The Decision & Management module integrates three key course topics that will provide the students with a solid foundation of knowledge and analytical skills to make better management decisions in both the traditional and web-based business transactions. The Decision & Management module discusses the challenges organizations face when operating with its internal and external stakeholders. It is evident that the traditional theory of organizational behavior must adapt to the continuously evolving demands and trends in a Web-based environment. In order for management to make logical and beneficial decisions amidst the dynamic business environment, emphasis is placed on developing strong intercultural teams. In addition, this helps to increase collaboration, performance and success across the organization. The proliferation of the Web impacts decisions and management of organizations. The amount of information available enables organizations to reduce transaction costs through eProcurement practices. Managers must decide whether or not it is most beneficial to purchase goods and supplies via the Web, or continue with business as usual.

Students will become familiar with the contrast between organizational behavior and organizational theories. Organizational theories examine the organizational problems on a macro level. The individual problems are examined in OB on a micro level and focus on verbal communication, live action and ethics-based management. The organizational theory is concerned with how organizations are structured and how they can be designed to operate more effectively and efficiently to achieve organizational objectives in a rational manner.

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Concept / Big picture

During the introduction to the course, students will become familiar with the global trends and challenges organizations face with the proliferation of the Web. After a brief overview of organizational behavior related definitions, students will be exposed to the different approaches of modern behavior being practiced within organizations. Given the variance in organizational goals and rationale, a new form of organizations has evolved to decrease this large gap of information and costs. In the last few decades, organizational theories and behaviors have been forced to adapt to the Web based business practices to ensure long-term success.

Students will develop the foundation for Decision and Management practices and processes, which will help them to learn how to effectively manage organizational relationships with internal employees and other stakeholders.

Intended Learning Outcomes

Students will learn the most critical and important elements of organizational behavior.

Therefore, the students will be able to:

- Demonstrate an understanding of theory and research related to current organizational issues, and how the Web impacts future trends and implications
- Define organizational behavioral issues and articulate the difference between traditional and hybrid organizations
- Exhibit analytical skills, and apply theories to discuss different organizational contexts and the role of the Web in the dynamic business environment
- Examine how leaders shape their organizations and how intercultural team management impacts the success of an organization
- Assess the relationship between the transaction cost theory and the principal agent approach to modern organizations
- Identify the important criteria required to develop cross-cultural managers and teams to improve decision making and organizational changes
- Reflect about motivation concepts in modern organizations

Structure of the course

Introduction

Organizational behavior is traditionally focused on the motivation and coordination of an organization's internal stakeholders or employees. The definition of organizational behavior is the study of individuals and their behavior within the context of the organization in a workplace setting. It is an interdisciplinary field that includes sociology, psychology, communication and management. Taking into consideration that organizations do not operate or survive in a static environment, organizational behavior has expanded its scope to include the organization as a whole entity, which focuses on the macro view of business versus the micro.

Every organization incurs costs and benefits with a transaction. However, the Web has exposed the traditional buyer and supplier market model. For centuries, the supplier’s knowledge base and expertise in information has created a disadvantage for the buyer. Transaction costs refer to the potential problems, flaws, defects that occur based on asymmetrical information between parties. The Web and hybrid organizations organically evolved and have reduced this purchasing parity. Thus, the modern organization as well as transaction cost and principal agent theory are reviewed to help students understand how to bridge the traditional gap of information and costs.

Transaction Cost Theory as a Basis of Modern Organization Theory

Concepts from the traditional behavioral theory of the firm can inform transaction costs and related knowledge-based theories of firm boundaries, and provide a better understanding of why firms often fail to achieve transaction alignment.

Students will be able to identify why the transaction costs theory is more explicit about the possibility of inefficient economic outcomes. Over the past 50 years, organizations have evolved into more than just an entity that provides goods or services. The modern organization theory was originally based upon Max Weber’s theory of bureaucratic authority. However, this continued to evolve into an "Institutionalization of Modern Organizations" theory, which focuses on an abstract view of organizations being deeply involved in the intercultural form. Modern organizations can be defined as an open system that has continuous interaction with the environment through the exchange of inputs and outputs. To expand further, efficiency and effectiveness are now considered to be the "face" of an organization’s operations and productivity. Modern organizations must learn how to optimize processes, reduce transaction costs and risks in addition to maintaining their core competencies.

Therefore, the students will be able to decipher how the transaction cost theory can help the modern organization optimize processes and solutions that directly reduce the conflict and variance of information. Thus, the transaction cost theory helps to bridge the gaps between two parties that often lead to one negative outcome.

Modern (hybrid) Forms of Organization Between Market & Company

Every organization has its core strengths and competencies; however, it also has limited information and expertise in the other areas of business. This dichotomy of information is known as asymmetrical information, which has been of major concern and is being addressed and managed on a daily basis. In the past, suppliers obtained large profit margins on its sales. However, the Web provides buyers and suppliers with the same amount of information, which inevitably reduces the suppliers’ average profit margin. The traditional relationship and exchange of information between companies is changing in a dynamic and global manner. Students will understand how this progression has generated demand for the concept of "hybrid" forms of organizations, which serve as intermediaries between two companies and the market.
After the first phase students that have chosen to elaborate on a topic or case study that complements the focus subject will be offered questions are discussed with the lecturer and among the students and actual aspects can be addressed.

