VIRTUAL UNIVERSITY OF PAKISTAN

# Organizational Behaviour

**MGT502**

*Course Handouts*

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# Organizational Behavior
# MGT502

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MGT - 502

ORGANIZATIONAL BEHAVIOR

**Lesson 1**

## OVERVIEW OF COURSE

This subject/course is designed to teach the basic language of organizational behavior to diverse audience/students, including those who are studying this as a supporting subject for their bachelor degree program. This course is designed to provide you the foundations of organizational behavior whether you intend to work in any field of interest.

Organizational behavior offers both challenges and opportunities for managers. It recognizes differences and helps managers to see the value of workforce diversity and practices that may need to be changed when managing in different countries. It can help improve quality and employee productivity by showing managers how to empower their people as well as how to design and implement change programs. It offers specific insights to improve a manager's people skills. In times of rapid and ongoing change, faced by most managers today, OB can help managers cope in a world of "temporariness" and learn ways to stimulate innovation. Finally, OB can offer managers guidance in creating an ethically healthy work climate.

Managers need to develop their interpersonal or people skills if they are going to be effective in their jobs. Organizational behavior (OB) is a field of study that investigates the impact that individuals, groups, and structure have on behavior within an organization, and then applies that knowledge to make organizations work more effectively. Specifically, OB focuses on how to improve productivity, reduce absenteeism and turnover, and increase employee citizenship and job satisfaction.

OB studies three determinants of behavior in organizations: individuals, groups, and structure. OB applies the knowledge gained about individuals, groups, and the effect of structure on behavior in order to make organizations work more effectively. OB is concerned with the study of what people do in an organization and how that behavior affects the performance of the organization. There is increasing agreement as to the components of OB, but there is still considerable debate as to the relative importance of each: motivation, leader behavior and power, interpersonal communication, group structure and processes, learning, attitude development and perception, change processes, conflict, work design, and work stress. Organizational behavior is a developing field of study, presenting new challenges to a manager's understanding of work behavior and the ability to manage it effectively. This course addresses the following points:

- Organizational behavior studies the factors that impact individual and group behavior in organizations and how organizations manage their environments. Organizational behavior provides a set of tools—theories and concepts—to understand, analyze, describe, and manage attitudes and behavior in organizations.
- The study of organizational can improve and change individual, group, and organizational behavior to attain individual, group, and organizational goals.
- Organizational behavior can be analyzed at three levels: the individual, the group, and the organization as a whole. A full understanding must include an examination of behavioral factors at each level.
- A manager's job is to use the tools of organizational behavior to increase effectiveness, an organization's ability to achieve its goal. Management is the process of planning, organizing, leading, and controlling an organization's human, financial, material, and other resources to increase its effectiveness.

Managers of organizational behavior face five challenges: using information technology to enhance

creativity and organizational learning, using human resources to gain a competitive advantage, developing an ethical organization, managing a diverse workforce, and managing organizational behavior internationally.

**What Is Organizational Behavior?**

> *Organizational Behavior is a field of study that investigates the impact that individuals, groups and structure have on behavior within organizations, for the purpose of applying such knowledge toward improving an organization's effectiveness.*

An organization is a collection of people who work together to achieve a wide variety of goals, both goals of the various individuals in the organization and goals of the organization as a whole. Organizations exist to provide goods and services that people want. These goods and services are the products of the behaviors of workers.

Organizational behavior is the study of the many factors that have an impact on how individuals and groups respond to and act in organizations and how organizations manage their environments.

Although many people assume that understanding human behavior in organizations is intuitive, many commonly held beliefs about behavior in organizations, such as the idea that a "happy worker is a productive worker," are either entirely false or true only in specific situations. The study of organizational behavior provides a set of tools—concepts and theories—that help people understand, analyze, and describe what goes on in organizations and why. How do the characteristics of individuals, groups, work situations, and the organization itself affect how members feel about their organization?

The ability to use the tools of organizational behavior to understand behavior in organizations is one reason for studying this subject. A second reason is to learn how to apply these concepts, theories, and techniques to improve behavior in organizations so that individuals, groups, and organizations can achieve their goals. Managers are challenged to find new ways to motivate and coordinate employees to ensure that their goals are aligned with organizational goals.

**Forces Reshaping the Process of Management**

An understanding of organizational behavior is important to managers, who have the responsibility of improving organizational effectiveness, the ability of an organization to achieve goals. A goal is a desired future outcome that an organization seeks to achieve.

In the last 10 years, the challenges facing managers in effectively utilizing human resources and managing organizational behavior have increased. These challenges stem from changing forces in the technological, global, and social or cultural environments.

Organizations can obtain a competitive advantage, a way of outperforming other organizations providing similar goods and services. They can pursue any or all of the following goals: increase efficiency, increase quality; increase innovation and creativity; and increase responsiveness to customers.

Organizational efficiency is increased by reducing the amount of resources, such as people or raw materials, needed to produce a quantity of goods or services. Organizations try to find better ways to utilize and increase the skills and abilities of their workforce. Cross training workers to perform different tasks and finding new ways of organizing workers to use their skills more efficiently improve efficiency. The global competitive challenge facing organizations is to invest in the skills of the workers because better-trained workers make better use of technology. Increased competition has also put pressure on companies to increase the quality of the goods and services they provide. One approach to increasing quality is called Total Quality Management (TQM), a technique borrowed from the Japanese. TQM involves a whole new philosophy of managing behavior in organizations and includes elements like giving workers the responsibility for finding ways to do their jobs more efficiently and ways to improve quality.

An organization's ethics are rules, beliefs, and values that outline ways in which managers and workers should behave when confronted with a situation that may help or harm other people inside or outside an organization. Ethical behavior enhances the well-being (the happiness, health, and prosperity) of individuals, groups, organizations, and the organizational environment. Ethics establish the goals and behaviors appropriate to the organization. Many organizations have the goal of making a profit, to be able to pay workers, suppliers, and shareholders. Ethics specifies what actions an organization should take to make a profit and what limits should be put on organizations and their managers to prevent harm.

The challenge of managing a diverse workforce increases as organizations expand their operations internationally. There are several issues that arise in the international arena. First, managers must understand cultural differences to interact with workers and associates in foreign countries. Understanding the differences between national cultures is important in any attempt to manage behavior in global organizations to increase performance.

Second, the management functions of planning, organizing, leading, and controlling become more complex in a global environment. Planning requires coordination between managers in the home country and those abroad. Organizing, the allocation of decision-making authority and responsibility between headquarters and the foreign country is a significant function of global managers. Leading requires managers to tailor their leadership styles to suit differences in the attitudes and values of foreign workers. Controlling involves establishing the evaluation, reward, and promotion policies of the organization and training and developing a globally diverse workforce.

**Why Do We Study OB?**

Following are the reasons to study organizational behavior:

- To learn about yourself and how to deal with others
- You are part of an organization now, and will continue to be a part of various organizations
- Organizations are increasingly expecting individuals to be able to work in teams, at least some of the time
- Some of you may want to be managers or entrepreneurs

**The importance of studying organizational behavior (OB)**

OB applies the knowledge gained about individuals, groups, and the effect of structure on behavior in order to make organizations work more effectively. It is concerned with the study of what people do in an organization and how that behavior affects the performance of the organization. There is increasing agreement as to the components of OB, but there is still considerable debate as to the relative importance of each: motivation, leader behavior and power, interpersonal communication, group structure and processes, learning, attitude development and perception, change processes, conflict, work design, and work stress. It is also important because it focus on the following areas.

- OB is a way of thinking.
- OB is multidisciplinary.
- There is a distinctly humanistic orientation with OB.
- The field of OB is performance oriented.
- The external environment is seen as having significant impact on OB.

**Contributing Disciplines to the OB Field**

Organizational behavior is an applied behavioral science that is built upon contributions from a number of behavioral disciplines. The predominant areas are psychology, sociology, social psychology, anthropology, and political science.

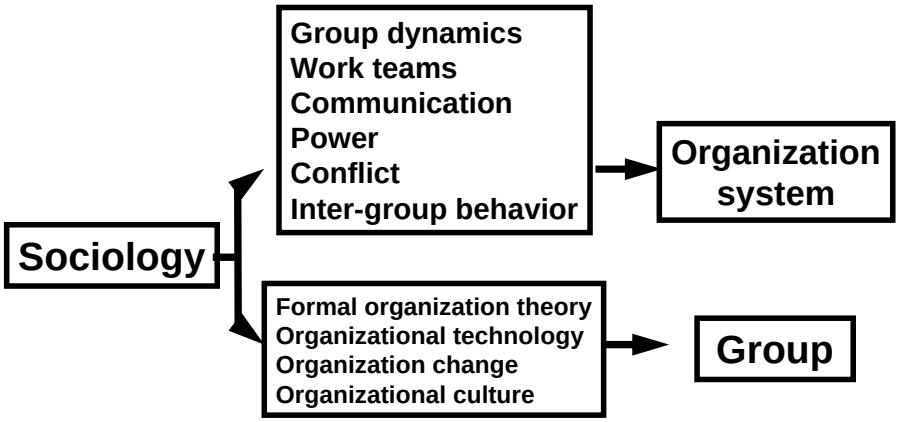
**Psychology:**

Psychology is the science that seeks to measure, explain, and sometimes change the behavior of humans and other animals.



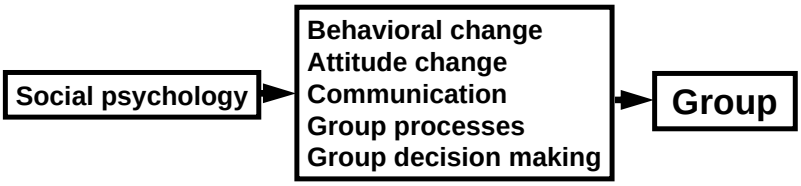

**Sociology**

Sociologists study the social system in which individuals fill their roles; that is, sociology studies people in relation to their fellow human beings.



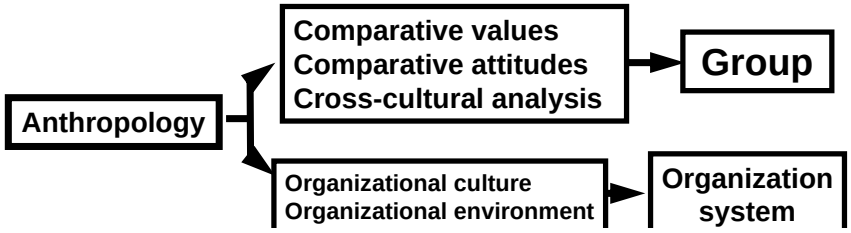

**Social Psychology**

An area within psychology that blends concepts from psychology and sociology and that focuses on the influence of people on one another.



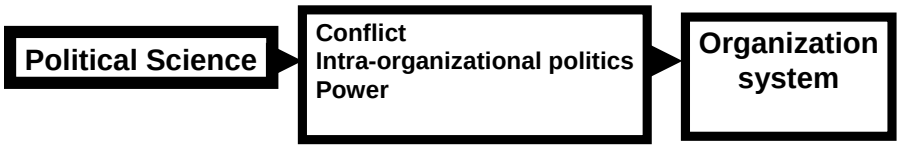

**Anthropology**

The study of societies to learn about human beings and their activities

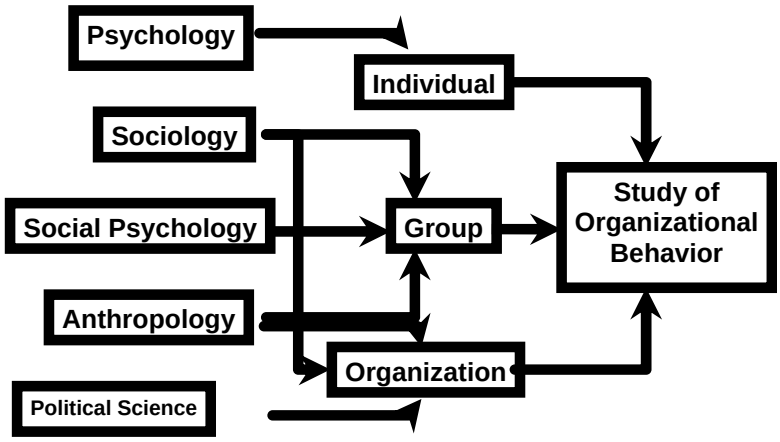


**Political Science**

The study of the behavior of individuals and groups within a political environment




**Organization Behavior**



**Lesson 2**

# ORGANIZATIONAL BEHAVIOR

**Overview**

In last lecture we tried to understand the term of organizational behavior its need and its impact on the organization. The focus in this discussion is to have concept of about different core concepts of the organizational behavior and the increasingly important role of this subject in the ever-changing domestic and global business environment Today we will be covering following topics:

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**Course Structure of OB**

- ***Basic OB model***
- **What managers do**
- **Management Functions**
- **New management Functions**
- **Management Roles**

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**Course Structure of OB**

We will cover following topics in our coming lectures:

**Part I: The Individual**

- Ability & Learning
- Values, Attitudes and Job Satisfaction
- Personality & Emotions
- Perception & Individual Decision Making
- Basic Motivation Concepts
- Motivation and its Applications

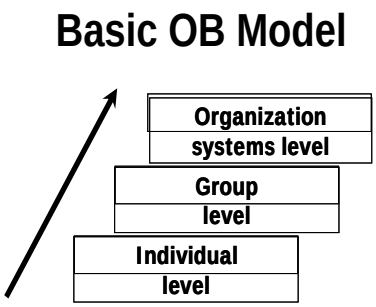
**Part-II The Group**

- Foundation of Group Behavior
- Group and Team Work
- Functions of Communication
- Basic Approaches to Leadership
- Contemporary Issues in Leadership
- Power and Politics
- Conflict and Negotiation

**Part-III The Organization System**

- Organizational Structure
- Work design and Technology
- HR Policies and Practices
- Organizational Culture
- Organizational Change
- Stress Management

**Model of OB**




***Organizational behavior tools to understand and alter behavior can be examined at three levels of analysis—individual, group, and organizational.***

These factors include personality and ability, attitudes and values, perception and attribution, learning, motivation, stress, and work/life linkages.

Individual differences can be divided into personality and ability differences. Understanding the nature, determinants, and consequences of individual differences is essential for managing organizational behavior. An appreciation of the nature of individual differences is necessary to understand why people behave in certain ways in an organization.

*Group:* **group** is defined as a collection of two or more people who interact together to achieve their goals. A **team** is a group in which members work together intensively to achieve a common goal.
Work groups are the basic building blocks of an organization. Work groups use roles, rules, and norms to control their members' behavior, and they use several socialization tactics to turn newcomers into effective group members. Groups contribute to organizational effectiveness when group goals are aligned with organizational goals.

*Organization. O*rganizational structure and culture affect performance and how the changing global environment, technology, and ethics impact work attitudes and behavior.
Organizational structure and culture affect how people and groups behave in an organization. Together they provide a framework that shapes attitudes, behaviors, and performance. Organizations need to create a structure and culture that allow them to manage individuals and inter-group relations effectively.

**What Managers Do?**

An understanding of organizational behavior is important to managers, who have the responsibility of improving organizational effectiveness, the ability of an organization to achieve goals. A goal is a desired future outcome that an organization seeks to achieve.

A **manager** supervises one or more subordinates. Managers include CEOs, who head *top-management teams* of high-ranking executives responsible for planning strategy to achieve top-level managers might be responsible for thousands of workers. But managers are also found throughout the lower levels of organizations and often are in charge of just a few subordinates. All managers face the challenge of helping the organization achieve its goals. Knowledge of organizational behavior increases effectiveness by providing managers with a set of tools. Managers can raise a worker's self-esteem and increase worker productivity by changing the reward system or the job design.
Top-level managers might be responsible for thousands of workers. But managers are also found throughout the lower levels of organizations and often are in charge of just a few subordinates. All managers face the challenge of helping the organization achieve its goals. Knowledge of organizational behavior increases effectiveness by providing managers with a set of tools. Managers can raise a worker's self-esteem and increase worker productivity by changing the reward system or the job design.

**Management Functions**

**Management** is the process of planning, organizing, leading, and controlling an organization's human, financial, and material resources to increase its effectiveness.
In **planning**, managers establish their organization's strategy, in other words, how best to allocate and use resources to achieve organizational goals. Much uncertainty and risk surround the decisions of managers during planning, and an understanding of organizational behavior can improve the quality of decision making, increase success, and lower risk.

In **organizing**, managers establish a structure of relationships that dictate how members of an organization work together to achieve organizational goals. Organizing involves grouping workers into departments, groups, and teams based on the tasks they perform. Organizational behavior offers guidelines on how to organize employees to make the best use of their capabilities and enhance communication and coordination.

When **leading**, managers encourage workers to do a good job and coordinate individual and groups so that all organizational members are working toward organizational goals. The study of different leadership methods

and how to match leadership styles to the characteristics of the organization is a major concern of organizational behavior.

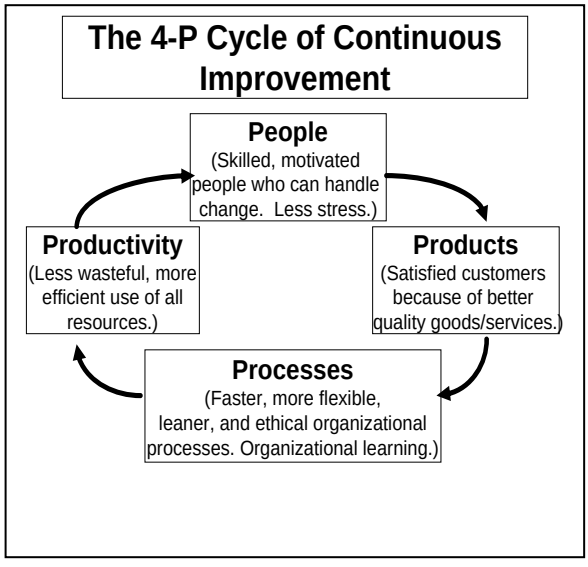
When **controlling,** managers monitor and evaluate individual, group, and organizational performance to see whether organizational goals are being achieved. Knowledge of organizational behavior allows managers to understand and accurately diagnose work situations and pinpoint the need for corrective action or strive to maintain and improve performance. Several processes at the individual or group levels (e.g., personality conflicts, poor job design) may cause poor performance.
Managers perform their four functions by assuming a number of roles in organizations. A **role** is a set of behaviors or tasks a person is expected to perform because of the position she or he holds in a group or organization.

**New Management Functions**




Organizational efficiency is increased by reducing the amount of resources, such as people or raw materials, needed to produce a quantity of goods or services. Organizations try to find better ways to utilize and increase the skills and abilities of their workforce. Cross training workers to perform different tasks and finding new ways of organizing workers to use their skills more efficiently improve efficiency. The global competitive challenge facing organizations is to invest in the skills of the workers because better-trained workers make better use of technology. Global pressures have forced organizations to find new ways to increase efficiency.
Increased competition has also put pressure on companies to increase the quality of the goods and services they provide. One approach to increasing quality is called Total Quality Management (TQM), a technique borrowed from the Japanese. TQM involves a whole new philosophy of managing behavior in organizations and includes elements like giving workers the responsibility for finding ways to do their jobs more efficiently and ways to improve quality.

Companies have historically shown the most innovation, defined "as the process of bringing any new problem-solving ideas into use." Ideas for reorganizing, cutting costs, putting in new budgeting systems, improving communications, or assembling products in teams are also innovations. Understanding how to manage innovation and creativity is challenging to managers face because creative people are difficult to manage. To encourage innovation, the manager must allow workers freedom (e.g., the use of independent teams) and foster a culture that rewards risk taking. Although all organizations compete for customers, service organizations in particular need to be responsive to customer needs. Because the economy is becoming more and more service based, this is an increasingly important issue.



**Management Roles**

Managers can use their understanding of organizational behavior to improve their management skills. A **skill** is an ability to act in a way that allows a person to perform highly in her or his role. Managers need three types of skills: **conceptual skills** to analyze and diagnose a situation to distinguish between cause and effect; **human skills** to understand, work with, lead, and control the behavior of individuals and groups; and **technical skills**, job-specific knowledge and techniques required to perform an organizational role.

Effective managers need all three types of skills—conceptual, human, and technical. For example, entrepreneurs often are technically skilled but lack conceptual and human skills. Scientists who become managers have technical expertise, but low levels of human skills.
The ten roles can be grouped as being primarily concerned with interpersonal relationships, the transfer of information, and decision making.

1. **Interpersonal roles**

- Figurehead—duties that are ceremonial and symbolic in nature
- Leadership—hire, train, motivate, and discipline employees
- Liaison—contact outsiders who provide the manager with information. These may be individuals or groups inside or outside the organization.

2. **Informational Roles**

- Monitor—collect information from organizations and institutions outside their own
- Disseminator—a conduit to transmit information to organizational members
- Spokesperson—represent the organization to outsiders

3. **Decisional Roles**

- Entrepreneur—managers initiate and oversee new projects that will improve their organization's performance
- Disturbance handlers—take corrective action in response to unforeseen problems
- Resource allocators—responsible for allocating human, physical, and monetary resources
- Negotiator role—discuss issues and bargain with other units to gain advantages for their own unit

**Management Skills**

Robert Katz has identified three essential management skills: technical, human, and conceptual.

1. **Technical Skills**
   - The ability to apply specialized knowledge or expertise. All jobs require some specialized expertise, and many people develop their technical skills on the job.
2. **Human Skills**
   - The ability to work with, understand, and motivate other people, both individually and in groups, describes human skills.
     Many people are technically proficient but interpersonally incompetent
3. **Conceptual Skills**
   1. The mental ability to analyze and diagnose complex situations
   2. Decision making, for example, requires managers to spot problems, identify alternatives that can correct them, evaluate those alternatives, and select the best one.

**Skills Exhibited by an Effective Manager**

1. Clarifies goals and objectives for everyone involved
2. Encourages participation, upward communication, and suggestions
3. Plans and organizes for an orderly work flow
4. Has technical and administrative expertise to answer organization-related questions
5. Facilitates work through team building, training, coaching and support

6. Provides feedback honestly and constructively
7. Keeps things moving by relying on schedules, deadlines, and helpful reminders
8. Controls details without being over-bearing
9. Applies reasonable pressure for goal accomplishment
10. Empowers and delegates key duties to others while maintaining goal clarity and commitment
11. Recognizes good performance with rewards and positive reinforcement

**Evolution of the 21st-Century Manager**

| | Past Managers | Today's Managers |
|---|---|---|
| • **Primary Role** | Order giver, privileged elite, manipulator, controller | Facilitator, team member, teacher, advocate, sponsor |
| • **Learning & Knowledge** | Periodic learning, narrow specialist | Continuous life-long learning, generalist with multiple specialties |
| • Compensation **Criteria** | Time, effort, rank | Skills, results |
| • **Cultural Orientation** | Monocultural, monolingual | Multicultural, multilingual |

**Lesson 3**

## ORGANIZATIONS: THE IMPORTANT COMPONENT

**Overview**

- Organizational structure and culture affect how people and groups behave in an organization. Together they provide a framework that shapes attitudes, behaviors, and performance. Organizations need to create a structure and culture that allow them to manage individuals and inter-group relations effectively.

- Organizational structure is the formal system of task and reporting relationships that controls, coordinates, and motivates employees so that they cooperate and work together to achieve an organization's goals. Differentiation and integration are the basic building blocks of organizational structure.

- The main structures that organizations use to differentiate their activities and to group people into functions or divisions are functional, product, market, geographic, matrix, network, and virtual structures. Each of these is suited to a particular purpose and has specific coordination and motivation advantages and disadvantages.

- As organizations grow and differentiate, problems of integrating activities between functions and divisions arise. Organizations can use the hierarchy of authority, mutual adjustment, standardization, and new information technology to increase integration.
- To integrate their activities, organizations develop a hierarchy of authority and decide how to allocate decision-making responsibility. Two important choices are how many levels to have in the hierarchy and how much authority to decentralize to managers throughout the hierarchy and how much to retain at the top.

- To promote integration, organizations develop mechanisms for promoting mutual adjustment (the ongoing informal communication and interaction among people and functions). Mechanisms that facilitate mutual adjustment include direct contact, liaison roles, teams and task forces, cross-functional teams and cross-functional team structures, integrating roles, and matrix structures.

- Organizations that use standardization to integrate their activities develop performance programs that specify how individuals and functions are to coordinate their actions to accomplish organizational objectives. Organizations can standardize their input, throughput, and output activities.
- Organizational culture is the set of informal values and norms that control the way individuals and groups interact with each other and with people outside the organization. Organizational cultures are collections of two kinds of values: terminal and instrumental. Norms encourage members to help adopt organizational values and behave in certain ways as they pursue organizational goals.

- The values of the founder of the organization and the ethical values the organization develops to inform its employees about appropriate ways to behave have a significant impact on organizational culture. Strong cultures have cohesive sets of values and norms that bind organizational members together and foster commitment from employees to achieve organizational goals. Strong cultures can be built through an organization's socialization process and from the informal ceremonies, rites, stories, and language that develop in an organization over time.

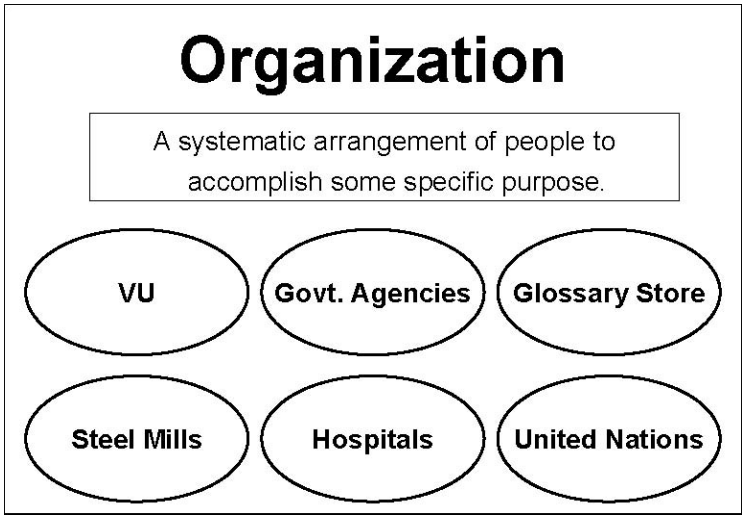
### What is organization?

A consciously coordinated social unit composed of two or more people, those functions on a relatively continuous basis to achieve a common goal or set of goals. Organizational structure is used manage

individuals and inter-group relations effectively, particularly between different functions and divisions. It describes how managers group people and resources, integrate people and groups to stimulate them to work together, and how organizational values and norms influence inter-group relationships and organizational effectiveness.

