Organizational Behaviour

10 Edition

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From David

To Lesley, Andrew, Mairi, Rachel, Séan, Charlie, Ciara, Archie, Leila, Harry and Hudson

From Andrzej

To Janet, Sophie, Gregory, Tom, Magnus, Freya, Rosa, Leo and Ivy

Preface

Why study organizational behaviour?

Let's put it this way: if you have a limited understanding of organizational behaviour (OB), then you have a limited understanding of one of the main sets of forces that affect you personally, that affect the society and the culture in which you live, and which shape the world around you. Think about it: organizations are involved in everything that you do – sleeping, waking, dressing, eating, travelling, working, relaxing, studying – everything. This book explores how organizations influence our views and our actions, and how we can explain the behaviour of people in organizations.

What is our approach?

Our target readers are students who are new to the social sciences and to the study of organizational behaviour. This is a core subject on most business and management degree, diploma and masters programmes. Accountants, architects, bankers, computer scientists, doctors, engineers, hoteliers, nurses, surveyors, teachers and other specialists, who have no background in social science, may find themselves studying organizational behaviour as part of their professional examination schemes.

Social science perspective   We draw on a range of social science disciplines. Other texts adopt managerial, psychological or sociological perspectives.
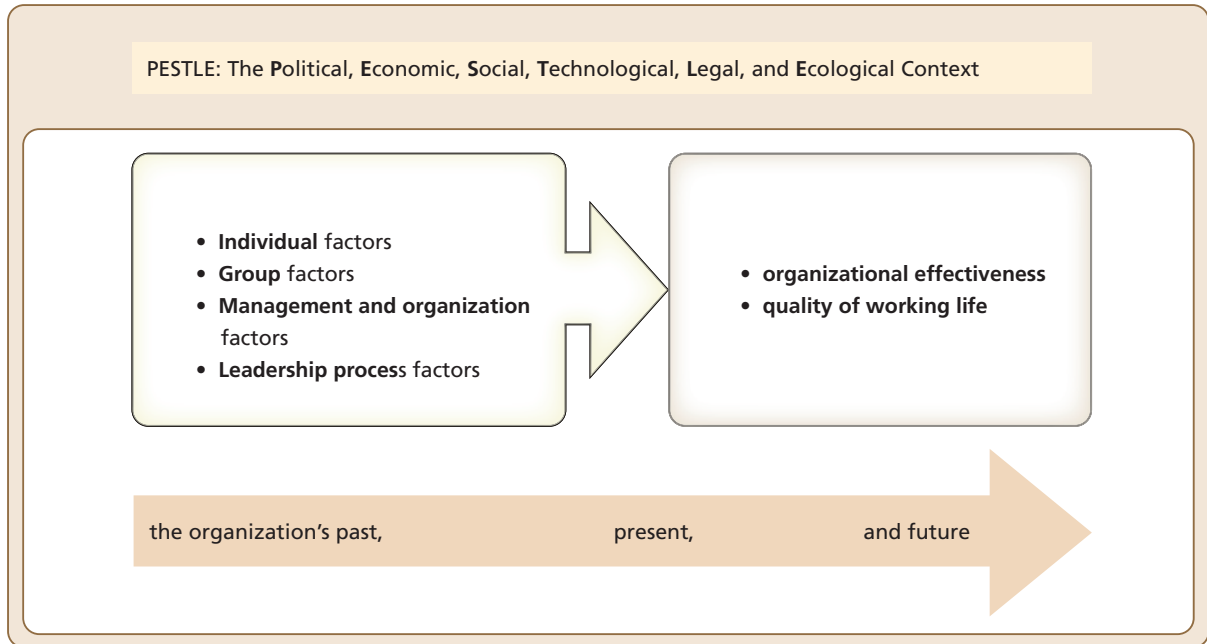
Critical approach   Many OB issues are controversial. But we don't identify the 'correct answers' or 'best practices'. We want to challenge assumptions, and to stimulate critical thinking. In a world flooded with information, some of which is 'fake news', critical thinking is critically important.

