

## ***Organisational Behaviour – Compendium of theories and their limitations***

*By Arguimbau, Termansen and Lu*

Overview of theories given by the professors:

<b>Lecture 1 – Organization &amp; Management</b>	<b>Lecture 2 – Individuals &amp; Groups</b>	<b>Lecture 3 - Culture</b>	<b>Lecture 4 – Leadership &amp; Power</b>	<b>Lecture 5 – Learning &amp; Innovation</b>
Scientific Management (Frederick Taylor)	Schemas (Person, self, script, role)	Integrated culture	Leadership as behavior: The Managerial Grid	Single vs. Double-loop learning
Bureaucracy (Max Weber)	Errors in perception	Differentiated culture	Contingency Theory: Path-goal theory and Situational Leadership Model	The Learning Paradox
Human Relation (Elton Mayo)	Attribution errors	Fragmented culture	Transactional / Transformational Leadership	Technology of Foolishness
Sensemaking	Group processes	Edgar Schein	Leadership on Demand (Blom & Alvesson)	Exploration & Exploitation – ambidextrous organization
	Reactivity		Three Dimensions of Power	

## Contents

<b>Organisation and management .....</b>	<b>3</b>
Scientific management (Frederik Taylor) .....	3
Bureaucracy (Max Weber).....	3
Human Relation (Elton Mayo) .....	5
Sensemaking.....	5
<b>Individuals and groups .....</b>	<b>6</b>
Schemas.....	6
Errors in perception.....	7
Attribution theory and errors.....	9
Group Properties and Processes .....	10
Reactivity .....	11

<b>Organisational Culture .....</b>	<b>11</b>
Integrated culture.....	11
Differentiated culture.....	12
Fragmented culture .....	13
Edgar Schein .....	13
Culture of innovation.....	14
<b>Leadership and power.....</b>	<b>15</b>
Leadership as behaviour: Managerial grid .....	16
Contingency Theory: Path goal theory and situational Leadership model .....	17
Path-Goal theory of Leadership.....	18
Situational Leadership model .....	18
Transactional/transformational Leadership.....	19
Transactional leadership .....	19
Transformational Leadership: .....	20
Charismatic leadership .....	21
Leadership on Demand (Blom & Alvesson) .....	22
Three dimensions of power.....	22
<b>Learning and Innovation.....</b>	<b>24</b>
Terminology - Learning.....	24
Terminology - Innovation .....	25
Single vs. double-loop learning .....	26
The learning paradox.....	26
Technology of foolishness .....	27
Exploration and exploitation – ambidextrous organisation.....	27
Managing change and innovation .....	28

## Organisation and management

Managing people is difficult. The following four theorist thought about the type that would be the most suitable in the workplace. Therefore, when picking a theory from this section only pick one.

### Scientific management (Frederik Taylor)

**Theory:** One best way for organizations to operate. Scientific management is about the most efficient way to do a job. This is also where Ford got his inspiration when he built his factory. This structure means that employees could have overlapping job roles and shifts based on their strengths. The entire system was built to adapt to continuous be the most efficient way to do a job. Key elements: Fitting person to job, individual data outputs, refining processes and measuring results.

Scientific management builds upon the 4 principles of standardisation and routinisation of motion:

1. Developing a science of work – *most efficient way to do job*
2. Scientifically selecting and training the employee – *watch employees' abilities + motivating work*
3. Combining the sciences of work and selecting and training of employees – *monitor to only follow efficient practices.*
4. Management and workers must specialize and collaborate closely.

**How to apply theory:** Use the different principle dimension to analyse an organisation's way of management. This is especially the case if you need to analyse an organisation which seeks to make people's work more effective. Analysing it from the perspective of Taylorism can explain the effectiveness and efficiency of the organisation.

**Limitations:** The role of subordination to not only the manager but the industry. This mechanism has changed since the time of Taylor, and the reasons for following his principles may not be solely due to effectiveness. Human relations and leadership are not mentioned. No emphasis on teamwork, creative problem solving or micromanagement. It is time consuming and intensive record keeping to calculate and usage to preform job functions.

### Bureaucracy (Max Weber)

**Theory:** A bureaucracy is a form of organisational design. Max Weber believed that this was the only way to organise organisations. He identified authority based on rational-legal principles, as the heart of bureaucratic organizations.

**Three main principles of legitimacy that deliver authority in organizations:**

1. Principle of charismatic authority (e.g. Nelson Mandela),
2. Principle of traditional authority (e.g. Prince Charles, the future King of England),
3. Principle of rational-legal authority (e.g. the heart of bureaucracy).

Rational-legal bureaucracy: People obey, due to belief that the order follows the law and legal rules.

**Weber defined bureaucracy as having 15 principal dimensions:**

1. Power belongs to an office and is not a function of the officeholder.
2. Power relations within an organization structure have a distinct authority configuration specified by the rules of the organization.
3. Because powers are exercised in terms of the rules of office rather than the person, organizational action is impersonal.
4. Disciplinary systems of knowledge, either professionally or organizationally formulated, rather than idiosyncratic beliefs, frame organizational action.
5. The rules tend to be formally codified.
6. These rules are contained in files of written documents that, based on precedent and abstract rule, serve as standards for organizational action.
7. These rules specify tasks that are specific, distinct and done by different formal categories of personnel who specialize in these tasks and not in others. Official tasks are organized on a continuous regulated basis to ensure the smooth flow of work between discontinuous elements in its organization. Thus, there is a tendency towards specialization.
8. There is a sharp boundary between bureaucratic action and particularistic action by personnel, defining the limits of legitimacy.
9. The functional separation of tasks means that personnel must have authority and sanction available to them commensurate with their duties. Thus, organizations exhibit an authority structure.
10. Because tasks are functionally separated and because personnel charged with each function have precisely delegated powers, there is a tendency towards hierarchy.
11. The delegation of powers is expressed in terms of duties, rights, obligations and responsibilities. Thus, organizational relationships tend to have a precise contract basis.
12. Qualities required for organization positions are increasingly measured in terms of formal credentials.
13. Because different positions in the hierarchy of offices require different credentials for admission, there is a career structure in which promotion is possible either by seniority or by merit of service by individuals with similar credentials.
14. Different positions in the hierarchy are differentially paid and otherwise stratified.
15. Communication, coordination and control are centralized in the organization.

**How to apply theory:** Use the different principles dimensions to analyse the root to a person's legitimacy. This is especially the case if you need to analyse an organisation which seeks to act as a bureaucracy. Additionally, analysing it from the perspective of Weber's 15 principal dimensions can seek to explain the wrongdoings in the organisation, if a certain principle was not fulfilled, such as the separation of tasks in order to create sanction available to personnel (principle 9).

**Limitations:** Critique of bureaucracy: page 432, Clegg et al 2019.

Summing up three important points: 1) More bureaucracy demands more bureaucrats to service the new rules and routines as well as bigger budgets. 2) Bureaucracy creates rules followers rather than innovators (Marton (2002) 3) Bureaucracy principles neglects the importance/role of human relations, and the personal ties/relationship built, which enable certain people's wrongdoings.

Relies on hierarchy business culture, Difficult to separate emotion from promotion decisions for example.

## Human Relation (Elton Mayo)

**Theory:** Elton Mayo's principles of bureaucracy stands in stark contrast to Max Weber's theory of bureaucracy. The Human Relations theory adds the human aspect to bureaucracy. Mayo believed that people had to be shown how to collaborate in the new complex organisations and that management's task, par excellence, was to aid this. Managers were to be the new conciliators and arbitrators of an accord with rational workers based on the rationality of science (Hogan, 1978; Weiss, 1981).

Mayo's eight principles of management:

1. Work should be seen as a group rather than an individual activity.
2. Work is a central life interest for most people.
3. The lack of attention to human relationships was a major flaw in most other management theories.
4. In work, people find a sense of belonging to a social group and seek a need for recognition, satisfaction of which is vital for their productivity.
5. When workers complain, it may be a manifestation of some more fundamental and psychologically located issues.
6. Informal social groups at work have a profound influence on the worker's disposition and wellbeing.
7. Management can foster collaboration within informal groups to create greater cohesion and unity at work, with positive organisational benefits.
8. The workplace should be viewed as a social system made up of interdependent parts.