Managers try to: encourage employees to work hard, develop supportive work attitudes, and allow people and groups to cooperate and work together effectively. An organization's structure and culture affect the way people and groups behave. Organizational structure is the formal system of task and reporting relationships that controls, coordinates, and motivates employees so they cooperate and work together to achieve organizational goals. Organizations are

*Social entities*
*Goal oriented*
*Deliberately structured*
*Linked to the external environment*




**Components of an Organization**

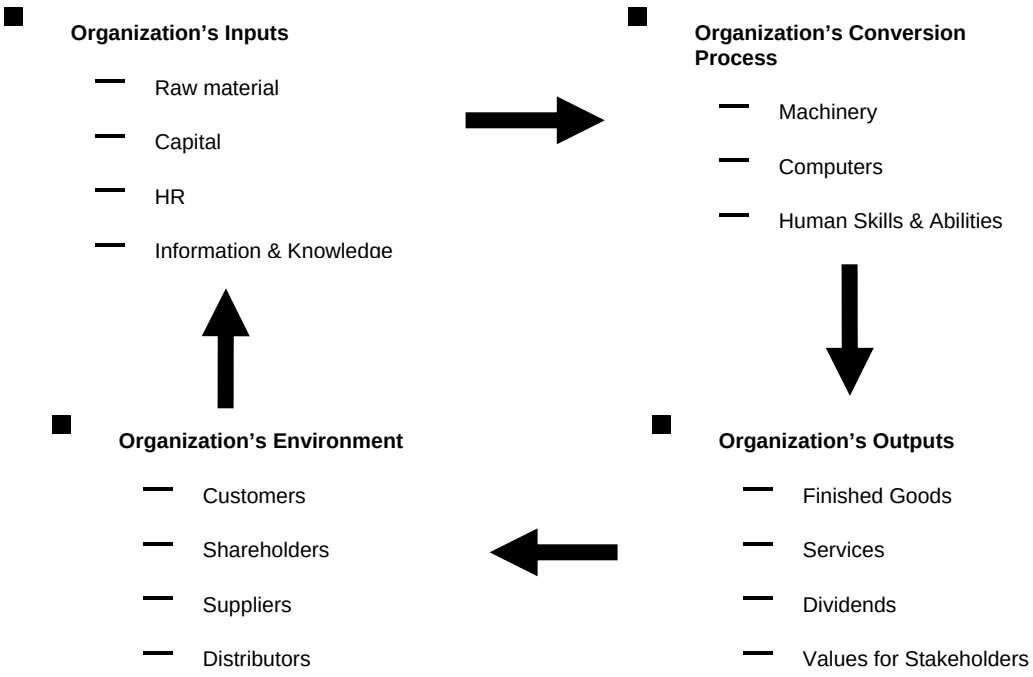
The environment influences organizational design. When uncertainty exists, the ability to respond quickly and creatively is important; when the environment is stable, an organization improves performance by making attitudes and behaviors predictable. Creativity and predictability are fostered by certain structures and cultures.

| | |
|---|---|
| Task - | an organization's mission, purpose, or goal for existing |
| People - | the human resources of the organization |
| Structure - | the manner in which an organization's work is designed at the micro level; how departments, divisions, & the overall organization are designed at the macro level |
| Technology - | the intellectual and mechanical processes used by an organization to transform inputs into products or services that meet |

**Formal vs. Informal Organization**

| | |
|---|---|
| Formal Organization - | the part of the organization that has legitimacy and official recognition |
| Informal Organization - | the unofficial part of the organization |

**How does an Organization Create Value?**




**Why do Organizations Exist?**

- To increase specialization and division of labor
- Use large-scale technology
- Manage the external environment
- Economize on transaction costs
- Exert power and control

**Factors Affecting Organizations**

- Organizational Environment
- Technological Environment

**Organizational Process**

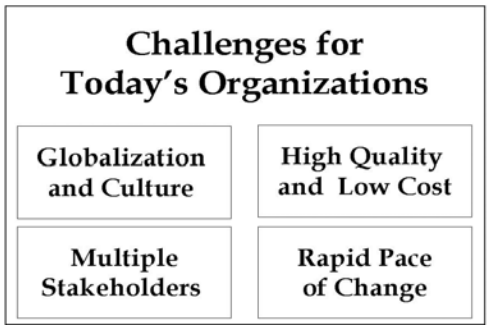
The organizational environment is the set of resources surrounding an organization, including inputs (e.g., raw materials and skilled employees); resources to transform inputs (e.g., computers, buildings, and machinery); and resources (e.g., customers) Organizations compete for the scarce, needed resources. There is much uncertainty about obtaining needed resources. Organizations design their structures and cultures in ways to secure and protect needed resources. Technology is the second design contingency an organization faces. Technology refers to the combination of human resources (skills, knowledge abilities, and techniques) and raw materials and equipment (machines, computers, and tools) that workers use to convert raw materials into goods and services. Each job is part of an organization's technology. An organization must design its structure and culture to allow for the operation of technology. Organizational processes develop plans of actions for competing successfully by obtaining resources and outperforming competitors. These plans of actions are strategies. To attract customers, for example, organizations can pursue the following strategies.

**Organizational change**

Organizational change is an ongoing process that has important implications for organizational performance and for the well-being of an organization's members. An organization and its members must be constantly on the alert for changes from within the organization and from the outside

environment and they must learn how to adjust to change quickly and effectively. Often, the revolutionary types of change that result from restructuring and reengineering are necessary only because an organization and its managers ignored or were unaware of changes in the environment and did not make incremental changes as needed. The more an organization changes, the easier and more effective the change process becomes. Developing and managing a plan for change are vital to an organization's success.

**Globalization and Culture**




Understanding and managing global organizational behavior begins with understanding the nature of the differences between national cultures and then tailoring an organization's strategy and structure so that the organization can manage its activities as it expands abroad. To succeed, global companies must help their managers develop skills that allow them to work effectively in foreign contexts and deal with differences in national culture. A global organization is an organization that produces or sells goods or services in more than one country. Global companies treat the world as one large market. The presence of organizations in countries other than their home country is so common that local people assume they are domestic companies. Organizations expand globally to gain access to resources as inputs and to sell outputs. Labor costs are lower in many other countries, and raw materials can be obtained more cheaply, due to lower labor costs. Companies seek the expertise found in other countries (e.g., the design skills of Italian automakers or the engineering skills of German companies). Customers are a resource that motivates companies to expand globally. To operate abroad, to obtain inputs or customers, an organization must understand differences in national cultures. A national culture is a set of economic, political, and social values in a particular nation. People who move to a foreign country feel confused and bewildered by the country's customs and will have difficulty adapting. This is known as culture shock. Culture shock can include homesickness, and citizens living abroad tend to buy national newspapers or frequent stores or restaurants similar to those in the home country.

High Quality and Low Cost Technology is changing people's jobs and their work behavior. Quality management and its emphasis on continuous process improvement can increase employee stress as individuals find that performance expectations are constantly being increased. Process reengineering is eliminating millions of jobs and completely reshaping the jobs of those who remain, and mass customization requires employees to learn new skills.

The e-organization, with its heavy reliance on the Internet, increases potential workplace distractions. Managers need to be particularly alert to the negative effects of cyber-loafing. In addition, the e-org will rely less on individual decision making and more on virtual-team decision making. Probably the most significant influence of the e-organization is that it is rewriting the rules of communication. Traditional barriers are coming down, replaced by networks that cut across vertical levels and horizontal units.

An understanding of work design can help managers design jobs that positively affect employee motivation. For instance, jobs that score high in motivating potential increase an employee's control over key elements in his or her work. Therefore, jobs that offer autonomy, feedback, and similar complex task characteristics help to satisfy the individual goals of employees who desire greater control over their work. Of course, consistent with the social information-processing model, the perception that task characteristics are complex is probably more important in influencing an employee's motivation than the objective task characteristics themselves. The key, then, is to provide employees with cues that suggest that their jobs score high on factors such as skill variety, task identity, autonomy, and feedback. Workspace design variables such as size, arrangement, and privacy have implications for communication, status, socializing, satisfaction, and productivity. For instance, an enclosed office typically conveys more status than an open cubicle, so employees with a high need for status might find an enclosed office increases their job satisfaction.

**Multiple Stakeholders**

Organizations expand globally to gain access to the valuable resources found throughout the world. Global expansion also provides an enlarged customer base and the opportunity for greater profit. As to the effect of culture on the decision where to expand, organizations tend to expand into countries with a similar national culture. This results in the least amount of conflict. The cost of expansion is an important factor and may ultimately drive the decision-making process. The ability to compromise in terms of culture is important. Organizations can make use of electronic communication media, global networks, and global teams to develop and transmit a strong global culture. Technologies assist in the communication of norms and values while global networks (and teams) socialize managers into these values and norms. Transferring managers between subsidiaries enables them to internalize norms and values. Organizations need strong and clear top-management norms and values, communicated from the top down. Managing global organizations shares some of the challenges inherent in managing domestic operations. Differences in cultures add to the difficulty of managing global organizations. Given today's increasingly global environment, most managers will need to enter the global environment where they will experience these additional challenges.

**Rapid Pace of Change**

The need for change has been implied throughout this text. "A casual reflection on change should indicate that it encompasses almost all our concepts in the organizational behavior literature. Think about leadership, motivation, organizational environment, and roles. It is impossible to think about these and other concepts without inquiring about change."

If environments were perfectly static, if employees' skills and abilities were always up to date and incapable of deteriorating, and if tomorrow were always exactly the same as today, organizational change would have little or no relevance to managers. The real world, however, is turbulent, requiring organizations and their members to undergo dynamic change if they are to perform at competitive levels.

Managers are the primary change agents in most organizations. By the decisions they make and their role-modeling behaviors, they shape the organization's change culture. For instance, management decisions related to structural design, cultural factors, and human resource policies largely determine the level of innovation within the organization. Similarly, management decisions, policies, and practices will determine the degree to which the organization learns and adapts to changing environmental factors.

We found that the existence of work stress, in and of itself, need not imply lower performance. The evidence indicates that stress can be either a positive or negative influence on employee performance. For many people, low to moderate amounts of stress enable them to perform their jobs better by increasing their work intensity, alertness, and ability to react. However, a high level of stress, or even a moderate amount sustained over a long period of time, eventually takes its toll and performance declines. The impact of stress on satisfaction is far more straightforward. Job-related tension tends to decrease general job satisfaction. Even though low to moderate levels of stress may improve job performance, employees find stress dissatisfying.

**Lesson 4**

## UNDERSTANDING THE BASICS OF HUMAN BEHAVIOR

### Overview

- Organizational behavior is not a designated function or area. Rather, it is a perspective or set of tools that all managers can use to carry out their jobs more effectively.

- The ability to use the tools of organizational behavior to understand behavior in organizations is one reason for studying this topic. A second reason is to learn how to apply these concepts, theories, and techniques to improve behavior in organizations so that individuals, groups, and organizations can achieve their goals. Managers are challenged to find new ways to motivate and coordinate employees to ensure that their goals are aligned with organizational goals.

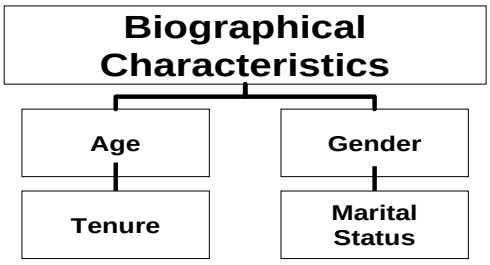
- A manager supervises one or more subordinates. Managers include CEOs, who head top-management teams of high-ranking executives responsible for planning strategy to achieve top-level managers might be responsible for thousands of workers. But managers are also found throughout the lower levels of organizations and often are in charge of just a few subordinates. All managers face the challenge of helping the organization achieve its goals. Knowledge of organizational behavior increases effectiveness by providing managers with a set of tools. Managers can raise a worker's self-esteem and increase worker productivity by changing the reward system or the job design.

### Understanding the Basics of Human Behavior

An organization's human resource policies and practices represent important forces for shaping employee behavior and attitudes. In this chapter, we specifically discussed the influence of selection practices, training and development programs, performance evaluation systems, and the existence of a union. Human resource policies and practice influence organizational effectiveness. Human resource management includes: employee selection, training performance management, and union-management relations and how they influence organizations effectiveness.

### Biographical Characteristics

1. Finding and analyzing the variables that have an impact on employee productivity, absence, turnover, and satisfaction is often complicated.
2. Many of the concepts—motivation, or power, politics or organizational culture—are hard to assess.
3. Other factors are more easily definable and readily available—data that can be obtained from an employee's personnel file and would include characteristics such as:




- Age
- Gender
- Marital status
- Length of service, etc.

**A. Age**

**1.** The relationship between age and job performance is increasing in importance.
- First, there is a widespread belief that job performance declines with increasing age.
- Second, the workforce is aging; workers over 55 are the fastest growing sector of the workforce.

**2.** Employers' perceptions are mixed.
- They see a number of positive qualities that older workers bring to their jobs, specifically experience, judgment, a strong work ethic, and commitment to quality.
- Older workers are also perceived as lacking flexibility and as being resistant to new technology.

- Some believe that the older you get, the less likely you are to quit your job. That conclusion is based on studies of the age-turnover relationship.

3. It is tempting to assume that age is also inversely related to absenteeism.
   - Most studies do show an inverse relationship, but close examination finds that the age-absence relationship is partially a function of whether the absence is avoidable or unavoidable.
   - In general, older employees have lower rates of avoidable absence. However, they have higher rates of unavoidable absence, probably due to their poorer health associated with aging and longer recovery periods when injured.
4. There is a widespread belief that productivity declines with age and that individual skills decay over time.
   - Reviews of the research find that age and job performance are unrelated.
   - This seems to be true for almost all types of jobs, professional and nonprofessional.
5. The relationship between age and job satisfaction is mixed.
   - Most studies indicate a positive association between age and satisfaction, at least up to age 60.
   - Other studies, however, have found a U-shaped relationship. When professional and nonprofessional employees are separated, satisfaction tends to continually increase among professionals as they age, whereas it falls among nonprofessionals during middle age and then rises again in the later years.

**B. Gender**

1. There are few, if any, important differences between men and women that will affect their job performance, including the areas of:
   - Problem-solving
   - Analytical skills
   - Competitive drive
   - Motivation
   - Sociability
   - Learning ability
2. Women are more willing to conform to authority, and men are more aggressive and more likely than women to have expectations of success, but those differences are minor.
3. There is no evidence indicating that an employee's gender affects job satisfaction.
4. There is a difference between men and women in terms of preference for work schedules.
   - Mothers of preschool children are more likely to prefer part-time work, flexible work schedules, and telecommuting in order to accommodate their family responsibilities.
5. Absence and turnover rates
   - Women's quit rates are similar to men's.
   - The research on absence consistently indicates that women have higher rates of absenteeism.
   - The logical explanation: cultural expectation that has historically placed home and family responsibilities on the woman.

**C. Marital Status**

1. There are not enough studies to draw any conclusions about the effect of marital status on job productivity.
2. Research consistently indicates that married employees have fewer absences, undergo fewer turnovers, and are more satisfied with their jobs than are their unmarried coworkers.
3. More research needs to be done on the other statuses besides single or married, such as divorce, domestic partnering, etc..

**D. Tenure**

1. The issue of the impact of job seniority on job performance has been subject to misconceptions and speculations.

2. Extensive reviews of the seniority-productivity relationship have been conducted:
   - There is a positive relationship between tenure and job productivity.
   - There is a negative relationship between tenure to absence.
   - Tenure is also a potent variable in explaining turnover.
   - Tenure has consistently been found to be negatively related to turnover and has been suggested as one of the single best predictors of turnover.
   - The evidence indicates that tenure and satisfaction are positively related.

Individual differences can be divided into personality and ability differences. Understanding the nature, determinants, and consequences of individual differences is essential for managing organizational behavior. An appreciation of the nature of individual differences is necessary to understand why people behave in certain ways in an organization.

1. Organizational outcomes predicted by personality include job satisfaction, work stress, and leadership effectiveness. Personality is not a useful predictor of organizational outcomes when there are strong situational constraints. Because personality tends to be stable over time, managers should not expect to change personality in the short run. Managers should accept workers' personalities as they are and develop effective ways to deal with people.
2. Feelings, thoughts, attitudes, and behaviors in an organization are determined by the interaction of personality and situation.
3. The Big Five personality traits are extraversion (positive affectivity), neuroticism (negative affectivity), agreeableness, conscientiousness, and openness to experience. Other personality traits particularly relevant to organizational behavior include locus of control, self-monitoring, self-esteem, Type A and Type B personality, and the needs for achievement, affiliation, and power.
4. In addition to possessing different personalities, workers also differ in their abilities, or capabilities. The two major types of ability are cognitive and physical ability.
5. Types of cognitive ability can be arranged in a hierarchy with general intelligence at the top. Specific types of cognitive include: verbal, numerical, reasoning, deductive, ability to see relationships, memory, spatial, and perceptual.
6. There are two types of physical ability: motor skills (the ability to manipulate objects) and physical skills (a person's fitness and strength).
7. Both nature and nurture contribute to determining physical and cognitive ability. A third, recently identified, ability is emotional intelligence.
8. In organizations, ability can be managed by selecting individuals who have the abilities needed to accomplish tasks, placing workers in jobs that capitalize on their abilities, and training workers to enhance their ability levels.

**The Ability-Job Fit**

1. Employee performance is enhanced when there is a high ability-job fit.
2. The specific intellectual or physical abilities required depend on the ability requirements of the job. For example, pilots need strong spatial-visualization abilities.
3. Directing attention at only the employee's abilities, or only the ability requirements of the job, ignores the fact that employee performance depends on the interaction of the two.
4. When the fit is poor employees are likely to fail.
5. When the ability-job fit is out of sync because the employee has abilities that far exceed the requirements of the job, performance is likely to be adequate, but there will be organizational inefficiencies and possible declines in employee satisfaction.
6. Abilities significantly above those required can also reduce the employee's job satisfaction when the employee's desire to use his or her abilities is particularly strong and is frustrated by the limitations of the job.

**Lesson 5**

## INDIVIDUAL DIFFERENCES: ABILITIES AND PERFORMANCE

### Overview

Understanding and managing global organizational behavior begins with understanding the nature of the differences between national cultures and then tailoring an organization's strategy and structure so that the organization can manage its activities as it expands abroad. To succeed, global companies must help their managers develop skills that allow them to work effectively in foreign contexts and deal with differences in national culture.

- A global organization is an organization that produces or sells goods or services in more than one country.
- To exploit the advantages of the global environment, an organization has to manage activities at the raw-materials, intermediate-manufacturing, assembly, distribution, and final-customer stages. Methods an organization can use to control these activities include exporting, licensing, joint ventures, and wholly owned foreign subsidiaries.
- Global learning is learning how to manage suppliers and distributors and to respond to the needs of customers all over the world.
- There are three principal strategies that global organizations can use to manage global expansion, each of which is associated with a type of global organizational structure: an international strategy and international divisional structure, and a transnational strategy and global matrix structure. The more complex the strategy, the greater is the need to integrate the global organizational structure, and the stronger the global culture needs to be.
- All the challenges associated with understanding and managing individual and group behavior that are found at a domestic level, such as motivating and leading workers and managing groups and teams, are found at a global level. Expatriate managers must adapt their management styles to suit differences in national culture if they are to be effective.

### Implications of globalization:

Following are the implications of globalizations:

- New organizational structures
- Different forms of communication
- More competition, change, mergers, downsizing, stress
- Need more sensitivity to cultural differences

Organizations expand globally to gain access to resources as inputs and to sell outputs. Labor costs are lower in many other countries, and raw materials can be obtained more cheaply, due to lower labor costs. Companies seek the expertise found in other countries (e.g., the design skills of Italian automakers or the engineering skills of German companies). Customers are a resource that motivates companies to expand globally.

To operate abroad, to obtain inputs or customers, an organization must understand differences in national cultures. A national culture is a set of economic, political, and social values in a particular nation. Global organizations must recognize expressions of cultural values, such as ceremonies, stories, and symbols or face the wrath of local people. People from different countries have nonverbal communication difficulties because of different traditions.

Competition is everywhere in today's global environment. Organizations compete with foreign competitors at home and abroad. The world is viewed as a single market, with countries as subparts of that market. Organizations must develop strategies, structures, and cultures to compete successfully in a global environment.

The challenge of managing a diverse workforce increases as organizations expand their operations

internationally. There are several issues that arise in the international arena. First, managers must understand cultural differences to interact with workers and associates in foreign countries. Americans have an individualistic orientation, whereas the Japanese have a collectivist orientation. Understanding the differences between national cultures is important in any attempt to manage behavior in global organizations to increase performance.

**Managing a Diverse Workforce**

The workforce has become increasingly diverse, with higher percentages of women and minorities entering and advancing in organizations. By the year 2005, African Americans and Hispanics will compose over 25 percent of the workforce whereas the percentage of white males will decrease from 51 percent to 44 percent of the workforce. Increasing diversity, or differences resulting from age, gender, race ethnicity, religion, sexual orientation, and socioeconomic background, represents a major challenge for managers. Members of a group who are very diverse are likely to have different experiences, assumptions, and values, and could respond to work situations in very different ways. Managers face three challenges as a result of increased workforce diversity: fairness and justice, decision making and performance, and flexibility.

**Following and the challenges for the organization by Increasing Diversity in today's organizations:**

- Changing workforce demographics
- Competitive pressures
- Rapid growth in International business
- More women in workforce and professions
- Diversity has advantages, but firms need to adjust through:
  - cultural awareness
  - family-friendly
  - empowerment

**Technology**

Technology is changing people's jobs and their work behavior. Quality management and its emphasis on continuous process improvement can increase employee stress as individuals find that performance expectations are constantly being increased. Process reengineering is eliminating millions of jobs and completely reshaping the jobs of those who remain, and mass customization requires employees to learn new skills. We defined the term *technology* earlier to mean "how an organization transfers its inputs into outputs." Today it is also widely used to describe machinery and equipment that use sophisticated electronics and computers to produce those outputs. The common theme of these technologies is that they substitute for human labor in the transformation of inputs into outputs. This has been happening since the mid 1800s. We are concerned about the behavior of people at work—it is important to discuss how recent advances in technology are changing the work place and the work lives of employees.

**Ethics**

Moral principles/values -- determines whether actions are right/wrong and outcomes are good/bad.

**Ethical behavior**

- **"Good" and "right" as opposed to "bad" or "wrong" in a particular setting.**

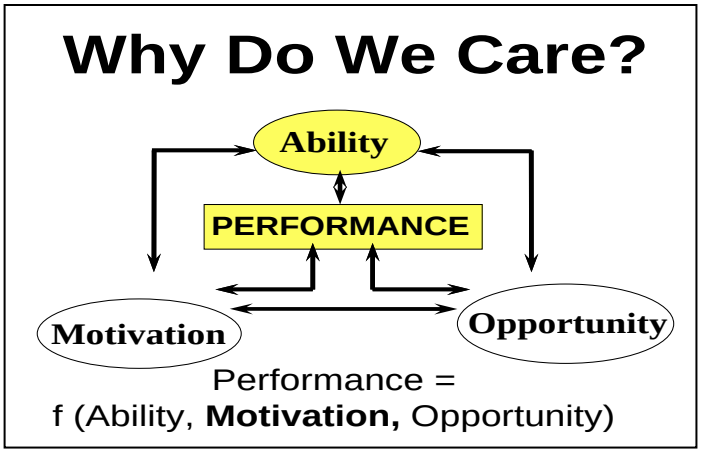
An organization's ethics are rules, beliefs, and values that outline ways in which managers and workers should behave when confronted with a situation that may help or harm other people inside or outside an organization. Ethical behavior enhances the well-being (the happiness, health, and prosperity) of individuals, groups, organizations, and the organizational environment.

Ethics establish the goals and behaviors appropriate to the organization. Many organizations have the goal of making a profit, to be able to pay workers, suppliers, and shareholders. Ethics specifies what actions an organization should take to make a profit and what limits should be put on organizations and their managers to prevent harm.

Ethics can also define an organization's social responsibility, moral responsibility toward individuals or groups outside the organization that are directly affected by its actions. Different organizations have different views about social responsibility. Being socially responsible means performing any action as long as it is legal. Others do more than law requires and work to advance the well-being of their employees, customers, and society in general. Ben & Jerry's Homemade, Inc. contributes a percent of profits to charities and community needs. Green Mountain Coffee Roasters seeks out coffee growers who do not use herbicides and pesticides and control soil erosion. All organizations need codes of conduct that spell out fair and equitable behavior to avoid doing harm.

Ethical dilemmas occur in relationships with:

- Superiors.
- Subordinates.
- Customers.
- Competitors.
- Suppliers.
- Regulators.




**Ability**

**"Mental and physical capabilities to perform various tasks"**

**Intellectual Abilities:** The capacity to do mental activities

- Number aptitude
- Verbal comprehension
- Perceptual speed
- Inductive reasoning
- Deductive reasoning
- Spatial visualization
- Memory ability

**Emotional intelligence**

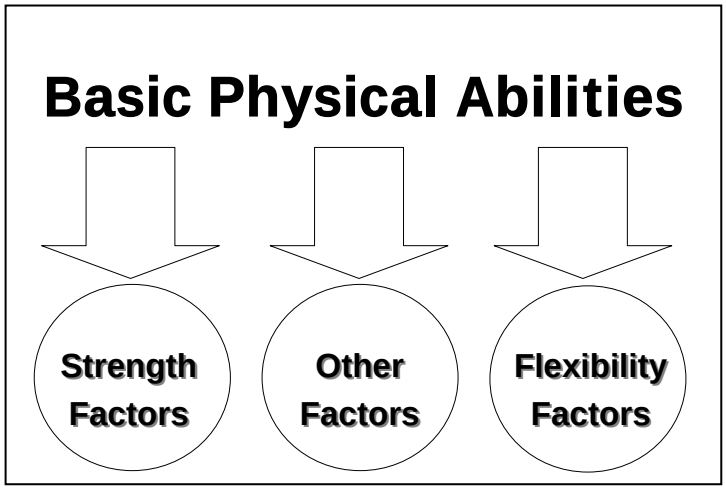
Emotional intelligence is the ability to understand and manage one's own feelings and emotions and the feelings and emotions of others. Research on emotional intelligence is in its early stages. However, it is plausible that emotional intelligence may facilitate job performance in a number of ways, and a low level of emotional intelligence may actually impair performance. Emotional intelligence is important for managers and people in leadership positions who must understand how others feel and manage these feelings.

**Physical Ability:**

**"The capacity to do tasks demanding stamina, strength and similar characteristics"**

For some jobs, physical ability is important. Physical ability consists primarily of motor skill, the ability to manipulate objects in an environment physically, and physical skill, a person's fitness and strength. According to Fleishman, there are 11 types of motor skills (e.g., reaction time, manual dexterity, speed of arm movement) and 9 types of physical skills (e.g., static strength, which includes the ability to lift weights and stamina).

Physical abilities are typically measured by using physical tasks, such as lifting weights, to determine an individual's level of strength. In addition to ensuring that employees have the abilities to perform at high level, organizations should provide employees with the opportunity to use their abilities on the job.




For managers, the key issue regarding ability is to assure that workers have the abilities needed to perform their jobs effectively. There are three fundamental ways to manage ability by matching it to the job: selection, placement, and training.

**Learning**

**"A relatively permanent change in the behavior occurring as a result of experience"**

Two approaches to learning are offered by operant conditioning and social learning theory. Organizational learning complements these approaches by stressing the importance of commitment to learning throughout an organization.

Organizational members, especially newcomers, must learn how to perform new tasks. Experienced employees must learn how to use new equipment and technology or how to follow new policies and procedures. Learning is a fundamental process in organizations. This chapter discusses principles of learning that managers can promote to maintain desired organizational behaviors such as good customer service or manufacturing high-quality products.