Self-contained chapters   The understanding of one chapter does not rely on others. You can study the chapters in any sequence. Designed for introductory-level courses, our *Springboard* feature suggests advanced reading. Many chapters are also relevant to courses in human resource management.

Let's pull it together

If you are new to OB, the subject can seem to be wide ranging and fragmented. To show how it all fits together, here is our 'field map'. First, organizations function over time and in a context. Second, individual, group, management and leadership factors influence organizational effectiveness, and quality of working life. You can easily locate the book's parts and chapters on this map.

PESTLE: The **P**olitical, **E**conomic, **S**ocial, **T**echnological, **L**egal, and **E**cological Context

- **Individual** factors
- **Group** factors
- **Management and organization** factors
- **Leadership process** factors

- **organizational effectiveness**
- **quality of working life**

the organization's past,   present,   and future

What's new in this edition?

New features

Critical thinking	Invitations to question, challenge assumptions, consider other options
Cutting edge	Summaries of recent key research findings
What did they find?	Descriptions of research studies, asking you to predict the results
Employability check	Relating chapter content to employability competencies
Audio box	Short podcasts exploring topical issues
Video box	Brief videos exploring chapter themes in more depth
Stop and search	Suggestions for YouTube content exploring key topics

New content (a selection)

Big data and human capital analytics: How will the human resource management function be operating in 2030?

Multigenerational workforce: Why are age-diverse teams more satisfied and productive?

Ageing workforce: What are the benefits of employing older 'unretired' people?

Agile working and holacracy: Who needs managers, leaders, and hierarchies?

Artificial intelligence: Will it steal your job?

Future-proof your career: Skills that are still going to be in demand in a digital world

Gastronomic bonding: Team building by members preparing and eating food together

Learning to learn: An indispensable skill in a rapidly changing world

Neurodiversity: The extraordinarily valuable, but underutilized skills of employees with autism spectrum disorders, dyspraxia, and dyslexia

Neuroplasticity: How we are able to go on learning throughout our lives

Multicultural brokers: Their role in making diverse team members effective

Tattoo or not tattoo: How attitudes towards body art are changing

Social networks: How they affect team creativity and company performance

Do women make better leaders than men? Do women have the right personality traits?

Cybervetting: How potential employers now screen you without your knowledge

Dark personality traits: How these can damage your career

HEXACO: The Big Six model of personality

Introverts: Can they become effective and successful senior leaders?

Self-determination theory (SDT): A new way to understand, and manage, work motivation

We need to talk about organizational change: Why do 75 per cent of programmes fail?

Detroit, Estée Lauder, McDonald's, Thai Union: Case studies of successful organizational change

Political skill: Why are politically skilled women are more successful in male-dominated organizations?

Outline contents

Full contents

Acknowledgements

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Publisher's acknowledgements

Photographs

(Key: T-top; B-bottom; C-Center; L-left; R-right)

Text Credits

Introductory briefing

The aims of this text are to:

Introduce the subject	To bring the study of behaviour in organizations to undergraduate and postgraduate students who have little or no social science background.
Stimulate debate	To encourage a critical perspective, observing that the 'correct' answers to organizational questions, and solutions to problems, rely on values, judgements and ideology, as well as on evidence.
Link to practice	To show how organizational behaviour concepts, theories and techniques can be applied in practice.
Recognize diversity	To raise awareness of the variety of social and cultural factors that affect behaviour in organizations.

Too many theories?

Students who are new to OB often complain about the number of different theories. You will see this, for example, in our discussion of motivation, culture, leadership and power. Does this mean that the field is immature? How can all of these theories be 'right'? It does not help that many organizational behaviour theories were first developed decades in the past.

Marc Anderson (2007) argues that different theories are valuable because they help us to fill our 'conceptual toolbox'. We live in a complex world, and we need a variety of tools and perspectives to deal with the many, and changing, issues and problems that we face. This means that one theory could be helpful in one context, but a different perspective could be useful in another setting. An idea that appears to be of limited value today may help us to deal with tomorrow's challenges.

There are no 'right or wrong' theories, or 'one best way'. There are only theories that are more or less useful in helping us to deal with different issues in different settings at different times. We benefit from having 'too many theories'. This is not a problem.

