees a willingness by contemporary managers who want to transform their organisation into a 'learning organisation' and are well aware of the importance of this.



Rita Gunther McGrath

Rita Gunther McGrath (1959) and Strategy, Innovation and Entrepreneurship

McGrath's focus is on developing innovation and growth strategies in times of uncertainty. She argues that companies' traditional reliance on competitive advantage is no longer relevant in today's borderless markets. McGrath's investigation of disruptive inflection points in her book *Seeing Around Corners. How to spot inflection points in business before they happen* (2019) – the 'sudden shifts that disrupt a market' – shows how smart leaders can learn to anticipate them.

McGrath, a professor at Columbia Business School in New York, began her career in government in the city of New York, where she became interested in large-scale organisational change. After returning to academic life, she worked with author Ian C. MacMillan at Wharton's Sol C. Snider Entrepreneurial Research Centre, exploring entrepreneurship, innovation and growth in rapidly changing, uncertain markets. There is almost no time left to stay ahead of the competition. In this day and age, the competition immediately mimics you. It only takes a moment for others to do it as well as you do and you have already lost the competitive advantage you had. According to McGrath, it means being able to change quickly. You have to be able to let go of old things and pick up new things. Companies are often not very good at this. They focus is on an efficient organisation of processes with which they deliver their existing service or product. Those processes are tightly linked. The people are stuck in patterns to make sure everything is focused on an optimal ratio between revenues and costs. If you then find that the revenues are lagging and you can no longer bring the costs down, then you are too late, McGrath says.

McGrath discovered 6 common mistakes organisations make when it comes to innovating.

1 Companies do not innovate continuously but only when it becomes necessary.

McGrath emphasizes the importance of innovation as a normal part of business operations. There must be a budget for it and attention must be paid to it at the

- top management level. Flashing light innovation is even worse than no innovation. It costs money, but does not yield anything.
- 2 **Don't always reinvent the wheel!**
Organisations pretend that they are the first to set up such an innovation process, while the neighbours have been running it for years. See what others are doing and copy that. You can then quickly start your innovation processes instead of constantly having meetings about how you can best approach innovation.
 - 3 **Create an independent budget for innovation.**
If it is determined from the existing operational processes how much and what goes to innovation, then the innovation is far too dependent. The financial scope for innovation must be determined by top management in the organisation.
 - 4 **As a rule, innovations do not fit into existing structures.**
Usually an innovation means that your business processes have to be redesigned. However, the natural tendency in an organisation is to adapt the innovation so that it can be implemented in the existing process. However, this means that there is no longer any question of innovation. Processes and structures are only getting more complex that way.
 - 5 **Don't subject innovation to key performance indicators (KPI) like the other processes in the company.**
This will mean that no innovation ever reaches the finish line. Innovations are by definition uncertain, they can succeed but also fail.
 - 6 **Do not judge innovations on whether or not the initial innovation plans have been realized.**

According to McGrath, she has never seen a successful innovation that went according to plan. It was always different. You have to make room for that. If you don't, you will never be successful when it comes to innovating. With McGrath it is just like with Clayton Christensen: she also argues for space, being able to see the unexpected, daring to experiment, and giving/creating opportunities.

Linda Hill (1961) and Leadership and Innovation

Linda A. Hill is a professor of business administration at Harvard Business School and chair of the Leadership Initiative. She is considered one of the top experts in leadership and innovation and was named one of the top ten management thinkers in the world by Thinkers50 in 2021. Hill's research focuses on leadership development, building agile, innovative organisations, and implementing global strategies. Her TED talk on collective creativity has been viewed more than 2.6 million times.

Leadership
development



Linda Hill

Hill gained fame as co-author of the book *Collective Genius: The Art and Practice of Leading Innovation* (2014). The central question in this book is: How can leaders build an organisation capable of continuous innovation over time? The answer is: by creating a community that is both willing and able to innovate. To be willing to do so, the community must share a sense of purpose, values and rules of engagement. Businesses need to generate ideas through discussion and debate; quickly experiment, reflect and adjust; and make decisions that combine divergent and even opposing ideas.

