How do humans become a part of economic activity?

TU-A1300 - Introduction to Industrial Engineering and Management
Lecture 19.9.2022

Tuukka Kostamo

Orientation

Do you have a job at the moment?

Are you or have you been a supervisor/manager?

Do you aspire to be a manager some day?

Are you afraid that you cannot avoid being a manager some day?

Are you an entrepreneur or do you aspire to be one?

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Tuukka Kostamo

PhD student at Aalto DIEM

- **Topic: Leadership, agency and language use**
- **Recearch and development projects**

Teacher at DIEM and AVP

Coach at Filosofian Akatemia Oy

Focus on relationships

- **Communication, interpretation**
- **Relationality, context**
- **Positive organizational scholarship**

"For man is a giddy thing, and this is my conclusion."

Benedict in
Shakespeare's "Much ado about nothing"

The bottom line

Organizations are about people.

Hawthorne studies in the 1920s

- social aspects more important than environmental ones.

- Surprisingly, people are not machines. Nor even monkeys.

If organizations are about people, how does it concern you?

Pearson International Edition

The Human Side of Organizations

Tenth Edition

Michael Drafke
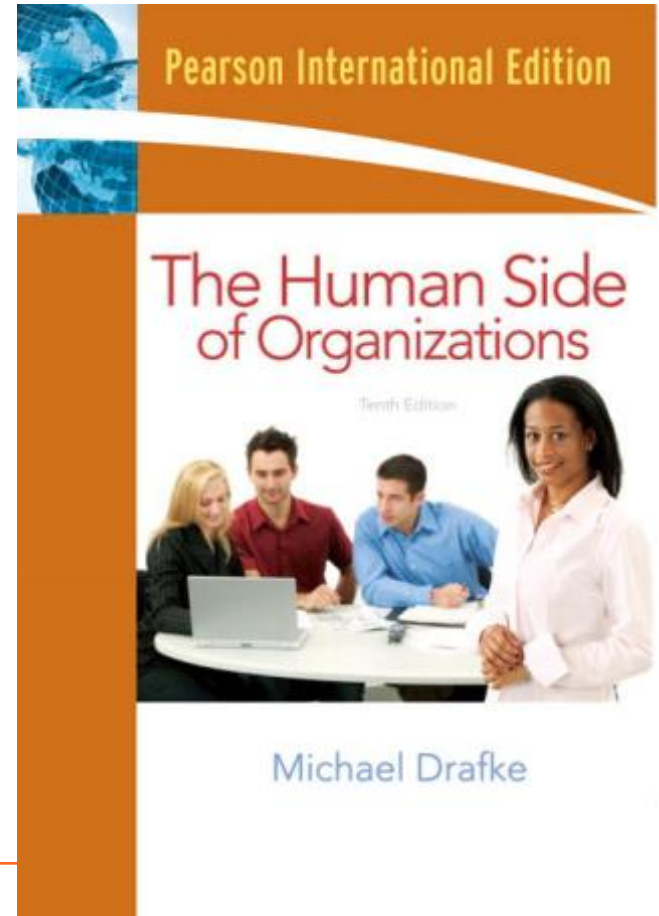
Organizations 1on1

The organization

In a very simplified form, **an organization** is a structure through which we can achieve things that we would be unable to achieve alone.

Organization refers to those **structures and processes**, which determine and maintain people's job division: **roles and responsibilities**

An organization takes **resources** from its environment and through **a transformation process** returns **products** back into its environment.

- These products produce **value** if they are worth more than the cost of the sum of resources and the conversion process.