Anderson, M.H. (2007) 'Why are there so many theories?', *Journal of Management Education*, 31(6): 757–76.

Aids to learning and critical understanding

We use the following features to encourage an *active and questioning approach* to the subject. We want to challenge you, by inviting you to confront real, practical and theoretical problems and issues for yourselves. You are invited regularly to stop reading and to consider controversial points, on your own, or in group discussion. We want to alert you to the significance of organizational behaviour in everyday life. The study of this subject is not confined to the lecture theatre and library. Eating a pizza in a restaurant, joining a queue at a cinema, returning a faulty product to a store, purchasing a train ticket, arguing with a colleague at work, taking a holiday job in a hotel, reading a novel – are all experiences related to aspects of organizational behaviour.

In-chapter features

Learning outcomes	Chapters open with clear learning outcomes
Key terms	Chapters open with a list of key terms, which are also in the glossary
Critical thinking	Invitations to question, challenge assumptions, consider other options
Cutting edge	Summarizing recent key research findings (with researcher portraits)
What did they find?	Describing research projects, asking you to predict the results
Employability check	Relating chapter content to employability competencies
Audio box	Short podcast exploring topical issues
Video box	Brief video exploring chapter themes in more depth
Home viewing	Movies which illustrate topics in graphic and memorable ways
Stop and search	Suggestions for YouTube content exploring key topics
Cartoons	To make the subject memorable, to change the pace, rhythm, and appearance of the text

End-of-chapter features

OB Cinema	Recommended movie clips for classroom use
Exercises	Chapters have two learning exercises for tutorial and seminar use
Revision	Sample examination questions, for personal study and tutorial use
Research assignment	A focused information-gathering project involving either a website search, library exercise, or interviewing, or a combination of methods
Recap	Summaries linked to learning outcomes

Critical thinking, critical questioning
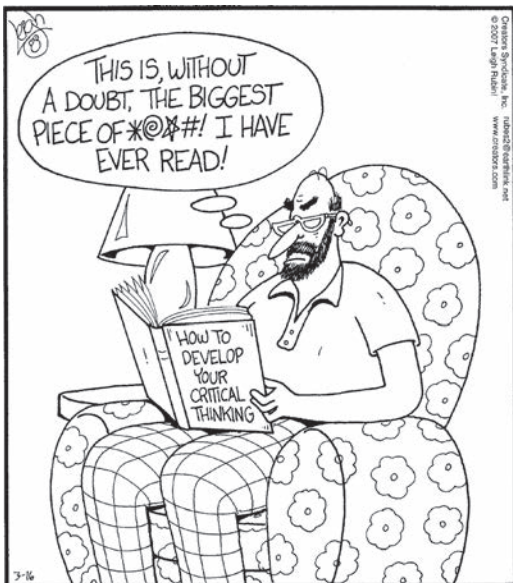
In his own mind, Jerry quickly mastered the art.

A perspective that encourages criticism, debate and challenge means asking these kinds of questions, when presented with a theory, an argument, evidence, or with a recommendation for action:

- Does this make sense, do I understand it, or is it confused and confusing?
- Is the supporting evidence compelling, or is it weak?
- Does a claim to 'novelty' survive comparison with previous thinking?
- Is the argument logical and coherent, or are there gaps and flaws?
- What biases and prejudices are revealed in this line of argument?
- Is a claim to 'neutrality' realistic, or does it conceal a hidden agenda?
- Are the arguments and judgements based convincingly on the evidence?

- Whose interests are served by this argument, and whose are damaged?
- Is the language of this argument designed to make it more appealing?

Employability and OB

Understanding OB will improve your employability and career prospects. What do employers look for, and what can you offer them? A qualification alone is not enough. Organizations are looking for qualities, skills and attributes that they think will help you to perform well. The following table lists these competencies: *personal qualities*, *leadership qualities*, *practical skills* and *other key attributes*. What are your strengths and limitations as far as potential employers are concerned? To help you to increase your value to employers, we will ask you to pause occasionally, for an **Employability check**. These checks will relate to the chapter content, and will ask you to assess your competencies in a specific area, and to consider how you can improve and demonstrate those competencies.