Learning consists of a relatively permanent change in knowledge or behaviors that result from practice or experience. This definition has three key elements: (1) permanent, (2) change, and (3) through practice. A temporary change in behavior or knowledge is not characteristic of learning. Learning takes place through practice, or the experience of watching others, although it is tempting to take shortcuts. Theories of learning, operant conditioning, and social learning theory emphasize different ways of learning.

**Methods of Shaping Behavior**

**Reinforcement** is the process that increases the probability that desired behaviors occur by applying consequences. Managers use reinforcement to increase the likelihood of higher sales, better attendance, or observing safety procedures.

Reinforcement begins by selecting a behavior to be encouraged. Correctly identifying the behavior is important, or reinforcement will not lead to the desired response. A manager must decide if attendance at meetings is the desired behavior or attendance *and* participation. The manager would need to reinforce both behaviors if both are desired.

**Positive reinforcement** increases the probability that a behavior will occur by administering positive consequences (called positive reinforces) following the behavior. Managers determine what consequences a worker considers positive. Potential reinforces include rewards such as pay, bonuses, promotions, job titles,

interesting work, and verbal praise. Rewards are positive reinforcements if a worker acts in the desired manner to obtain them.
Workers differ in what they consider to be a positive reinforce. For some, titles are rewards, for others it is vacation time. Once the desired behavior is determined, reinforces must follow to increase reoccurrence. Organizations use reinforcement to promote the learning and performance of many behaviors. Some organizations use positive reinforcement for diversity efforts and to retain valuable employees.

**Negative reinforcement** increases the probability that a desired behavior, then occur by removing a negative consequence (or negative reinforce) when a worker performs the behavior. The negative consequence is faced until a worker performs the desired behavior, then the consequence is removed. A manager's nagging is a negative reinforcement, if the nagging stops when worker performs a task correctly. Negative reinforces differ for various individuals. Nagging may not affect some subordinates. They will not perform the desired behavior, even if the nagging stops.
When using negative and positive reinforcement, the magnitude of the consequences must fit the desired behavior. A small bonus may not be sufficient to cause a worker to perform a time-consuming or difficult task.

**Extinction:** According to operant conditioning, both good and bad behaviors are controlled by reinforced consequences. Identifying behavioral reinforces and removing them can decrease a behavior. An undesired behavior without reinforcement can diminishes until it no longer occurs. This process is called **extinction**.
Extinction can modify the behavior of a worker who spends much time talking or telling jokes. The attention of coworkers reinforces this behavior. If coworkers stop talking and laughing, the worker is likely to stop telling jokes. Although extinction is useful, it takes time to eliminate the undesired behavior. When behaviors need to stop immediately, managers may resort to *punishment*.

**Punishment** consists of administering a negative consequence when the undesired behavior occurs. Punishment is *not* the same as negative reinforcement. It decreases a behavior, whereas negative reinforcement increases the frequency of a behavior. Punishment administers a negative consequence, whereas negative reinforcement removes a negative consequence.

**Lesson 6**

## UNDERSTANDING THE VALUES

### Overview

Work values, attitudes, and moods have important effects on organizational behavior. Work values (a worker's personal convictions about the outcomes one should expect from work and how one should behave at work) are an important determinant of on-the-job behavior. Job satisfaction and organizational commitment are two key work attitudes with important implications for understanding and managing behaviors such as organizational citizenship behavior, absenteeism, and turnover. Work moods are also important determinants of behavior in organizations. This chapter makes the following points:

- Work values are people's personal convictions about what one should expect to obtain from working and how one should behave at work. Work attitudes, more specific and less long lasting that values, are collections of feelings, beliefs, and thoughts that people have about how to behave in their current jobs and organizations. Work moods, more transitory than both values and attitudes, are people's feelings at the time they actually perform their jobs. Work values, attitudes, and moods all have the potential to influence each other.

- There are two types of work values. Intrinsic work values are values related to the work itself, such as doing something interesting and challenging or having a sense of accomplishment. Extrinsic work values are values related to the consequences of work, such as having family security or status in the community.

- Two important work attitudes are job satisfaction and organizational commitment. Job satisfaction is the collection of feelings and beliefs that people have about their organization as a whole. Work attitudes have three components: an affective component (how a person feels about a job), a cognitive component (what a person thinks about a job), and a behavioral component (what a person thinks about how to behave on the job).

- People experience many different moods at work. These moods can be categorized generally as positive or negative. When workers are in positive moods, they feel exited, enthusiastic, active, strong, peppy, or elated. When workers are in negative moods, they feel distressed, fearful, scornful, hostile, jittery, or nervous. Workers also experience less intense moods at work, such as feeling sleepy or calm. Work moods are determined by both personality and situation and have the potential to influence organizational behaviors ranging from absence to being helpful to customers and coworkers to creativity to leadership.

- Job satisfaction is one of the most important and well-researched attitudes in organizational behavior. Job satisfaction is determined by personality, values, the work situation, and social influence. Facet, discrepancy, and steady-state models of job satisfaction are useful for understanding and managing this important attitude.

- Job satisfaction is not strongly related to job performance because workers are often not free to vary their levels of job performance and because sometimes job satisfaction is not relevant to job performance. Job satisfaction has a weak negative relationship to absenteeism. Job satisfaction influences turnover; workers who are satisfied with their jobs are less likely to quit. Furthermore, workers who are satisfied with their jobs are more likely to perform voluntary behaviors, known as organizational citizenship behavior that contributes to organizational effectiveness. Job satisfaction also has a positive effect on worker well-being.

- Organizational commitment is the collection of feelings and beliefs that people have about their organization as a whole. Affective commitment exists when workers are happy to be members of an organization and believe in it. Continuance commitment exists when workers are committed to the organization because it is too costly for them to leave. Affective commitment has more positive

consequences for organizations and their members than continuance commitment. Affective commitment is more likely when organizations are socially responsible and demonstrate that they are committed to workers. Workers with high levels of affective commitment are less likely to quit and may be more likely to perform organizational citizenship behavior.

**Values**

- Values are broad preferences concerning appropriate courses of action or outcomes.
- Values influence behavior and attitudes.

**Basic convictions:** "A specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence."

- They contain a judgmental element in that they carry the individual's idea of what is right, good, or desirable.
- **Value System** -- a hierarchy based on a ranking of an individual's values in terms of their intensity.

**Sources of values**

- Parents.
- Friends.
- Teachers.
- Role models.
- External reference groups.

**Types of values**

- Terminal values.
  - Preferences concerning the ends to be achieved.
- Instrumental values.
  - Preferences for the means to be used in achieving desired ends.

**Work Values**

- Achievement (career advancement)
- Concern for others (compassionate behavior)
- Honesty (provision of accurate information)
- Fairness (impartiality)

The thoughts and feelings people have about work range from being broad and long-lasting attitudes about the nature of work in general, called *work values*, to more specific thoughts and feelings about a current job or organization, called *work attitudes*, to more moment-to-moment experiences, called *work moods*.

**Work values** are a worker's personal convictions about expected outcomes work and behavior at work. Outcomes might include a comfortable existence with family security, a sense of accomplishment and self-respect, or social recognition, and an exciting lifestyle. Appropriate work behaviors at work include being ambitious, imaginative, obedient, self-controlled, and respectful. Work values guide ethical behavior at work—honesty, trustworthiness, and helpfulness.

**Work moods**, how people feel when they perform their jobs, are more transitory than values and attitudes, changing from day to day, hour to hour, or minute to minute. Moods are categorized as either *positive* or *negative*. Positive moods include feeling excited, enthusiastic, active, strong, peppy, or elated. Negative moods include feeling distressed, fearful, scornful, hostile, jittery, or nervous. Moods can also be less intense. A worker might simply feel drowsy, sluggish, calm, placid, and relaxed.

Experiencing different moods depends on a worker's personality and the situation. Workers high on the trait of *positive affectivity* experience positive moods at work, whereas those high on the trait of *negative affectivity*

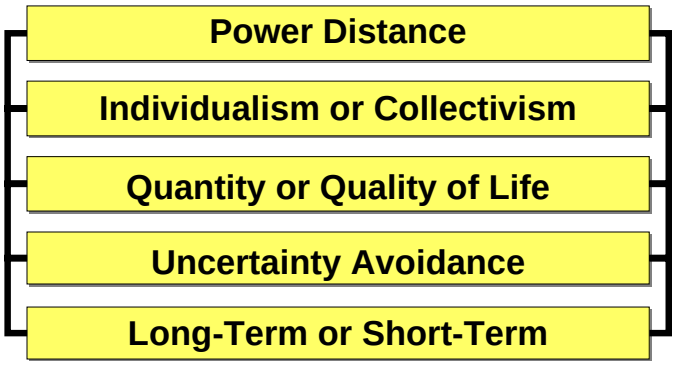
experience negative moods. Both major and minor situational factors, such as receiving a promotion or coming to work in bad weather, can influence a worker's mood.

Mood has importance consequences for organizational behavior. Research suggests that positive moods promote creativity, result in helpfulness to coworkers and customers, and increase the performance of subordinates. Negative moods result in more accurate judgments (e.g., a performance appraisal). Both positive and negative moods influence decision making. Because managers can do many things to promote positive moods, work moods are receiving additional attention from researchers.

**Power distance**

## Values Across Cultures

- The degree to which people in a country accept that power in institutions and organizations is distributed unequally.



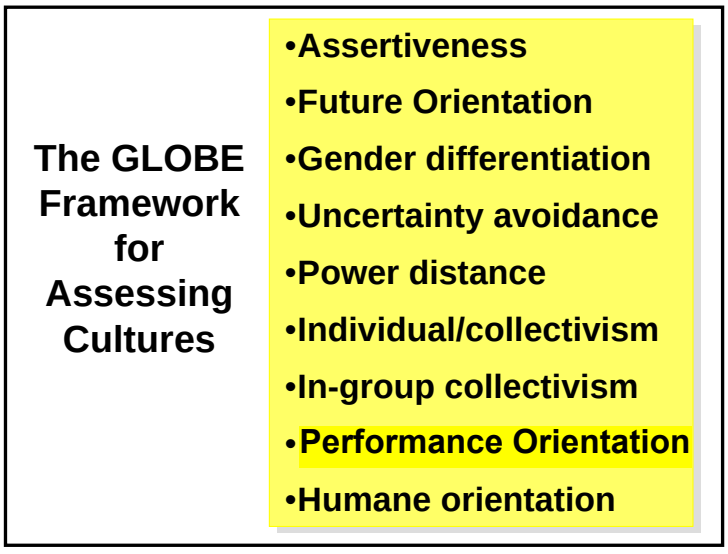

1. **Individualism versus collectivism:**
   - Individualism is the degree to which people in a country prefer to act as individuals rather than as members of groups.
     - Collectivism equals low individualism.

2. **Quantity of life versus quality of life:**
   - Quantity of life is the degree to which values such as assertiveness, the acquisition of money and material goods, and competition prevail.
   - Quality of life is the degree to which people value relationships and show sensitivity and concern for the welfare of others.

3. **Uncertainty avoidance:**
   - The degree to which people in a country prefer structured over unstructured situations.
4. **Long-term versus short-term orientation:**
   - Long-term orientations look to the future and value thrift and persistence.
   - Short-term orientation values the past and present and emphasizes respect for tradition and fulfilling social obligations.

**GLOBE Framework for Assessing Cultures:**

- *Assertiveness*: The extent to which a society encourages people to be tough, confrontational, assertive, and competitive versus modest and tender
- *Future Orientation*: The extent to which a society encourages and rewards future-oriented behaviors such as planning, investing in the future and delaying gratification



- *Gender differentiation*: The extent to which a society maximized gender role differences
- *Uncertainly avoidance*: Society's reliance on social norms and procedures to alleviate the unpredictability of future events
- *Power distance*: The degree to which members of a society expect power to be unequally shared
- *Individualism/Collectivism*: The degree to which individuals are encouraged by societal institutions to be integrated into groups within organizations and society
- *In-group collectivism*: The extent to which society's members take pride in membership in small groups such as their families and circles of close friends, and the organizations where they are employed
- *Performance orientation*: The degree to which society encourages and rewards group members for performance improvement and excellence
- *Humane orientation*: The degree to which a society encourages and rewards individuals for being fair, altruistic, generous, caring, and kind to others

**Lesson 7**

# ATTITUDES AT WORK

## Overview

- Why is it important to know an individual's values? Although they do not have a direct impact on behavior, values strongly influence a person's attitudes. Knowledge of an individual's value system can provide insight into his/her attitudes. Managers should be interested in their employees' attitudes because attitudes give warnings of potential problems and because they influence behavior. Satisfied and committed employees, for instance, have lower rates of turnover and absenteeism. Given that managers want to keep resignations and absences down—especially among their more productive employees—they will want to do those things that will generate positive job attitudes.

- Managers should also be aware that employees will try to reduce cognitive dissonance. More importantly, dissonance can be managed. If employees are required to engage in activities that appear inconsistent to them or are at odds with their attitudes, the pressures to reduce the resulting dissonance are lessened when the employee perceives that the dissonance is externally imposed and is beyond his/her control or if the rewards are significant enough to offset the dissonance.

*Importance of Values*

1. Values lay the foundation for the understanding of attitudes and motivation because they influence our perceptions.
2. Individuals enter organizations with notions of what is right and wrong with which they interpret behaviors or outcomes—at times this can cloud objectivity and rationality.
3. Values generally influence attitudes and behavior.

**Rights**

- **Right: a** person's just claim or entitlement, Focuses on the person's actions or the actions of others toward the person
- **Legal rights:** defined by a system of laws
- **Moral rights:** based on ethical standards, Purpose: let a person freely pursue certain actions without interference from others

**Attitudes**

An attitude is a mental stage of readiness, learned and organized through experience, exerting a specific influence on a person's response to people, objects, and situations with which it is related.

**"A persistent tendency to feel and behave in a particular way toward some object"**

**1.** Attitudes are evaluative statements that are either favorable or unfavorable concerning objects, people, or events.
**2.** Attitudes are not the same as values, but the two are interrelated.
**3.** Three components of an attitude:
   - Cognition
   - Affect
   - Behavior

The belief that "discrimination is wrong" is a value statement and an example of the cognitive component of an attitude

4. Value statements set the stage for the more critical part of an attitude—its affective component. *Affect* is the emotional or feeling segment of an attitude. Example: "I don't like Jon because he discriminates again minorities."
5. The behavioral component of an attitude refers to an intention to behave in a certain way toward someone or something. Example: "I chose to avoid Jon because he discriminates."
6. Viewing attitudes as made up of three components helps with understanding of the potential relationship between attitudes and behavior, however, when we refer to *attitude* essentially we mean the affect part of the three components.
7. In contrast to values, your attitudes are less stable. Advertisements are directed at changing your attitudes and are often successful.

**Types of attitudes**

1. OB focuses our attention on a very limited number of job-related attitudes. Most of the research in OB has been concerned with three attitudes: job satisfaction, job involvement, and organizational commitment.

2. Job satisfaction
   - **Definition**: It is an individual's general attitude toward his/her job.
   - A high level of job satisfaction equals positive attitudes toward the job and vice versa.
   - Employee attitudes and job satisfaction are frequently used interchangeably.
   - Often when people speak of "employee attitudes" they mean "employee job satisfaction."

3. Job involvement
   - A workable definition: the measure of the degree to which a person identifies psychologically with his/her job and considers his/her perceived performance level important to self-worth.
   - High levels of job involvement is thought to result in fewer absences and lower resignation rates.
   - Job involvement more consistently predicts turnover than absenteeism

4. Organizational commitment
   - **Definition**: A state in which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization.

   - Research evidence demonstrates negative relationships between organizational commitment and both absenteeism and turnover.
   - An individual's level of organizational commitment is a better indicator of turnover than the far more frequently used job satisfaction predictor because it is a more global and enduring response to the organization as a whole than is job satisfaction.
   - This evidence, most of which is more than two decades old, needs to be qualified to reflect the changing employee-employer relationship.
   - Organizational commitment is probably less important as a job-related attitude than it once was because the unwritten "loyalty" contract in place when this research was conducted is no longer in place.
   - In its place, we might expect "occupational commitment" to become a more relevant variable because it better reflects today's fluid workforce.

**Job Satisfaction**

**Job satisfaction** is the collection of feelings and beliefs people have about their current jobs. In addition to attitudes about a job as a whole, people can have attitudes about various aspects of their jobs, such as the kind of work, coworkers, or pay.

Job satisfaction is an important work attitude in organizational behavior because it affects a wide range of behaviors and contributes to workers' well-being. It is one of the most well researched work attitudes.

**Measuring Job Satisfaction**

There are several measures of job satisfaction, useful to researchers studying job satisfaction and to managers who wish to assess satisfaction levels. Most measures have workers respond to questions or statements about their jobs. The most widely used scales include the Minnesota Satisfaction Questionnaire, the Faces Scale, and the Job Descriptive Index.

Realize that some workers will be more satisfied that others with the same job because of different personalities and work values. Job satisfaction can be increased because it is determined not only by personalities but also by the situation.

Try to place newcomers in groups whose members are satisfied with their jobs.
Identify the facets of the job that are important to workers and try to increase their satisfaction by providing these facets.
Assess subordinates' levels of job satisfaction using scales to monitor their levels of job satisfaction. Take steps to improve the levels.
Realize the workers' job satisfaction levels depend on their perceptions of their jobs, not yours; changing some facets of the job may boost job satisfaction longer than others.

**What Determines Job Satisfaction?**

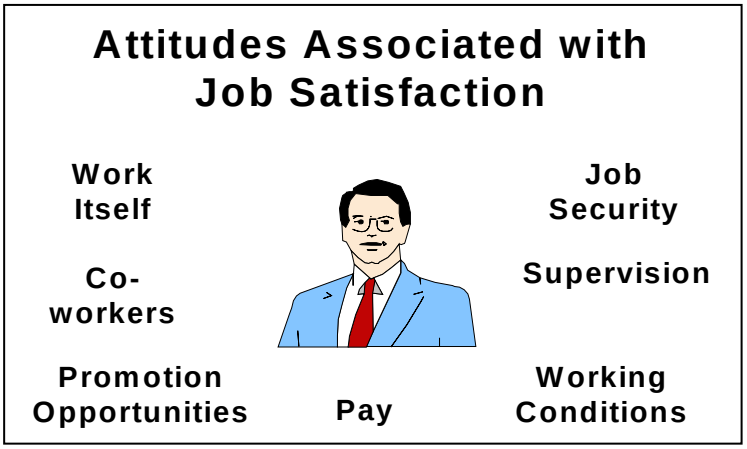
–Mentally Challenging Work
–Equitable Rewards
–Supportive Working Conditions
–Supportive Colleagues
–Personality - Job Fit
–Heredity/Genes

**Job Satisfaction and Employee Performance**

–Satisfaction and Productivity
–Satisfaction and Absenteeism
–Satisfaction and Turnover

Job Satisfaction is an emotional response to a job situation. Job Satisfaction determined by how well outcomes meet or exceed expectations. Job Satisfaction represents several related attitudes.

–The work itself
–Pay
–Promotion opportunities
–Supervision
–Coworkers




**Outcomes of Job Satisfaction**

•Satisfaction and Productivity
•Satisfaction and Turnover
•Satisfaction and Absenteeism
•Satisfaction and Citizenship Behavior

**How Satisfied Are People in Their Jobs?**

1. Most people are satisfied with their jobs in the developed countries surveyed.

2. However, there has been a decline in job satisfaction since the early 1990s. In the US nearly an eight percent drop in the 90s. Surprisingly those last years were one's of growth and economic expansion.

3. What factors might explain the decline despite growth:
   - Increased productivity through heavier employee workloads and tighter deadlines
   - Employees feeling they have less control over their work

4. While some segments of the market are more satisfied than others, they tend to be higher paid, higher skilled jobs which give workers more control and challenges.

**The Effect of Job Satisfaction on Employee Performance**

1. Managers' interest in job satisfaction tends to center on its effect on employee performance. Much research has been done on the impact of job satisfaction on employee productivity, absenteeism, and turnover.

2. Satisfaction and productivity:
   - Happy workers are not necessarily productive workers—the evidence suggests that productivity is likely to lead to satisfaction.
   - At the organization level, there is renewed support for the original satisfaction-performance relationship. It seems organizations with more satisfied workers as a whole are more productive organizations.

3. Satisfaction and absenteeism
   - We find a consistent negative relationship between satisfaction and absenteeism. The more satisfied you are, the less likely you are to miss work.
   - It makes sense that dissatisfied employees are more likely to miss work, but other factors have an impact on the relationship and reduce the correlation coefficient. For example, you might be a satisfied worker, yet still take a "mental health day" to head for the beach now and again.

4. Satisfaction and turnover
   - Satisfaction is also negatively related to turnover, but the correlation is stronger than what we found for absenteeism.
   - Other factors such as labor market conditions, expectations about alternative job opportunities, and length of tenure with the organization are important constraints on the actual decision to leave one's current job.
   - Evidence indicates that an important moderator of the satisfaction-turnover relationship is the employee's level of performance.

**How Employees Can Express Dissatisfaction**

1. There are a number of ways employees can express dissatisfaction
   - Exit
   - Voice
   - Loyalty
   - Neglect

2. *Exit:* Behavior directed toward leaving the organization, including looking for a new position as well as resigning.

3. *Voice:* Actively and constructively attempting to improve conditions, including suggesting improvements, discussing problems with superiors, and some forms of union activity.

Loyalty: Passively but optimistically waiting for conditions to improve, including speaking up for the organization in the face of external criticism, and trusting the organization and its management to "do the right thing."

Neglect: Passively allowing conditions to worsen, including chronic absenteeism or lateness, reduced effort, and increased error rate.
Exit and neglect behaviors encompass our performance variables—productivity, absenteeism, and turnover.

Voice and loyalty are constructive behaviors allow individuals to tolerate unpleasant situations or to revive satisfactory working conditions. It helps us to understand situations, such as those sometimes found among unionized workers, where low job satisfaction is coupled with low turnover.

**Job Satisfaction and Customer Satisfaction**

1. Evidence indicates that satisfied employees increase customer satisfaction and loyalty.

2. Customer retention and defection are highly dependent on how front-line employees deal with customers. Satisfied employees are more likely to be friendly, upbeat, and responsive. Customers appreciate that.

3. Dissatisfied customers can also increase an employee's dissatisfaction. The more employees work with rude and thoughtless customers, the more likely they are to be dissatisfied.

**Lesson 8**

# PERSONALITY

## Overview

- Individual differences can be divided into personality and ability differences. Understanding the nature, determinants, and consequences of individual differences is essential for managing organizational behavior. An appreciation of the nature of individual differences is necessary to understand why people behave in certain ways in an organization. A review of the personality literature offers general guidelines that can lead to effective job performance. As such, it can improve hiring, transfer, and promotion decisions. Because personality characteristics create the parameters for people's behavior, they give us a framework for predicting behavior. For example, individuals who are shy, introverted, and uncomfortable in social situations would probably be ill-suited as salespeople. Individuals who are submissive and conforming might not be effective as advertising "idea" people.

- Can we predict which people will be high performers in sales, research, or assembly-line work on the basis of their personality characteristics alone? The answer is no. Personality assessment should be used in conjunction with other information such as skills, abilities, and experience. However, knowledge of an individual's personality can aid in reducing mismatches, which, in turn, can lead to reduced turnover and higher job satisfaction.

- We can look at certain personality characteristics that tend to be related to job success, test for those traits, and use the data to make selection more effective. A person who accepts rules, conformity, dependence, and rates high on authoritarianism is likely to feel more comfortable in, say, a structured assembly-line job, as an admittance clerk in a hospital, or as an administrator in a large public agency than as a researcher or an employee whose job requires a high degree of creativity.

1. Organizational outcomes predicted by personality include job satisfaction, work stress, and leadership effectiveness. Personality is not a useful predictor of organizational outcomes when there are strong situational constraints. Because personality tends to be stable over time, managers should not expect to change personality in the short run. Managers should accept workers' personalities as they are and develop effective ways to deal with people.
2. Feelings, thoughts, attitudes, and behaviors in an organization are determined by the interaction of personality and situation.
3. The Big Five personality traits are extraversion (positive affectivity), neuroticism (negative affectivity), agreeableness, conscientiousness, and openness to experience. Other personality traits particularly relevant to organizational behavior include locus of control, self-monitoring, self-esteem, Type A and Type B personality, and the needs for achievement, affiliation, and power.
4. In addition to possessing different personalities, workers also differ in their abilities, or capabilities. The two major types of ability are cognitive and physical ability.
5. Types of cognitive ability can be arranged in a hierarchy with general intelligence at the top. Specific types of cognitive include: verbal, numerical, reasoning, deductive, ability to see relationships, memory, spatial, and perceptual.
6. There are two types of physical ability: motor skills (the ability to manipulate objects) and physical skills (a person's fitness and strength).
7. Both nature and nurture contribute to determining physical and cognitive ability. A third, recently identified, ability is emotional intelligence.
8. In organizations, ability can be managed by selecting individuals who have the abilities needed to accomplish tasks, placing workers in jobs that capitalize on their abilities, and training workers to enhance their ability levels.

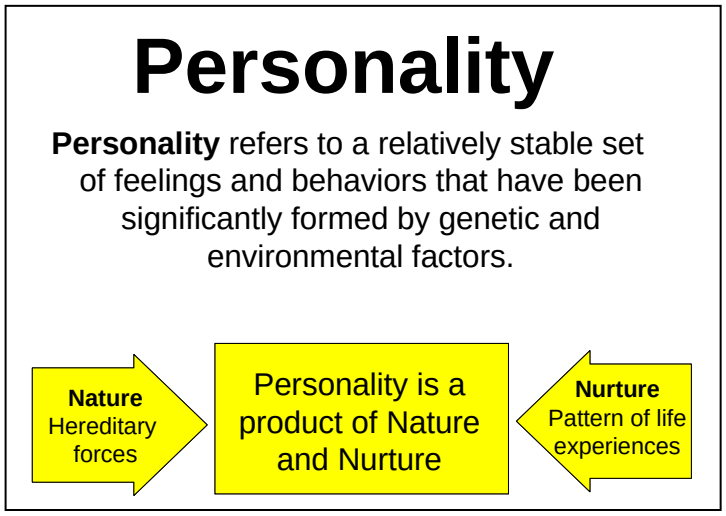
**Personality**

"Relatively stable pattern of behaviours and consistent internal states that explain a person's behavioural tendencies"

1. The sum total of ways in which an individual reacts and interacts with others.
2. Mean how people affect others and how they understand and view themselves, as well as their pattern of inner and outer measurable traits and ***Person-situation interaction***.

**Personality**

"The relatively stable set of psychological attributes that distinguish one person from another"




**The "Big Five" Personality Traits**

1. A set of fundamental traits that is especially relevant to organizations.
2. The traits include agreeableness, conscientiousness, negative emotionality, extraversion, and openness.

**The Nature of Personality**

- Acknowledge and appreciate that workers' feelings, thoughts, attitudes, and behaviors are partially determined by their personalities, which are difficult to change—adjust your own behaviors to work with them.
- When trying to understand workers' attitudes and behaviors, remember that they are determined by the interaction of an individual's personality and the situation.
- If possible, structure the work environment to suit an individual's personality.
- Encourage an acceptance and appreciation of the diverse personalities in the organization.