Organizing: structure and culture
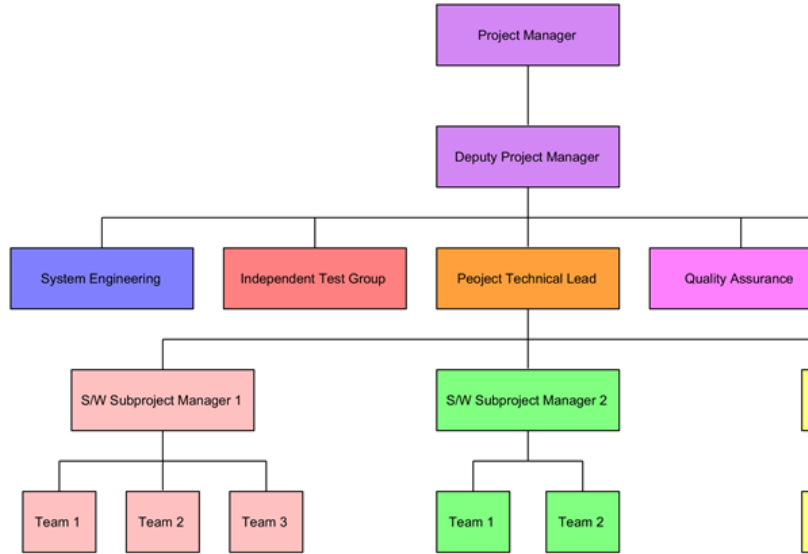
The universal problems of organizing