Competencies that will improve your employability

Personal qualities	Leadership qualities
Self-management	Leadership
Work ethic/results orientation	People management
Appetite for learning	Leading and managing change
Interpersonal skills	Project management
Creativity and innovation	General management skills

Practical skills	Other key attributes
Commercial/business acumen	Critical thinking
Customer service skills	Political awareness
Communication skills	Understand cross-cultural issues
Problem-solving skills	Understand how organizations work
Teamworking skills	Prioritizing, decision making

The New Smart

Ed Hess

Ed Hess (2018), from the University of Virginia Darden School of Business, argues that career success in the future will depend on what he calls 'the new smart'. This is defined by the quality of one's skills and attributes in the following areas: thinking, learning, curiosity, open-mindedness, problem solving, emotional intelligence, collaboration.

Quantity – how much you know – is less important, because machines already know more. Your most important skill is *iterative learning*: constantly unlearning and relearning, and adapting quickly as technology advances. Students, he suggests, should consider taking courses in various disciplines – psychology, philosophy, creative arts, systems engineering, design thinking – in order to learn different modes of thinking.

Hess, E. (2018) 'An MBA student's toolkit for the smart machine age', *Financial Times*, 16 January, **https://www.ft.com/content/9d9f76c0-422e-11e7-82b6-896b95f30f58**

Part 1 The organizational context

PESTLE: The **P**olitical, **E**conomic, **S**ocial, **T**echnological, **L**egal, and **E**cological context

- **Individual** factors
- **Group** factors
- **Management and organization** factors
- **Leadership process** factors

- **Organizational effectiveness**
- **Quality of working life**

The organization's past,   present,   and future

Explaining organizational behaviour

Key terms

organizational behaviour

organization

controlled performance

organizational dilemma

fundamental attribution error

organizational effectiveness

balanced scorecard

quality of working life

positivism

operational definition

variance theory

constructivism

process theory

evidence-based management

human resource management

employment cycle

discretionary behaviour

big data

data analytics

human capital analytics

Learning outcomes

When you have read this chapter, you should be able to define those key terms in your own words, and you should also be able to:

1. Explain the importance of understanding organizational behaviour.

2. Explain and illustrate the central dilemma of organizational design.

3. Understand the need for explanations of behaviour in organizations that take account of relationships between factors at different levels of analysis (individual, group, organization, context).

4. Understand the difference between positivist and constructivist perspectives on organizational behaviour.

5. Understand the difference between variance and process theories of organizational behaviour.

6. Explain the development and limitations of evidence-based management.

7. Recognize the range of applications of organizational behaviour theory, and contributions to human resource management policy and practice.

8. Assess how the human resource management function can use big data and human capital analytics to improve individual and team performance, and organizational effectiveness

What is organizational behaviour?

Why did that happen?

It was a bad experience. You ordered a soft drink and a sandwich. The person who served you was abrupt and unpleasant. They didn't smile or make eye contact, and continued their conversation with colleagues, instead of asking if you wanted anything else. They slapped your change on the counter rather than put it in your hand, then turned away. You have used this café before, but you have never been treated so badly. You leave feeling angry, deciding never to return.

How can you explain the unusual behaviour of the person who served you?

Organizational behaviour the study of the structure and management of organizations, their environments, and the actions and interactions of their individual members and groups.

Let's put it this way: if you have a limited understanding of organizational behaviour, then you have a limited understanding of one of the main sets of forces that affect you personally, that influence the society and culture in which you live, and which shape the world around you. Through the products and services that they provide, organizations affect everything you do – sleeping, waking, dressing, eating, travelling, working, relaxing, studying – everything. We live in an organized world.

This chapter explores how we can explain the behaviour of people in organizations. First, let's define what **organizational behaviour** means. The definition of a field of study sets out the issues, questions, and problems that it explores. Organizational behaviour covers environmental (macro) issues, organizational and group (meso) issues, and individual (micro) factors.