**The Big Five Model of Personality**

Personality is typically described in terms of traits. A **trait** is a specific component of a personality that describes the particular tendencies a person has to feel, think, and act in a certain way. Thus, an individual's personality is a collection of traits, thought to be organized hierarchically. The **Big Five** model of personality places five general personality dimensions at the top of this hierarchy—extroversion, neuroticism, agreeableness, conscientiousness, and openness to experience

**1. Extroversion**

Refers to the tendency to be sociable, friendly, and expressive. Extraversion, or **positive affectivity**, is one of the Big Five personality traits, and describes the predisposition of individuals to experience positive emotional states and feel good about themselves and the world. Extroverts are more sociable, affectionate, and friendly than introverts and experience higher levels of job satisfaction.

**2. Emotional Stability**

Refers to the tendency to experience positive emotional states. Another Big Five trait, **neuroticism**, or **negative affectivity**, refers to people's dispositions to experience negative emotional states, feel distressed, and view the world around them negatively. They may play devil's advocate in an organization, pointing out

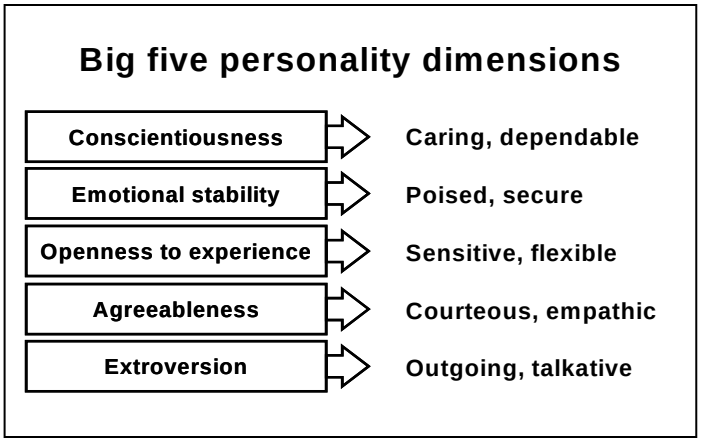
problems with a proposed course of action. Individuals high on neuroticism often experience negative moods, feel stressed, and have a negative orientation at work. They are more critical of their own performance, a tendency that drives them to make improvements and excel in critical thinking and evaluation. In group decision making, these individuals exert a sobering influence by pointing out the negative aspects of a decision.

### 3. Agreeableness

Being courteous, forgiving, tolerant, trusting, and self-hearted. **Agreeableness** is a Big Five trait capturing the distinction between individuals who get along well with others and those who do not. Individuals high in agreeableness are caring, affectionate, and likable, whereas individuals low in this dimension are antagonistic, mistrustful, unsympathetic, and uncooperative. Agreeableness is likely to contribute to being a team player and is helpful in fostering good working relationships.

### 4. Conscientiousness

Is exhibited by those who are described as dependable, organized, and responsible. The Big Five trait of conscientiousness refers to the extent to which an individual is careful, scrupulous, and persevering. Individuals high on this dimension are organized and self-disciplined, whereas individuals low in conscientiousness may lack direction and self-discipline. Conscientiousness has been found to be a good predictor of performance in many jobs in a wide variety of organizations.




### 5. Openness to Experience

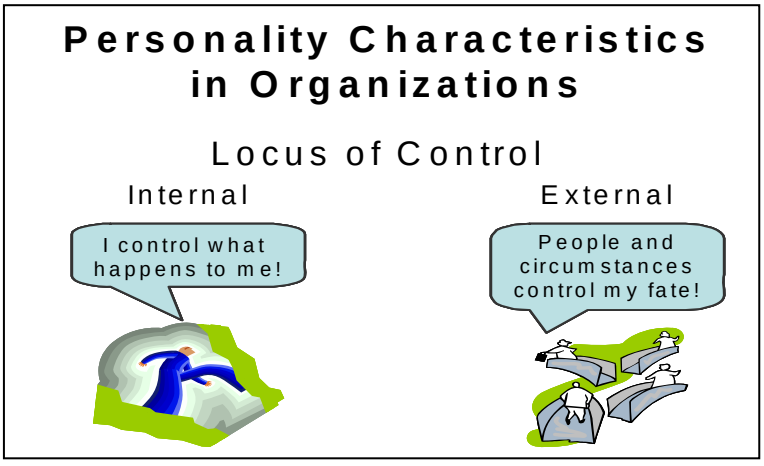
Reflects the extent to which an individual has broad interests and is willing to be a risk-taker. Openness to experience is a trait that refers to the extent to which an individual is original, is open to a wide variety of stimuli, has broad interests, and is willing to take risks, rather than being narrow-minded or cautious. For openness to experience to be translated into creative and innovative behavior in organizations, the organization must remove obstacles to innovation.

### Other Organizationally Relevant Personality Traits

Other traits are important for understanding behavior in organizations.

**Locus of Control**

Individuals who think that their own actions and behaviors have an impact in determining what happens to them have an internal locus of control. Individuals who believe that outside forces are largely responsible for their fate have an external locus of control. Internals are more easily motivated and need less direct supervision than externals.




**Self-Monitoring**

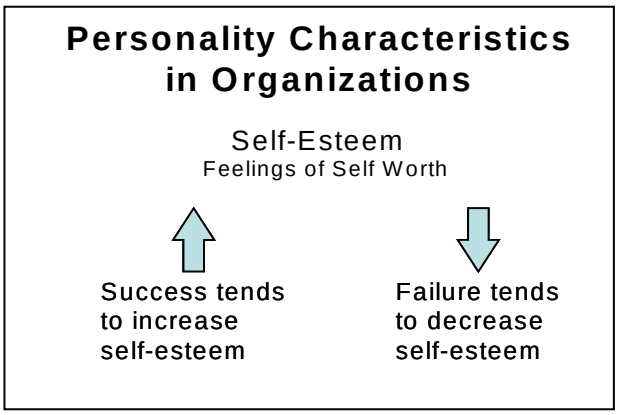
Self-monitoring refers to the extent to which people try to control the way they present themselves to others. Individuals high on self-monitoring behave in a socially acceptable manner.

They excel at managing other people's impressions of them. Low self-monitors are insensitive to cues concerning appropriate behavior and are not concerned about what others think of their behavior. High self-monitors interact well with different types of people; low self-monitors provide open, honest feedback.

**Sources of self-efficacy**
–Prior experiences and prior success
–Behavior models (observing success)
–Persuasion
–Assessment of current physical & emotional capabilities

- **Self-Esteem**

Self-esteem is the extent to which people have pride in themselves and their capabilities. Individuals with high self-esteem believe in their abilities and tend to set higher goals and perform more difficult tasks, whereas individuals with low self-esteem are full of self-doubt and apprehension. Still, people with low self-esteem may be just as capable as those with high self-esteem.




Personality characteristics create the parameters for people's behavior; they give us a framework for predicting behavior.

**Type A and Type B Personalities**

**Type A** individuals have an intense desire to achieve, are extremely competitive, have a sense of urgency, are impatient, and can be hostile. A Type A personality is "aggressively involved in a chronic, incessant struggle to achieve more and more in less and less time, and, if required to do so, against the opposing efforts of other things or other persons.'' They are always moving, walking, and eating rapidly, are impatient with the rate at which most events take place, are doing do two or more things at once and cannot cope with leisure time. They are obsessed with numbers, measuring their success in terms of how many or how much of everything they acquire.

**Type B** individuals are more relaxed and easygoing. Type A individuals may get a lot accomplished in organizations, but they also are more easily frustrated, more involved in more conflicts, and more likely to develop coronary heart disease than Type B individuals. Type Bs never suffers from a sense of time urgency with its accompanying impatience and feels no need to display or discuss either their achievements or accomplishments unless such exposure is demanded by the situation.

Play for fun and relaxation, rather than to exhibit their superiority at any cost and can relax without guilt.

1. **Type A's operate under moderate to high levels of stress.**
    - They subject themselves to continuous time pressure, are fast workers, quantity over quality, work long hours, and are also rarely creative.
    - Their behavior is easier to predict than that of Type Bs.
2. **Are Type As or Type Bs more successful?**
    - Type Bs are the ones who appear to make it to the top.
    - Great salespersons are usually Type As; senior executives are usually Type Bs.

**Personality Traits**

- Realize that some workers are more likely to be positive and enthusiastic and some more likely to complain because of personality differences.
- Provide more direction for workers with less initiative to solve problems and who tend to blame others or the situation for problems.

- Provide more encouragement and support to workers with low self-esteem who belittle themselves and question their abilities.
- Realize that Type A personalities can be difficult to get along with and have difficulty in teams.
- Communicate to subordinates who are overly concerned being liked that sometimes honest feedback and be constructive criticism are necessary.

**Lesson 9**

# EMOTIONS AND MOOD

## Overview

- Can managers control the emotions of their colleagues and employees? No. Emotions are a natural part of an individual's makeup. Where managers err is if they ignore the emotional elements in organizational behavior and assess individual behavior as if it were completely rational. As one consultant aptly put it, "You can't divorce emotions from the workplace because you can't divorce emotions from people.'' Managers who understand the role of emotions will significantly improve their ability to explain and predict individual behavior.

- Do emotions affect job performance? Yes. They can hinder performance, especially negative emotions. That is probably why organizations, for the most part, try to extract emotions out of the workplace. Emotions can also enhance performance. How? Two ways. First, emotions can increase arousal levels, thus acting as motivators to higher performance. Second, emotional labor recognizes that feelings can be part of a job's required behavior. For instance, the ability to effectively manage emotions in leadership and sales positions may be critical to success in those positions.

- What differentiates functional from dysfunctional emotions at work? While there is no precise answer to this, it has been suggested that the critical moderating variable is the complexity of the individual's task. The more complex a task, the lower the level of arousal that can be tolerated without interfering with performance. While a certain minimal level of arousal is probably necessary for good performance, very high levels interfere with the ability to function, especially if the job requires calculative and detailed cognitive processes. Given that the trend is toward jobs becoming more complex, you can see why organizations are likely to go to considerable efforts to discourage the overt display of emotions—especially intense ones—in the workplace.

## Work moods

How people feel when they perform their jobs, are more transitory than values and attitudes, changing from day to day, hour to hour, or minute to minute. Moods are categorized as either *positive* or *negative*. Positive moods include feeling excited, enthusiastic, active, strong, peppy, or elated. Negative moods include feeling distressed, fearful, scornful, hostile, jittery, or nervous. Moods can also be less intense. A worker might simply feel drowsy, sluggish, calm, placid, and relaxed.

Experiencing different moods depends on a worker's personality and the situation. Workers high on the trait of *positive affectivity* experience positive moods at work, whereas those high on the trait of *negative affectivity* experience negative moods. Both major and minor situational factors, such as receiving a promotion or coming to work in bad weather, can influence a worker's mood.

Mood has importance consequences for organizational behavior. Research suggests that positive moods promote creativity, result in helpfulness to coworkers and customers, and increase the performance of subordinates. Negative moods result in more accurate judgments (e.g., a performance appraisal). Both positive and negative moods influence decision making. Because managers can do many things to promote positive moods, work moods are receiving additional attention from researchers.

## Emotions defined

***"Feelings experienced towards an object, person or event that create a state of readiness"***

- emotions demand attention and interrupt our train of thought
- emotions are directed toward something

- Emotions are a critical factor in employee behavior. Until very recently, the topic of emotions had been given little or no attention within the field of OB.

- The myth of rationality. Organizations have been specifically designed with the objective of trying to control emotions. A well-run organization was one that successfully eliminated frustration, fear, anger, love, hate, joy, grief, and similar feelings.
- The belief that emotions of any kind were disruptive. The discussion focused on strong negative emotions that interfered with an employee's ability to do his or her job effectively.

**What Are Emotions?**

1. *Affect* is a generic term that covers a broad range of feelings that people experience and encompasses both emotions and moods.
   - Emotions are intense feelings that are directed at someone or something. They are reactions, not a trait.
   - Moods are feelings that tend to be less intense than emotions and which lack a contextual stimulus. They are not directed at an object.
2. Emotions can turn into moods when you lose focus on the contextual object.
3. A related affect-term that is gaining increasing importance in organizational behavior is emotional labor. Originally developed in relation to service jobs. It is when an employee expresses organizationally desired emotions during interpersonal transactions.

**Felt vs. Displayed Emotions**

1. Emotional labor creates dilemmas for employees when their job requires them to exhibit emotions incongruous with their actual feelings. It is a frequent occurrence. For example, when there are people that you have to work with whom you find it very difficult to be friendly toward. You are forced to feign friendliness.
2. Felt emotions are an individual's actual emotions.
3. Displayed emotions are those that are organizationally required and considered appropriate in a given job. They are learned.
4. Key—felt and displayed emotions are often different. This is particularly true in organizations, where role demands and situations often require people to exhibit emotional behaviors that mask their true feelings.

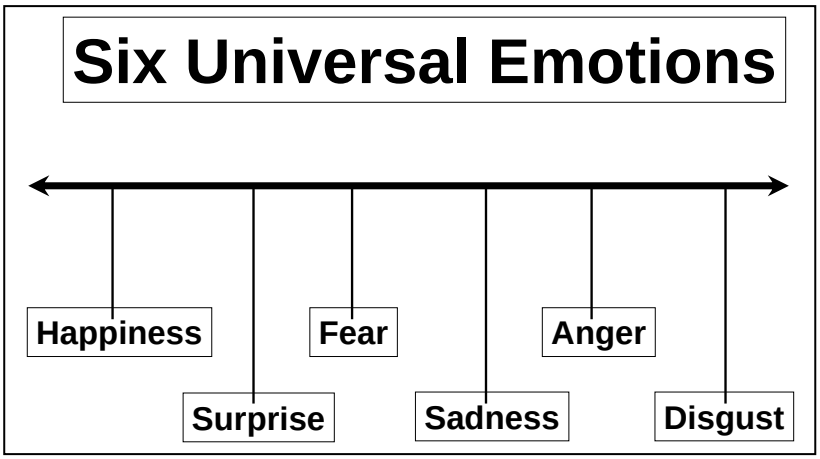
**Emotion Dimensions**

1. Variety
   - There are many emotions. Six universal emotions have been identified: anger, fear, sadness, happiness, disgust, and surprise.
   - Emotions are identified along a continuum from positive to negative. The closer any two emotions are to each other on this continuum, the more people are likely to confuse them.

2. Intensity
   - People give different responses to identical emotion-provoking stimuli. Sometimes this can be attributed to personality.
   - People vary in their inherent ability to express intensity—from never showing feelings to displaying extreme happiness or sadness
   - Jobs make different intensity demands in terms of emotional labor. For example, air traffic controllers must remain calm even in stressful situations.

3. Frequency and duration
   - Emotional labor that requires high frequency or long duration is more demanding and requires more exertion by employees.
   - Whether or not the employee can successfully meet the emotional demands of a job depends on both the intensity of the emotions displayed and for how long the effort has to be made.

**Can People Be Emotionless?**




1. Some people have difficulty in expressing their emotions and understanding the emotions of others. Psychologists call this alexithymia.
2. People who suffer from alexithymia rarely cry and are often seen by others as bland and cold. Their own feelings make them uncomfortable, and they are not able to discriminate among their different emotions.

Are people who suffer from alexithymia poor work performers? Not necessarily. They might very well be effective performers, in a job requiring little or no emotional labor. Sales or customer service jobs would not be good career choices.

***Gender and Emotions***

1. It is widely assumed that women are more "in touch" with their feelings than men.
2. The evidence does confirm differences between men and women when it comes to emotional reactions and ability to read others.
   - Women show greater emotional expression than men, experience emotions more intensely, and display more frequent expressions of both positive and negative emotions.
   - Women also report more comfort in expressing emotions.
   - Women are better at reading nonverbal cues than are men.

**These differences may be explained several ways:**

- The different ways men and women have been socialized.
- Women may have more innate ability to read others and present their emotions than do men.
- Women may have a greater need for social approval and, thus, a higher propensity to show positive emotions such as happiness.

**Women**

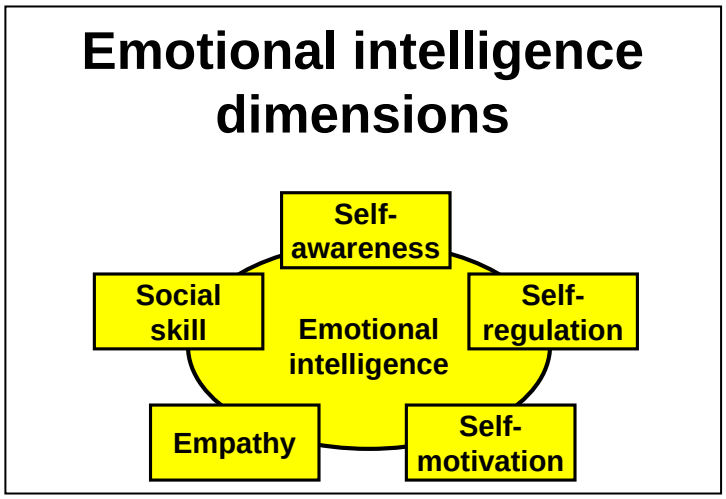
- Can show greater emotional expression.
- Experience emotions more intensely.
- Display emotions more frequently.
- Are more comfortable in expressing emotions.
- Are better at reading others' emotions.

**Men**

- Believe that displaying emotions is inconsistent with the male image.
- Are innately less able to read and to identify with others' emotions.
- Have less need to seek social approval by showing positive emotions.

**Emotional Intelligence**

EI refers to an assortment of non-cognitive skills, capabilities, and competencies that influence a person's ability to succeed in coping with environmental demands and pressures.




a. *Self-awareness*. Being aware of what you are feeling.
b. *Self-management*. The ability to manage one's own emotions and impulses.
c. *Self-motivation*. The ability to persist in the face of setbacks and failures.
d. *Empathy*. The ability to sense how others are feeling.
e. *Social skills*. The ability to handle the emotions of others

- Several studies suggest EI may play an important role in job performance. EI, not academic I.Q., characterized high performers.
- The implications from the initial evidence on EI are that employers should consider it as a factor in selection, especially in jobs that demand a high degree of social interaction.

**External Constraints on Emotions**

Every organization defines boundaries that identify what emotions are acceptable and the degree to which they can be expressed. The same applies in different cultures.

1. **Organizational influences:**
   - There is no single emotional "set" sought by all organizations.
   - In the United States, there is a bias against negative and intense emotions. Expressions of negative emotions such as fear, anxiety, and anger tend to be unacceptable except under fairly specific conditions.
   - Consistent with the myth of rationality, well-managed organizations are expected to be essentially emotion-free.

2. **Cultural influences:**
   - Cultural norms in the United States dictate that employees in service organizations should smile and act friendly when interacting with customers. But this norm does not apply worldwide.
   - Cultures differ in terms of the interpretation they give to emotions. There tends to be high agreement on what emotions mean within cultures but not between cultures. For example, smiling is often seen as an expression of happiness by Americans. However, in Israel, smiling by cashiers is seen as being inexperienced.
   - Studies indicate that some cultures lack words for such standard emotions as anxiety, depression, or guilt.

**OB Applications of Understanding Emotions**

1. **Ability and Selection**
   Emotions affect employee effectiveness. Ability and Selection: People who know their own emotions and are good at reading others' emotions may be more effective in their jobs.

2. **Decision Making**
   Emotions are an important part of the decision-making process in organizations.

- Traditional approaches to the study of decision making in organizations have emphasized rationality. That approach is probably naïve. People use emotions as well as rational and intuitive processes in making decisions.
- Negative emotions can result in a limited search for new alternatives and a less vigilant use of information.
- Positive emotions can increase problem solving and facilitate the integration of information.

**3. Motivation**

Emotional commitment to work and high motivation are strongly linked.

- Motivation theories basically propose that individuals "are motivated to the extent that their behavior is expected to lead to desired outcomes."
- The image is that of rational exchange. People's perceptions and calculations of situations are filled with emotional content that significantly influences how much effort they exert.
- Not everyone is emotionally engaged in their work, but many are.

**4. Leadership**

Emotions are important to acceptance of messages from organizational leaders.

- The ability to lead others is a fundamental quality sought by organizations.
- Effective leaders almost all rely on the expression of feelings to help convey their messages and is often the critical element that results in individuals accepting or rejecting a leader's message.
- When effective leaders want to implement significant changes, they rely on "the evocation, framing, and mobilization of emotions.''

**5. Interpersonal Conflict**

Conflict in the workplace and individual emotions are strongly intertwined.

- Whenever conflicts arise, you can be fairly certain that emotions are also surfacing.
- A manager's success in trying to resolve conflicts, in fact, is often largely due to his or her ability to identify the emotional elements in the conflict and to get the conflicting parties to work through their emotions.

**6. Deviant Workplace Behaviors**

Negative emotions can lead to employee deviance in the form of actions that violate established norms and threaten the organization and its members.

i. Productivity failures
ii. Property theft and destruction
iii. Political actions
iv. Personal aggression

**Lesson 10**

# PERCEPTION

## Overview

- Individuals behave in a given manner based not on the way their external environment actually is but, rather, on what they see or believe it to be. An organization may spend millions of dollars to create a pleasant work environment for its employees. However, in spite of these expenditures, if an employee believes that his or her job is lousy, that employee will behave accordingly. It is the employee's perception of a situation that becomes the basis for his or her behavior. The employee who perceives his/her supervisor as a hurdle reducer who helps him/her do a better job and the employee who sees the same supervisor as "big brother, closely monitoring every motion, to ensure that I keep working" will differ in their behavioral responses to their supervisor. The difference has nothing to do with the reality of the supervisor's actions; the difference in employee behavior is due to different perceptions.

- The evidence suggests that what individuals perceive from their work situation will influence their productivity more than will the situation itself. Whether or not a job is actually interesting or challenging is irrelevant. Whether or not a manager successfully plans and organizes the work of his or her employees and actually helps them to structure their work more efficiently and effectively is far less important than how employees perceive the manager's efforts. Similarly, issues like fair pay for work performed, the validity of performance appraisals, and the adequacy of working conditions are not judged by employees in a way that assures common perceptions, nor can we be assured that individuals will interpret conditions about their jobs in a favorable light. Therefore, to be able to influence productivity, it is necessary to assess how workers perceive their jobs.

- Absenteeism, turnover, and job satisfaction are also reactions to the individual's perceptions. Dissatisfaction with working conditions or the belief that there is a lack of promotion opportunities in the organization are judgments based on attempts to make some meaning out of one's job. The employee's conclusion that a job is good or bad is an interpretation. Managers must spend time understanding how each individual interprets reality and, where there is a significant difference between what is seen and what exists, try to eliminate the distortions. Failure to deal with the differences when individuals perceive the job in negative terms will result in increased absenteeism and turnover and lower job satisfaction.

- Perception and attribution are important topics because all decisions and behaviors in organizations are influenced by how people interpret and make sense of the world around them and each other. Perception is the process by which individuals select, organize, and interpret sensory input. Attribution is an explanation of the cause of behavior. Perception and attribution explain how and why people behave in organizations and how and why they react to the behavior of others.

    - Perception is the process by which people interpret the input from their senses to give meaning and order to the world around them. The three components of perception are the perceiver, the target, and the situation. Accurate perceptions are necessary to make good decisions and to motivate workers to perform at a high level, to be fair and equitable, and to be ethical.

    - The perceiver's knowledge base is organized into schemas, abstract knowledge structures stored in memory that allow people to organize and interpret information about a given target of perception. Schemas tend to be resistant to change and can be functional or dysfunctional. A stereotype is a dysfunctional schema because stereotypes often lead perceivers to assume erroneously that targets have a whole range of characteristics simply because they possess one distinguishing characteristic (e.g., race, age, or gender). In

addition to the perceiver's schemas, the motivational state and mood also influence perception.

- Characteristics of the target also influence perception. Ambiguous targets are subject to a lot of interpretation by the perceiver; the more ambiguous the target, the more likely perceivers are to differ in their perceptions of it. The target's social status also affects how the target is perceived. Through impression management, targets can actively try to manage the perceptions that others have of them.
- The situation affects perception by providing the perceiver with additional information. One particularly important aspect of the situation is the target's salience—that is, the extent to which the target stands out in a group of people or things.

- Biases and problems in person perception include primacy effects, contrast effects, halo effects, similar-to-me effects, harshness, leniency, average tendencies, and knowledge-of-predictor bias. Inaccurate perceptions resulting from these biases can lead to faulty decision making.

- Attributions are important determinants of behavior in organizations because organization members react to other people's behavior based on what they think caused the behavior. Common external attributions for behavior include task difficulty and luck or chance. Like perceptions, attributions can be inaccurate because of biases, including the fundamental attribution error, the actor-observer effect, and self-serving attribution.

- Three ways in which organizations can promote accurate perceptions and attributions and effectively manage diverse employees include: securing top management's commitment to diversity, diversity training, and education. Organizations also need to take steps to eliminate and prevent both quid pro quo and hostile work environment.

**What is Perception?**

**"**A process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment"

**Why is it Important?**

- Because people's behavior is based on their perception of what reality is, not on reality itself.
- *The world that is perceived is the world that is behaviorally important.*

**Factors Influencing Perception**

- Perceiver
- Target
- Situation

When an individual looks at a target and attempts to interpret what he or she sees, that interpretation is heavily influenced by personal characteristics of the individual perceiver.

The more relevant personal characteristics affecting perception of the perceiver are attitudes, motives, interests, past experiences, and expectations.

Characteristics of the target can also affect what is being perceived. This would include attractiveness, gregariousness, and our tendency to group similar things together. For example, members of a group with clearly distinguishable features or color are often perceived as alike in other, unrelated

characteristics as well. The context in which we see objects or events also influences our attention. This could include time, heat, light, or other situational factors.

### The Nature of Perception

**Perception** is the process by which individuals select, organize, and interpret the input from their senses to give meaning and order to the world around them. The process of perception involves the **perceiver—**the person making the interpretation, the **target of perception—**what the perceiver interprets, and the **situation** in which perception takes place. The target can be an event, a situation, an idea, a noise, a group of people, or another person. **Person perception**, or the process of perceiving another person, plays a large role in organizational behavior.

### Internal and External Attributions

Causal explanations for behaviors can be either **internal attributions**, behavior caused by some characteristic of the target, or **external attributions**, behavior assigned to factors outside the individual. Common internal attributions include ability, effort, and personality. Poor performance may be attributed to lack of effort or ability, and poor relations with coworkers may be attributed to personality. Common external attributions include luck, chance, and easy tasks. A worker's accomplishment may be viewed as a stroke of luck.
Whether attributions are internal or external determines how people respond to behavior. High performance, attributed to ability, results in a promotion, but attributed to luck, results in no promotion. The attributions people make for their own behavior influence subsequent actions. A successful worker who attributes an outcome to luck remains unaffected, whereas attributing success to ability increases confidence.

### The Link between Perception and Individual Decision Making

Individuals in organizations make decisions; they make choices from among two or more alternatives.