**How to apply theory:** Apply human relations to cases with an organisation that has an existing bureaucracy. Use the different principles to analyse an organisation's way of management.

**Limitations:** The theory is limited to organisations with bureaucracy. Furthermore, it has no mentioning of the current culture in the organisation, maybe there is a culture of fostering collaborations. There is no mentioning of leadership, which can easily be pared up with the Organisation and Management theories. A focus on relationships may lead to tricky situations like promotion due to friendships or personality and not qualifications.

## Sensemaking

**Theory:** Sensemaking is the process through which individuals and groups explain novel, unexpected or confusing events. Weick (2008) define sensemaking as the ongoing retrospective development of plausible images that rationalise what people are doing. Sensemaking stems from profit-oriented, lean efficient private-sector firms. Managing involves seeking to set a common frame. Sensemaking terms:

- **Ongoing:** we are always making sense – we never stop doing so. Our sense of what we experience is always of the moment – fleeting, experiential, changing and contextual.
- **Retrospective:** we make sense of something as it is elapsing and we are constantly reviewing the sense we make in terms of additional data.
- **Plausible:** We never make perfect but rather provisional sense, sense that is good enough for the matter and people at hand. It allows us to go on with what we are trying to do. While accuracy may be desirable, reasonable constructions that are continuously updated work better as directional guides, especially when things are changing fast.
- **Images:** We often work with representations of things – models, plans and mental maps – as we navigate our way around unfamiliar territory.

- **Rationalise:** We rationalise the meaning of things that are confusing to make them clearer and justifiable.
- **People:** Although organisations contain many things that act which are not people – such as computers and keypads – it is people who do the sensemaking.
- **Doing:** We do things through thinking and action, which define one another. When people act, they discover their goals. Enactment is the key: What I enact may be very different from what you enact.

Other point about sensemaking:

- Narratives change and therefore sensemaking also changes alongside.
- There are multiple sources of sensemaking in any organization.
- Sensemaking constructs what we take to be rational
- is always more difficult in a period change
- Interaction is essential

Managing entails framing!!

**Framing:** By framing we decide on what is relevant from the infinite number of stimuli, behavioral cues, sense data and information that surround us. (what deserves focus and what does not!).

**Sensegiving:** Attempts to influence the sensemaking of others so that others come to accept a preferred meaning. (often during strategic change).

**Sensebreaking:** Occurs when organizational members disrupt existing sense in order to make alternative sense. (has both social and cognitive elements).

*Basis for sensemaking:* Tradition is one basis for sensemaking.

In sum; sensemaking, sensegiving and sensebreaking are different ways of mediating the flow of sense data that provides your informational environment.

**How to apply theory:** The point about sensemaking is that once we have the frame, we can make sense. Therefore, when analysing one must recognise whether the organisational frame is already put in place in order for us to analyse it.

**Limitations:** When sensemaking of an organisation it does not look at schemas or errors in perception or “why the organisation has acted the way it has”. It can cause a very narrowminded-perspective and forgetting the real logic behind actions, because of trying to make sense out of everything.

## Individuals and groups

*“Feel free to apply more than one theory from this section, as in the exam it will only count as one theory used” – Fabian.*

### Schemas

**Theory:** Page 42-44 in Clegg, 2019. The definition of schemas is a “Sets of cognitive constructs developing through social interactions that organize thoughts, feeling, and attention.”

Schemas are used to structure and organize information that we experience in our social world and are often hierarchical.

- **Person schemas:** idealised person schemas that serve as prototypes with which we compare all other persons. For example, information about someone's appearance, behaviour, personality and preferences.
- **Self-schemas:** self-conceptions we hold about ourselves, which we believe are self-descriptive and highly important to possess. An example in Karen Ho's book, *Liquidated*, is that you can be part of the "investment bankers' league", where you see yourself as better than the back-office.
- **Social schemas:** obsession of who you need to know or where do live (e.g. if you are a banker do you live on Manhattan or further away) (location). We judge on the basis of social knowledge.
- **Script schemas:** how we operate upon our world and remember information (e.g. going to a restaurant)
- **Role schemas:** appropriate and inappropriate behaviour in specific context (e.g. a man's role as husband, friend, professional). For example, there are certain appropriate actions for an IB student, and these enforce the self-schema and the person schema. Other examples: Working long hours, expensive suits, social roles.

**How to apply theory:** Use the different schemas to analyse an individual or groups. Used to analyse individuals in groups. Think about analysing Patrick Bateman in *American Psycho*. You will analyse him, but at the same time analyse him compared to the group where he is represented.

**Limitations:** Only looks at individuals (in groups or bigger groups). An ingroup bias can appear, where the group prefers their own members (group properties processes). This can be a problem for example in the Wall Street culture because the members of the closed elite culture reinforce each other's view. Consequently, making the "elite view" even stronger.

Group dynamics is not explained using this theory. *Group properties and process* theory (or *Reactivity*) can therefore overcome these challenges, by taking group conformity into account.

## Errors in perception

**Theory:** To look at errors in perception we must first understand perception:

As described in slides; Perception: "*The process of receiving, attending to, processing, storing, and using stimuli to understand and make sense of our world*". "*Stimuli are experiences through any and all of the senses (sight, sound, smell, taste, and touch)*".

Figure 2.1 represents a basic model of information processing: the model shows in a simplified way the perceptual process of how we deal with stimuli in our environment.

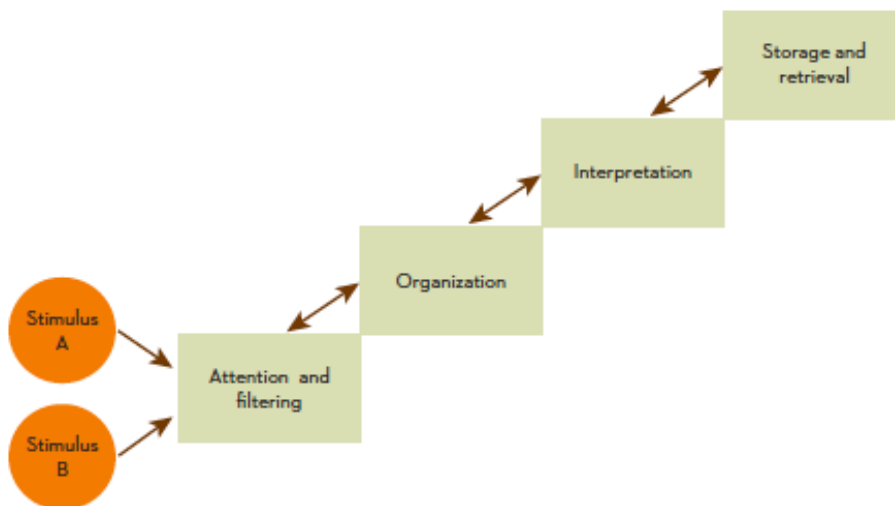


FIGURE 2.1 A basic information-processing model of perception (adapted from Reed, Cognition, 8E.  
© 2010 South-Western, a part of Cengage, Inc. Reproduced by permission. [www.cengage.com/permissions](http://www.cengage.com/permissions))

Errors in perception is therefore the way we perceive each other and make “errors”/mistakes in the way we see each other.