Some organizations are big and powerful. Table 1.1 lists the ten largest private sector employers in the world in 2017 (www.Wikipedia.org). Half of these organizations are Chinese. Some non-corporate organizations are also big employers. For example, in 2017, the US Department of Defense had 3.2 million employees; the Chinese People's Liberation Army 2.3 million; the UK National Health Service and the Indian Railways 1.4 million each. The study of organizational behaviour thus has practical implications for those who work in, manage,

Table 1.1: The ten largest private sector employers in 2017

Organization	Country	Number of employees (million)
Walmart	USA	2.30
China National Petroleum	China	1.51
China Post Group	China	0.94
State Grid	China	0.93
Hon Hai Precision Industry	Taiwan	0.73
Sinopec Group	China	0.71
Volkswagen	Germany	0.63
United States Postal Service	USA	0.57
Compass Group	UK	0.53
Agricultural Bank of China	China	0.50

seek to subvert, or interact in other ways with organizations, whether they are small and local, or large and international.

As a subject, organizational behaviour is quite new, dating from the mid-twentieth century. The term was first used in an article in the *American Sociological Review* by Philip Selznick (1948, p.25). The Labor and Management Center at Yale University began publishing its *Studies in Organizational Behaviour* series in 1954. In the late 1950s, Fritz Roethlisberger used the term because it suggested a wider scope than 'human relations' (Wood, 1995). In 1957 the Human Relations Group at Harvard became the Organizational Behaviour Group. Organizational behaviour was recognized as a subject at Harvard in 1962, with Roethlisberger as the first area head (Roethlisberger, 1977).

How can we explain your experience in the café? Was it because of the personality and skills of the individual who served you? Perhaps, but there are other explanations:

- Poor staff training
- Staff absences leading to increased work pressure
- Long hours, fatigue, poor work–life balance
- Equipment not working properly
- Anxiety about organizational changes
- Domestic difficulties – family arguments, poor health
- Low motivation due to low pay
- An autocratic supervisor
- A dispute with colleagues creating an uncomfortable atmosphere
- Timing – you came in at the wrong moment.

Blaming the individual is often wrong. Your experience could also be explained by contextual, group, structural and managerial process factors, in and beyond the workplace. The explanation could come from any one of those factors. In many cases, a combination of factors explains the behaviour in question. The customer walks away. As a member of the organization, you have to live with those issues. As a manager, you have to solve the problem.

✓✓✓   **EMPLOYABILITY CHECK** (problem-solving skills)

In a job interview, you are asked about the following problem:

You are supervising a team of six people. The performance of one of your more experienced and long-serving team members has started to fall sharply: poor timekeeping, slow responses to requests for assistance, careless work, not sharing information. You can see no obvious reason for this. How will you approach this problem in order to find a solution?

The relationship between organizational behaviour and management practice is controversial. Are we studying this subject in order to understand, or to advise, or both? And who do we want to advise? Most American and many British texts adopt a managerialist perspective. However, the focus on management is seen by some commentators as unhelpful, for at least four reasons, concerning power inequalities, the subject agenda, multiple stakeholders, and fashion victims.

- *Power inequalities:* Management is an elite group, with privileged access to information and resources. The Equality Trust found that, in 2017, chief executives in the UK's largest 100 companies had earnings 386 times that of a worker on the National Living Wage, 312 times more than a care worker, and 165 times more than a nurse (equalitytrust.org.uk). The Chartered Institute for Personnel and Development found that, in 2018, the average employee would have to work for 167 years to earn the annual salary of a chief executive of a FTSE 100 company (Kirton, 2018). Should academic research support only the affluent and powerful?

- *The agenda:* A managerialist perspective focuses on issues of importance to managers, concerning control and performance. Issues that are significant to individuals and groups, theories that have limited practical use, and criticisms of the managerial role are pushed aside.

- *Multiple stakeholders:* Management is only one group with a stake in organizational behaviour. An understanding of this subject is of value to employees, trade unions, customers, suppliers, investors, and the wider community. Organizational behaviour is a subject of individual, social and economic significance.