- Top managers determine their organization's goals, what products or services to offer, how best to finance operations, or where to locate a new manufacturing plant.
- Middle- and lower-level managers determine production schedules, select new employees, and decide how pay raises are to be allocated.
- Non-managerial employees also make decisions including whether or not to come to work on any given day, how much effort to put forward once at work, and whether or not to comply with a request made by the boss.
- A number of organizations in recent years have been empowering their non-managerial employees with job-related decision-making authority that historically was reserved for managers.
- There is a discrepancy between some current state of affairs and some desired state, requiring consideration of alternative courses of action.
- The awareness that a problem exists and that a decision needs to be made is a perceptual issue.
- Every decision requires interpretation and evaluation of information. The perceptions of the decision maker will address these two issues.
- Data are typically received from multiple sources.
- Which data are relevant to the decision and which are not?
- Alternatives will be developed, and the strengths and weaknesses of each will need to be evaluated.

### Social Perception

"The processes, through which individuals attempt to combine, integrate and interpret information about others". Social status, a target's real or perceived position in society or an organization, also affects perception. High-status targets are perceived as more credible, knowledgeable, and responsible than low-status targets. Organizations use a high-status target to make public announcements and presentations because the audience perceives that person as credible.

To ensure that women and minorities enjoy equal footing including social status, many organizations have adopted affirmative action programs. Yet, these programs may perpetuate the low status of women and minorities because others perceive and treat affirmative action hires as second-class citizens. This can result in not fully utilizing these workers' capabilities. After qualified employees left the company, Monsanto realized that affirmative action initiatives must include training programs to manage diversity, eliminate bias, and avoid the second-class citizen status that minorities inadvertently acquire.

**Barriers to Social Perception**

1. **Selective Perception**
   - Any characteristic that makes a person, object, or event stand out will increase the probability that it will be perceived.
   - It is impossible for us to assimilate everything we see—only certain stimuli can be taken in.

2. **Halo Effect**
   - The halo effect occurs when we draw a general impression on the basis of a single characteristic:
     a. This phenomenon frequently occurs when students appraise their classroom instructor.

     b. Students may give prominence to a single trait such as enthusiasm and allow their entire evaluation to be tainted by how they judge the instructor on that one trait.
   - The reality of the halo effect was confirmed in a classic study.
     a. Subjects were given a list of traits such as intelligent, skillful, practical, industrious, determined, and warm, and were asked to evaluate the person to whom those traits applied. When the word "warm" was substituted with "cold" the subjects changed their evaluation of the person.
     b. The experiment showed that subjects were allowing a single trait to influence their overall impression of the person being judged.
     c. Research suggests that it is likely to be most extreme when the traits to be perceived are ambiguous in behavioral terms, when the traits have moral overtones, and when the perceiver is judging traits with which he or she has had limited experience.

3. **Stereotyping**
   - Stereotyping—judging someone on the basis of our perception of the group to which he or she belongs
   - Generalization is not without advantages. It is a means of simplifying a complex world, and it permits us to maintain consistency. The problem, of course, is when we inaccurately stereotype.
   - In organizations, we frequently hear comments that represent stereotypes based on gender, age, race, ethnicity, and even weight.
   - From a perceptual standpoint, if people expect to see these stereotypes, that is what they will perceive, whether or not they are accurate.

**Lesson 11**

# PERCEPTION, ATTITUDES AND PERSONALITY

## Overview

Perception and attribution are important topics because all decisions and behaviors in organizations are influenced by how people interpret and make sense of the world around them and each other. Perception is the process by which individuals select, organize, and interpret sensory input. Attribution is an explanation of the cause of behavior. Perception and attribution explain how and why people behave in organizations and how and why they react to the behavior of others. This chapter makes the following points:

- Perception is the process by which people interpret the input from their senses to give meaning and order to the world around them. The three components of perception are the perceiver, the target, and the situation. Accurate perceptions are necessary to make good decisions and to motivate workers to perform at a high level, to be fair and equitable, and to be ethical.

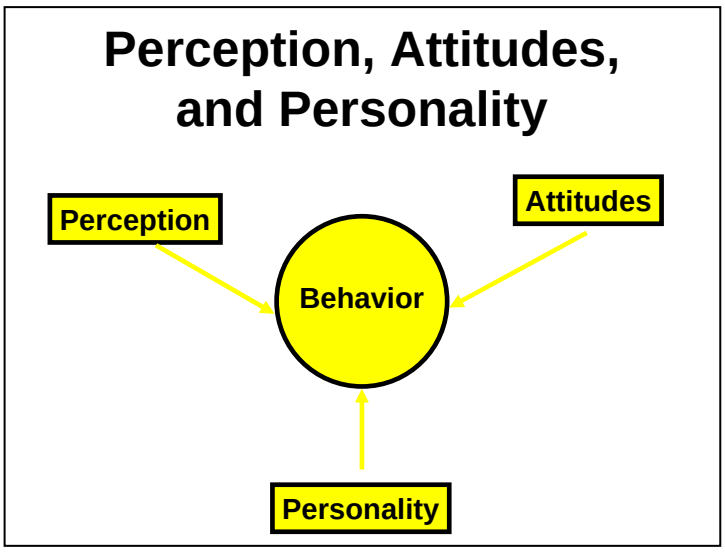
- The perceiver's knowledge base is organized into schemas, abstract knowledge structures stored in memory that allow people to organize and interpret information about a given target of perception. Schemas tend to be resistant to change and can be functional or dysfunctional. A stereotype is a dysfunctional schema because stereotypes often lead perceivers to assume erroneously that targets have a whole range of characteristics simply because they possess one distinguishing characteristic (e.g., race, age, or gender). In addition to the perceiver's schemas, the motivational state and mood also influence perception.

- Characteristics of the target also influence perception. Ambiguous targets are subject to a lot of interpretation by the perceiver; the more ambiguous the target, the more likely perceivers are to differ in their perceptions of it. The target's social status also affects how the target is perceived. Through impression management, targets can actively try to manage the perceptions that others have of them.

- The situation affects perception by providing the perceiver with additional information. One particularly important aspect of the situation is the target's salience—that is, the extent to which the target stands out in a group of people or things.

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- Attributions are important determinants of behavior in organizations because organization members react to other people's behavior based on what they think caused the behavior. Common external attributions for behavior include task difficulty and luck or chance. Like perceptions, attributions can be inaccurate because of biases, including the fundamental attribution error, the actor-observer effect, and self-serving attribution.




- Three ways in which organizations can promote accurate perceptions and attributions and effectively manage diverse employees include: securing top management's commitment to

diversity, diversity training, and education. Organizations also need to take steps to eliminate and prevent both quid pro quo and hostile work environment.

**Attributes**

The Process through which individuals attempt to determine the causes of others behavior

**Attribution Theory**

People try to make sense of a situation by explaining its cause; this explanation is an **attribution**. **Attribution theory** describes how people explain the causes of their own and other people's behavior. To the extent that attributions are accurate, better organizational decisions can be made.
Supervisors make attributions for high or low performance. If a supervisor attributes high performance to exceptional ability, challenging work is assigned, but if it is attributed to luck, no change in assignment will be made. Incorrect attributions result in over challenging or under challenging assignments. Smooth day-to-day interactions often hinge on accurate attributions.

**Internal and External Attributions**

Causal explanations for behaviors can be either **internal attributions**, behavior caused by some characteristic of the target, or **external attributions**, behavior assigned to factors outside the individual. Common internal attributions include ability, effort, and personality. Poor performance may be attributed to lack of effort or ability, and poor relations with coworkers may be attributed to personality. Common external attributions include luck, chance, and easy tasks. A worker's accomplishment may be viewed as a stroke of luck.
Whether attributions are internal or external determines how people respond to behavior. High performance, attributed to ability, results in a promotion, but attributed to luck, results in no promotion. The attributions people make for their own behavior influence subsequent actions. A successful worker who attributes an outcome to luck remains unaffected, whereas attributing success to ability increases confidence.

1. Our perceptions of people differ from our perceptions of inanimate objects.
   - We make inferences about the actions of people that we do not make about inanimate objects.
   - Nonliving objects are subject to the laws of nature.
   - People have beliefs, motives, or intentions.

2. Our perception and judgment of a person's actions are influenced by these assumptions.
   Attribution theory suggests that when we observe an individual's behavior, we attempt to determine whether it was internally or externally caused. That determination depends largely on three factors:
   - **Distinctiveness:** shows different behaviors in different situations.
   - **Consensus:** Response is the same as others to same situation.
   - **Consistency:** Responds in the same way over time.

3. Clarification of the differences between internal and external causation:
   - Internally caused behaviors are those that are believed to be under the personal control of the individual.
   - Externally caused behavior is seen as resulting from outside causes; that is, the person is seen as having been forced into the behavior by the situation.

4. *Distinctiveness* refers to whether an individual displays different behaviors in different situations. What we want to know is whether the observed behavior is unusual.
   - If it is, the observer is likely to give the behavior an external attribution.
   - If this action is not unusual, it will probably be judged as internal.

5. *Consensus* occurs if everyone who is faced with a similar situation responds in the same way. If consensus is high, you would be expected to give an external attribution to the employee's tardiness, whereas if other employees who took the same route made it to work on time, your conclusion as to causation would be internal.

6. *Consistency* in a person's actions. Does the person respond the same way over time? The more consistent the behavior, the more the observer is inclined to attribute it to internal causes.

7. Fundamental Attribution Error
   - There is substantial evidence that we have a tendency to underestimate the influence of external factors and overestimate the influence of internal or personal factors.
   - There is also a tendency for individuals to attribute their own successes to internal factors such as ability or effort while putting the blame for failure on external factors such as luck. This is called the "self-serving bias" and suggests that feedback provided to employees will be distorted by recipients.

8. Are these errors or biases that distort attribution universal across different cultures? While there is no definitive answer there is some preliminary evidence that indicates cultural differences:
   - Korean managers found that, contrary to the self-serving bias, they tended to accept responsibility for group failure.
   - Attribution theory was developed largely based on experiments with Americans and Western Europeans.
   - The Korean study suggests caution in making attribution theory predictions in non-Western societies, especially in countries with strong collectivist traditions.

**Frequently Used Shortcuts in Judging Others**

- **Selective Perception**
  - People selectively interpret what they see on the basis of their interest, background, experience, and attitudes.
- **Halo Effect**
  - A general impression about an individual is based on a single positive characteristic.
- **Contrast Effects**
  - Evaluations of a person's characteristics that are affected by comparisons with other people recently encountered who rank higher or lower on the same characteristics.
- **Projection**
  - Attributing one's own characteristics to other people
- **Stereotyping**
  - Judging someone on the basis of the group to which he/she belongs.

**Specific Applications in Organizations**

1. **Employment Interview**
   - Evidence indicates that interviewers make perceptual judgments that are often inaccurate.
   - In addition, agreement among interviewers is often poor. Different interviewers see different things in the same candidate and thus arrive at different conclusions about the applicant.
   - Interviewers generally draw early impressions that become very quickly entrenched. Studies indicate that most interviewers' decisions change very little after the first four or five minutes of the interview.
   - Because interviews usually have so little consistent structure and interviewers vary in terms of what they are looking for in a candidate, judgments of the same candidate can vary widely.

2. **Performance Expectations**
   - Evidence demonstrates that people will attempt to validate their perceptions of reality, even when those perceptions are faulty.
   - Self-fulfilling prophecy or Pygmalion effect characterizes the fact that people's expectations determine their behavior. Expectations become reality.
   - A study was undertaken with 105 soldiers in the Israeli Defense Forces who were taking a fifteen-week combat command course. Soldiers were randomly divided and identified as having high potential, normal potential, and potential not known. Instructors got better results from the high potential group because they expected it confirming the effect of a self-fulfilling prophecy.

3. **Performance Evaluation**
   - An employee's performance appraisal is very much dependent on the perceptual process.
   - Although the appraisal can be objective, many jobs are evaluated in subjective terms. Subjective measures are, by definition, judgmental.
   - To the degree that managers use subjective measures in appraising employees, what the evaluator perceives to be good or bad employee characteristics or behaviors will significantly influence the outcome of the appraisal.

4. **Employee Effort**
   - An individual's future in an organization is usually not dependent on performance alone. An assessment of an individual's effort is a subjective judgment susceptible to perceptual distortions and bias.

**Perception and Performance Appraisal**

Objective and Subjective Measures
- Higher in the organizational hierarchy, it becomes more difficult to find objective measures or quantifiable evidence to use to measure performance.
- Therefore, organizations rely on subjective measures of effectiveness provided by managers.

**Rater Errors**

Sometimes individuals make similar judgments, even though job performance is varied. Some supervisors are overly harsh in appraisals, whereas others are overly lenient. Others rate everyone as average. One effect is that high performers do not receive the rewards they deserve and low performers do not improve performance. Biases make it difficult to compare employees rated by different supervisors. Should an employee with a good performance rating from a lenient supervisor be promoted over an employee with a poor rating from a harsh supervisor?
- **Leniency** – The tendency to perceive the job performance of ratees as especially good.
- **Harshness** – The tendency to perceive the job performance of ratees as especially ineffective.
- **Central tendency** – The tendency to assign most ratees to middle-range job performance categories.

**Halo effect** – The rating of an individual on one trait or characteristic tends to colour ratings on other traits or characteristics. A **halo effect** occurs when the perceiver's general impression of a target distorts perception of the target on specific dimensions. Halo effects can be positive or negative. A subordinate viewed positively may be rated high on work quality though the work is full of mistakes. Because of the halo effect, the subordinate will not receive the feedback necessary to improve performance. A negative impression may lead the supervisor to perceive the subordinate as uncooperative.

**Similar-to-me effect** – A rater gives more favorable evaluations to people who are similar to the rater in terms of background or attitudes. People tend to perceive those who are similar to themselves more

positively than those who are dissimilar. Similar-to-me effect can adversely affect women and minorities trying to climb the corporate ladder. Members of an organization must be on guard for the similar-to-me bias in interacting with people from other cultures.

**Misperception**

Misperception is the cognitive process by which an individual selects and organizes, but misinterprets, environmental stimuli.

**Lesson 12**

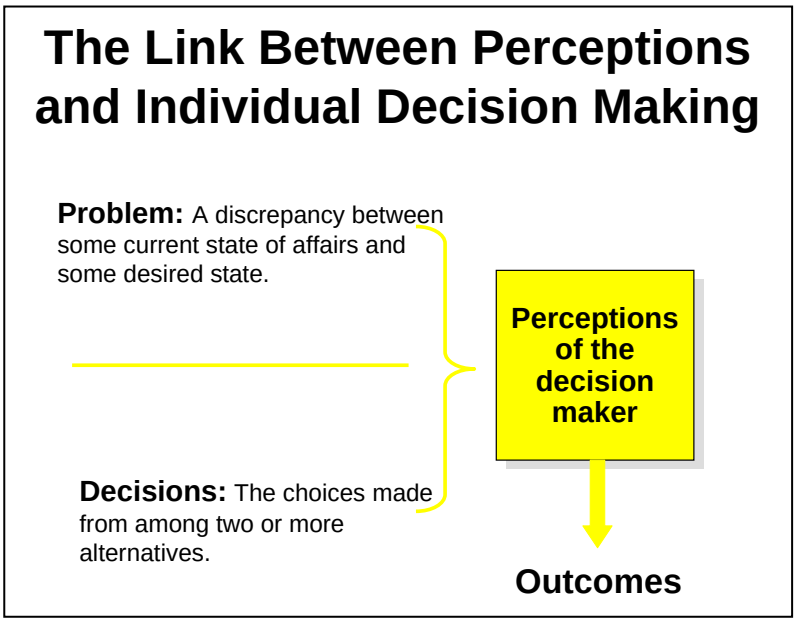
## PERCEPTION AND DECISION MAKING

### The Link between Perception and Individual Decision Making

1. Individuals in organizations make decisions; they make choices from among two or more alternatives.
   - Top managers determine their organization's goals, what products or services to offer, how best to finance operations, or where to locate a new manufacturing plant.
   - Middle- and lower-level managers determine production schedules, select new employees, and decide how pay raises are to be allocated.
   - Non-managerial employees also make decisions including whether or not to come to work on any given day, how much effort to put forward once at work, and whether or not to comply with a request made by the boss.
   - A number of organizations in recent years have been empowering their non-managerial employees with job-related decision-making authority that historically was reserved for managers.
2. Decision-making occurs as a reaction to a problem.
   - There is a discrepancy between some current state of affairs and some desired state, requiring consideration of alternative courses of action.
   - The awareness that a problem exists and that a decision needs to be made is a perceptual issue.
3. Every decision requires interpretation and evaluation of information. The perceptions of the decision maker will address these two issues.
   - Data are typically received from multiple sources.
   - Which data are relevant to the decision and which are not?
   - Alternatives will be developed, and the strengths and weaknesses of each will need to be evaluated.

**Rational Decision-Making Model**

***"A decision-making model that describes how individuals should behave in order to maximize some outcomes"***




**Steps in the Rational Decision-Making Model**

1. Define the problem.
2. Identify the decision criteria.
3. Allocate weights to the criteria.
4. Develop the alternatives.
5. Evaluate the alternatives.
6. Select the best alternative.

The optimizing decision maker is rational. He or she makes consistent, value-maximizing choices within specified constraints.

### The Rational Model

***Step 1*: Defining the problem**

- A problem is a discrepancy between an existing and a desired state of affairs.

- Many poor decisions can be traced to the decision maker overlooking a problem or defining the wrong problem.

***Step 2: Identify the decision criteria important to solving the problem.***

- The decision maker determines what is relevant in making the decision. Any factors not identified in this step are considered irrelevant to the decision maker.
- This brings in the decision maker's interests, values, and similar personal preferences

***Step 3: Weight the previously identified criteria in order to give them the correct priority in the decision.***

***Step 4: Generate possible alternatives that could succeed in resolving the problem.***

***Step 5: Rating each alternative on each criterion.***

- Critically analyze and evaluate each alternative
- The strengths and weaknesses of each alternative become evident as they are compared with the criteria and weights established in the second and third steps.

***Step 6: The final step is to compute the optimal decision:***

- Evaluating each alternative against the weighted criteria and selecting the alternative with the highest total score.

**Assumptions of the Model**

- *Problem clarity.* The decision maker is assumed to have complete information regarding the decision situation.
- *Known options*. It is assumed the decision maker is aware of all the possible consequences of each alternative.
- *Clear preferences.* Criteria and alternatives can be ranked and weighted to reflect their importance.
- *Constant preferences.* Specific decision criteria are constant and the weights assigned to them are stable over time.
- *No time or cost constraints.* The rational decision maker can obtain full information about criteria and alternatives because it is assumed that there are no time or cost constraints.
- *Maximum payoff.* The rational decision maker will choose the alternative that yields the highest perceived value

**Bounded Rationality**

Individuals make decisions by constructing simplified models that extract the essential features from problems without capturing all their complexity.

1. When faced with a complex problem, most people respond by reducing the problem to a level at which it can be readily understood.
   - This is because the limited information-processing capability of human beings makes it impossible to assimilate and understand all the information necessary to optimize.
   - People *satisfice*—they seek solutions that are satisfactory and sufficient.
2. Individuals operate within the confines of bounded rationality. They construct simplified models that extract the essential features.
3. How does bounded rationality work?
   - Once a problem is identified, the search for criteria and alternatives begins.

   The decision maker will identify a limited list made up of the more conspicuous choices, which are easy to find, tend to be highly visible, and they will represent familiar criteria and previously tried-and-true solutions.

- Once this limited set of alternatives is identified, the decision maker will begin reviewing it.
    a. The decision maker will begin with alternatives that differ only in a relatively small degree from the choice currently in effect.
    b. The first alternative that meets the "good enough" criterion ends the search.
- The order in which alternatives are considered is critical in determining which alternative is selected.
- Assuming that a problem has more than one potential solution, the satisfying choice will be the first acceptable one the decision maker encounters.

- Alternatives that depart the least from the status quo are the most likely to be selected.

**Intuitive Decision-Making**

**"An unconscious process created out of distilled experience"**

1. Intuitive decision-making has recently come out of the closet and into some respectability.
2. What is intuitive decision making?
    - It is an unconscious process created out of distilled experience. It operates in complement with rational analysis.
    - Some consider it a form of extrasensory power or sixth sense.
    - Some believe it is a personality trait that a limited number of people are born with.
3. Research on chess playing provides an excellent example of how intuition works.
    - The expert's experience allows him or her to recognize the pattern in a situation and draw upon previously learned information associated with that pattern to quickly arrive at a decision choice.
    - The result is that the intuitive decision maker can decide rapidly with what appears to be very limited information.
    - Eight conditions when people are most likely to use intuitive decision making:
        a. when a high level of uncertainty exists
        b. when there is little precedent to draw on
        c. when variables are less scientifically predictable
        d. when "facts" are limited
        e. when facts do not clearly point the way to go
        f. when analytical data are of little use
        g. when there are several plausible alternative solutions to choose from, with good arguments for each
        h. when time is limited, and there is pressure to come up with the right decision
    - Although intuitive decision making has gained in respectability, don't expect people—especially in North America, Great Britain, and other cultures where rational analysis is the approved way of making decisions—to acknowledge they are using it. Rational analysis is considered more socially desirable in these cultures.

**Decision-Making Styles**

**1.** Research on decision styles has identified four different individual approaches to making decisions.
**2.** People differ along two dimensions. The first is their way of thinking.
    - Some people are logical and rational. They process information serially.
    - Some people are intuitive and creative. They perceive things as a whole.
**3.** The other dimension is a person's tolerance for ambiguity
    - Some people have a high need to minimize ambiguity.
    - Others are able to process many thoughts at the same time.
***4.*** These two dimensions, diagrammed, form four styles of decision making.
    - Directive:

a. Low tolerance for ambiguity and seek rationality
b. Efficient and logical
c. Decisions are made with minimal information and with few alternatives assessed.

d. Make decisions fast and focus on the short-run.

- Analytic
  a. Greater tolerance for ambiguity
  b. Desire for more information and consideration of more alternatives
  c. Best characterized as careful decision makers with the ability to adapt to or cope with new situations
- Conceptual
  a. Tend to be very broad in their outlook and consider many alternatives
  b. Their focus is long range, and they are very good at finding creative solutions to problems.
- Behavioral
  a. Characterizes decision makers who work well with others
  b. Concerned with the achievement of peers and subordinates and are receptive to suggestions from others, relying heavily on meetings for communicating
  c. Tries to avoid conflict and seeks acceptance

**5.** Most managers have characteristics that fall into more than one. It is best to think in terms of a manager's dominant style and his or her backup styles.

- Business students, lower-level managers, and top executives tend to score highest in the analytic style.
- Focusing on decision styles can be useful for helping you to understand how two equally intelligent people, with access to the same information, can differ in the ways they approach decisions and the final choices they make.

**Organizational Constraints on Decision Makers**

**1.** The organization itself constrains decision makers. This happens due to policies, regulations, time constraints, etc.

**2.** Performance evaluation

- Managers are strongly influenced in their decision making by the criteria by which they are evaluated. Their performance in decision making will reflect expectation.

**3.** Reward systems

- The organization's reward system influences decision makers by suggesting to them what choices are preferable in terms of personal payoff.

**4.** Programmed routines

- All but the smallest of organizations create rules, policies, procedures, and other formalized regulations in order to standardize the behavior of their members.
- By programming decisions, organizations are able to get individuals to achieve high levels of performance without paying for the years of experience.

**5.** System-imposed time constraints

- Organizations impose deadlines on decisions.
- Decisions must be made quickly in order to stay ahead of the competition and keep customers satisfied.
- Almost all important decisions come with explicit deadlines.

**6.** Historical Precedents

- Decisions have a context. Individual decisions are more accurately characterized as points in a stream of decisions.
- Decisions made in the past are ghosts which continually haunt current choices. It is common knowledge that the largest determining factor of the size of any given year's budget is last year's budget.

**Cultural Differences in Decision Making**

1. The rational model makes no acknowledgment of cultural differences. We need to recognize that the cultural background of the decision maker can have significant influence on:
    a. selection of problems
    b. depth of analysis
    c. the importance placed on logic and rationality
    d. whether organizational decisions should be made autocratically by an individual manager or collectively in groups
2. Cultures, for example, differ in terms of time orientation, the importance of rationality, their belief in the ability of people to solve problems, and preference for collective decision making.

**Ethics in Decision Making**

1. Utilitarian criterion—decisions are made solely on the basis of their outcomes or consequences. The goal of utilitarianism is to provide the greatest good for the greatest number. This view tends to dominate business decision making.
2. Focus on rights—calls on individuals to make decisions consistent with fundamental liberties and privileges as set forth in documents such as the Bill of Rights.
3. An emphasis on rights means respecting and protecting the basic rights of individuals, such as the right to privacy, to free speech, and to due process.
4. Focus on justice—requires individuals to impose and enforce rules fairly and impartially. There is an equitable distribution of benefits and costs.
   Advantages and liabilities of these three criteria:
   - Utilitarianism
     a. Promotes efficiency and productivity
     b. It can result in ignoring the rights of some individuals, particularly those with minority representation in the organization.
   - Rights
     a. Protects individuals from injury and is consistent with freedom and privacy
     b. It can create an overly legalistic work environment that hinders productivity and efficiency.
   - Justice
     a. Protects the interests of the underrepresented and less powerful
     b. It can encourage a sense of entitlement that reduces risk taking, innovation, and productivity.
     c. Decision makers tend to feel safe and comfortable when they use utilitarianism. Many critics of business decision makers argue that this perspective needs to change.
5. Increased concern in society about individual rights and social justice suggests the need for managers to develop ethical standards based solely on non-utilitarian criteria.

**Two Important Decision-Making Phases**

**A. Problem Identification**

Problems that are visible tend to have a higher probability of being selected than ones that are important. Why?

- Visible problems are more likely to catch a decision maker's attention.
- Second, remember we are concerned with decision making in organizations. If a decision maker faces a conflict between selecting a problem that is important to the organization and one that is important to the decision maker, self-interest tends to win out.

The decision maker's self interest also plays a part. When faced with selecting a problem important to the decision maker or important to the organization, self interest tends to win out.

**B. Alternative Development**

1. Since decision makers seek a satisfying solution, there is a minimal use of creativity in the search for alternatives. Efforts tend to be confined to the neighborhood of the current alternative.
2. Evidence indicates that decision-making is incremental rather than comprehensive. Decision makers make successive limited comparisons. The picture that emerges is one of a decision maker who takes small steps toward his or her objective.

**Lesson 13**

## MOTIVATION-THE BASIC CONCEPT

**Overview**

- Motivating and rewarding employees is one of the most important and one of the most challenging activities that managers perform. Successful managers, such as Angel Lorenzo, in our chapter-opening Manager's Dilemma, understand that what motivates them personally may have little or no effect on others. Just because *you're* motivated by being part of a cohesive work team, don't assume everyone is. Or just because you're motivated by challenging work doesn't mean that everyone is. Effective managers who want their employees to put forth maximum effort recognize that they need to know how and why employees are motivated and to tailor their motivational practices to satisfy the needs and wants of those employees.
- To understand what motivation is, let's begin by pointing out what motivation is not. Why? Because many people incorrectly view motivation as a personal trait—that is, a trait that some people have and others don't. Although in reality a manager might describe a certain employee as unmotivated, our knowledge of motivation tells us that we can't label people that way. What we *do* know is that motivation is the result of the interaction between the person and the situation. Certainly, individuals differ in motivational drive, but overall motivation varies from situation to situation. As we analyze the concept of motivation, keep in mind that the level of motivation varies both between individuals and within individuals at different times.
- Motivation is the willingness to exert high levels of effort to reach organizational goals, conditioned by the effort's ability to satisfy some individual need. Although, in general, motivation refers to effort exerted toward any goal, we're referring to organizational goals because our focus is on work-related behavior. Three key elements can be seen in this definition: effort, organizational goals, and needs.
- The *effort* element is a measure of intensity or drive. A motivated person tries hard. But high levels of effort are unlikely to lead to favorable job performance unless the effort is channeled in a direction that benefits the organization. Therefore, we must consider the quality of the effort as well as its intensity. Effort that is directed toward, and consistent with, organizational goals is the kind of effort that we should be seeking. Finally, we will treat motivation as a need-satisfying process.
- A need refers to some internal state that makes certain outcomes appear attractive. An unsatisfied need creates tension that stimulates drives within an individual. These drives lead to a search behavior to find particular goals that, if attained, will satisfy the need and reduce the tension.