#### Common errors in perception:

- **Halo effect:** Ascribing positive characteristics to a person formed in one situation to other situations. The effect was first developed by psychologist Edward Thorndike (1920) and refers to the process by which, if we ascribe certain characteristics to a person in one situation based on one trait, we tend to apply those characteristics to that person in other situations and to other traits.
- **Devil effect:** Ascribing negative characteristics to a person formed in one situation to that person in other situations.
- **Anchoring:** Tendency to jump to conclusions on information gained early on in the decision-making process.
- **Stereotyping:** Grouping objects into simplistic categories based on generalizations.
- **Self-fulfilling prophecy:** A belief that comes true because people behave and act as if it is true. The prophecy was originally conceptualized by the sociologist Robert Merton (1957) to refer to the process by which a person who holds a belief or expectation, irrespective of its validity, causes it to come true because they behave and act as if it is true.
- **Confirmation bias:** Only look at information that supports your existing beliefs and reject data that go against what you believe.
- **Overconfidence bias:** Happens when you place too much faith in your own knowledge and opinions.
- **Gamblers’ fallacy:** Expectations that past events influence the future. If something has occurred many times before it is not likely to occur again as frequently – hence, you continue gambling.

**How to apply theory:** Use the errors in perception to analyse individuals in a group setting or just individuals in general. If you analyse one person you do not need to compare the person to another person because it should be clear from the case that he is stereotyping or anchoring in decision-making. However, at times it can be useful to compare an industry, for example Ivy league universities with each other etc.



**Limitations:** Only looks at individuals (in groups or bigger groups). It does not describe how the “assets” react to being treated within the actions of these perceptions. To overcome this challenge *Attribution errors* can be applied or *group properties and processes* (or *Reactivity*) to look at the group’s dynamic. Furthermore, it can cloud our judgement in decision-making.

### Attribution theory and errors

**Theory:** Page 47 in Clegg, 2019. Attribution theory concerns how people attribute cause to their own, and other people’s, behaviours (Heider, 1958). In this theory behaviour must be observed/perceived.

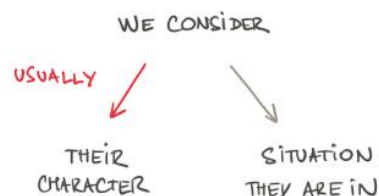
There are internal and external attributions.

- **Internal attribution:** Refers to attributing the cause of an individual’s behaviour to internal or dispositional factors such as being mean or being generous.
- **External attribution:** Refers to attributing the cause of an individual’s behaviour to external or situational factors such as race, religion, colour of skin or gender.

Furthermore, there are three main errors:

- **Fundamental attribution error:** The tendency to make internal attributions when explaining the causes of the behaviour of others. For example, if you are queuing and someone skips the line, you automatically assume that the person must be an “*unempathetic idiot*”. What we should do is imagining the situation that the person is in:

HOW WE JUDGE BEHAVIOR OF OTHERS ?



- **Self-serving bias:** Success is due to internal causes and failure due to external causes. For example: “A student gets a good grade on a test and tells herself that she studied hard or is good at the material. She gets a bad grade on another test and says the teacher doesn't like her or the test was unfair.”
- **Cognitive dissonance:** Refers to the anxiety and discomfort we experience when holding inconsistent and conflicting sets of cognitions (schemas), Leon Festinger (1957). For example, smokers that continues to smoke even though it is, by all means, bad for them.

**How to apply theory:** Apply the attribution theory and errors to individuals in group settings.

**Limitations:** Only looks at individuals (in groups or bigger groups). Only describes the reaction and not the action itself. For example, in the self-serving bias example, it does not describe the teacher’s point of view in the grading example and therefore we cannot possibly know the action, only the reaction. To overcome this limitation, use *Common errors in perception* theory or *group properties and processes* (or *Reactivity*) to

look at the group's dynamic. Furthermore, it is the judgement about behaviour based on assumed internal attributions.

## Group Properties and Processes

**Theory:** Group properties and processes is a theory that studies group dynamics and looks at the “greater picture” of the group. Compared to the other theories in this category that mostly looks only at the individuals in a group, this theory focuses on the dynamics and the action of the group as a whole.

- **Social impact:** Social impact theory is concerned with how a social system influences people to behave and think in certain ways.  
The strength of ties between individuals interacting in a group, the spatio-temporal<sup>1</sup> closeness of the individuals and the size of the group.
  - In other words, how people in teams perform is a function of how well they know each other, trust each other and get along, how interrelated their jobs are in terms of space and time, how large the group is → the larger the group, the lower the social impact
- **Conformance and obedience:** The tendency to follow the group even when what the group is doing is clearly wrong. Conformity might help explain why so few people resist their organizations and why a group may tolerate or engage in unethical and socially irresponsible behaviours.
- **Psychological contract:** Be defined as the assumptions, beliefs and expectations held between one person and another or within a group, organization, or some other collective entity, about the nature and function of the relationship between them.
- **Groupthink:** The tendency of members of a group to seek and maintain harmony in a group at the cost of ignoring or avoiding important decisions that may disrupt harmony. AKA. no one wants to be the party pooper. While groupthink often means people are trying to avoid conflict through cohesion, and that a lack of conflict can mean a team is in trouble, groupthink can also cause a team to spiral into depressive thoughts or the opposite: hopeful thought towards the organisation.
  - **How to avoid:** The team can encourage each other to voice their opinions or allocate a role of devil's advocate in which one or two team-members actively question ideas in an informed and critical way.
- **Social loafing:** Situation in which team members of a group exert less work effort than their peers. For example, when people are not prepared for class. Why? One of the reasons that people exert less effort in some group situations is that people feel less accountable for their behaviours when they know other people will pick up the slack (Harkins and Szymanski, 1989).
  - **How to avoid:** 1. Assign separate and distinct contributions for every team member. 2. Develop rules of engagement. 3. Keep the team small, so team-members can't hide behind other contributors.
- **Social facilitation:** The phenomenon of an increase in performance in the presence of others. It is similar to the effects found in the Hawthorne studies by human relations theorists.
  - Use this process to build your argument for reactivity. The book characterises social facilitation as a part of group properties and properties. However, there is an academic disagreement and you may find other sources saying it belongs to reactivity.
  - Reactivity is a consequence of social facilitation.

---

<sup>1</sup> Belonging to both space and time or to space–time.

**How to apply theory:** Apply the theory to groups in for example the employees in the case.

**Limitations:** Focuses only on the group as a whole and not at the individuals. To overcome this limitation, use any other theory in this category. It does not look at the culture behind the dynamic. Therefore, I suggest choosing a culture theory in order to look at the problem from a different angle and come up with a sustainable solution.

### Reactivity

**Theory:** Is a phenomenon that occurs when individuals alter their performance or behaviour due to the awareness that they are being observed. The change may be positive or negative and depends on the situation. Because people are reflexive beings who continually monitor and interpret the world and adjust their actions accordingly, measures are reactive. WHY is it important: It is a significant threat to a research study's external validity and is typically controlled for using blind experiment designs.

Examples:

- **The Hawthorne studies:** Builds on social facilitation and is a type of reactivity in which individuals modify an aspect of their behaviour in response to their awareness of being observed.
- **The Pygmalion effect:** Occurs when students alter their behaviour to meet teacher expectations. Both experimenter effects and Pygmalion effects can be caused by bias and stereotyping, as demonstrated by studies involving stereotype threat.
- **Self-report measures:** Another example of how reactivity can be evoked. For example, if a test-takers result is elicited during the task/test.

**How to apply theory:** Apply to theory to groups in for example the employees in the case (similar to *group properties and processes*).

**Limitations:** Focuses only on the group as a whole and not at the individuals. To overcome this limitation, use any other theory in this category. It does not look at the culture behind the dynamic. Therefore, I suggest choosing a culture theory in order to look at the problem from a different angle and come up with a sustainable solution. Can easily be paired up with *group properties and processes*.

## Organisational Culture

Analysing organisational culture is a two-step guide given by the slides to lecture three:

1. Based on the material available: Identify how culture in a given context can be understood by using Schein's three levels: Are they aligned? Are they contradicting?
  - a. NB! Remember to argue on how basic assumptions are "basic" (i.e. how do they influence the other layers)
2. Based on Schein: Conclude your argumentation that culture is integrated / differentiated / fragmented.