Division of labour

- Identifying tasks
- Allocating tasks

Motivation

- Rewarding wanted behaviour
- Eliminating freeriding

Information

- Ensuring the right direction
- Coordination of interdependent work

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Organizational structures

Line organization
Functional organization
Matrix organization
Project organization
Process organization
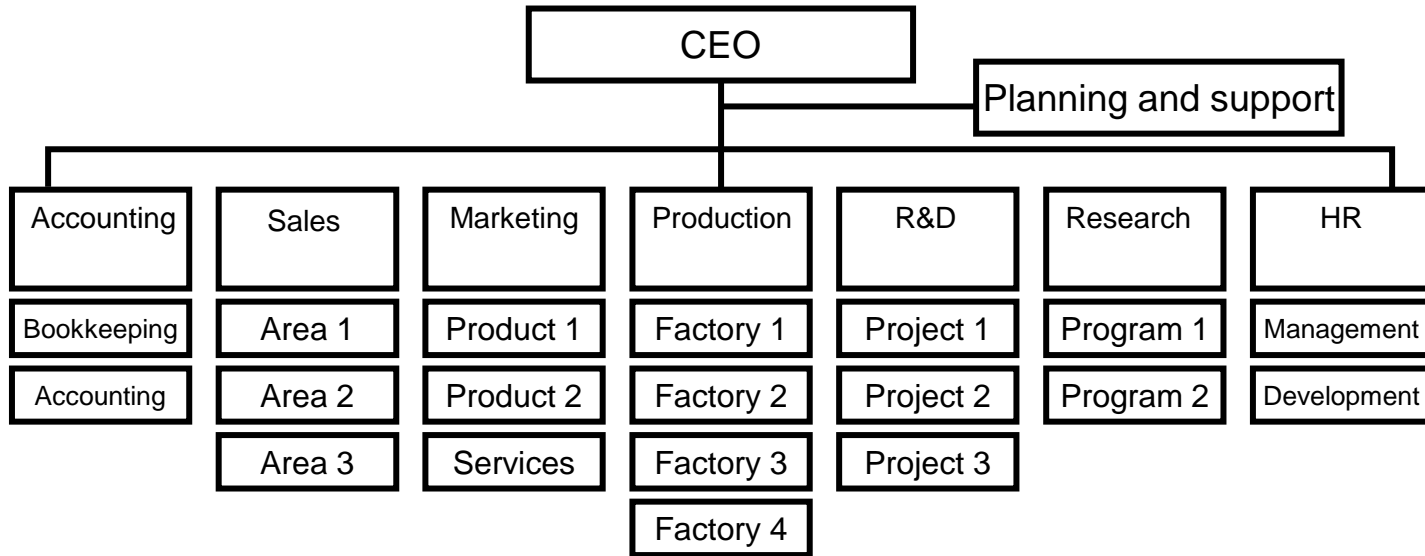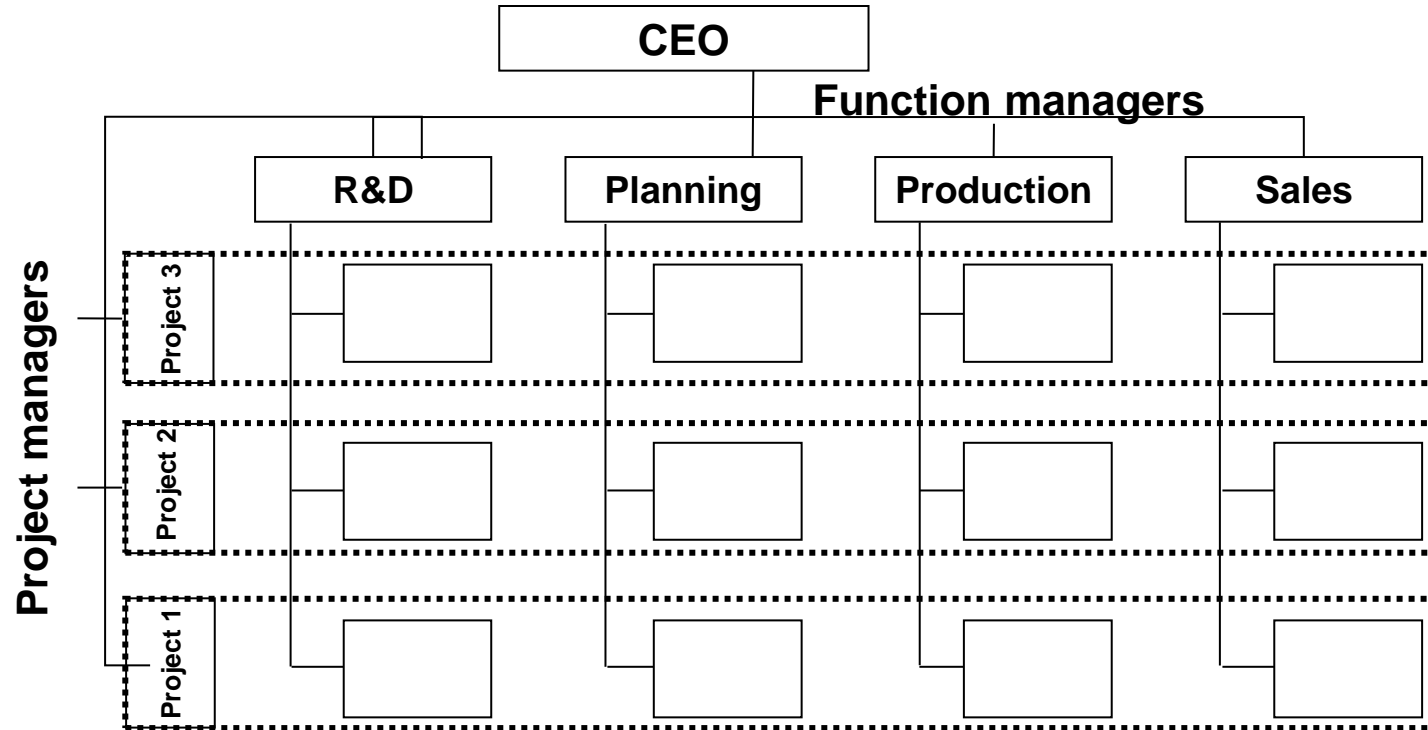Network organization
Virtual organization