We can say that motivated employees are in a state of tension. To relieve this tension, they exert effort. The greater the tension, the higher the effort level. If this effort leads to need satisfaction, it reduces tension. Because we're interested in work behavior, this tension-reduction effort must also be directed toward organizational goals. Therefore, inherent in our definition of motivation is the requirement that the individual's needs be compatible with the organization's goals. When the two don't match, individuals may exert high levels of effort that run counter to the interests of the organization. Incidentally, this isn't all that unusual. Some employees regularly spend a lot of time talking with friends at work to satisfy their social need. There's a high level of effort but little being done in the way of work.

Motivating high levels of employee performance is an important organizational consideration. Both academic researchers and practicing managers have been trying to understand and explain employee motivation for years. In this chapter, we're going to first look at the early motivation theories and then at the contemporary theories. We'll finish by looking at some current issues in motivation and then providing some practical suggestions managers can use in motivating employees

Work motivation explains why workers behave as they do. Four prominent theories about work motivation—need theory, expectancy theory, equity theory, and procedural justice theory—provide

complementary approaches to understanding and managing motivation in organizations. Each theory answers different questions about the motivational process.

1. Work motivation refers to the psychological forces within a person that determine the direction of the person's behavior, level of effort, and level of performance in an organization in the face of obstacles. Motivation is distinct from performance; other factors besides motivation (e.g., ability and task difficulty) influence performance.
2. Intrinsically motivated behavior is behavior performed for its own sake. Extrinsically motivated behavior is behavior performed to acquire material or social rewards or to avoid punishment.
3. Need theory, expectancy theory, equity theory, and procedural justice theory are complementary approaches to understanding motivation. Each answers different questions about the nature and management of motivation in organizations.
4. Need theories of motivation identify the needs that workers are motivated to satisfy on the job. Two major need theories of motivation are Maslow's hierarchy of needs and Alderfer's existence-relatedness-growth theory.
5. Expectancy theory focuses on how workers decide what behaviors to engage in on the job and how much effort to exert. The three concepts in expectancy theory are valence (how desirable an outcome is to a worker), instrumentality (a worker's perception about the extent to which a certain level of performance will lead to the attainment of a particular outcome), and expectancy (a worker's perception about the extent to which effort will result in a certain level of performance). Valence, instrumentality, and expectancy combine to determine motivation.
6. Equity theory proposes that workers compare their own outcome/input ratio (the ratio of the outcomes they receive from their jobs and from the organization to the inputs they contribute) to the outcome/input ratio of a referent. Unequal ratios create tension inside the worker, and the worker is motivated to restore equity. When the ratios are equal, workers are motivated to maintain their current ratio of outcomes and inputs if they want their outcomes to increase.
7. Procedural justice theory is concerned with perceived fairness of the procedures used to make decisions about inputs, performance, and distribution of outcomes. How managers treat their subordinates and the extent to which they provide explanations for their decisions influence workers' perceptions of procedural justice. When procedural justice is perceived to be low, motivation suffers because workers are not sure that their inputs and performance levels will be accurately assessed or that outcomes will be distributed in a fair manner.

**Motivation**

**"A state of mind, desire, energy or interest that translates into action"**

***or***

***"The inner drive that directs a person's behavior toward goals"***

Motivation is central to understanding and managing organizational behavior because it influences workers' behaviors, workers' level of effort, and their persistence in the face of obstacles. This chapter discusses the differences between motivation and performance and between intrinsic and extrinsic motivation. Several theories of work motivation are described: need theory, expectancy theory, equity theory, and procedural justice theory.

**Defining Motivation**

***"The processes that account for an individual's intensity, direction and persistence of effort toward attaining a goal"***

**Key Elements**

**Intensity:** how hard a person tries. Intensity is concerned with how hard a person tries. This is the element most of us focus on when we talk about motivation.
**Direction:** toward beneficial goal. Direction is the orientation that benefits the organization.

**Persistence:** how long a person tries. Persistence is a measure of how long a person can maintain his/her effort. Motivated individuals stay with a task long enough to achieve their goal.

**Motivational Theories**

***Maslow's Hierarchy of Needs***

**Need theory** is actually a collection of theories that focus on workers' needs as the sources of motivation. Need theories propose that workers seek to satisfy many of their needs at work, so their behavior at work is oriented toward need satisfaction. A **need** is a requirement for survival and well-being. Previous chapters have described two theories, Hertzberg's motivator-hygiene theory and McClelland's descriptions of the needs for achievement, affiliation, and power. Two other content theories will be discussed, the theories of Abraham Maslow and Clay Alderfer.

Maslow suggested that all people seek to satisfy the same five needs—physiological needs, safety needs, need to belong, esteem needs, and self-actualization needs. Maslow proposed that the needs be arranged in a hierarchy of importance, with the most basic or compelling needs—physiological and safety needs—at the bottom. Basic needs must be satisfied before an individual seeks to satisfy higher needs in the hierarchy. Maslow argued that once a need is satisfied, it is no longer a source of motivation.
Maslow's theory helps managers understand that workers' needs differ and that motivation for one worker is not motivation for another. Managers must identify a worker's needs and ensure satisfaction of these needs if desired behaviors are performed.

Organizations can help workers who are at different levels in Maslow's hierarchy satisfy personal needs while also achieving organizational goals and a competitive advantage. Realizing that researchers wanted to feel proud of their work, the Unocal Corporation instituted Creativity Week to recognize scientists whose projects benefit the organization. While meeting the esteem needs of its scientists, Unocal also reinforces its goal of innovation.

1. Physiological needs: food, drink, shelter, sexual satisfaction, and other physical requirements.

2. Safety needs: security and protection from physical and emotional harm, as well as assurance that physical needs will continue to be met.

3. Social needs: affection, belongingness, acceptance, and friendship.

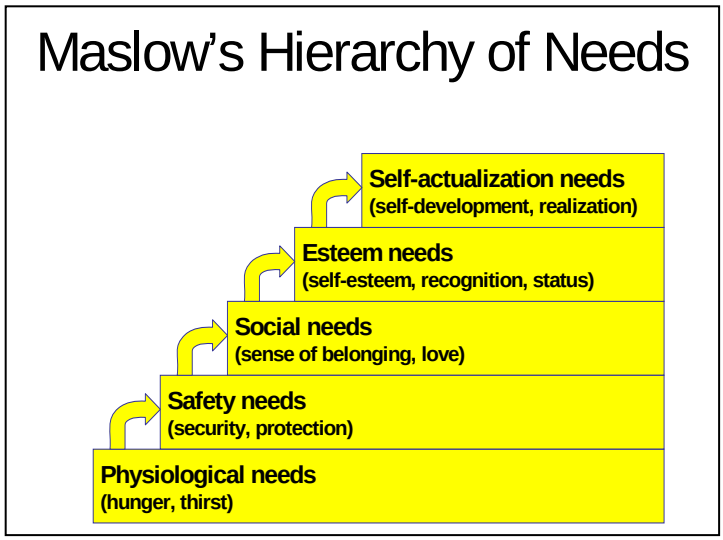
4. Esteem needs: internal esteem factors such as self-respect, autonomy, and achievement and external esteem factors such as status, recognition, and attention.

5. Self-actualization needs: growth, achieving one's potential, and self-fulfillment; the drive to become what one is capable of becoming.

In terms of motivation, Maslow argued that each level in the hierarchy must be substantially satisfied before the next is activated and that once a need is substantially satisfied it no longer motivates behavior. In other words, as each need is substantially satisfied, the next need becomes dominant. In terms of the individual moves up the needs hierarchy. From the standpoint of motivation, Maslow's theory proposed that, although no need is ever fully satisfied, a substantially satisfied need will no longer motivate an individual. If you want to motivate someone, according to Maslow, you need to understand what level that person is on in the hierarchy and focus on satisfying needs at or above that level. Managers who accepted Maslow's hierarchy attempted to change their organizations and management practices so that employees' needs could be satisfied.

In addition, Maslow separated the five needs into higher and lower levels. Physiological and safety needs were described as *lower-order needs*; social, esteem, and self-actualization were described as *higher-order needs*. The difference between the two levels was made on the premise that higher-order needs are satisfied internally while lower-order needs are predominantly satisfied externally. In fact, the natural conclusion from Maslow's classification is that, in times of economic prosperity, almost all permanently employed workers have their lower-order needs substantially met.

Maslow's need theory received wide recognition, especially among practicing managers during the 1960s and 1970s. This recognition can be attributed to the theory's intuitive logic and ease of understanding. Unfortunately, however, research hasn't generally validated the theory. Maslow provided no empirical support for his theory, and several studies that sought to validate it could not.




**Basic assumptions**

- Once a need is satisfied, its role declines
- Needs are complex, with multiple needs acting simultaneously
- Lower level needs must be satiated before higher level needs are activated
- Individual and environment influence employee behavior
- Individuals decide behavior, although environment can place constraints
- Individuals have different needs/goals
- Decide among alternatives based on perception of behavior leading to desired outcome
- More ways exist to satisfy higher level needs

***Alderfer's ERG Theory***

Clayton Alderfer's existence-relatedness-growth (ERG) theory is also a need theory of work motivation. Alderfer reduces the number of needs from five to three and states that needs at more than one level can be motivators at any time. Like Maslow, Alderfer proposes a hierarchy of needs. Yet, he believes that when an individual has difficulty satisfying a higher-level need, motivation to satisfy lower-level needs increase
A three-level hierarchical need theory of motivation that allows for movement up and down the hierarchy.

- Existence Needs
- Relatedness Needs
- Growth Needs

***McGregor's Theory X and Theory Y***

Douglas McGregor is best known for his formulation of two sets of assumptions about human nature: Theory X and Theory Y. Very simply, Theory X presents an essentially negative view of people. It assumes that workers have little ambition, dislike work, want to avoid responsibility, and need to be closely controlled to work effectively. Theory Y offers a positive view. It assumes that workers can exercise self-direction, accept and actually seek out responsibility, and consider work to be a natural activity. McGregor believed that Theory Y assumptions better captured the true nature of workers and should guide management practice.

What did McGregor's analysis imply about motivation? The answer is best expressed in the framework presented by Maslow. Theory X assumed that lower-order needs dominated individuals, and Theory Y assumed that higher-order needs dominated. McGregor himself held to the belief that the assumptions of Theory Y were more valid than those of Theory X. Therefore, he proposed that participation in decision making, responsible and challenging jobs, and good group relations would maximize employee motivation.

Unfortunately, there is no evidence to confirm that either set of assumptions is valid or that accepting Theory Y assumptions and altering your actions accordingly will make employees more motivated.

**Under Theory X, the four assumptions held by managers are:**

- Employees inherently dislike work and, whenever possible, will attempt to avoid it.
- Since employees dislike work, they must be coerced, controlled, or threatened with punishment to achieve goals.
- Employee will avoid responsibilities and seek formal direction whenever possible.

**Under Theory Y, the assumptions are:**

- Employees can view work as being as natural as rest or play.
- People will exercise self-direction and self-control if they are committed to the objectives.
- The average person can learn to accept, even seek, responsibility.
- The ability to make innovative decisions is widely spread throughout the population and is not necessarily the sole responsibility of those in management positions.

***Theory Z***

> ***"A management philosophy that stresses employee participation in all aspects of company decision-making"***

**Lesson 14**

## MOTIVATIONAL THEORIES

**Overview**

- The theories and approaches we're going to look at in this section represent current state-of-the-art explanations of employee motivation. Although these may not be as well known as some of the early theories of motivation, they do tend to have substantive research support. What are these contemporary motivation approaches? We're going to look at six: three-need theory, goal-setting theory, reinforcement theory, designing motivating jobs, equity theory, and expectancy theory.
- David McClelland and others have proposed the three-need theory, which says there are three needs that are major motives in work. These three needs include the need for achievement, which is the drive to excel, to achieve in relation to a set of standards, and to strive to succeed; the need for power which is the need to make others behave in a way that they would not have behaved otherwise; and the need for affiliation, which is the desire for friendly and close interpersonal relationships. Of these three needs, the need for achievement has been researched most extensively. What has this research showed us?

***David McClelland's Theory of Needs***

People with a high need for achievement are striving for personal achievement rather than for the trappings and rewards of success. They have a desire to do something better or more efficiently than it's been done before. They prefer jobs that offer personal responsibility for finding solutions to problems, in which they can receive rapid and unambiguous feedback on their performance in order to tell whether they're improving, and in which they can set moderately challenging goals. High achievers aren't gamblers; they dislike succeeding by chance. They are motivated by and prefer the challenge of working at a problem and accepting the personal responsibility for success or failure. An important point is that high achievers avoid what they perceive to be very easy or very difficult tasks. Also, a high need to achieve doesn't necessarily lead to being a good manager, especially in large organizations. A high achievement salesperson at Merck does not necessarily make a good sales manager and good managers in large organizations such as, the other two needs in the three-need theory haven't been researched as extensively as the need for achievement. However, we do know that the needs for affiliation and power are closely related to managerial success. The best managers tend to be high in t **Need theory** is actually a collection of theories that focus on workers' needs as the sources of motivation. Need theories propose that workers seek to satisfy many of their needs at work, so their behavior at work is oriented toward need satisfaction? A **need** is a requirement for survival and well-being. Previous chapters have described two theories, Hertzberg's motivator-hygiene theory and McClelland's descriptions of the needs for achievement, affiliation, and power (. Two other content theories will be discussed, the theories of Abraham Maslow and Clay Alderfer.

Need for achievement

- The desire to do something better or more efficiently, to solve problems, or to master complex tasks.
- High need for achievement people:
  - •Prefer individual responsibilities.
  - •Prefer challenging goals.
  - •Prefer performance feedback.

Need for affiliation

- The desire to establish and maintain friendly and warm relations with others.
- High need for affiliation people:
  - •Are drawn to interpersonal relationships.
  - •Seek opportunities for communication.

Need for power

- The desire to control others, to influence their behavior, or to be responsible for others.
- High need for power people:
  - •Seek influence over others.
  - •Like attention.
  - •Like recognition.

***Goal-Setting Theory***

Before a big assignment or major class project presentation, has a teacher ever said to you "Just do your best"? What does that vague statement, "do your best," mean? Would your performance on a class project have been higher if that teacher had said that you needed to score a 93 percent to keep your A in the class? Would you have done better in high school English if your parents had said, "You should strive for 85 percent or higher on all your work in English class" rather than telling you to do your best? Research on goal-setting theory addresses these issues, and the findings, as you'll see, are impressive in terms of the effect that goal specificity, challenge, and feedback have on performance.

There is substantial support for the proposition that specific goals increase performance and that difficult goals, when accepted, result in higher performance than do easy goals. This proposition is known as goal-setting theory.

Intention to work toward a goal is a major source of job motivation. Studies on goal setting have demonstrated the superiority of specific and challenging goals as motivating forces. Specific, hard goals produce a higher level of output than does the generalized goal of "do your best." The specificity of the goal itself acts as an internal stimulus. For instance, when a FedEx delivery truck driver commits to making 10 weekly round-trip hauls between Toronto and Buffalo, New York, this intention gives him a specific goal to try to attain. We can say that, all things being equal, the delivery person with a specific goal will outperform someone else operating with no goals or the generalized goal of "do your best. “You may have noticed what appears to be a contradiction between the research findings on achievement motivation and goal setting. Is it a contradiction that achievement motivation is stimulated by moderately challenging goals, whereas goal-setting theory says that motivation is maximized by difficult goals? No, and our explanation is twofold. First, goal-setting theory deals with people in general. The conclusions on achievement motivation are based on people who have a high achievement Given that no more than 10 to 20 percent of North Americans are naturally high achievers and that proportion is undoubtedly lower in underdeveloped countries, difficult goals are still recommended for the majority of employees. Second, the conclusions of goal-setting theory apply to those who accept and are committed to the goals. Difficult goals will lead to higher performance only if they are accepted.

Will employees try harder if they have the opportunity to participate in the setting of goals? Although we can't say that having employees participate in the goal-setting process is *always* desirable, participation is probably preferable to assigning goals when you expect resistance to accepting difficult challenges. In some cases, participatively set goals elicited superior performance; in other cases, individuals performed best when their manager assigned goals. But a major advantage of participation may be in increasing acceptance of the goal itself as a desirable one toward which to work.

Finally, people will do better when they get feedback on how well they're progressing toward their goals because feedback helps identify discrepancies between what they have done and what they want to do; that is, feedback acts to guide behavior. But all feedback isn't equally effective. Self-generated feedback—where the employee is able to monitor his or her own progress—has been shown to be a more powerful motivator than externally generated feedback.

Are there any contingencies in goal-setting theory, or can we just assume that difficult and specific goals always lead to higher performance? In addition to feedback, three other factors have been found to

influence the goals-performance relationship. These are goal commitment, adequate self-efficacy, and national culture. Goal-setting theory presupposes that an individual is committed to the goal—that is, an individual is determined not to lower or abandon the goal. Commitment is most likely to occur when goals are made public, when the individual has an internal locus of control, and when the goals are self-set rather than assigned. Self-efficacy refers to an individual's belief that he or she is capable of performing a task. The higher your self-efficacy, the more confidence you have in your ability to succeed in a task. So, in difficult situations, we find that people with low self-efficacy are likely to reduce their effort or give up altogether, whereas those with high self-efficacy will try harder to master the challenge. In addition, individuals with high self-efficacy seem to respond to negative feedback with increased effort and motivation, whereas those with low self-efficacy are likely to reduce their effort when given negative feedback. Finally, goal-setting theory is culture bound. It is well adapted to countries such as the United States and Canada because its main ideas align reasonably well with North American cultures. It assumes that subordinates will be reasonably independent (not too high a score on power distance), that managers and employees will seek challenging goals (low in uncertainty avoidance), and that performance is considered important by both managers and subordinates (high in quantity of life). So don't expect goal setting to necessarily lead to higher employee performance in countries such as Portugal or Chile, where the country's cultural characteristics aren't like this.

***Equity Theory***

J. Stacy Adams developed equity theory, based on the premise that workers pay attention to the relationship between the **inputs** they contribute, such as skills, training, education, experience, effort, and time, and the **outcomes** they receive, such as pay, benefits, status, job satisfaction, job security, and promotions. Motivation is based on the perception of one's own outcome/input ratio compared to that of a similar individual or group, called a **referent**. Equity theory proposes that motivation is based on the worker's *perception* of the work situation.

Equity occurs when an individual's outcome/input ratio equals that of the referent. Because the comparison of these ratios (rather than absolute levels) determines whether equity is perceived, equity can exist if the referent receives more than the person making the comparison. When workers perceive ratios to be equal, they are motivated to maintain the status quo or increase inputs to receive greater outcomes.

Inequity***:*** Unequal ratios result in tension and a desire to restore equity. *Overpayment inequity* occurs when an individual perceives his or her outcome/input ratio is greater than the referent's. *Underpayment inequity* occurs when the individual perceives his or her ratio is less than the referent's. In either case, the individual is motivated to restore equity, according to equity theory.

Ways to Restore Equity

Once an individual experiences inequity, there are several ways to restore equity:

1. *Change inputs or outcomes.* Underpaid workers may try to reduce their inputs—by arriving late or by putting in less effort—or to increase outcomes. Overpaid workers may try to increase inputs or decrease outcomes.
2. *Change referent's inputs or outcomes.* Underpaid workers may try to reduce their referent's outcomes— by telling the boss a coworker doesn't deserve a bonus—or to get referents to increase inputs. Overpaid workers could try to increase or decrease the outcomes referents receive.
3. *Change perceptions of the situation.* Equity can be restored through changes in perception of the inputs and outcomes of the worker and the referent. A worker might realize that the referent had inputs that were overlooked (i.e., additional education) and/or that the worker received additional outcomes (i.e., a sense of accomplishment).
4. *Change the referent.* Usually referents chosen by workers are similar in characteristics such as age, background, experience, and education levels. Sometimes the worker realizes that the referent was inappropriate (e.g., older, more experienced, related to the boss, or superhuman). A change in the referent can restore equity.

5. *Leave the job or organization*. Leaving the organization restores equity. The worker can seek a more equitable work situation.

***Expectancy Theory***

Expectancy theory, developed by Victor Vroom, focuses on how workers make choices among alternative behaviors and levels of effort. With its emphasis on choices, expectancy theory focuses on workers' perceptions and thoughts or cognitive processes. By describing how workers make choices, expectancy theory provides managers with valuable insights on how to get workers to perform desired behaviors and how to encourage workers to exert high levels of effort.

Expectancy theory makes two assumptions: (1) workers are motivated to receive positive outcomes and avoid negative outcomes and (2) workers are rational, careful processors of information. Expectancy theory identifies three factors that determine motivation: valence, instrumentality, and expectancy. The most comprehensive and widely accepted explanation of employee motivation to date is Victor Vroom's expectancy theory. Although the theory has its critics, most research evidence supports it.

Expectancy theory states that an individual tends to act in a certain way based on the expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual. It includes three variables or relationships

This explanation of motivation might sound complex, but it really isn't that difficult to visualize. It can be summed up in the questions: How hard do I have to work to achieve a certain level of performance, and can I actually achieve that level? What reward will performing at that level get me? How attractive is the reward to me, and does it help me achieve my goals? Whether you are motivated to put forth effort (that is, to work) at any given time depends on your particular goals and your perception of whether a certain level of performance is necessary to attain those goals. Let's look at the theory's features and go through an example of how it works.

First, what perceived outcomes does the job offer the employee? Outcomes (rewards) may be positive—things such as pay, security, companionship, trust, fringe benefits, a chance to use talents or skills, or congenial relationships. Or the employee may view the outcomes as negative—fatigue, boredom, frustration, anxiety, harsh supervision, or threat of dismissal. Keep in mind that reality isn't relevant here. The critical issue is what the individual *perceives* the outcomes to be, regardless of whether the perceptions are accurate.

Second, how attractive are the outcomes or rewards to employees? Are they valued positively, negatively, or neutrally? This obviously is a personal and internal issue that depends on the individual's needs, attitudes, and personality. A person who finds a particular reward attractive—that is, values it positively—would rather get it than not get it. Others may find it negative and, therefore, prefer not getting it. Still others may be neutral about the outcome.

Third, what kind of behavior must the employee exhibit in order to achieve these rewards? The rewards aren't likely to have any effect on an individual employee's performance unless he or she knows, clearly and unambiguously, what must be done to achieve them. For example, what is "doing well" in terms of performance appraisal? What criteria will be used to judge the employee's performance?

Finally, how does the employee view his or her chances of doing what is asked? After an employee has considered his or her own skills and ability to control those variables that lead to success, what's the likelihood that he or she can successfully perform at the necessary level?

Frederick Hertzberg's motivation-hygiene theory proposes that intrinsic factors are related to job satisfaction and motivation, whereas extrinsic factors are associated with job dissatisfaction. Believing

that an individual's relation to his or her work is a basic one and that his or her attitude toward work determines success or failure, Herzberg investigated the question "What do people want from their jobs?" He asked people for detailed descriptions of situations in which they felt exceptionally good or bad about their jobs.

Herzberg concluded from his analysis of the findings that the replies people gave when they felt good about their jobs were significantly different from the replies they gave when they felt badly. Certain characteristics were consistently related to job satisfaction (factors on the left side of the exhibit) and others to job dissatisfaction (factors on the right side). Those factors associated with job satisfaction were intrinsic and included things such as achievement, recognition, and responsibility. When people felt good about their work, they tended to attribute these characteristics to themselves. On the other hand, when they were dissatisfied, they tended to cite extrinsic factors such as company policy and administration, supervision, interpersonal relationships, and working conditions.

In addition, Herzberg believed that the data suggested that the opposite of satisfaction was not dissatisfaction, as traditionally had been believed. Removing dissatisfying characteristics from a job would not necessarily make that job more satisfying (or motivating). As shown in Exhibit 16.4, Herzberg proposed that his findings indicated the existence of a dual continuum: The opposite of "satisfaction" is "no satisfaction," and the opposite of "dissatisfaction" is "no dissatisfaction."

According to Herzberg, the factors that led to job satisfaction were separate and distinct from those that led to job dissatisfaction. Therefore, managers who sought to eliminate factors that created job dissatisfaction could bring about workplace harmony but not necessarily motivation. Because they don't motivate employees, the extrinsic factors that create job dissatisfaction were called hygiene factors. When these factors are adequate, people will not be dissatisfied, but they will not be satisfied (or motivated) either. To motivate people on their jobs, Herzberg suggested emphasizing motivators, the intrinsic factors that increase job satisfaction.

Hertzberg’s theory enjoyed wide popularity from the mid-1960s to the early 1980s, but criticisms were raised about his procedures and methodology. Although today we say the theory was too simplistic, it has had a strong influence on how we currently design jobs.

***Reinforcement Theory***

In contrast to goal-setting theory, reinforcement theory says that behavior is a function of its consequences. Goal-setting theory proposes that an individual's purpose directs his or her behavior. Reinforcement theory argues that behavior is externally caused. What controls behavior are reinforces, consequences that, when given immediately following a behavior, increase the probability that the behavior will be repeated.

The key to reinforcement theory is that it ignores factors such as goals, expectations, and needs. Instead, it focuses solely on what happens to a person when he or she takes some action. This idea helps explain why publishers such as Pearson Education provide incentive clauses in their authors' contracts.

Following reinforcement theory, managers can influence employees' behavior by reinforcing actions they deem desirable. However, because the emphasis is on positive reinforcement, not punishment, managers should ignore, not punish, unfavorable behavior. Even though punishment eliminates undesired behavior faster than non-reinforcement does, its effect is often only temporary and may later have unpleasant side effects including dysfunctional behavior such as workplace conflicts, absenteeism, and turnover.

Research has shown that reinforcement is undoubtedly an important influence on work behavior. But reinforcement isn't the only explanation for differences in employee motivation. Goals also affect motivation, as do levels of achievement needs, job design, inequities in rewards, and expectations.

Negative reinforcement

- Also known as avoidance.
- The withdrawal of negative consequences to increase the likelihood of repeating the desired behavior in similar settings.

Punishment

- The administration of negative consequences or the withdrawal of positive consequences to reduce the likelihood of repeating the behavior in similar settings.