### Integrated culture

**Theory:** The integrationist's perspective on culture characterises a situation in which everyone shares the same culture and there are no contrary cultures or ambiguities about the culture.

- one strong culture that is commonly accepted. This leads to further assumptions in an organisation:
- Shared organization-wide agreement of values espoused by top management
- An integrated culture leads to performance and success
- Culture can be managed/engineered

**How to apply theory:** Apply theory to a case where culture is strong and the obvious choice. The integrated culture theory can be equally good as the differentiated or fragmented culture theory. The point is that you will have to argue and come with example of why you believe so.

An example could be Disney: *The Disney culture (for employees) is a very homogeneous culture. As the employees all have the same prettiness, almost all have the same age, and all share the same proudness to working in Disney.*

Remember to apply the two-step guide. See *Culture*.

**Limitations:** Analysing a culture is not going in depth with group dynamics the same way that the above theories, nor analysing individuals in a group setting. One might argue that a culture can never be integrated, and that culture is not only homogeneous all times, arguments for *differentiated and fragmented culture* will be present. It will be your job to persuade the reader that this is the case of integrated culture, however there are always examples of the opposite.

## Differentiated culture

**Theory:** The perspective of differentiated culture states that even if there is one overall culture, there will always be sub-cultures within that culture.

- More than one culture is likely to be the norm rather than the exception – “subcultures”
- Subcultures often form around occupational and professional groups with different interests, tastes and habits
- Subcultures can become legitimate and dominant cultures or can become countercultures
  - An example of how culture is fluid and changes over time – but NOT fragmented.

**How to apply theory:** Apply theory to a case where culture is strong and the obvious choice. The differentiated culture theory can be equally good as the integrated or fragmented culture theory. The point is that you will have to argue and come with example of why you believe so.

An example, Disney: *The Disney culture has one overall culture. Nevertheless, sub-cultures are present since the division of employers makes “the princesses” believe that they are better than “the sweepers”. It creates a disagreement under the surface of the overall culture, that the employees otherwise follow and are a part of.*

Remember to apply the two-step guide. See *Culture*.

**Limitations:** Analysing a culture is not going in depth with group dynamics the same way that the *Individuals and group* theories, nor analysing individuals in a group setting. One might argue that a culture can never be differentiated, and that culture is fluid and therefore changes over time, arguments for *integrated and fragmented culture* will always be present. It will be your job to persuade the reader that this is the case of differentiated, however there are always examples of the opposite.

## Fragmented culture

**Theory:** The fragmented culture perspective states that there can never be a culture, because culture is so fluid and changeable.

- Cultures are fragmented, unstable, fluid, and temporary
- Always in flux
- Culture is not manageable
- Studying culture requires ethnographic research

### How to apply theory:

Apply theory to a case where culture is strong and the obvious choice. The fragmented culture theory can be equally good as the integrated or differentiated culture theory. The point is that you will have to argue and come with example of why you believe so.

An example, Disney: *Disney does not have one overall culture, nor many sub-cultures. The Disney culture is fragmented by the many different individuals being a part of the culture. Examples of the fragmented culture is the marriages within Disneyland, the employees behave differently when different managers are at work and there is so many part time vs full time workers in Disneyland so the culture never gets to settle because there is always new workers and many individuals to influence the culture.*

Remember to apply the two-step guide. See *Culture*.

**Limitations:** Analysing a culture is not going in depth with group dynamics the same way that the Individuals and group theories, nor analysing individuals in a group setting. One might argue that a culture can never be fragmented, and that culture is always fixed at some point. Even if the employees change every summer, there will still be a culture for that summer. Arguments for *integrated and differentiated culture* will always be present. It will be your job to persuade the reader that this is the case of *fragmentated*, however there are always examples of the opposite.

## Edgar Schein

**Theory:** The theory of Schein has evolved from 1961 to 2010. The key take-away will be the three levels, used to conduct the two-step analysis when analysing culture. Below you will find Schein 1961, Schein 2010 and the three levels:

- **Schein (1961)** realised that whatever form of indoctrination<sup>2</sup> was being attempted, indoctrination methods were quite similar: The message might be different, but the process was essentially the same. Schein deduced that group and organisational forces are stronger than individual forces and that once an individual feels psychologically safe, he or she can accept new information either through identification with others or by scanning the environment for new solutions.
  - An example, Disney: *A new employee comes to Disney with a prior belief, but then due to the strength of the culture the employee transforms and adjusts to the new circumstances and becomes a part of the Disney culture.*

---

<sup>2</sup> The process of teaching a person or group to accept a set of beliefs uncritically.

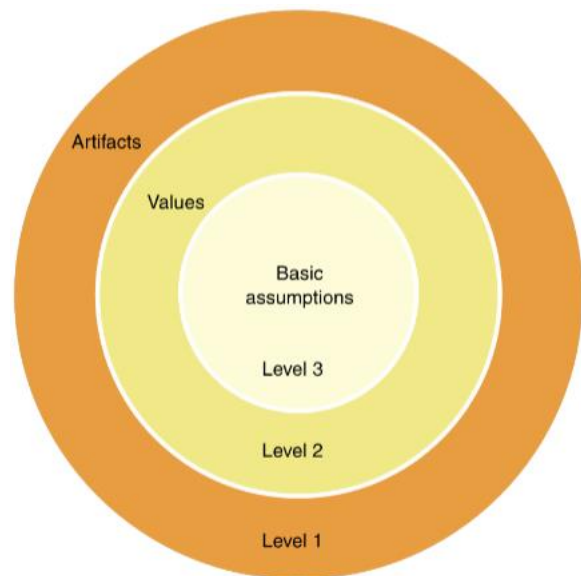
- **Schein (2010)** argues that change occurs by “cognitive redefinition<sup>3</sup>” through semantic change in old concepts and change in ‘adaptation level’ or judgement standards as to how a given behaviour or perceived object is to be judged. The Schein (2010) is the introduction of new concepts and meanings. It was these insights that contributed to Schein’s famous work on corporate cultural change as a threefold process encompassing change in artefacts, behaviours and values.
- **Schein’s three levels:**
  1. **Artefacts:** Physical features such as architecture, uniforms etc.
  2. **Espoused values:** A person or a social group’s beliefs about something (emotionally). Example: same beliefs about the government, same level of value to coffee etc.
  3. **Basic assumptions:** The essence of culture. The intangible, mainly unconscious and tacit frames. All the unspoken and all that lies beyond

**How to apply theory:** Apply Schein’s three levels to any case material alongside with one of the three other culture perspectives.

An example, Disney: Firstly, the artefacts can be the Disney uniforms and the entire Disney setting. Secondly, the espoused values can be the values that being a princess is a better job compared to being a sweepers. Thirdly, the basic assumptions are therefore that the princesses are worth more than the sweepers in all contexts.

Remember to apply the two-step guide. See *Culture*.

**Limitations:** The theory of Schein and his three levels does not include the managerial issues and completely overlooks the leadership perspective. Nor does it include the individuals in the group, it only focuses on the group as a culture. Use the appropriate theory from *Individuals and groups* and *Leadership and power*.



### Culture of innovation

**Theory:** This theory is not an official theory in our compendium. However, it will be useful if you need to analyse newer innovating companies like Google, WeWork or Plymetrics with flat hierarchical structures. The theory can also be referred to as a culture of play.

The theory of innovation is made by Peter Senge (2016). The culture of innovation is the goal for cultures that wants to stay in innovative fields (like the tech industry). **The two main points** from the material in class:

- Kill your darlings. Always renovate your existing idea and abandon your old thoughts.
- Use culture as a process. In order to get the new ideas and talk to your employees.

<sup>3</sup> Cognitive reframing is a psychological technique that consists of identifying and then disputing irrational or maladaptive thoughts. This process happens either voluntarily or automatically.

### Boost implementation of an innovative culture:

- Bad results can incentives the culture of innovation. Trial and error culture.
- If you want to be a leader in your industry you will need to think radically in order to beat the competition. (E.g. Google, tech unicorn)
- Work culture of agile – embracing a completely different paradigm. It can be examples of setting up the work environment or changing architecture, like Google is campus and there is no classical JP. Morgan dominating each floor represents your level.