The first part of the workshop consists of two phases: The first phase is held in a seminar form. The course subject (subject of the first evening) is presented in a highly interactive manner, open discussions are encouraged, and a wrap-up session on site. Online workshops are held on two evenings with a duration of three hours each.

The course is based on a blended learning concept that combines presence and online workshops. After a first introductory workshop on site, the subject is treated in two online workshops, that are supplemented by a wrap-up session on site. Online workshops are held on two evenings with a duration of three hours each.

Main topics of the introductory lesson are organizational course details and the first chapters dedicated to explain basic definitions as well as informational foundations regarding the basics of modern organization theory and modern (virtual) forms of organization between market & company.

Virtual organizations can be defined as organizations comprised of multiple, distributed members, temporarily linked together for competitive advantage, that share common values and business processes supported by distributed information technology. Unlike the traditional brick and mortar organizations, virtual organizations and strategic networks have very few physical boundaries simply because they are bounded by the Web. The bonds among members of virtual organizations are temporary, and virtual organizations are noted for forming and dissolving relationships with other members of the virtual organization. Therefore, the traditional advantages attributed to virtual organizations include adaptability, flexibility, and the ability to respond quickly to market changes. Virtual organizations are distinguished from traditional network organizations by the temporary linkages that tie together distinct organizations, and by the members’ shared business processes and common value chains supported by distributed information technology.

The Web also supports network organizations, which in contrast, generally establish more permanent linkages between members, and generally do not create shared value chains and interdependent business processes between members. Virtual organizations must focus on the six characteristics identified to reduce the potential risks and problems they are prone to encounter: prioritization of safety, compliance, attention to organizational structure and design, communication at the interfaces, develop a shared culture of reliability and trust across the virtual organization.

In contrast to the transaction theory, the agency theory places greater conceptual emphasis on the economic incentives of the contracting parties (individuals) within the context of this principal-agent relationship. The focus dimension of the agency theory concentrates on the incentives provided to individuals. In addition, it also concentrates on how to align the economic incentives of the agent with those of the principal in order to maximize aggregate economic payoffs (for the principal). In addition, the focal point is to have the high-powered market incentives of individuals channeled to productive uses, by aligning those economic incentives with the overall goals (i.e. maximization of unit production), and monitoring behavior of the agents, and thereby minimizing residual economic loss via ex ante contractual design.

The multidimensional nature of the make or buy decision also requires different organizational structures to interact, which often results in three major problems: (1) Related decisions are often taken by different organizational units, for example senior managers and frontline managers, (2) Information asymmetries across the groups mean decisions may be based on incomplete information, and (3) Incentive misalignments lead decision makers to focus disproportionately on a subset of an organization’s goals. Students will be able to identify why such requirements and problems cost an organization both time and money in the short and long term.

Therefore, the role of transaction costs can help organizations understand the range in information and provide a more beneficial alternative. Transaction cost economics argue that make or buy decisions should seek to minimize transaction costs, broadly defined as the costs of planning, adapting, and monitoring task completion.

Organizations will have the high-powered market incentives of individuals channeled to productive uses, by aligning those economic incentives with the overall goals (i.e. maximization of unit production), and monitoring behavior of the agents, and thereby minimizing residual economic loss via ex ante contractual design.

By the end of the module students should be able to understand the main issues associated with organizational behavioral issues. Furthermore, students should identify and discuss the relationship between OB-related policies, employee outcomes, and organizational performance. Successful students will be able to review and critically reflect upon academic work on organizational behavior and to demonstrate analytical, team working skills.

The course is based on a blended learning concept that combines presence and online workshops. After a first introductory workshop on site, the subject is treated in two online workshops, that are supplemented by a wrap-up session on site. Online workshops are held on two evenings with a duration of three hours each.

Main topics of the introductory lesson are organizational course details and the first chapters dedicated to explain basic definitions as well as informational foundations regarding the basics of modern organization theory and modern (virtual) forms of organization between market & company.

Each online workshop consists of two phases: The first part is held in a seminar form. The course subject (subject of the first workshop: general modern (virtual) forms of organization between market & company) is presented in a highly interactive manner, open questions are discussed with the lecturer and among the students and actual aspects can be addressed. After the first phase students that have chosen to elaborate on a topic or case study that complements the focus subject will be offered the possibility to present their results and discuss learnings with others.
The second workshop deals with virtual organizations in the web. We want to take a deeper look at strategic networks with their very few physical boundaries. The online lesson consists of a presentation part and can also cover exercises that the students work on in virtual groups or alone. The second phase is covered by the students who present their findings from their term papers or case studies. Findings are discussed between students and participants and potential necessary corrections are determined.

3rd Online workshop

Main topics of the third workshop are the motivational problems and concepts in modern organizations. The workshop structure is similar to workshops one and two, so that an interactive seminar part is followed by part two that is merely stamped by the students’ work.

Wrap-up session on site

This on site workshop is dedicated to clarify open questions of the students, to discuss continuative aspects, discuss selected elaborations and summarize workshop content. The wrap-up session is also used to accomplish the written examination (45 minutes).

Examination

The participants are asked to either prepare a seminar paper or to work out a case study in the field of Organizational Theories and Behavior. Relevant topics and case studies can be chosen out of a selection that changes over time to capture latest academic discussions. The list is prepared by the responsible professor. The quality of the written elaboration is appraised by the professor and stand for 50 % of the final grade. During the wrap-up session a written examination of 45 minutes is to be passed, which contributes 50 % to the final grade.

References


Past Course Pages

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