Hill is also co-author of the book *Being the Boss: The 3 Imperatives for Becoming a Great Leader* (2011). To be an effective and good manager, many obstacles have to

be overcome. Formal authority alone will fail to influence people and achieve results. The manager is generally caught in a web of conflicting expectations from subordinates, the supervisor, colleagues and customers. Linda Hill describes how to become a better leader through three steps:

- **Manage yourself.** Learn that management is not about getting things done yourself. It's about achieving this through others.
- **Manage a network.** Understand how power and influence work in an organisation. Build a network of relationships to navigate your company's complex political environment.
- **Manage a team.** Form a high performing 'we' from all individuals who report to you.

It is also important to manage your relationship with your boss, if only to avoid powerlessness, which can be as bad a force as power.

Additionally, Linda Hill is the author of numerous articles in the *Harvard Business Review*, including 'Where Will We Find Tomorrow's Leaders?', 'Winning the Race for Talent in Emerging Markets,' and 'Are You a High Potential?', and she has also initiated various innovative learning programs for managers.

Brené Brown (1965) and Vulnerability



Brené Brown

Brené Brown prefers to call herself a storyteller and researcher because, according to her, stories are nothing more than a collection of data with a soul. Brown is a professor of social work at the University of Houston, where she has spent years researching vulnerability, courage, authenticity and shame. She became famous for her TEDTalk in 2010, about the power of vulnerability with over 40 million views. Her books, including *The Gifts of Imperfection* (2010), *The Power of Vulnerability* (2012) and *Rising Strong* (2017), all reached number one on the New York Times bestseller list. In 2019 her documentary 'The Call to Courage' was released on Netflix.

Brown's key lessons and conclusions:

- **Vulnerability isn't bad.**
Most of the time we numb vulnerability and suppress feelings to become stronger. But it is precisely vulnerability that takes courage and strength and makes us stronger. This puts you in direct contact with your authentic self.
- **Don't bottle up your emotions and become self-conscious.**
Bottling up emotions mainly causes pain and stress. Don't judge your emotions and thoughts, but learn to understand them.
- **Look your fears straight in the eye and move forward.**
Fear is a great limiting force. To discover desires and dreams you have to step out of your comfort zone.
- **Don't strive for perfection and just do your best.**
Perfection is often an unachievable goal. No matter how hard you try, it will never be good enough. Perfection has nothing to do with growth, progress or personal goals. Rather, it is about fear, uncertainty and rejection.
- **Dare to be Yourself.**
Face your fears and insecurity with confidence in your authentic self.
- **Deal with your shame and create resilience.**
According to Brown, shame is the fear of disconnection from others and stems from inadequacy (no control). Ask for help from others, you are not alone. That connection helps to get rid of negative feelings.

- **Listen selectively to feedback.**
Accept that you will be criticized in your life, but don't take everything from everyone. Take the feedback seriously from the people you take seriously.
- **Show courage, even if you don't know the outcome.**
Vulnerability goes hand in hand with courage. Vulnerability is the feeling of insecurity when we are at risk or when we are emotionally exposed. If you are not willing to fail, it is possible to innovate.

According to Brown, creativity, innovation and change come from showing your vulnerability. It takes courage to show creativity because it comes from the heart and can be rejected by others. Brené Brown studies human connections—our capacity to empathize, belong, and love. Her research focuses mainly on authentic leadership and sincerity in organisations, schools and families.

Susan David (1970) and Emotional Flexibility



Susan David

We live in a 'tyranny of positivity', says American psychologist Susan David: 'Society demands that the sick remain optimistic, that women do not show indignation, and that men do not cry', she says. Research on more than 70,000 people showed that 1/3 of them condemn themselves for feeling 'negative emotions' (including sadness, anger, grief), or ignore these emotions in themselves. However, we do this not only to ourselves, but also to people we love, including our children. We often think quickly in solutions, but we forget to consider the emotions and their value.