Each has its own virtues and drawbacks

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Functional organization

Matrix organization

Network organization
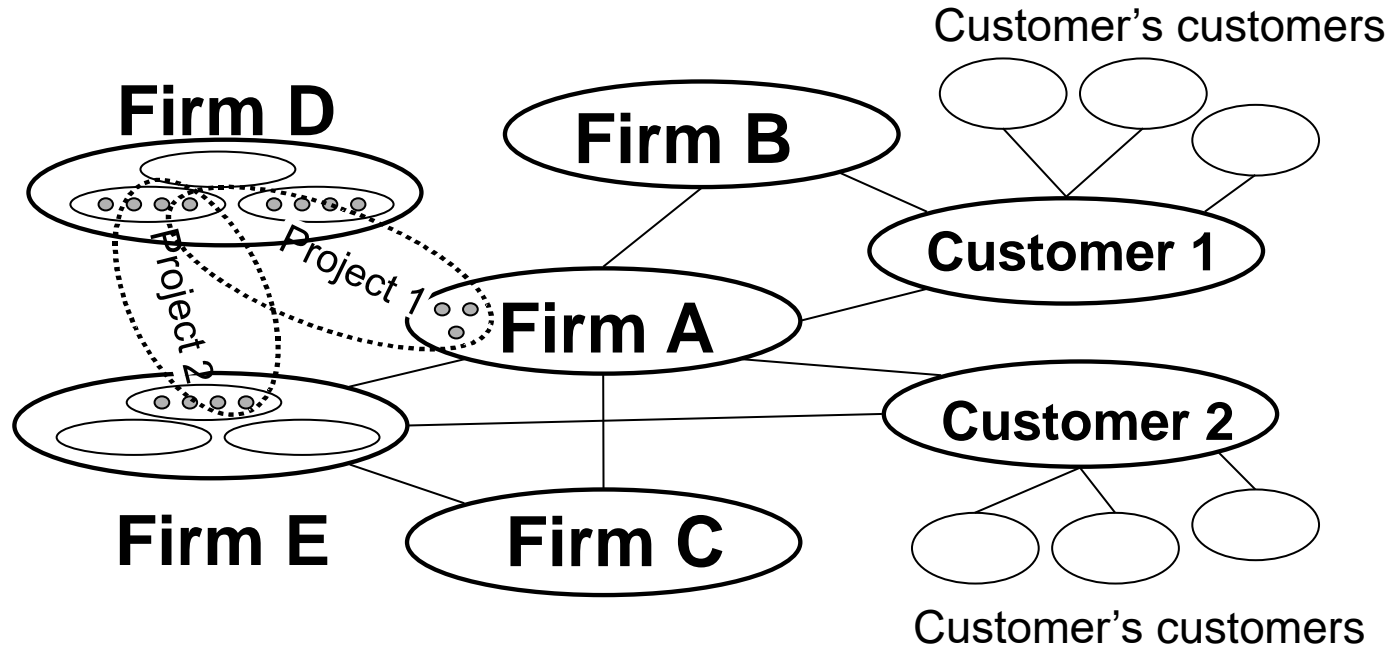
On self-managing organizations

Self-management is all the rage in organizations

- **Away from (managerial) hierarchy and towards (individual) autonomy**

BUURTZORG

Zappos!

MORNINGSTAR

Reinventing organizations

FREDERIC LALOUX
ILLUSTRATIONS BY ETIENNE APPERT

An Illustrated Invitation to Join the Conversation on Next-Stage Organizations
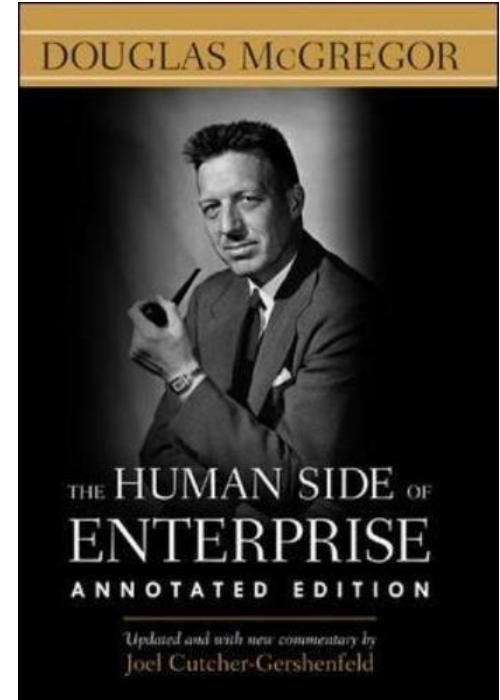
futurice

VALVE

On being human

The human side of enterprise

Studying, or understanding, humans is qualitatively different from the natural sciences

Dostojevski, on the possibility of "computing" the human existence:

> "…I believe a man would *purposely* become a lunatic, in order to become devoid of reason, and therefore **able to insist upon himself**."