- *Fashion victims:* Managers follow the latest trends in thinking and technique, to improve personal and organizational effectiveness. A managerialist perspective encourages a focus on fashion. Some fashions survive while others fade. As some fads are old ideas with new packaging, we can only make an informed assessment if we understand the history of the subject.

We adopt a 'multiple-stakeholders-inclusive-agenda' view of organizational behaviour, with a broad social science perspective. This does not mean that practical applications are ignored, but readers are encouraged to adopt a critical, challenging approach to research, theory and practice, rather than to accept a managerial or a social scientific point of view without question.

Organizations do not 'behave'. Only people can be said to behave. Organizational behaviour is shorthand for the activities and interactions of people in organizations. Organizations populate our physical, social, cultural, political and economic environment, offering jobs, providing goods and services, creating our built environment, and contributing to the existence and fabric of communities. However, we tend to take organizations for granted precisely because they affect everything that we do. Familiarity can lead us to underestimate their impact. Through their products and services, with how many organizations have you interacted in some way *today*?

CRITICAL THINKING

Why should the term 'organization' be difficult to define? Which of the following are organizations, and which are not? Explain your decision in each case.

- A chemicals processing company
- A WhatsApp group
- King's College Hospital
- The local street corner gang
- Clan Buchanan

- Your local football club
- A terrorist cell
- A famine relief charity
- The Azande tribe
- The Jamieson family next door

Organization a social arrangement for achieving controlled performance in pursuit of collective goals.

What is an **organization**? Why are you uncomfortable about calling some of the items on that list 'organizations'? Perhaps you considered size as a deciding factor? Or the sale of goods and services? Or the offer of paid employment? Our margin definition is *one* way to define an organization, but this should explain why you found it awkward to describe a street corner gang as an organization, but not a hospital, a company, or a club. Let us examine this definition more closely.

Social arrangement

To say that organizations are social arrangements is simply to observe that they are groups of people who interact with each other because of their membership. However, all of the items on our list are social arrangements. This is not a distinctive feature.

Collective goals

Common membership implies shared objectives. Organizations are helpful where individuals acting alone cannot achieve outcomes that are considered worthwhile pursuing. All of the items on our list are social arrangements for the pursuit of collective goals, so this is not a distinctive feature either.

Controlled performance

Organizations are concerned with **controlled performance** in the pursuit of goals. The performance of an organization as a whole determines its survival. The performance of a department determines the resources allocated to it. The performance of individuals determines pay and promotion prospects. Not any level of performance will do, however. We live in a world in which the resources available to us are not sufficient to meet all of our desires. We have to make the most efficient use of those scarce resources. Levels of performance, of individuals, departments and organizations are therefore tied to standards which determine what counts as inadequate, satisfactory, or good.

Controlled performance setting standards, measuring performance, comparing actual with standard, and taking corrective action if necessary.

Performance has to be controlled, to ensure that it is good enough, or that action is taken to improve it. An organization's members have to perform these control functions as well as the operating tasks required to fulfil their collective purpose. The need for controlled performance leads to a deliberate and ordered allocation of functions, or division of labour, between an organization's members.

Membership of organizations is controlled, usually with reference to standards of performance: will the person be able to do the job? Failure to perform to standard means loss of membership. The need for controlled performance leads to the creation of authority relationships. The controls only work where members comply with the orders of those responsible for performing the control functions.

To what extent are a family, a Azande tribe, a street gang, or a WhatsApp group concerned with performance standards? To what extent does their existence depend on their ability to meet targets? To what extent do they allocate control functions to their members, programme their activities, and control their relationships with other members? The way in which you answer these questions may explain your readiness or reluctance to describe them as organizations.

It can be argued, therefore, that it is the *preoccupation with performance* and the *need for control* which distinguish organizations from other social arrangements.

CRITICAL THINKING

In what ways could the Jamieson family be concerned with performance and control?

How is membership of a street gang determined? What do you have to do to become a member? What behaviours lead to exclusion from gang membership?

Are organizations different from other social arrangements in degree only, and not different in kind? Are *all* social groupings not concerned with setting, monitoring and correcting standards of behaviour and performance, just defined in different ways?