Psychologist, researcher and teacher at Harvard University in Boston, Susan David, born and raised in South Africa, has put the concept of 'emotional flexibility' (*Emotional Agility*, 2016) on the map. Also based on her personal experiences and convincing research, David shows that if we understand and embrace our negative emotions, we can create meaningful change to become the best version of ourselves. For example, she asks herself the question: What is the difference between people who don't give up and people who get lost in challenging times? The answer is emotional agility.

Susan David teaches how to deal with unexpected turns in life by means of a four-step plan. This gives emotional flexibility. Based on twenty years of research, Susan David finds that it doesn't matter how intelligent, resilient or creative you are; if you are not aware of how you feel in situations and conversations, you miss the opportunity to gain insights and get stuck in thoughts, emotions and habits that keep you from reaching your full potential. Emotionally flexible people experience as much stress and setbacks as others, only they know how to deal with it and align their reactions with their values.

A brief summary of Susan David's four-step plan:

- 1 **Showing Up:** Showing up/confronting yourself.
Rather than ignoring difficult thoughts and emotions or overemphasizing 'positive thinking,' approach your thoughts, emotions, and behaviour willingly, with curiosity and kindness.
- 2 **Step Out:** Observing and releasing negative thoughts and emotions.
Observe them for what they are. Essentially, learning to see yourself as a chessboard, filled with possibilities, rather than as a piece on the board, limited to certain predetermined moves.
- 3 **Walking your Why:** Define your core values.
Your core values are the compass that keeps you moving in the right direction. Rather than abstract ideas, these values are the true path to willpower, resilience and effectiveness.

4 **Moving On:** Moving Forward.

Making small deliberate changes to your mindset in motivation and habits can make a powerful difference in your life. The idea is to balance challenges and the ability to stay true to your values.

Emotional agility

Emotional agility is a process that allows us to navigate life's twists and turns with self-acceptance and a clear and open mind. The process is not about ignoring difficult emotions and thoughts but instead it is about facing them with courage and compassion, and then stepping over them to unleash change in your life.



Modupe Nyikoale Akinola

Modupe Nyikoale Akinola (1974) and Stress, Diversity, Equality and Inclusivity

American psychologist Modupe Akinola, an associate professor of management at Columbia Business School has a bachelor's and master's degree in Psychology, and a Ph.D. in Organisational Behaviour from Harvard University. She also has an M.B.A. from Harvard Business School. Akinola is considered one of today's 'top thinkers'. Her research is about the influence of work environments on stress and performance; how people, psychologically and physically, respond to stress. We can coach ourselves to find a healthier 'stress mindset', as Modupe Akinola calls it. She and her team have found that some stress can make us feel good, sharpen our thinking, and energize us — but only if we approach our worries in a certain way. So how can you stress productively? By considering whether a difficult situation is truly threatening or merely a challenge. Our body will then assess this situation by either collapsing or shifting up a gear. This distinction, as Akinola and her fellow researchers have examined, is explained: 'A situation is considered threatening when the individual considers the demands and dangers of the environment greater than his resources or ability to cope with them. Obviously, anything that puts your life in immediate danger, without someone there to help you, could be considered threatening. But in most cases, the mere fact that you can tell yourself that you have the resources to face difficult circumstances, will help your body to better support you in your endeavours. It's kind of a placebo effect.' Modupe advises: instead of denying that stress exists, you have to acknowledge it. This is one of the first steps to understanding that stress can be reinforcing.