### Hinder implementation of an innovative culture:

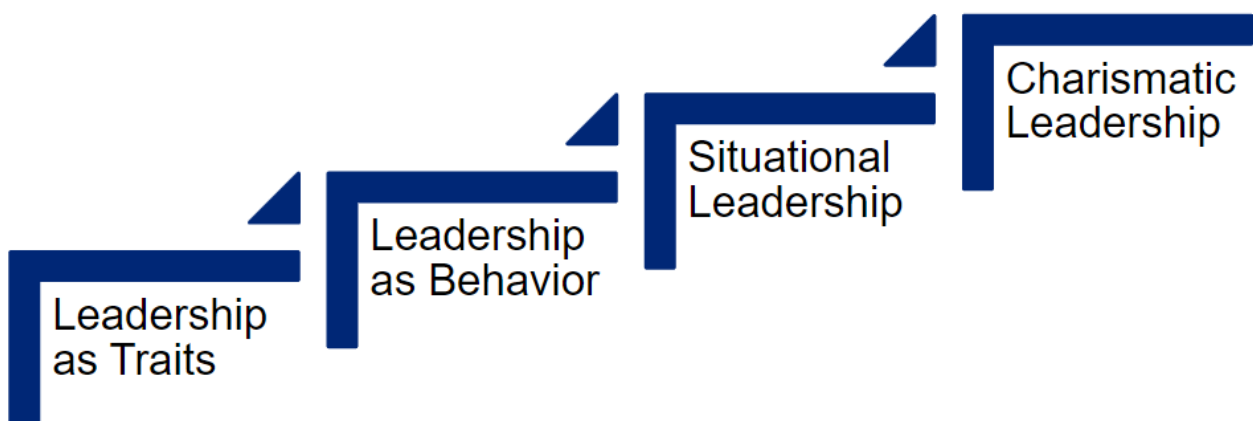
- Bureaucracy, because it inhibits innovation. See limitations of Max Weber Theory
- Success, if the company is already successful it might not see the point of a continuous innovation because what it is doing is already a thriving.
- Not for all industries. Some industries are better of not having a lot of innovation:
  - o E.g. banking, shipping, restaurants, health care

**How to apply theory:** Apply like the other culture theories to companies that exhibits these traits and can be used in combination with another theory from this section.

**Limitations:** Only looks at one point of view of the different culture. One might argue that the culture of innovation is a subculture to an already existing culture (so only a part of a differentiated culture). Only works for some industries. Can be associated with theories in *Leadership and Innovation*.

## Leadership and power

Underneath is a picture of “understanding leadership”



Furthermore, there is a **two-step analysis**:

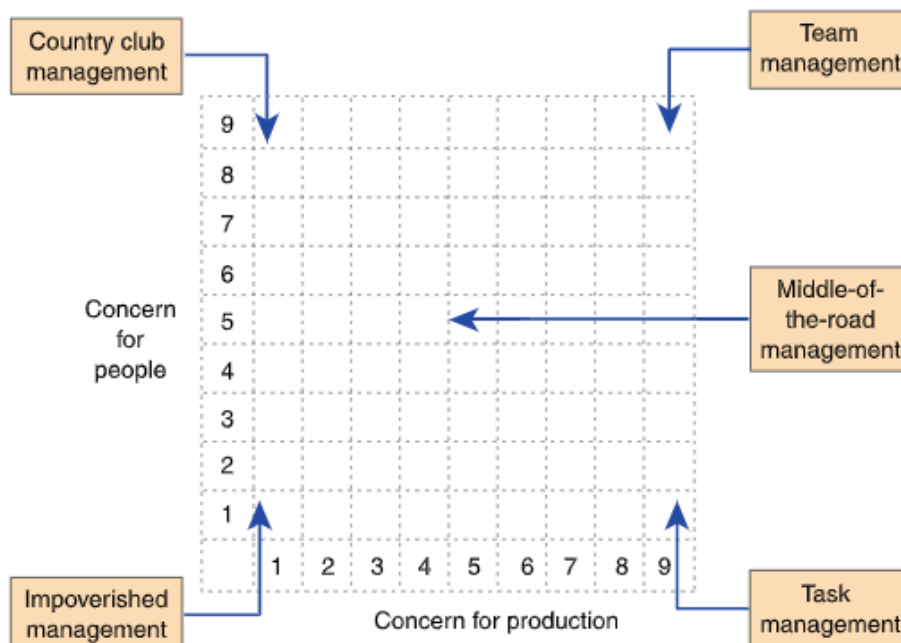
1. Based on the material available: Identify what type of leadership you can identify in the case. Select only one models. NB! Argue for what it is (not what it is not).
2. Based on analysis: Argue for the implications of this leadership style in the given situation (e.g. is it effective or is it “correct” according to the model).

### Leadership as behaviour: Managerial grid

**Model:** The managerial grid (1964 and 1985) is a model only concerned with observable behaviour. There are two underlying behavioural structures that characterize leadership:

1. Concern for people
2. Concern for production

The behaviour can be put into an axis:



**Explained:** Depending on their responses to standardized questions, a person is rated by an accredited psychologist on both dimensions on a scale from 1 to 9 (or low to high).

- *Team management:* the ideal position is to be high on concern for production and concern for people (9,9).
- *Impoverished management:* leaders that score (1,1) as they lack a concern for both people and production.
- *Country club management:* leaders that score (1,9) as they represent a high concern for people whilst the concern for production is forgotten or ignored.
- *Task management:* a leader concerned with only production, scoring (9,1).
- *Middle-of-the-road management:* leaders scoring (5,5).

**Emphasising:** As with the managerial grid, all major leadership theories seem to emphasise:

- First, consideration → the extent to which leaders take into consideration subordinates' feelings, needs, concerns and ideas.



- Second, initiating structure → the extent to which leaders are task oriented and focused on ensuring that subordinates do what is required through autocratic direction, control and surveillance.

**Furthermore**, the grid model characterises behaviour in seven key elements. It is upon these that the behaviour is evaluated. The book does not cover this, if you want to use it, we suggest you find a reliable source:

Element	Description
<i>Initiative</i>	Taking action, driving and supporting
<i>Inquiry</i>	Questioning, researching and verifying understanding
<i>Advocacy</i>	Expressing convictions and championing ideas
<i>Decision making</i>	Evaluating resources, choices and consequences
<i>Conflict resolution</i>	Confronting and resolving disagreements
<i>Resilience</i>	Dealing with problems, setbacks and failures
<i>Critique</i>	Delivering objective, candid feedback

**How to apply framework:** Use the managerial grid to understand how leadership is characterised as a behaviour. Follow the two-step guide given at beginning of this topic.

**Limitations:** Critique towards the traits are based on norms and culture in which leaders are based. Only looks at behaviour and does not include the current situation and different styles of leadership (transactional and transformational). No discussion about vision or moral. Only two dimensions (people and task/production).

### Contingency Theory: Path goal theory and situational Leadership model

**Theory:** Contingency theory is based on an idea that leadership emerge from situations.

The contingency theory can be split to two models:

- House's (1971) path-goal theory (model)
- Hersey et al.'s (1996) situational leadership model

The contingency theory departs from the trait perspective but share many elements of the behavioural approach (aka. The managerial grid).

The overall question when considering this theory is: *Which leadership qualities and actions are effective in which situations, with which followers?*

### Path-Goal theory of Leadership

Effective leaders motivate employees by helping them understand that their needs and expectations can be fulfilled through the performance of their jobs. The better an employee performs, the greater the need fulfilment. Path-goal theory model emphasises that an ability and commitment to providing employees with the psychological and technical support, information and other resources necessary to complete tasks is integral to the leader's effectiveness. For example, if the leader is supporting his/her employees by giving them tools for tackling issues and the necessary equipment to fulfil a task faster/better.