How you define something affects how you look at it. Organizational behaviour takes the view that organizations should be studied from different perspectives. In other words, it is not worth arguing about which is the 'correct' definition. One author who has popularized this view is the Canadian academic Gareth Morgan. In his book *Images of Organization* (2006), he offers eight metaphors which invite us to see organizations through a series of different lenses. These are:

- Machines
- Biological organisms
- Human brains

- Cultures or subcultures
- Political systems
- Psychic prisons
- Systems of change and transformation
- Instruments of domination.

Metaphors are ways of thinking about, 'reading', and evaluating organizations. The 'machine' metaphor suggests an analysis of how component parts interact. The 'psychic prison' metaphor suggests looking at how an organization shapes the thinking and intellectual growth of its members. Morgan argues that by using different metaphors we can identify new ways in which to design and manage organizations.

If we destroy this planet

If we eventually destroy this planet, the underlying cause will not be technology or weaponry. We will have destroyed it with ineffective organizations. The main limitation to human aspiration lies not with intellect or equipment, but in our ability to work together. The main cause of most man-made disasters (Bhopal, Three Mile Island, Challenger, Columbia, Chernobyl, Deepwater Horizon) has been traced to organization and management factors.

Groups can achieve more than individuals acting alone. Human beings are social animals. We achieve psychological satisfaction and material gain from organized activity. Organizations, in their recruitment and publicity materials, want you to think that they are 'one big happy family'. Everyone is a team player, shooting at the same goal. Organizations, of course, do not have goals. People have goals. Collectively, the members of an organization may be making biscuits, treating patients, or educating students, but individual members also have personal goals. Senior managers may decide on objectives and try to get others to agree by calling them the 'organization's mission' or 'corporate strategy', but they are still the goals of the people who determined them in the first place.

The Macondo Well blowout

On 20 April 2010, when the blowout preventer failed a mile under water, the explosion and fire on the 33,000-ton *Deepwater Horizon* drilling rig in the Gulf of Mexico killed 11 of the 126 crew members (their bodies were never found), and seriously injured 17 others. Oil poured from the well-head on the sea bed, drifting towards the Louisiana coast 50 miles away, threatening wildlife, and local fishing and tourism industries. Around 230 million gallons of crude oil spilled into the Gulf before the flow stopped on 15 July. This was the biggest environmental disaster in the US since the Exxon Valdez spilled 750,000 barrels of crude oil in Prince William Sound in 1989. The rig's operator BP has paid over US$60 billion in fines, clean-up costs and compensation.

Was this disaster the result of a technology failure? No. A National Commission on the oil spill found that it was due to organization and management failures (*Deep Water,* and *Macondo: The Gulf Oil Disaster,* both reports published in 2011).

The rig's 'responsible operator' was BP, whose partners Anadarko Petroleum and MOEX Offshore were to share costs and profits. BP leased *Deepwater Horizon* from Transocean, whose staff operated the rig. Another company, Haliburton, was contracted to cement the pipe from the well to the rig. So the rig was manned by BP site leaders, Transocean managers, engineers, supervisors, drillers and toolpushers, and Haliburton cementers and mudloggers. BP paid US$34 million in 2008 for the lease to drill in Mississippi Canyon Block 252. Macondo was its first well on the MC 252 lease, estimated to produce at least 50 million barrels of oil.

By April 2010, drilling at Macondo was six weeks behind schedule and $58 million over budget, costing BP $1 million a day to run; it was known as 'the well from hell'. Drilling for oil is risky. Since 2001, the Gulf workforce of 35,000 people, on 90 drilling rigs and 3,500 production platforms, had already suffered 1,550 injuries, 60 deaths, and 948 fires and explosions.

The cement that Halliburton pumped to the bottom of the Macondo Well did not seal it. Test results indicating problems with the cement formula were ignored. But as

the cementing went smoothly, a planned evaluation was skipped. The following pressure test results were misinterpreted, and signs that the well had a major oil leak (or 'kick') were missed. Kicks must be detected and controlled in order to prevent blowouts. By the time the *Deepwater Horizon* crew realized that they were dealing with a kick, it was too late for the blowout preventer to stop an explosion. Oil was already in the riser pipe, and heading for the surface.