In practice, an organization is constructed and maintained through **human interaction**: speech, relationships and action

DOUGLAS McGREGOR

THE HUMAN SIDE OF ENTERPRISE

ANNOTATED EDITION

Updated and with new commentary by
Joel Cutcher-Gershenfeld

Understanding the human side

A variety of concepts, theories etc.

- Culture, motivation, organizational behavior, communication, co-ordination, leadership, management

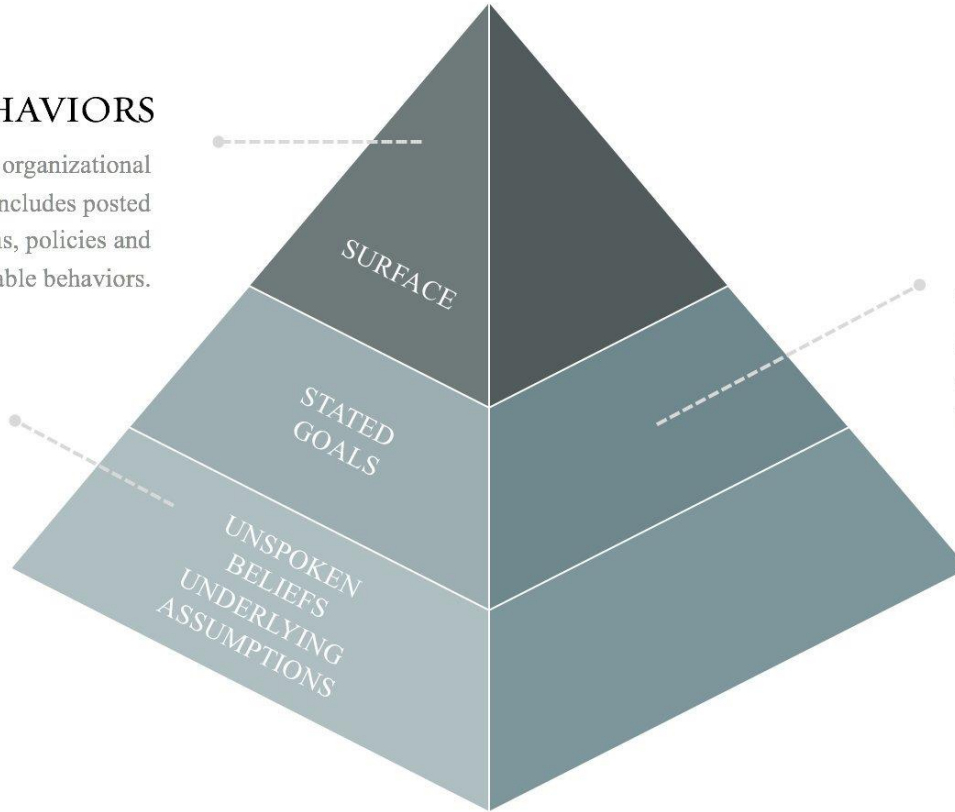**In practice, it falls on each an everyone of us to try and understand ourselves and others.**

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SCHEIN'S CULTURE MODEL

ARTIFACTS & BEHAVIORS

This is the easiest part of organizational culture to see and touch. It includes posted values, office layout, plans, policies and observable behaviors.

ESPOUSED VALUES

This is what a company says it stands for and claims to value. These are often times completely incongruent with actual behaviors.