According to the book, Managing and Organizations (Clegg et al, 2019), there are six different styles of Path-goal leadership:

Style	Description
<b>Directive</b>	The directive leader clarifies goal, what must be done to achieve them, and the outcomes of achieving the goals. They use rewards, discipline and punishment, and a mostly task oriented.
<b>Supportive</b>	The supportive leader shows concern for the needs – especially psychological – and the aspirations of people at work. They provide a supportive and enjoyable working environment.
<b>Participative</b>	The participative leader actively seeks and encourages the input and involvement of staff in decision-making and other work-related issues.
<b>Achievement oriented</b>	The achievement-oriented leader, as the name suggests, expects from people the highest commitment to excellence both at a personal and organisational level. This type of leader believes that work should be challenging, and that people will strive towards achieving these goals by assuming responsibility.
<b>Networking</b>	The networking leader knows how to play the political power games to acquire resources, achieve goals, and to create and maintain positive relationships.
<b>Value-based</b>	The value-based leader is skilled in creating, sharing and inspiring vision, and ensuring that the organisation and its people are guided by the vision and the values related to that vision.

Building on top of the managerial grid model, the effectiveness of the leader ultimately depends on two broad sets of contingencies:

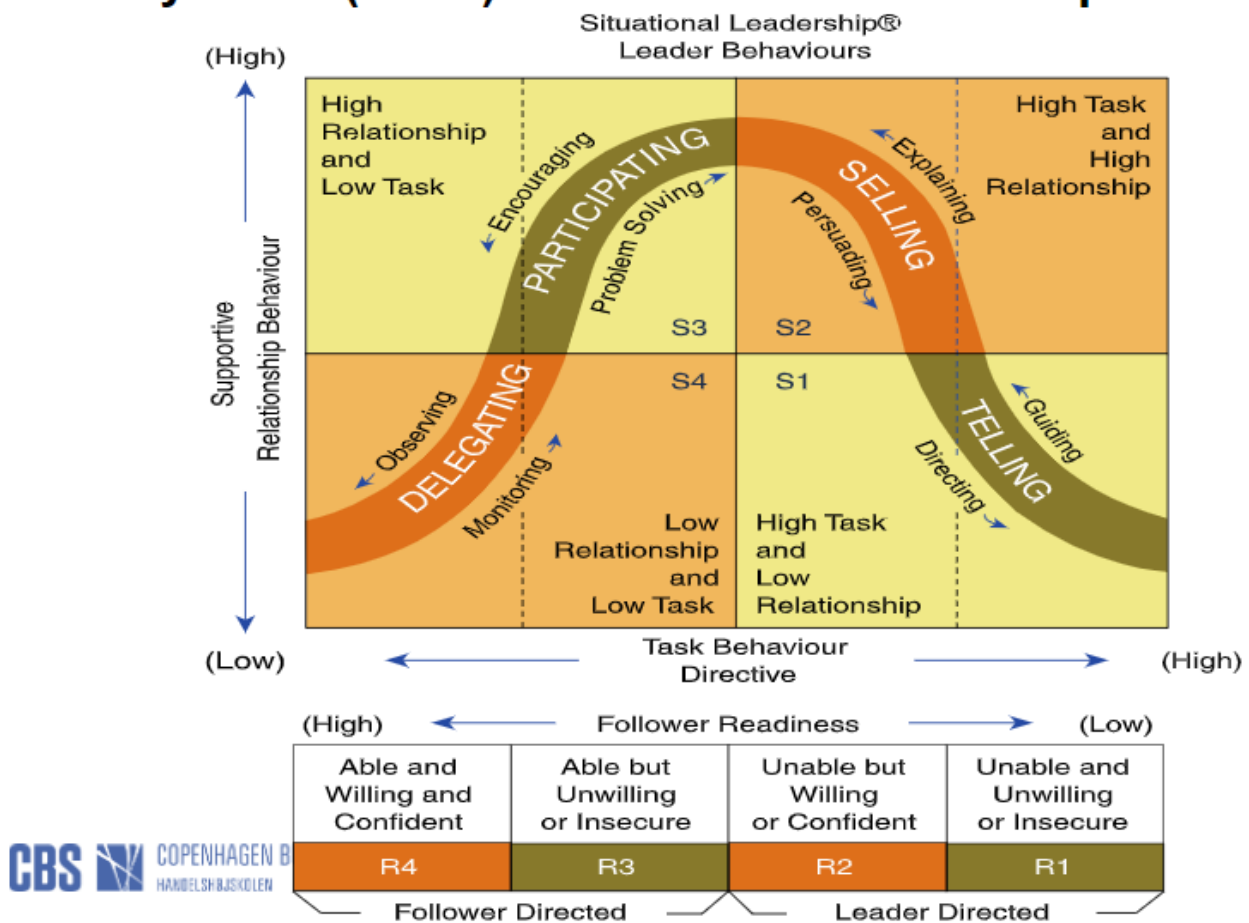
1. The employee-relevant contingencies (competencies, knowledge, skills, experience, personality).
2. The environment-relevant contingencies (the nature of teams and the structure and nature of the task).

### Situational Leadership model

Is characterised by the subordinates' readiness and willingness to be led by others. The theory states that the most appropriate leadership style depends on the amount of emotional support followers require in conjunction with the amount of guidance that they require to do their jobs. Meaning, that the leader must adjust his/her leadership style after having established what kind of people he/she is leading. The theory in is more of a consulting tool than an actual theory.

Underneath you will find the photo of situational leadership, from slides in leadership.

# Hersey et al. (1979): Situational Leadership



- Adhere to organisational policies, values and vision and are strong on planning, budgeting and meeting schedules.
- Less people focused and more task oriented
- Examples: Margrethe Thatcher, Bill Gates, Henry Ford, JP. Morgan.

The transactional leader may be more useful during periods of homeostasis<sup>4</sup>, when you want things to run smoothly.

Transactional leadership	
<b>Contingent Reward</b>	Recognises the contribution of others, is able to reward and motivate by linking into especially intrinsic, but also extrinsic motivations; clarifies expected outcomes and what will be delivered and how performance will be rewarded.
<b>Management-by-Exception (Active)</b>	Monitors performance, solves problems as they arise to maintain performance.

#### Transformational Leadership:

Inspire change and innovation. Transformational leadership is about looking at the bigger picture.

Transformational leaders are:

- Have a motivating effect upon people
- Deal mainly with abstract and intangible concepts like vision and change
- Able to unify people
- Unlikely to follow through and can exhibit cult-like behaviour
- Examples: Barack Obama, Nelson Mandela, Dalai Lama, Andrew Carnegie

Transformational leaders are the ideal people to have during major organisational change because they have the visionary component of the charismatic leader, but also have staying power and provide energy and support throughout the change process. However, the effectiveness of a transformational leader can be short-lived, as organizational life is not always about constant change. Consequently, after the change occurs, another type of leadership might be deemed more appropriate.

Transformational leadership	
<b>Idealised Influence (Attributes)</b>	Perceived by others as transformational, optimistic, open and energetic.
<b>Idealised Influence (behaviours)</b>	Risk-taking, leading from the front, leading by examples with purpose, integrity and consistent with values.
<b>Inspirational Motivation</b>	Envisions change, highly symbolic, clear strategic vision and mission articulation and symbolism, articulation of visions, hopes and desires.
<b>Intellectual Stimulation</b>	Encourages innovative thinking, encourages people to question what they know and think, especially their reliance on outdated or overused methods and processes.

<sup>4</sup> The tendency towards a relatively stable equilibrium between interdependent elements, especially as maintained by physiological processes.

<b>Individualised Consideration</b>	Supportive, sensitive to members' concerns, high EQ, mentors and develops others (even to the detriment of self).
-------------------------------------	---

Recently, Bass and Avolio (2000; 2003) have developed the idea that leaders can be both transactional and transformational. They call it the Full-Range leadership style.