Also, negative emotions in general can have creative benefits. Research found that candidates performed better, creatively, when they went through the emotions of stress and sadness. The wistful mood increased concentration, increased the eye for detail and the memory also retained more information. Modupe Akinola investigates how organisational environments can generate stress, and how this stress can affect individual and organisational performance. She uses multiple methodologies, including physiological responses (particularly hormonal and cardiovascular responses), behavioural observation, and implicit and reaction time measurements, to investigate how cognitive outcomes are affected by stress. She also examines the strategies organisations use to increase the diversity of their talent pool, as well as the biases that influence the recruitment and retention of women and people of colour in organisations. Akinola has advised numerous US police departments in their reform efforts. Her graduate research for her bachelor's degree, already looked at racial bias involved in the decision to fire a weapon when feeling threatened.

At Columbia Business School, Akinola has been researching how to teach and institutionalize diversity, equality, and inclusion since 2009. Akinola has studied the influence of stereotyping in academia. She collaborated with a number of professors on a study of how professors respond to emails from prospective

students of different ethnic groups and genders. They found that faculties responded significantly more to Caucasian men than to other categories. The research exposed the quick judgments made within academia, and how these stereotypes influence the diversity of students and staff. She argued that these results indicated that a systematic change in academic culture is needed to achieve greater diversity. Akinola also found that women in college are not only less likely to delegate than men, but they are also more likely to feel guilty about doing so. As a result, they have less time for career-oriented research. In 2020, Akinola was involved in Columbia University's response to the COVID-19 pandemic and Black Lives Matter movement.

Adam Grant (1981) on Motivation and Meaning



Adam Grant

'The most important originals (original thinkers) are the ones who fail the most, because they are the ones who try the hardest,' Grant said. 'It takes a lot of bad ideas to find some good ones.'

Adam Grant is a psychologist, professor at the Wharton School of the University of Pennsylvania and author of, among others, the bestsellers *Originals* (2017) and *Give and Take* (2013, both books have been translated into 45 languages). He is a leading expert in motivation and finding purpose.

As an organisational psychologist, he is a leading expert on motivation and meaning, rethinking assumptions, and living a more generous and creative life. He has been recognized as one of the world's 10 most influential management thinkers under 40. His TED talks about original thinkers and givers and takers have been viewed more than 30 million times. His consulting clients include Google, the NBA, Bridgewater, and the Gates Foundation. He writes about work and psychology for the New York Times, served on the Pentagon's Defence Innovation Board, was honoured as a Young Global Leader by the World Economic Forum, and was featured in the Netflix drama series *Billions*. In addition, he has more than 6 million followers on social media and publishes new insights in his free monthly newsletter, GRANTED. He put together the Next Big Idea Club, which selects two new books for subscribers each quarter and donates 100% of profits to provide books to children in underprivileged communities. He and his wife Allison have published a children's picture book about generosity; *The Gift Inside the Box* (2019). Adam is also a co-founder of Givitas, a knowledge collaboration platform that makes it easy to give and receive help in 5 minutes a day.

Grant is considered one of the world's most highly cited, prolific and influential researchers in business today. His ground breaking research has improved performance in work, reduced burnout, increased safety behaviour in doctors, nurses and lifeguards. He is a former magician and Junior Olympic springboard diver.

An important question Grant asked himself was: how do creative people come up with great ideas? For years he studied 'originals': thinkers with innovative ideas that they actually realized. The results are surprising:

1 Procrastination is good.

Grant gave a group of people an assignment and he distracted half of that group by first having them play the game Minesweeper. The group who first tapped the bombs on their computer screens turned out to be 16 percent more creative than the people who immediately started working.

2 What are you afraid of?

The most creative people are more afraid of not putting their 'successful' ideas on the table than of saying afterwards that they had come up with a successful idea, but didn't say it out loud and execute it.

3 The Browser.

Users of Google Chrome and Mozilla Firefox are 'better' employees than Internet Explorer and Safari users. The difference between the first and second groups is that when installing software on their computers, the users of Chrome and Firefox first looked to see if these programs were really the best products they could use. Or was there a better version available?