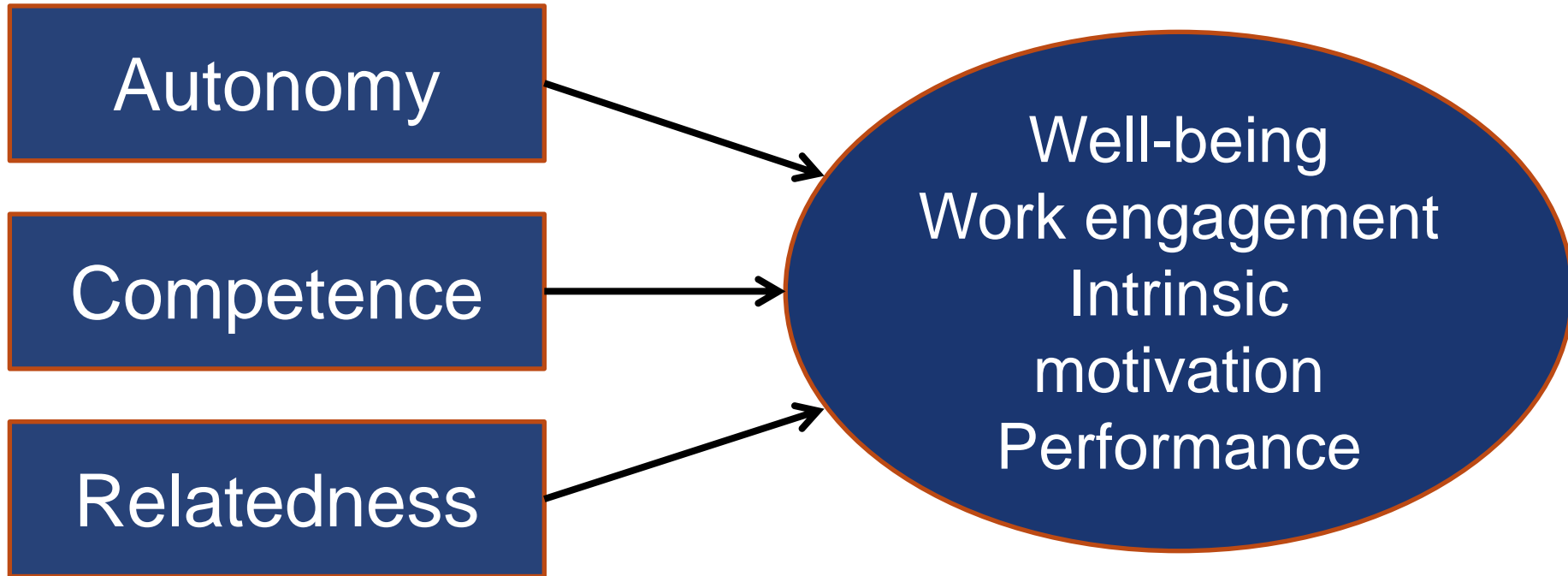## TACIT ASSUMPTIONS

These are the norms, assumptions, tacit knowledge that govern the organization and have the biggest impact on decision-making. These are the things most people ignore.

SURFACE

STATED GOALS

UNSPOKEN BELIEFS UNDERLYING ASSUMPTIONS

Schein, E. H., Coming to a New Awareness of Organizational Culture. Sloan Management Review.