Lastly, we have passive-avoidant, which is not a theory itself, but rather a consequence of not being either a transactional or transformational leader.

<b>Passive-Avoidant</b>	
<b>Management-by-Exception (passive)</b>	Part of transactional leadership but tends to avoid monitoring performance; only reacts if problems become serious or problematic.
<b>Laissez-faire</b>	Tends to let things pan out and sort themselves out. It really refers to non-leadership and the abdication of responsibility. Avoids decisions and defers judgement to others or to a later time in expectation that the problem will go away.

**How to apply theory:** Use the transactional/transformational leadership theory to understand the active role of the leader and not just the circumstances.

Follow the two-step guide given at beginning of this topic.

**Limitations:** Only looks at the leadership actively and does not include the culture of the workplace and lacks the difference between industries. For example, imagine a transformational leader running JP. Morgan Chase. Both styles of leadership have limitations and can be considered as the Yin and yang of leadership. While the transactional leader can be forgetting the concern for people, the transformational leader can be too concerned for the employees and abstract vision/mission.

### Charismatic leadership

**Theory:** Charismatic leadership type emphasises the articulation of a vision and mission that promise a better life. They create grand visions about an idealised future to motivate and unify employees. Charismatic leaders can create the impetus for change. However, they can also be volatile and inconsistent and can be blinded by their own vision. Furthermore, charismatic leaders can like the transformational leaders exhibit a cult-like behaviour and effect towards the employees.

The question asked is therefore: *How can meaning for the co-workers be created?*

Examples of charismatic leaders: Elon Musk, Martin Luther King, Adolf Hitler

**How to apply theory:** Use the charismatic leadership theory in relation to the transactional/transformational leadership theory. Cannot be used alone.

Follow the two-step guide given at beginning of this topic.

**Limitations:** The leader can become ineffective at motivating others and ultimately at driving business. There can easily happen a unidirectional relation between manager and worker (to actively approach and contingency theory. Explained: The charismatic leadership style inhibits the leadership styles found under contingency theory: the leadership style is dependent on charisma (innate trait) which therefore makes it difficult to lead in a different context in essence situational leadership styles, and contingency theory.

## Leadership on Demand (Blom & Alvesson)

**Theory:** Followers as initiators and inhibitors of managerial leadership. The theory describes how the followers (employees) should ask for leadership (employer or manager), when they require assistance etc. this style of leadership is new (2013) and was made in Sweden.

Leadership is often described in terms of influencing meanings, norms, feelings, thinking and values, mainly through interpersonal, non-coercive means.

Demand indicates the interest in receiving managerial leadership, for example taking a clear (*but possible temporal, conditional or situation-specific*) followership position in relation to a formally superior manager and viewing him/her as a leader, i.e. *a significant source for meaning-making-support and/or direction*".

**Supporting theorists** – When looking for arguments for Leadership on Demand

**Fairhurst and Grant (2010)** → "... leadership (as well as followership) is co-constructed, a product of sociohistorical and collective meaning making, and negotiated on an ongoing basis through a complex interplay among leadership actors, be they designated or emergent leaders, managers, and/or followers". The notion that especially qualified and highly skilled people (experience that they) need less managerial leadership is common in studies on knowledge-intense firms and organizations.

**Mumford, Scott, Gaddis, and Stange (2002)** → claim that leadership is vital for all aspects of creative work. The manager doing leadership is assumed to be absolutely central, rather than one source out of many for attaining direction and/or support.

**Bass & Riggio (2006)** → the notion of "management-by-exception" – leadership is divided into two types: passive and active.

- **Passive approach:** leaders wait for signals of performance deviations
- **Active approach:** leaders proactively monitor and watch for deviances from acceptable performance and then intervene.

**Collinson (2005)** → suggests that we should re-think followers as knowledgeable agents, as proactive, self-aware and knowing subjects and look at the dialectics, including resistance in the leader-follower relationship. The notion of the active follower is sometimes associated with "shared leadership" or "distributed leadership".

**How to apply theory:** Use the leadership on demand to explain a very specific type of leadership.

Follow the two-step guide given at beginning of this topic.

**Limitations:** Made in Sweden, follows the "Nordic" style of conducting leadership, might not work in an international setting or different circumstances. It can be hard for a leader to be transformational or transactional when what is required is one type of traits to be a leader "on demand". Consider using a culture theory to describe the culture in the organisation.

## Three dimensions of power

**Theory:** Luke's three dimensions of power:

**First Dimension of Power** – thumb rule: what you can see with your bare eyes.

- Power derives from control of resources

- Based on dependency
- Observable conflict of interest
- Some resources of power:
- Authority, coercive, reward, information, expert, referent, affiliation, group support, budget / equipment
  - o Power can also be about connections and accumulate power (e.g. elections)

**Second Dimension of Power** - thumb rule: What controls you subconsciously, but you still keep your own personal values.

- About inclusion/exclusion
  - o who is involved in decision-making?
- Shaping and setting the agenda that lead to the decision
- Many issues that threaten powerholders never make it to the decision-making arena, “behind closed doors”
- Power of processes – i.e. control of arena, agenda, membership
  - o Silent saying?
  - o How processes are being controlled

**Third Dimension of Power** - thumb rule: The overall power that changes the way we perceive things.

- Soft domination → change how we perceive things
- Language is used in a way to influence meaning that is wanted / desired (shaping worldviews)
- No one resists because they accept the outcomes – conflict is prevented
- Targets attitudes; behaviour is influenced indirectly

Underneath a picture from slides:

<b>1<sup>st</sup> dimension of power</b> <ul style="list-style-type: none"> <li>• A has power to the extent that A can get B to do something that B would not do otherwise</li> <li>• Superior resources of power</li> <li>• Decision-making as arena in which power is exercised</li> </ul>	<b>Control of Resources</b> <b>To <i>defeat</i> conflict</b> <b>(between A and B)</b>
<b>2<sup>nd</sup> dimension of power</b> <ul style="list-style-type: none"> <li>• Non-decision-making (power is also what is <i>not</i> observable!)</li> <li>• Conflict of interest still indicative of power relations</li> <li>• Barriers of participation</li> </ul>	<b>Control of Processes</b> <b>To <i>sideline</i> conflict</b> <b>(between A and B)</b>
<b>3<sup>rd</sup> dimension of power</b> <ul style="list-style-type: none"> <li>• “Soft domination”</li> <li>• Influence and shaping consciousness and perception</li> </ul>	<b>Control of Meaning</b> <b>To <i>prevent</i> conflict</b> <b>(between A and B)</b>

**How to apply theory:** Three-step analysis:

1. Identify who has power over whom.
2. Based on the material available: Identify, how this power is executed along the three dimensions of Luke.
3. Based on the analysis: Argue for the implications of this power for the given situation / issue.

**Limitations:** Only looks at power and not about leadership (ideally use another leadership theory to strengthen your arguments). Does not incorporate cultural differences. For example, the power differences might be greater in India compared to Denmark, as Europeans we might have biases (and anchor in decision making) when examining case material from a country where enormous power (difference) is considered normal. The same should be considered when examining historic case material.