**Lesson 15**

# REWARD SYSTEMS

## Overview and Learning Objectives

- Understand the nature of employee motivation.
- Recognize the importance of creating a workplace that inspires and supports employee motivation.
- Identify aspects of today's workplace that can affect employee motivation.
- Understand the nature of employee motivation.
- Recognize the importance of creating a workplace that inspires and supports employee motivation.
- Identify aspects of today's workplace that can affect employee motivation.
- Develop a vision to inspire your department or team.
- Set strategic imperatives to help your team live out its vision.
- Measure employee progress in meeting strategic imperatives.
- Inspire ongoing employee motivation for Continuous Improvement.
- Offer rewards that employees value.
- Distribute rewards fairly.
- Use monetary and recognition rewards fairly.
- Keep rewards from backfiring.
- Recognize positive reinforcement, negative reinforcement, and punishment.
- Rely on positive rather than negative reinforcement.
- Create a friendly company culture.
- Communicate regularly and appropriately with employees.
- Actively listen to employee concerns.
- Accept constructive feedback from employees.
- Recognize factors that can lead to poor employee performance.
- Understand what a manager can do to help unmotivated employees.
- Try new techniques to inspire motivation.

**Work motivation** explains why workers behave as they do. Four prominent theories about work motivation—need theory, expectancy theory, equity theory, and procedural justice theory—provide complementary approaches to understanding and managing motivation in organizations. Each theory answers different questions about the motivational process.

1. Work motivation refers to the psychological forces within a person that determine the direction of the person’s behavior, level of effort, and level of performance in an organization in the face of obstacles. Motivation is distinct from performance; other factors besides motivation (e.g., ability and task difficulty) influence performance.
2. Intrinsically motivated behavior is behavior performed for its own sake. Extrinsically motivated behavior is behavior performed to acquire material or social rewards or to avoid punishment.
3. Need theory, expectancy theory, equity theory, and procedural justice theory are complementary approaches to understanding motivation. Each answers different questions about the nature and management of motivation in organizations.
4. Need theories of motivation identify the needs that workers are motivated to satisfy on the job. Two major need theories of motivation are Maslow’s hierarchy of needs and Alderfer’s existence-relatedness-growth theory.
5. Expectancy theory focuses on how workers decide what behaviors to engage in on the job and how much effort to exert. The three concepts in expectancy theory are valence (how desirable an outcome is to a worker), instrumentality (a worker’s perception about the extent to which a certain level of performance will lead to the attainment of a particular outcome), and expectancy (a worker’s perception about the extent to which effort will result in a certain level of performance). Valence, instrumentality, and expectancy combine to determine motivation.

6. Equity theory proposes that workers compare their own outcome/input ratio (the ratio of the outcomes they receive from their jobs and from the organization to the inputs they contribute) to the outcome/input ratio of a referent. Unequal ratios create tension inside the worker, and the worker is motivated to restore equity. When the ratios are equal, workers are motivated to maintain their current ratio of outcomes and inputs if they want their outcomes to increase.
7. Procedural justice theory is concerned with perceived fairness of the procedures used to make decisions about inputs, performance, and distribution of outcomes. How managers treat their subordinates and the extent to which they provide explanations for their decisions influence workers' perceptions of procedural justice. When procedural justice is perceived to be low, motivation suffers because workers are not sure that their inputs and performance levels will be accurately assessed or that outcomes will be distributed in a fair manner.

*Following are the core concept of motivation:*

Need theories: We introduced four theories that focused on needs. These were Maslow's hierarchy, two-factor, ERG, and McClelland's needs theories. The strongest of these is probably the last, particularly regarding the relationship between achievement and productivity. If the other three have any value at all, that value relates to explaining and predicting job satisfaction.

Goal-setting theory: There is little dispute that clear and difficult goals lead to higher levels of employee productivity. This evidence leads us to conclude that goal-setting theory provides one of the more powerful explanations of this dependent variable. The theory, however, does not address absenteeism, turnover, or satisfaction.

Reinforcement theory: This theory has an impressive record for predicting factors like quality and quantity of work, persistence of effort, absenteeism, tardiness, and accident rates. It does not offer much insight into employee satisfaction or the decision to quit.

Equity theory: Equity theory deals with all four dependent variables. However, it is strongest when predicting absence and turnover behaviors and weakest when predicting differences in employee productivity.

Expectancy theory: Our final theory focused on performance variables. It has proved to offer a relatively powerful explanation of employee productivity, absenteeism, and turnover, but expectancy theory assumes that employees have few constraints on their decision discretion. It makes many of the same assumptions that the rational model makes about individual decision-making .This acts to restrict its applicability.
For major decisions, such as accepting or resigning from a job, expectancy theory works well because people do not rush into decisions of this nature. They are more prone to take the time to carefully consider the costs and benefits of all the alternatives. However, expectancy theory is not a very good explanation for more typical types of work behavior, especially for individuals in lower-level jobs, because such jobs come with considerable limitations imposed by work methods, supervisors, and company policies. We would conclude, therefore, that expectancy theory's power in explaining employee productivity increases where the jobs being performed are more complex and higher in the organization (where discretion is greater).

Many people incorrectly view motivation as a personal trait—that is, some have it and others do not. Motivation is the result of the interaction of the individual and the situation.

**Definition**:

"Motivation is the processes that account for an individual's intensity, direction and persistence of effort toward attaining a goal"

We will narrow the focus to organizational goals in order to reflect our singular interest in work-related behavior.

The three key elements of our definition are intensity, direction, and persistence:

- *Intensity* is concerned with how hard a person tries. This is the element most of us focus on when we talk about motivation.
- *Direction* is the orientation that benefits the organization.
- *Persistence* is a measure of how long a person can maintain his/her effort. Motivated individuals stay with a task long enough to achieve their goal.

**Work Motivation:** The psychological forces that determine the direction of a person's behavior in an organization, a person's level of effort, and a person's level of persistence.
**Direction of Behavior** - Which behaviors does a person choose to perform in an organization?
**Level of Effort** - How hard does a person work to perform a chosen behavior?
**Level of Persistence** - When faced with obstacles, roadblocks, and stone walls, how hard does a person keep trying to perform a chosen behavior successfully?

**Why is motivation important?**

•Important in getting and retaining people
•The glue that links individuals to organizational goals
•Make individuals go beyond the job and be creative

**MBO (Management by Objective)**

1. Management by objectives emphasizes participatively set goals that are tangible, verifiable, and measurable. It is not a new idea. It originated more than 50 years ago.
2. MBO's appeal lies in its emphasis on converting overall organizational objectives into specific objectives for organizational units and individual members. MBO operationalizes objectives by devising a process by which objectives cascade down through the organization. *(Exhibit 7-1)*
3. Four ingredients common to MBO programs are: goal specificity, participative decision-making, an explicit time period, and performance feedback.
4. Goal specificity:
   - The objectives in MBO should be concise statements of expected accomplishments. Example – To cut departmental costs by seven percent, to improve service by ensuring that all telephone orders are processed within 24 hours of receipt, or to increase quality by keeping returns to less than one percent of sales.
5. Participative decision making:
   - The objectives in MBO are not unilaterally set by the boss and then assigned to employees.
   - The manager and employee jointly choose the goals and agree on how they will be measured.
6. An explicit time period:
   - Each objective has a specific time period in which it is to be completed.
   - Typically three months, six months, or a year
7. Performance feedback
   - MBO seeks to give continuous feedback on progress toward goals so that workers can monitor and correct their own actions.

**The Procedures of MBO**

1 The superior meets with the subordinate to develop and agree on subordinate objectives.
2. Periodic meetings monitor the subordinate's progress in achieving the objectives.
3. An appraisal meeting evaluates objectives and diagnoses reasons for success and failure.
4. The MBO cycle is repeated.

***MBO in Practice***

1. Reviews of studies suggest that MBO is a popular technique—it is used in business, health care, educational, government, and nonprofit organizations.
2. MBO's popularity should not be construed to mean that it always works.
   - Where it has failed, the problems rarely lie with MBO's basic components.
   - Rather, factors such as unrealistic expectations regarding results, lack of top-management commitment, and an inability or unwillingness by management to allocate rewards based on goal accomplishment are the cause.

**Money as a Motivator**

- According to Maslow and Alderfer, pay should prove especially motivational to people who have strong lower-level needs.
- If pay has this capacity to fulfill a variety of needs, then it should have good potential as a motivator.
- They value their services and place high value on them
- Perceive money as symbol of their achievement
- Will not remain in low paying organization
- Very self – confident
- Know their abilities and limitations

**The Meaning of Money**

- ***Money and employee needs***
  *–affects several needs, not just existence needs•*
- ***Money and attitudes***
  *–Money ethic -- not evil, represents success, should be budgeted carefully*
- ***Money and self-identity***
  *–Influences our self-perceptions*
  *–Evidence that man more than women identify with money*

***Pay and Motivation***

1. Variable Pay Programs can take the form of piece-rate plans, wage incentives, profit sharing, bonuses, and gain-sharing.
2. A portion of an employee's pay is based on some individual and/or organizational measure of performance. Unlike more traditional base-pay programs, variable pay is not an annuity—there is no guarantee.
3. The fluctuation in variable pay programs makes them attractive to management. The organization's fixed labor costs turn into a variable cost reducing expenses when performance declines. Also, tying pay to performance recognizes contribution rather than being a form of entitlement.
4. Four widely used programs are piece-rate wages, bonuses, profit sharing, and gain sharing:
   - *Piece-rate wages*
     a. Around for nearly a century
     b. Popular as a means for compensating production workers
     c. Workers are paid a fixed sum for each unit of production completed.
     d. A pure piece-rate plan—the employee gets no base salary and is paid only for production. For example: Selling peanuts in ballparks works this way.
     e. Modified piece-rate plan—employees earn a base hourly wage plus a piece-rate differential.
   - *Bonuses*
     a. These can be paid exclusively to executives or to all employees.

b. Increasingly, bonus plans are taking on a larger net within organizations to include lower-ranking employees to reward production and increased profits.

- *Profit-sharing plans*
  a. Organization wide programs that distribute compensation based on some established formula designed around a company's profitability
  b. Direct cash outlays or, particularly in the case of top managers, allocated as stock options
- *Gain-sharing*
  a. This is a formula-based group incentive plan.
  b. Improvements in group productivity—from one period to another—determine the money allocated.
  c. Gain-sharing and profit sharing are similar but not the same thing. It focuses on productivity gains rather than profits.
  d. Gain-sharing rewards specific behaviors that are less influenced by external factors. Employees in a gain-sharing plan can receive incentive awards even when the organization is n0t profitable.

**Lesson 16**

## REVIEW OF PART-I

| | |
|---|---|
| **Organizational Behavior** | Interdisciplinary field dedicated to better understanding and managing people at work |
| **Behavior function** | Behavior is a function of both the Person and the Environment. B = f (P/E) |
| **Organization** | System of consciously coordinated activities of two or more people |
| **E-business** | Running the entire business via the Internet |
| **Person-Job Fit** | The extent to which the contributions made by the individual match the inducements offered by the organization |
| **Ability** | Mental and physical capabilities to perform various tasks |
| **Intellectual Abilities** | The capacity to do mental activities |
| **Learning** | A relatively permanent change in the behavior occurring as a result of experience |
| **Skill** | Specific capacity to manipulate objects |
| **Intelligence** | Capacity for constructive thinking, reasoning, problem solving |
| **Self-Concept** | Person's self-perception as a physical, social, spiritual being |
| **Cognitions** | A person's knowledge, opinions, or beliefs |
| **Self-esteem** | One's overall self-evaluation |
| **Self-efficacy** | Belief in one's ability to do a task |
| **Learned helplessness** | Debilitating lack of faith in one's ability to control the situation |
| **Self-monitoring** | Observing one's own behavior and adapting it to the situation |
| **Value system** | The organization of one's beliefs about preferred ways of behaving and desired end-states |
| **Attitude** | Learned predisposition toward a given object |
| **Affective component** | The feelings or emotions one has about an object or situation |
| **Cognitive component** | The beliefs or ideas one has about an object or situation. |
| **Behavioral Component** | How one intends to act or behave toward someone or something |
| **Cognitive dissonance** | Psychological discomfort experienced when attitudes and behavior are inconsistent |
| **Job involvement** | Extent to which an individual is immersed in his or her present job |

| | |
|---|---|
| **Job satisfaction** | An affective or emotional response to one's job |
| **Value attainment** | The extent to which a job allows fulfillment of one's work values |
| **Organizational Citizenship Behaviors (OCBs)** | Employee behaviors that exceed work role requirements |
| **Personality** | Stable physical and mental characteristics responsible for a person's identity |
| **Proactive personality** | Action-oriented person who shows initiative and perseveres to change things |
| **Internal locus of control** | Attributing outcomes to one's own actions |
| **External locus of control** | Attributing outcomes to circumstances beyond one's control |
| **Emotions** | Complex human reactions to personal achievements and setbacks that may be felt and displayed |
| **Emotional Intelligence** | Ability to manage oneself and interact with others in mature and constructive ways |
| **Perception** | Process of interpreting one's environment |
| **Social Perception** | The process through which individuals attempt to combine, integrate, and interpret information about others |
| **Attribution** | The Process through which individuals attempt to determine the causes of others behavior |
| **Fundamental Attribution Bias** | Ignoring environmental factors that affect behavior in attributing others' actions |
| **Internal factors** | Personal characteristics that cause behavior |
| **External factors** | Environmental characteristics that cause behavior |
| **Stereotype** | Beliefs about the characteristics of a group |
| **Self-serving bias** | Taking more personal responsibility for success than failure |
| **Self-fulfilling Prophecy** | Someone's high expectations for another person result in high performance |
| **Impression Management** | A process by which people attempt to manage or control the perceptions other form of them |
| **Motivation** | Psychological processes that arouse and direct goal-directed behavior |
| **Content Theories of** | |

| | |
|---|---|
| **Motivation** | Identify internal factors influencing motivation |
| **Process Theories of Motivation** | Identify the process by which internal factors and cognitions influence motivation |
| **Needs** | Physiological or psychological deficiencies that arouse behavior |
| **Need hierarchy Theory** | Five basic needs--physiological, safety, love, esteem, and self-actualization--influence behavior |
| **ERG Theory** | Three basic needs--existence, relatedness, and growth--influence behavior |
| **Need for achievement** | Desire to accomplish something difficult |
| **Need for affiliation** | Desire to spend time in social relationships and activities |
| **Need for power** | Desire to influence, coach, teach, or encourage others to achieve |
| **Motivators** | Job characteristics associated with job satisfaction |
| **Hygiene factors** | Job characteristics associated with job dissatisfaction |
| **Equity theory** | Holds that motivation is a function of fairness in social exchanges |
| **Negative inequity** | Comparison in which another person receives greater outcomes for similar inputs |
| **Positive inequity** | Comparison in which another person receives lesser outcomes for similar inputs |
| **Equity sensitivity** | An individual's tolerance for negative and positive equity |
| **Expectancy theory** | Holds that people are motivated to behave in ways that produce valued outcomes |
| **Expectancy** | Belief that effort leads to a specific level of performance. |
| **Intrinsic motivation** | Motivation caused by positive internal feelings |

**Lesson 17**

## FOUNDATIONS OF GROUP BEHAVIOR

### Overview

Organizations are not just collections of individuals working alone; members are usually clustered into groups or teams. Groups can accomplish things that are difficult for individuals working alone. The use of groups poses special challenges for management. Thus, this focuses on the nature and functioning of work groups and teams, such as how work groups develop and how group membership affects individual behavior.

Two basic attributes define a group: (1) group members interact with one another; and (2) group members perceive that they can accomplish certain goals in a group. A **group** is a set of two or more people who interact to achieve certain goals or meet certain needs. Although members share some goals, they differ on others. A **group goal** is one that all or most group members agree on as a common goal.



Any predictions about a group's performance must begin by recognizing that work groups are part of a larger organization and those factors such as the organization's strategy, authority structure, selection procedures, and reward system can provide a favorable or unfavorable climate for the group to operate within. For example, if an organization is characterized by distrust between management and workers, it is more likely that work groups in that organization will develop norms to restrict effort and output than will work groups in an organization where trust is high. Managers should not look at any group in isolation. Rather, they should begin by assessing the degree of support external conditions provide the group. It is obviously a lot easier for any work group to be productive when the overall organization of which it is a part is growing and it has both top management's support and abundant resources. Similarly, a group is more likely to be productive when its members have the requisite skills to do the group's tasks and the personality characteristics that facilitate working well together.

A number of structural factors show a relationship to performance. Among the more prominent are role perception, norms, status inequities, the size of the group, its demographic makeup, the group's task, and cohesiveness.

There is a positive relationship between role perception and an employee's performance evaluation. The degree of congruence that exists between an employee and his or her boss in the perception of the employee's job influences the degree to which that employee will be judged as an effective performer by the boss. To the extent that the employee's role perception fulfills the boss's role expectations, the employee will receive a higher performance evaluation.

Norms control group member behavior by establishing standards of right and wrong. If managers know the norms of a given group, they can help to explain the behaviors of its members. Where norms support high output, managers can expect individual performance to be markedly higher than where group norms aim to restrict output. Similarly, acceptable standards of absenteeism will be dictated by the group norms. Status inequities create frustration and can adversely influence productivity and the willingness to remain with an organization. Among those individuals who are equity sensitive, incongruence is likely to lead to reduced motivation and an increased search for ways to bring about fairness (i.e., taking another job).

The impact of size on a group's performance depends upon the type of task in which the group is engaged. Larger groups are more effective at fact-finding activities. Smaller groups are more effective at action-taking tasks. Our knowledge of social loafing suggests that if management uses larger groups, efforts should be made to provide measures of individual performance within the group.

Work groups are the basic building blocks of an organization. Work groups use roles, rules, and norms to control their members' behavior, and they use several socialization tactics to turn newcomers into effective group members. Groups contribute to organizational effectiveness when group goals are aligned with organizational goals. This makes the following points:

1. Two attributes separate work groups from random collections of individuals in an organization. Members of a work group (a) interact with each other and (b) perceive the potential for mutual goal accomplishment. Work groups vary in whether they are formal or informal. Formal work groups include command groups, task forces, teams, and self-managed work teams. Informal work groups include friendship groups and interest groups.

2. Groups develop and change over time. The five-stage model of group development proposes that groups develop in five sequential stages: forming, storming, norming, performing, and adjourning. Research, however, has not indicated that there is a universal set of stages that all groups experience in the same order.

3. Four important characteristics of groups are size, composition, function, and status. Each has the potential to affect how a group achieves its goals, performs at a high level, and is effective in helping an organization attain its goals. Social facilitation is a characteristic effect that the presence of other group members has on individual performance such that having others present enhances performance of well-learned tasks and impairs performance of difficult tasks.

4. All groups, regardless of their type or characteristics, need to control their members' behaviors to be effective and attain their goals. Roles and rules can control behavior in groups.

5. A role is a set of behaviors or tasks that a person is expected to perform by virtue of holding a position in a group or organization. Roles have rights and responsibilities attached to them. Role relationships are the ways in which group and organizational members interact with each other to perform their specific roles.

6. Written rules specify behaviors that are required of group members or are forbidden. They also specify how particular tasks should be performed.

7. Groups also control their members' behavior by developing and enforcing group norms. Group norms are shared expectations for behaviors within a group. There are three bases for conformity to group norms: compliance, identification, and internalization.

8. To accomplish goals and perform at a high level, groups need both conformity to and deviance from norms. Whether group norms result in high levels of group performance depends on the extent to which group goals are consistent with organizational goals. To facilitate goal alignment, group members should benefit or be rewarded when the group performs at a high level and contributes to the achievement of organizational goals.

9. Group members learn roles, rules, and norms through the process of socialization. Collective, formal, sequential, fixed, serial, and divestiture socialization tactics tend to lead to an institutionalized role orientation. Individual, informal, random, variable, disjunctive, and investiture socialization tactics tend to lead to an individualized role orientation.

## Groups Dynamics

### *Group*

***"Two or more individuals interacting with each other in order to accomplish a common goal"***

A **group** is two or more individuals, interacting and interdependent, who perceive themselves as being a group and have come together to achieve particular objectives. A group is **effective** when it satisfies three criteria:

- **Production output:** the product of the group's work must meet or exceed standards of quality and quantity
- **Member satisfaction:** membership in the group must provide people with short-term satisfaction and facilitate their long-term growth and development
- **Capacity for continued cooperation:** how the group completes a task should maintain or enhance the group's ability to work together; groups that don't cooperate cannot survive

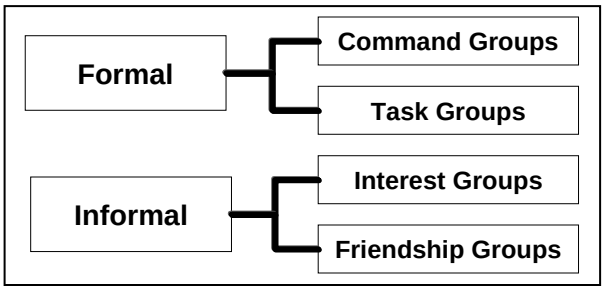
***Team***

***"A small number of people with complementary skills who are committed to a common mission, performance goals, and approach for which they hold themselves mutually accountable"***

***One of the truly remarkable things about work groups/teams is that they can make 2+2=5. Of course, they also have the capability of making 2+2=3.***

**Types of Groups**

**Types of Work Groups**




Work groups can be formal or informal. **Formal work groups** are established to achieve organizational goals. Managers form a product quality committee to handle health and safety concerns in a manufacturing organization. **Informal work groups** emerge naturally when group members perceive that a group can achieve goals or meet their needs. Coworkers eat lunch each day to satisfy needs for affiliation and friendship.

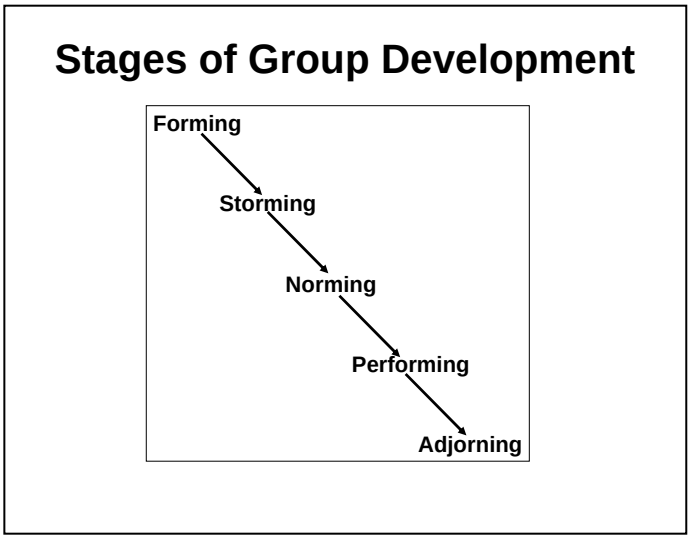
Formal work groups include command groups, task forces, teams, and self-managed work teams. A **command group** is a collection of subordinates who report to the same supervisor. Command groups are based on formal reporting relationships and often consist of departments.

| **Formal Groups** | **Informal Groups** |
|---|---|
| • Result from the demands and processes of an organization<br>• Designated by the organization as a means to an end<br>– **Command group**<br>• Comprises subordinates reporting directly to a give supervisor<br>– **Task group**<br>• Comprises employees who work together to complete a particular task or project | • Result from natural groupings of people in work environments in response to social needs<br>• Are important for their own sake<br>– **Interest groups**<br>• Comprises workers coming together to achieve a mutual objective<br>– **Friendship groups**<br>• Comprises workers who share something in common |

| | |
|---|---|
| ***Formal groups***—those defined by the organization's structure, with designated work assignments establishing tasks<br>a. The behaviors that one should engage in are stipulated by and directed toward organizational goals.<br>b. An airline flight crew is an example of a formal group. | ***Informal groups***—alliances that are neither formally structured nor organizationally determined<br>a. Natural formations in the work environment in response to the need for social contact<br>b. Three employees from different departments who regularly eat lunch together is an informal group. |

***Stages of Group Development***

***Forming:***




- Characterized by a great deal of uncertainty about the group's purpose, structure, and leadership.
- Members are trying to determine what types of behavior are acceptable.
- Stage is complete when members have begun to think of themselves as part of a group.
- Initial entry of members to a group.
- Members concern's include:
  a. Getting to know each other.
  b. Discovering what is considered acceptable behavior.
  c. Determining the group's real task.
  d. Defining group rules.

***Storming:***

- One of intra-group conflict. Members accept the existence of the group, but there is resistance to constraints on individuality.
- Conflict over who will control the group.
- When complete, there will be a relatively clear hierarchy of leadership within the group.
- A period of high emotionality and tension among group members.
- Members concern's include:
  a. Formation of coalitions and cliques.
  b. Dealing with outside demands.
  c. Clarifying membership expectations.
  d. Dealing with obstacles to group goals.
  e. Understanding members' interpersonal styles.

***Norming:***

- One in which close relationships develop and the group demonstrates cohesiveness.
- There is now a strong sense of group identity and camaraderie.

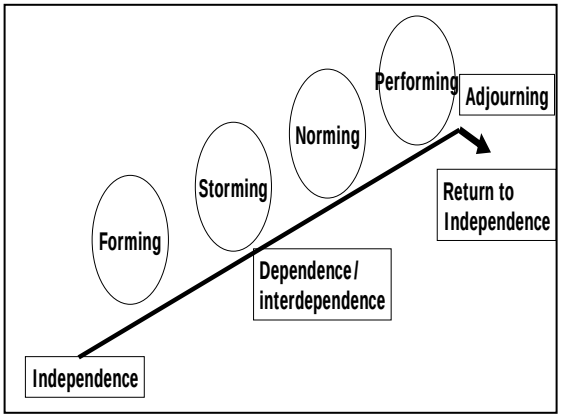
- Stage is complete when the group structure solidifies and the group has assimilated a common set of expectations of what defines correct member behavior.
- The point at which the group really begins to come together as a coordinated unit.
- Members concern's include:
- Holding the group together.
- Dealing with divergent views and criticisms.
- Dealing with a premature sense of accomplishment.

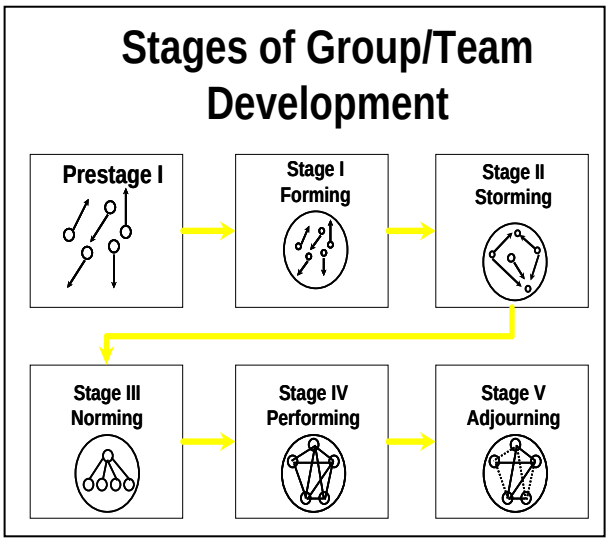
***Performing:***

- The structure at this point is fully functional and accepted.
- Group energy has moved from getting to know and understand each other to performing.
- For permanent work groups, performing is the last stage in their development.
- Marks the emergence of a mature, organized, and well-functioning group.
- Members deal with complex tasks and handle internal disagreements in creative ways.
- Primary challenge is to continue to improve relationships and performance.