Grant divides people into three categories: takers, matchers, and givers. Unlike takers who try to get as much as possible from others, matchers look for a certain balance. But remarkably, it is the givers, who help others without expecting anything in return, who achieve the most. Givers focus purely on what they can do for someone else in the here and now. The success of generosity is very simple: your generosity makes you more generous. You build goodwill and trust with it, which results in a good reputation and in relationships that increase your success in the long run. He's put together some golden tips to be helpful without hurting your work:

- 1 Grant 5-minute favours (brief feedback) while you work.
- 2 Decide for yourself when you are ready, you do not always have to be a 'giver' immediately.
- 3 Recognize takers and stay away from them.
- 4 Become a 'matcher' when you inevitably partner with a real 'taker'.
- 5 Ask for help more often, it encourages you to be more generous.

Adam Grant is one of today's most captivating great thinkers and he focuses mainly on how to make the world a little better from a pioneering perspective. For example, by choosing to swim against the current, not adapting to the prevailing views and to rebel against outdated traditions. People who dare to be openly original suffer from the same fears and doubts like everyone else, but they distinguish themselves by not giving up when things go wrong. Then they still take action. Moreover, givers are better off: a giving attitude also gives work extra meaning and results in more life fulfilment and self-respect.

Summary

- The subject of organisational studies was first taught in the USA after 1850 and originated in the Netherlands between 1960 and 1970. The underlying motive was the growing complexity and size of organisations.
- Organisational science is an interdisciplinary science, which deals with the study of:
 - the behaviour of organisations
 - the factors that determine this behaviour
 - the way in which organisations are managed in the most effective way
- The definition of organisational science includes two aspects:
 - a descriptive aspect: a description of the behaviour of organisations with the motives and consequences
 - a prescriptive aspect: advice on the course of action to be followed and organisational structures.
- The schools of thought and personalities discussed have all influenced the development of the field of organisational science. Here is an overview of the personalities and the key concepts per mindset:

Personalities and schools of thought	Mindsets / Key Concepts
Niccolò Machiavelli (1469–1527)	Power and Opportunism
Adam Smith (1723–1790)	Division of labour and productivity
Scientific Management (approx. 1900)	Production organisation and efficiency
Henri Fayol (1841–1925)	General Management theory
Max Weber (1864–1920)	Bureaucracy and ideal type of organisation
Human Relations (approx. 1945)	Informal organisation and subjectivity
Revisionism (approx. 1950)	Synthesis between Scientific Management and Human Relations: alignment between people and organisation
Systems approach (approx. 1950)	The organisation as a system and the interaction between organisation and environment
Contingency approach (approx. 1965)	Application of management technology depending on the situation
Peter Drucker (1909–2005)	Knowledge as an essential production factor
Philip Crosby (1926–2001)	Quality assurance in organisations
Henry Mintzberg (1939)	Configuration theory and seven configurations
C.K. Prahalad (1941–2010)	Competition, innovation, globalisation
Tom Peters (1942)	Management principles for good business operations
Manfred Kets de Vries (1942)	Clinical Leadership
Martin Seligman (1942)	Positive Leadership
Michael Porter (1947)	Competitive Advantage

Personalities and schools of thought	Mindsets / Key Concepts
Michael Hammer (1948–2008)	Re-engineering Business Processes
Clayton Christensen (1952–2020)	Disruption
Gary Hamel (1954)	Future of management
Lynda Gratton (1955)	The future of work
Jim Collins (1958)	Company culture and leadership
Amy Edmondson (1959)	Psychological safety
Rita Gunter McGrath (1959)	Strategy, innovation and entrepreneurship
Linda Hill (1961)	Leadership and innovation
Brené Brown (1965)	Vulnerability
Susan David (1970)	Emotional flexibility
Modupe Nyikoale Akinola (1974)	Stress, diversity, equality and inclusiveness
Adam Grant (1981)	Motivation and meaning