## Learning and Innovation

Within learning and innovation there is a certain terminology. Here are some of the keywords when analysing knowledge management and innovation:

### Terminology - Learning

#### **Organisational learning and knowledge management:**

- **Knowledge:** ideas, meanings, understandings and explanations of how phenomena of interest are structured and relate to other phenomena
- **Knowledge management:** the process of managing knowledge to meet existing and future needs
- **Organizational Learning:** the process of detection and correction of errors within an organization
  - Potential issues: An organization's culture is where organizational knowledge is 'stored'. To change organizational culture (its store of knowledge), organizations must give up old habits and learn new ones.
- **Learning:** the process of acquiring knowledge and capabilities

#### **Sources of knowledge:**

- **Learning by doing:** Learning while managing
- **Hearing stories:** Shared narratives of how things happened in the organization, how problems were experienced and resolved etc. (sensemaking)
- **Popular accounts:** Popular and celebrated accounts of exemplary CEOs, usually shared through popular media
- **Being curious:** Good theory and research

#### **Types of knowledge:**

- **Tacit knowledge:** The knowledge you actually use when you do things, but you cannot necessarily articulate
  - For example, culture is tacit
- **Explicit knowledge:** The knowledge you can consciously talk about and reflect upon, usually elaborated and recorded in such a way that others can also learn it
  - For example, employee-handbooks

#### **NON-LEARNING:**

Common limitation for all learning theories. Non-learning can be good because:

- It allows for tolerance of contradictions
- It allows room for organizational discretion.
- Non-learning can also relate to sensemaking



### **Can organisations learn?**

Common limitation for all learning theories. Here are some examples that one can consider amid analysing the exam material:

- Organizations as the keepers of culture and continuity
- Routines and adaptations that can be tacit as well as explicit
- Capacity of organizations to govern (or at least influence) individual behaviour
- Collective propensity for change
- Learning lessons from organizational failure
- Change threatens organizational cultures and processes
- Large resistance to adaptation
- Learning is dispersed across an organization so that there is no central 'learning point'
- Non-learning allows for local flexibility without challenging the organization as a whole
- Change means giving up established work patterns

### **Terminology - Innovation**

#### **Innovation:**

- The implementation of a new product, service or practise
- Innovation is a process:
  - o Initiation, development and implementation

#### **Processual change:**

- Change is multi-linear and multivariable; changes occur simultaneously as the effect of many different variables
- Change in organizations requires mastery of power and politics
- The process is cyclical; major programmes of change point in directions that top level managers have defined
- Direction is not a destination, and where the change projects actually lead depends on the contextual processes

#### **Types of innovation:**

- Social
- Open
- Responsible
  - o Examples: microfinancing, crowdfunding etc., Bill Gates and Malinda foundation

#### **Process of innovation:**

- Share ideas
- Idea validation
- Review, your governance committee
- Crowd source
- Execute

#### **Limitations of innovations:**

- Dilemma of control (Collingridge)

- Dilemma of organizational success
- The challenges of disruption and uncertainty
- Managing innovation is about both internal and macro levels of change
- Processual approaches suggest that this can be hard to plan
- There can also be organizational resistance to change (it's not just about great new ideas)
- Increasing emphasis on uncertainty and unpredictability –even foolishness.

#### **Ten ways to kill innovation:**

1. Always pretend to know more than anybody around you.
2. Police your employees by every procedural means that you can devise.
3. Run daily checks on the progress of everyone's work.
4. Make sure that creative staff do a lot of technical and detailed work
5. Create boundaries between decision-makers, technical staff, and creative minds.
6. Never talk to employees on a personal level, except for annual meetings at which you praise your social and communicative leadership skills.
7. Be the exclusive spokesperson for every new idea, regardless of whether it is your own or not.
8. Embrace new ideas when you talk, but do not do anything about them
9. When the proposed idea is too radical, argue that no one has done it before for good reason
10. When the proposed idea is not radical enough, just say it's been done.

#### Single vs. double-loop learning

**Theory:** Single vs. double-loop learning is learning as an adaption. We need to adapt in order to thrive. To understand ways of learning, Argyris and Schön (1978), differentiated between two types of learning in an organisation:

1. **Single-loop** learning means optimising skills, refining abilities and acquiring the knowledge necessary to achieve resolution of a problem that requires solving.
  - a. For example, single-loop learning concerns acting according to the rules of a certain game.
  - b. Other examples, increasing revenue and performance.
2. **Double-loop** learning means changing the frame of reference that normally guides behaviour.
  - a. For example, double-loop learning involves learning what the actual rules of the game are and how they could be changed to make another game.
  - b. Other examples, questions the business an organisation is in, its culture and strategies.

**How to apply theory:** Apply theory by listing all the single and double-loop learning tendencies in the organisation of the case material. Understand the different elements and use them to recommend a better strategy etc.

See terminology – Learning for wording.

**Limitations:** The limitations are: Non-learning and can organisations learn? See top of this topic. Furthermore, you can imagine industries that are mainly driven by tradition (e.g. shipping and banking) whom it might be difficult to change into a double-loop learning because the industry has boundaries of innovation and what you can do to make the ships and accounts more efficient.

#### The learning paradox

**Theory:** The learning paradox is a theory about the ambiguous meaning of learning in an organisation:

- Learning and organising are essentially antithetical processes, which means the phrase 'organizational learning' qualifies as an 'oxymoron'.
  - Oxymoron –A figure of speech that combines two normally contradicting terms (such as deafening silence)
- Learning happens when the old and the new create tensions

The key question is therefore, can organisations learn? See top of this topic for a deeper insight in limitations and ideas.

**How to apply theory:** Apply the learning paradox by critically analysing the ability to learn in the case-company. While meanwhile being aware of the limitations.

See terminology – Learning for wording.

**Limitations:** The limitations are: Non-learning and can organisations learn? See top of this topic. Furthermore, specific organisation and management styles like bureaucracy (Max Weber), can automatically inhibit innovation and you can argue that this makes learning in an organisation harder than it would have been in a culture of innovation organisation like Google.

### Technology of foolishness

**Theory:** A theory developed by James March (1971), states that organisations at times need to “act before they think”, in order to stay innovative.

Link to Decision-Making under ambiguity book:

<http://www.creatingquality.org/Portals/1/DNNArticleFiles/634631045269246454the%20technology%20of%20foolishness.pdf>

Examples of technology of foolishness: Roskilde Festival, Crowd-surfing/searching/financing

**How to apply theory:** Apply the theory by thinking radically about what the organisation could have done differently or did differently that had a positive/negative outcome and impact on the organisation.

See terminology – Innovation for wording.

**Limitations:** There is a dilemma of control and organisational success. As well as the challenge of disruption and uncertainty. Furthermore, one can argue that specific organisation and management styles like bureaucracy (Max Weber) automatically inhibits innovation.

Look at limitations of innovation and 10 ways to kill innovation.

### Exploration and exploitation – ambidextrous organisation

**Framework:** March (2002) writes about exploitation of knowledge and knowledge exploration:

**Exploitation of knowledge** occurs through routinisation, standardisation and formalisation of what is already known and done: doing it more cheaply, quickly and efficiently. For example, writing a compendium like this.

- If the company is only good at exploitation, it will tend to become better and better in increasingly obsolescent ways of doing things. Consequently, the company will find itself out-flanked

**Knowledge exploration** involves serendipity, accident, randomness, change and risk-taking, not knowing what one will find out. For example, creating the iPod and smartphones, cornflakes.

- If the company is only good at exploration, it is unlikely to realise the advantages of its discoveries, as it lacks the exploitative capacities to be able to do so.

Just as the transformational/transactional leadership theory – the organisation must balance and find the equilibrium between the two “frames”.

**How to apply theory:** Apply the theory by thinking about what examples are there of exploitation of knowledge and knowledge exploration. Think critically: Did these strategies have any effect on the company? What were the consequences?

**Limitations:** Look at limitations of innovation and 10 ways to kill innovation. What kind of leadership style could potentially improve the situation or analyse the situation from a different angle? Furthermore, could there be any kind of organisational structure, that would support either style the better (e.g. Sensemaking, Scientific Management)?

### Managing change and innovation

**Theory:** Is more of a definition than a theory. Peter Drucker (2001: 38), says that innovation is the “*specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or service*”. Managing change and innovation is capable of being presented as a discipline, capable of being learned, capable of being practiced.

**How to apply definition:** You can discuss it in your analysis if picking innovation as a topic. However, it cannot stand alone.

See terminology – Innovation for wording.

**Limitations:** Drucker’s definition is useful, but ignores that:

- Innovation changes power relations
- Increases probability of resistance
- The likelihood of organization politics shaping the unfolding innovation process
- Innovation will always be a blend of rational planning and anticipation, and unanticipated as well as predictable actions

Furthermore, look at limitations of innovation and 10 ways to kill innovation.