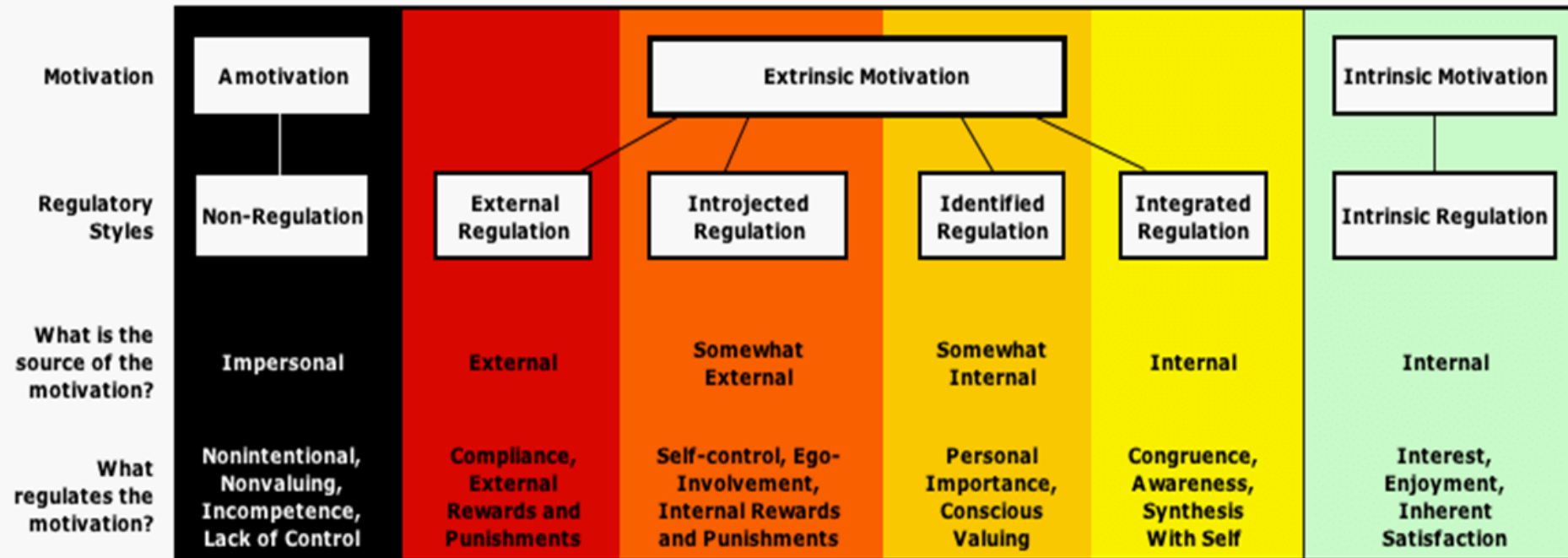# Self-determination theory & Basic psychological needs

The Self-Determination Continuum

Nonself-Determined   Self-Determined

Motivation	Amotivation		Extrinsic Motivation		Intrinsic Motivation
Regulatory Styles	Non-Regulation	External Regulation	Introjected Regulation	Identified Regulation	Integrated Regulation	Intrinsic Regulation
What is the source of the motivation?	Impersonal	External	Somewhat External	Somewhat Internal	Internal	Internal
What regulates the motivation?	Nonintentional, Nonvaluing, Incompetence, Lack of Control	Compliance, External Rewards and Punishments	Self-control, Ego-Involvement, Internal Rewards and Punishments	Personal Importance, Conscious Valuing	Congruence, Awareness, Synthesis With Self	Interest, Enjoyment, Inherent Satisfaction

(Based on Ryan, R.M. & Deci, E.L. (2000). Self-Determination Theory and the Facilitation of Intrinsic Motivation, Social Development, and Well-Being. American Psychologist. 55(1), 68-78.)

Management and leadership: Working definitions

Management

- The **handling and organizing of the processes of an organization**: Bringing resources together and transforming them into something with greater value (Mullins)

Leadership

- "The **process of influencing others** to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish **shared objectives**" (Yukl)

Leadership vs. management (Kotter)

Management

- Planning and budgeting

- Organizing and resource allocation

- Control and supervision

- Problem solving

- Handling of a complex system to produce predictability and order

- Bad management: chaos and ruin

Leadership

- Creating a vision

- Getting people to participate and commit

- Motivating and inspiring

- Producing and handling change

- Bad leadership: no change, no renewal, no survival

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The future of work?

Take-home message

Organizations are about people

Organizations can be understood through

- **Structure**: rules and procedures

- **Culture**: human interaction

Technical know-how is not enough in order to **understand** organizations or to **work efficiently** in them

Understanding people and organizing & **how you yourself** work and interact with people is a key part of your **professional know-how**

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Thank you!