To create this disaster, eight factors had combined, all involving aspects of management.

1. Leadership

There was conflict between managers and confusion about responsibilities. After a BP reorganization in April 2010, engineering and operations had separate reporting structures. This replaced a project-based approach in which all well staff reported to the same manager.

2. Communication

Those making decisions about one aspect of the well did not always communicate critical information to others making related decisions. The different companies on the rig did not share information with each other. The BP engineering team was aware of the technical risks, but did not communicate these fully to their own employees or to contractor personnel.

3. Procedures

BP did not have clear procedures for handling the problems that arose. The last-minute redesign of procedures in

response to events caused confusion on the rig. It would have been more appropriate to stop operations temporarily to catch up.

4. Training and supervision

BP and Transocean had inadequate personnel training, supervision and support. Some staff were posted to the rig without prior assessment of their capabilities. Individuals made critical decisions without supervisory checks. BP did not train staff to conduct and interpret pressure test results. Transocean did not train staff in kick monitoring and emergency response.

5. Contractor management

Subcontracting was common industry practice, but with the potential for miscommunication and misunderstanding. In this case, information about test results and technical analyses did not always find its way to the right person. BP's supervision of contractors was weak, and contractors did not feel able to challenge BP staff decisions, deferring to their expertise.

6. Use of technology

The blowout preventer may have failed, in part, due to poor maintenance. Drilling techniques were much more sophisticated than the technology required to guard against blowouts. Well-monitoring data displays relied on the right person looking at the right data at the right time.

7. Risk management

BP and Transocean did not have adequate risk assessment and management procedures. Decisions were biased towards saving costs and time. The Macondo Well risk register focused on the impact of risks on time and cost, and did not consider safety.

8. Regulation

The Minerals Management Service was responsible for safety and environmental protection, and for maximizing revenues from leases and royalties – competing goals. MMS revenues for 2008 were $23 billion. Regulation had not kept pace with offshore drilling technology development. MMS lacked the power to counter resistance to regulatory oversight, and staff lacked the training and experience to evaluate the risks of a project like *Deepwater Horizon.*

Organization and management failures caused this disaster. This pattern can be seen in other serious events, accidents, and catastrophes in different sectors. (See Boebert and Blossom, 2016, for another analysis of the technological, managerial, and organizational causes of this disaster.)

Organizations can mean different things to those who use them and who work in them, because they are significant personal and social sources of:

- Money, physical resources, other rewards
- Meaning, relevance, purpose, identity
- Order, stability, security
- Status, prestige, self-esteem, self-confidence
- Power, authority, control.

Organizational dilemma how to reconcile inconsistency between individual needs and aspirations, and the collective purpose of the organization.

The goals pursued by individual members of an organization can be different from the purpose of their collective activity. This creates an **organizational dilemma** – how to design organizations that will achieve overall objectives, while also meeting the needs of those who work for them.

Home viewing

One of the features of 'high reliability organizations' is *deference to expertise,* which means giving decision rights to those closest to the action regardless of their seniority. What happens when the organization does not defer to 'on the spot' expertise? Starring Mark Wahlberg, Kurt Russell and John Malkovich, the disaster movie *Deepwater Horizon* (2016, Director Peter Berg) tells the story of the BP oil exploration platform in the Gulf of Mexico in 2010, when a blowout and fire killed 11 crew. The movie shows BP management more concerned with maintaining production than with safety. In one scene, a junior control room operator decides to seal the oil well which is fuelling the fire. But her colleague prevents her from doing this because 'We don't have the authority'. This also happened during the *Piper Alpha* oil platform disaster in the North Sea in 1988, where the fire would have burned out if it were not being fed by oil from two neighbouring platforms – which continued pumping as their staff did not have company permission to shut down; 167 died in that incident.

BP management criticized the movie, arguing that it did not accurately represent the character of the company, and that 'It ignores the conclusion reached by every official investigation: that the accident was the result of multiple errors made by a number of companies' (Ward and Crooks, 2016, p.17).