***Adjourning:***

- For temporary committees, teams, task forces, and similar groups that have a limited task to perform, there is an adjourning stage.
- In this stage, the group prepares for its disbandment. Attention is directed toward wrapping up activities.
- Responses of group members vary in this stage. Some are upbeat, basking in the group's accomplishments. Others may be depressed over the loss of camaraderie and friendships.
- Particularly important for temporary groups.
- A well-integrated group is:
- Able to disband when its work is finished
- Willing to work together in the future




| | Forming | Storming | Norming | Performing |
|---|---|---|---|---|
| **Individual Issues** | "How do I fit in?" | "What's my role here?" | "What do the others expect me to do?" | "How can I best perform my role?" |
| **Group Issues** | "Why are we here?" | "Why are we fighting over who's in charge and who does what?" | "Can we agree on roles and work as a team?" | "Can we do the job properly?" |

**Group Task and Group Productivity**

The more complex the task, the more it is non-routine and requires a range of skills, the more important group process becomes!

- People can be more productive when working in groups than when working alone, if the obstacles to group productivity are avoided.
- **Synergy** is a biological term referring to an action of two or more substances that result in an effect that is more than the mere summation of the individual substances; the whole is more than the sum of its parts (2 + 2 = 5).
- **Process loss** is the difference between what is actually produced by a group and what could have been produced by the group when you consider its inputs (2 + 2 = 3).

*Example of Synergy90*

- The **social facilitation effect** can either enhance group productivity (synergy) or restrict it (process loss):
    - The performance of simple, routine tasks tends to be speeded up and improved by the presence of other people (*synergy*)
    - When tasks are complex and require closer attention, the presence of other people will hurt performance *(process loss*)

**Process Losses**

- **Production blocking** occurs when people get in each other's way as they try to perform a task
- **Group-maintenance roles** must be filled in order to smooth group relations, but these roles divert time and effort from producing and thus cause process loss
- **Social loafing** or **free riding** occurs when a group member decides to loaf, hoping that someone else will pick up the slack (usually occurs when group rewards are shared equally, without regard to individual performance)

**Social loafing**

In groups, individual performance is difficult to identify. There is a strong potential for **social loafing**, the tendency to exert less effort in a group. Social loafing can impact work-group effectiveness.

Social loafing occurs because workers feel that high-level performance goes unrewarded. This occurs because individual performance goes unidentified, and low-level performance goes unpunished. Motivation theories suggest that performance is high when outcomes are based on individual performance. Workers in a group believe that their efforts are unimportant and that others can do the work.

Social loafing results in performance below the group potential. Lack of motivation makes some workers exert less effort than if they worked individually. Social loafing by one leads to reduced effort by others. The **sucker effect** occurs when members, not inclined to social loafing, reduce efforts because they refuse to become the "suckers" of social loafers. This reflects the equity theory of motivation; inequity leads to restoring equity by changing inputs or outcomes.

**Group Size and Social Loafing**

Studies indicate that, as group size increases, group members put forth less effort. Identifying and rewarding individual performance are difficult, and members feel their efforts are unimportant in a large group. Group size contributes to other process losses, such as conflict and coordination problems.

**Ways to Reduce Social Loafing**

Managers can reduce or eliminate social loafing by *making individual contributions to a group identifiable* so that individual performance can be evaluated and appropriate outcomes delivered. Group members can complete peer evaluations, or the level of group supervision can increase.

When individual performance cannot be separated, managers can *make each individual feel that contribution to the group is valuable*. A manager can remind each member of unique contributions and indicate when group success or failure hinges on individual efforts. Managers can remind members that their selection hinged on their unique contributions. Keeping the group as small as possible reduces social loafing. If process losses increase with group size, managers should reduce size by dividing the work into two groups. Group members will no longer perceive their efforts as unidentifiable or unnecessary.

**Lesson 18**

# UNDERSTANDING TEAMS

## Overview

- Few trends have influenced employee jobs as much as the massive movement to introduce teams into the workplace. The shift from working alone to working on teams requires employees to cooperate with others, share information, confront differences, and sublimate personal interests for the greater good of the team.

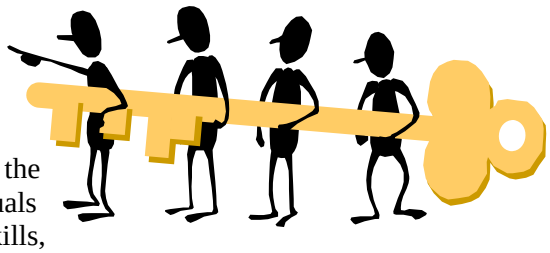
- Effective teams have been found to have common characteristics. The work that the members do should provide freedom and autonomy, the opportunity to utilize different skills and talents, the ability to complete a whole and identifiable task or product, and doing work that has a substantial impact on others. The team requires individuals with technical expertise, as well as problem-solving, decision-making, and interpersonal skills; and high scores on the personality characteristics of extraversion, agreeableness, conscientiousness, and emotional stability. Effective teams are neither too large nor too small; typically, they range in size from 5–12 people. They have members who fill role demands, are flexible, and who prefer to be part of a group. They also have adequate resources, effective leadership, and a performance evaluation and reward system that reflects team contributions. Finally, effective teams have members committed to a common purpose, specific team goals, members who believe in the team's capabilities, a manageable level of conflict, and a minimal degree of social loafing.

- Because individualistic organizations and societies attract and reward individual accomplishment, it is more difficult to create team players in these environments. To make the conversion, management should try to select individuals with the interpersonal skills to be effective team players, provide training to develop teamwork skills, and reward individuals for cooperative efforts.

- Once teams are mature and performing effectively, management's job is not over. This is because mature teams can become stagnant and complacent. Managers need to support mature teams with advice, guidance, and training if these teams are to continue to improve.

## Teams

Teams are groups with greater interdependence--shared purpose and destiny. Can be higher performing than groups, but may not be



1. Twenty years ago, it made news because no one else was doing it. Today, it is the organization that does not use teams that has become newsworthy.
2. The current popularity of teams seems based on the evidence that teams typically outperform individuals when the tasks being done require multiple skills, judgment, and experience.
3. As organizations have restructured, they have turned to teams to better utilize employee talents.
4. The motivational properties of teams is a huge factor. The role of employee involvement as a motivator—teams facilitate employee participation in operating decisions.

## Characteristics of Effective Teams

- Atmosphere and relationships
- Member participation
- Goal understanding & acceptance
- Listening and sharing information

- Handling conflicts and disagreements
- Decision making
- Evaluation and member performance
- Expressing feelings
- Division of labor
- Leadership
- Attention to process

**Factors Affecting Teams**

*Four key components:*

- Work design
- Team's composition
- The resources and other contextual influences that make teams effective
- Process variables reflects that things that go on in the team that influence effectiveness.

**Work Design**

- Effective teams need to work together and take collective responsibility to complete significant tasks.
- The work-design category includes variables like freedom and autonomy, the opportunity to utilize different skills and talents, the ability to complete a whole and identifiable task or product, and working on a task or project that has a substantial impact on others.
- The evidence indicates that these characteristics enhance member motivation and increase team effectiveness.

**Composition**

- Teams require three different types of skills:
  a. Technical expertise
  b. Problem-solving and decision-making skills
  c. Good listening, feedback, conflict resolution, and other interpersonal skills
- The right mix is crucial. It is not uncommon for one or more members to take responsibility to learn the skills in which the group is deficient, thereby allowing the team to reach its full potential.
- Many of the dimensions identified in the Big Five personality model have shown to be relevant to team effectiveness.
- Teams that rate higher in mean levels of extraversion, agreeableness, conscientiousness, and emotional stability tend to receive higher managerial ratings for team performance.

The variance in personality characteristics may be more important than the mean. A single team member who lacks a minimal level of, say, agreeableness can negatively affect the whole team's performance.

*Allocating roles and diversity:*

- Teams have different needs, and people should be selected for a team to ensure that there is diversity and that all various roles are filled.
- Managers need to understand the individual strengths that each person can bring to a team, select members with their strengths in mind, and allocate work assignments accordingly.

- *Size of teams:*
  - The most effective teams are neither very small (under four or five) nor very large (over a dozen). Effective teams—managers should keep them in the range of 5–12 people.
    a. Very small teams are likely to lack for diversity of views.
    b. Large teams have difficulty getting much done.

- *Member flexibility:*
  - This is an obvious plus because it greatly improves its adaptability and makes it less reliant on any single member.
- *Member preferences:*
  a. Not every employee is a team player.
  b. Given the option, many employees will select themselves out of team participation.
- High performing teams are likely to be composed of people who prefer working as part of a group.

**Context**

The contextual factors that appear to be most significantly are related to team performance:

**Typical Effects of Size on Teams**

**TEAM SIZE**

| Dimension | 2-7 Members | 8-12 Members | 13-16 Members |
|---|---|---|---|
| 1. Demands on leader | Low | Moderate | High |
| 2. Direction by leader | Low | Moderate | Moderate to high |
| 3. Member tolerance of direction by leader | Low to moderate | Moderate | High |
| 4. Member inhibition | Low | Moderate | High |
| 5. Use of rules and procedures | Low | Moderate | Moderate to high |
| 6. Time taken to reach a decision | Low | Moderate | High |

- *Adequate resources:*
  a. All work teams rely on resources outside the group to sustain it.
  b. A scarcity of resources directly reduces the ability of the team to perform its job effectively.
  c. As one set of researchers concluded, “perhaps one of the most important characteristics of an effective work group is the support the group receives from the organization.’’
- *Leadership and structure:*
  a. Agreeing on the specifics of work and how they fit together to integrate individual skills requires team leadership and structure.
  b. Leadership is not always needed. Self-managed work teams often perform better than teams with formally appointed leaders.
  c. On traditionally managed teams, we find that two factors seem influence team performance. Leaders who expect good things from their team are more likely to get them!
- *Climate of Trust:*
  a. Members of effective teams trust each other and exhibit trust in their leaders.
  b. When members trust each other they are more willing to take risks.
  c. When members trust their leadership they are more willing to commit to their leader’s goals and decisions.
- *Performance evaluation and reward systems:*
  a. How do you get team members to be both individually and jointly accountable? The traditional, individually oriented evaluation and reward system must be modified to reflect team performance.
  b. Individual performance evaluations, fixed hourly wages, individual incentives are not consistent with the development of high-performance teams.

c. Management should consider group-based appraisals, profit sharing, gainsharing, small-group incentives, and other system modifications that will reinforce team effort and commitment.

**Process**

*A Common Purpose:*

a. Effective teams have a common and meaningful purpose that provides direction, momentum, and commitment for members.
b. This purpose is a vision. It is broader than specific goals.

- *Specific goals:*
  a. Successful teams translate their common purpose into specific, measurable, and realistic performance goals. They energize the team.
  b. Specific goals facilitate clear communication and help teams maintain their focus on results. Team goals should be challenging.

- *Team efficacy:*
  a. Effective teams have confidence in themselves and believe they can succeed—this is team efficacy. Success breeds success.
  b. Management can increase team efficacy by helping the team to achieve small successes and skill training.
  c. Small successes build team confidence.
  d. The greater the abilities of team members, the greater the likelihood that the team will develop confidence and the capability to deliver that confidence.

- *Conflict levels:*
  a. Conflict on a team is not necessarily bad. Teams that are completely void of conflict are likely to become apathetic and stagnant.
  b. Relationship conflicts—those based on interpersonal incompatibilities, tension, and animosity toward others—are almost always dysfunctional.
  c. On teams performing non-routine activities, disagreements among members about task content (called task conflicts) is not detrimental. It is often beneficial because it lessens the likelihood of groupthink.

- *Social loafing:*
  a. Individuals can hide inside a group. Effective teams undermine this tendency by holding themselves accountable at both the individual and team level.

**Why teams**

- Teams better utilize employee talents
- Teams are more flexible and responsive
- Teams are easy to assemble, deploy, refocus, and disband
- Teams facilitate employee participation
- Teams increase employee motivation
- Good when performing complicated, complex, inter-related and/or more voluminous work than one person can handle
- Good when knowledge, talent, skills, & abilities are dispersed across organizational members
- Empowerment & collaboration; not power & competition

**Types of Teams**

**1. *Problem-Solving Teams***

- Twenty years ago, teams were just beginning to grow in popularity and most took similar form. They are typically composed of 5–12 hourly employees from the same department who met for

a few hours each week to discuss ways of improving quality, efficiency, and the work environment.

- Members share ideas or offer suggestions on how work processes and methods can be improved. Rarely are they given the authority to unilaterally implement their suggested actions.
- One of the most widely practiced applications during the 1980s was quality circles.

**2. *Self-Managed Work Teams***

Self-managed work teams bring together separate tasks, once performed by individuals led by a supervisor, giving team members responsibility for task accomplishment. This type of team exists at all organizational levels. Self-managed work teams motivate group members to perform at a higher level and increase job satisfaction.

The job characteristics model explains why combining tasks and giving teams responsibility increase motivation and satisfaction. Each member experiences higher levels of each core job dimensions that lead to motivation, satisfaction, and performance. Skill variety increases because the group has a variety of tasks. Task identity and significance increase because group members see how their activities fit together and result in a complete good or service. The group has the autonomy to decide how to perform tasks.

Self-managed work teams need the following conditions:

The group must be truly self-managing with the autonomy and authority to perform tasks. Some managers are reluctant to give up responsibilities.

Self-managed work teams are most effective when work is complex and results in a finished product. A number of different steps and procedures are required and an identifiable group output results.

Managers must support self-managed work teams with guidance and counseling. Managers should help team members settle differences.

To be successful, members of self-managed work teams must have the right skills and expertise for the job, which requires careful selection.

Team members must have the ability and desire to work closely with others.

Research is required regarding the factors that influence the success of self-managed teams. One study suggests that low performance may result from members' reluctance to discipline each other. Other studies indicate that success is due to the value members placed on the status of the team.

- Problem-solving teams did not go far enough in getting employees involved in work-related decisions and processes. This led to experimentation with truly autonomous teams.
- These groups of employees (typically 10–15 in number) perform highly related or interdependent jobs and take on many of the responsibilities of their former supervisors.
- This includes planning and scheduling of work, assigning tasks to members, collective control over the pace of work, making operating decisions, and taking action on problems.
- Fully self-managed work teams even select their own members and have the members evaluate each other's performance. As a result supervisory roles become less important.
- Business periodicals documented successful applications of self-managed teams. In spite of these impressive stories, a word of caution:
    a. Some organizations have been disappointed with the results from self-managed teams.
    b. Teams do not seem to work well during organizational downsizing.
    c. The overall research on the effectiveness of self-managed work teams has not been uniformly positive.
    d. Moreover, while individuals on teams do tend to report higher levels of job satisfaction, they also sometimes have higher absenteeism and turnover rates.
    e. The effectiveness of self-managed teams is situational dependent.

### 4. *Cross-Functional Teams*

- These are teams made up of employees from about the same hierarchical level, but from different work areas, who come together to accomplish a task.
    a. Many organizations have used horizontal, boundary-spanning groups for years.
    b. IBM created a large task force in the 1960s—made up of employees from across departments in the company—to develop the highly successful System 360.
    c. A task force is really nothing other than a temporary cross-functional team.
    d. The popularity of cross-discipline work teams exploded in the late 1980s.

### 5. *Virtual Teams*

Virtual teams have a significant amount of communication and interaction occurring electronically rather than face to face. Organizations use virtual teams to enable people who are separated by distance and living in different countries and time zones to work together. Synchronous technologies enable team members to communicate in real time and simultaneously such as video conferencing, teleconferencing, and electronic meetings. When asynchronous technologies are used, communication is delayed—e-mail, electronic bulletin boards, and Web sites.
Virtual teams face all the challenges of ordinary teams such as social loafing and the right balance between conformity and deviance. They also face the challenge of building trust and cohesiveness. To meet this challenge, some virtual teams schedule periodic face-to-face meetings.
Preliminary research suggests that some virtual teams can perform as well as teams that meet, but members may be less satisfied with the team experience and cohesiveness may be lower.

- The previous types of teams do their work face to face. Virtual teams use computer technology to tie together physically dispersed members in order to achieve a common goal.
    a. They allow people to collaborate online.
    b. Virtual teams can do all the things that other teams do.
    c. They can include members from the same organization or link an organization's members with employees from other organizations.
    d. They can convene for a few days to solve a problem, a few months to complete a project, or exist permanently.
- The three primary factors that differentiate virtual teams
    a. The absence of Para-verbal and nonverbal cues. These help clarify communication by providing increased meaning, but aren't available in online interactions.
    b. Limited social context. Virtual teams often suffer from less social rapport and less direct interaction among members.
    c. The ability to overcome time and space constraints. Virtual teams allow people to work together who might otherwise never be able to collaborate.

**Turning individual into teams**

1. Many people are not inherently team players. They are loners or want to be recognized for their own accomplishments.
2. There are also a great many organizations that have historically nurtured individual accomplishments. How do we introduce teams in highly individualistic environments?

**Conflicts among Teams**

Conflict on a team is not necessarily bad. Teams that are completely void of conflict are likely to become apathetic and stagnant. Relationship conflicts—those based on interpersonal incompatibilities, tension, and animosity toward others—are almost always dysfunctional. On teams performing no routine activities, disagreements among members about task content (called task conflicts) is not detrimental. It is often beneficial because it lessens the likelihood of groupthink. Effective teams will be characterized by an appropriate level of conflict.

**Lesson 19**

# GROUP DECISION MAKING

## Overview

Group and organizational effectiveness hinge on minimizing process losses, achieving process gains, aligning group goals with organizational goals, and having the appropriate level of group cohesiveness. Three types of groups that are especially important in many organizations include the top management team, self-managed work teams, and research and development teams. This chapter makes the following points:

- Actual group performance often falls short of potential performance; process losses result from coordination and motivation problems in groups. Process gains cause the potential performance of a group to rise, and they enhance group effectiveness.

- Social loafing, a motivation problem that leads to process losses, is the tendency of individuals to exert less effort when they work in a group than when they work alone. Social loafing occurs for two reasons: (a) individuals in a group think that they will not receive positive outcomes for performing at a high level or negative outcomes for substandard performance because individual levels of performance cannot easily be identified and evaluated; and (b) individuals think that their own efforts are unimportant or not needed. Social loafing can be eliminated or reduced by making each individual feel that he or she can make an important and worthwhile contribution to the group, and by keeping group size small.

- Group tasks can be characterized in terms of the nature of interdependence between group members. Thompson describes three types of task interdependence: pooled, sequential, and reciprocal. The nature and causes of process losses and process gains depend on the type of task involved and the degree of interdependence among group members.

- Group cohesiveness is the attractiveness of a group to its members. Group size, the similarity/diversity of group members, competition with other groups, success, and the exclusiveness of the group help to determine the level of participation and communication within a group, the level of conformity to group norms, and group goal accomplishment. Group goals aligned with organization goals, lead to an optimal level of group cohesiveness that results in high performance. When group goals are not aligned with organization goals, group cohesiveness is dysfunctional for an organization.

- Four kinds of work groups that have the potential to affect organizational performance dramatically are top-management teams, self-managed work teams, research and development teams, and virtual teams.

## Deciding When to Use a Team

***Use a Team When:***

- Many perspectives are needed
- Acceptance of the decision is critical
- The problem is complex or unstructured
- Individuals judgments are unreliable
- Individuals are unwilling to take necessary risks
- You want to develop team members' team-related skills

***Be Cautious About Using a Team When:***

- The issue is unimportant
- Individuals don't want to participate

- Individual risk preferences are too high
- Time is of the essence
- Group norms are unacceptable

**Guidelines for Dealing with Problem Behaviors**

- Choose team members carefully.
- Offer training.
- Provide clear goals.
- Clearly define member responsibilities.
- Use peer evaluations.
- Reward superior performance.
- Don't let social considerations overwhelm concern with the task.
- Remove problem team members as a last resort.

**Group Decision Making**

**Advantages**

1. more knowledge through pooling of group resources
2. Increased acceptance & commitment due to voice in decisions
3. greater understanding due to
4. involvement in decision stages

**Disadvantages**

1. Pressure in groups to conform
2. Domination by one forceful member or dominant clique
3. Amount of time required, because group is slower than individual to make a decision

**Group Problem Solving Techniques**

- Consensus presenting opinions and gaining agreement to support a decision
- Brainstorming process to generate a quantity of ideas
- Nominal Group Technique process to generate ideas and evaluate solutions
- Delphi Technique process to generate ideas from physically dispersed experts
- Computer-Aided Decision Making

**Group Problem Solving Techniques**

***Consensus***

Presenting opinions and gaining agreement to support a decision

- In these groups, members meet face to face and rely on both verbal and nonverbal interaction to communicate with each other.
- Interacting groups often censor themselves and pressure individual members toward conformity of opinion.
- Brainstorming, the nominal group technique, and electronic meetings have been proposed as ways to reduce many of the problems inherent in the traditional interacting group.

***Brainstorming***

**"Process to generate a quantity of ideas"**

Group members actively generate as many ideas and alternatives as possible, and they do so relatively quickly and without inhibitions.

- It is meant to overcome pressures for conformity in the interacting group that retard the development of creative alternatives.

- In a typical brainstorming session, a half dozen to a dozen people sit around a table.
- The process:
    a. The group leader states the problem clearly.
    b. Members then "free-wheel" as many alternatives as they can in a given length of time.
    c. No criticism is allowed, and all the alternatives are recorded for later discussion and analysis.

One idea stimulates others, and group members are encouraged to "think the unusual."

***The nominal group technique***

***"Process to generate ideas and evaluate solutions"***

A form of structured group decision making that enables everyone to participate and have his/her ideas heard without hostile criticism or distortions.

***A structured voting procedure is used to prioritize responses to the nominal question.***

- Restricts discussion or interpersonal communication during the decision-making process
- Group members are all physically present, but members operate independently.
- Specifically, a problem is presented, and then the following steps take place:
    a. Members meet as a group but, before any discussion takes place, each member independently writes down his or her ideas on the problem.
    b. After this silent period, each member presents one idea to the group. Each member takes his or her turn.
    c. The group now discusses the ideas for clarity and evaluates them.
    d. Each group member silently and independently rank-orders the ideas.
    e. The idea with the highest aggregate ranking determines the final decision.
- The chief advantage of the nominal group technique is that it permits the group to meet formally but does not restrict independent thinking, as does the interacting group.

***Delphi Technique***

- For groups who do not meet face to face.
- Leader distributes topic or task
- Each member responds
- A leader collects responses and sends back to team and solicits feedback.
- Process is repeated until there is resolution on the issue in question.

***The computer-assisted group***

The computer-assisted group or electronic meeting blends the nominal group technique with sophisticated computer technology.

- Up to 50 people sit around a horseshoe-shaped table, empty except for a series of computer terminals.
- Issues are presented to participants, and they type their responses onto their computer screen.
- Individual comments, as well as aggregate votes, are displayed on a projection screen.
- The major advantages of electronic meetings are anonymity, honesty, and speed.

**Social loafing**

A motivation problem that leads to process losses is the tendency of individuals to exert less effort when they work in a group than when they work alone. Social loafing occurs for two reasons: (a) individuals in a group think that they will not receive positive outcomes for performing at a high level or negative outcomes for substandard performance because individual levels of performance cannot easily be identified and evaluated; and (b) individuals think that their own efforts are unimportant or not needed. Social loafing can be eliminated or reduced by making each individual feel that he or she can make an important and worthwhile contribution to the group, and by keeping group size small. In groups, individual performance is difficult to identify. There

is a strong potential for **social loafing**, the tendency to exert less effort in a group. Social loafing can impact work-group effectiveness.

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Social loafing results in performance below the group potential. Lack of motivation makes some workers exert less effort than if they worked individually. Social loafing by one leads to reduced effort by others. The **sucker effect** occurs when members, not inclined to social loafing, reduce efforts because they refuse to become the "suckers" of social loafers. This reflects the equity theory of motivation; inequity leads to restoring equity by changing inputs or outcomes.

**Social Facilitation**

The presence of group members stimulates individuals, who feel that others will evaluate their performance and give them positive or negative feedback. **Social facilitation** refers to the effects that the physical presence of others has on an individual's performance.

**Audience effects** are the effects of passive spectators on performance, whereas **co-action effects** are the effects of others when individuals perform the same task. This research indicates that the presence of others has positive and negative effects on performance. The type of effect depends on how well the task is known. When others are present and the task is well learned or performed repeatedly in the past, performance is enhanced. When others are present and the task is difficult, novel, or complex, performance is impaired.

People realize that the presence of others interferes with performance and isolate them. Organizations can help workers benefit from, rather than be harmed by, social facilitation effects. They can provide private offices or special furniture for performing difficult tasks, and meeting rooms and tables for performing tasks that benefit from the presence of group members.

**Lesson 20**

# COMMUNICATION

## Overview

Communication is one of the most important processes that take place in organizations. Effective communication allows individuals, groups, and organizations to achieve their goals and perform at a high level, and it affects virtually every aspect of organizational behavior. This chapter makes the following points.

- Communication is the sharing of information between two or more individuals or groups in an organization to reach a common understanding. Communication serves four major functions in organizations: providing knowledge, motivating organizational members, controlling and coordinating individual efforts, and expressing feelings and emotions.

- The communication process entails a number of steps including the sender's encoding of the message, selection of a medium, decoding of the message by the receiver, and completing the feedback loop. Jargon (specialized language used by members of a group) facilitates communication within the group and hinders communication outside the group.

- Filtering and information distortion, poor listening, lack of or inappropriate feedback, rumors, and cross-cultural differences in linguistic styles can all lead to ineffective communication in organizations. Communication can be improved by establishing trust and encouraging open communication, improving listening skills, developing good feedback skills, using company TV to spread accurate information, and understanding cross-cultural differences in linguistic styles.

- Communication media vary in information richness (the amount of information they can carry and the potential they have for enabling senders and receivers to reach a common understanding). Face-to-face communication is the medium highest in information richness. It is followed by verbal communication electronically transmitted, personally addressed written communication, and impersonal written communication. Other factors that affect the selection of a medium include how much of the sender's and receiver's time it takes and whether it leaves a paper or electronic trail.

- Advances in information technology such as global computer networks like the Internet generally tend to contribute most to the knowledge function of communication. Given the vast array of information currently available to organizational members, organizations have to be careful that their members are not overloaded with information. Using electronic communication to replace face-to-face communication in work groups has certain disadvantages that tend to increase as the level of task interdependence between group members increases.

- Four types of work group communication networks are the wheel, the chain, the circle, and the all-channel network. As the level of task interdependence increases in a group, so too does the need for communication between group members. When a group's task is characterized by pooled interdependence, the wheel network is likely to be used. When a group's task is characterized by sequential interdependence, a chain network is likely to be used. When a group's task is characterized by reciprocal interdependence, an all-channel network is likely to be used. An organization's actual communication network is seldom accurately depicted in its formal organization chart. Networks change as communication needs change within the organization or group.

## What Is Communication?

**Communication** is the sharing of information between two or more individuals or groups to reach a common understanding. Communication has two components: the *sharing of information* and the *reaching of a common understanding.* (This does not mean agreement, rather an understanding of the message). If people either do not receive the information or understand the meaning, then communication has not taken place.

Communication is critical for organizational effectiveness. If people lack needed information because it has not been shared, they cannot perform their jobs well.

Because the interpretation of information affects job performance, if a common understanding of a message is lacking, workers cannot coordinate their efforts to achieve organizational goals.

**The Importance of Communication Skills**

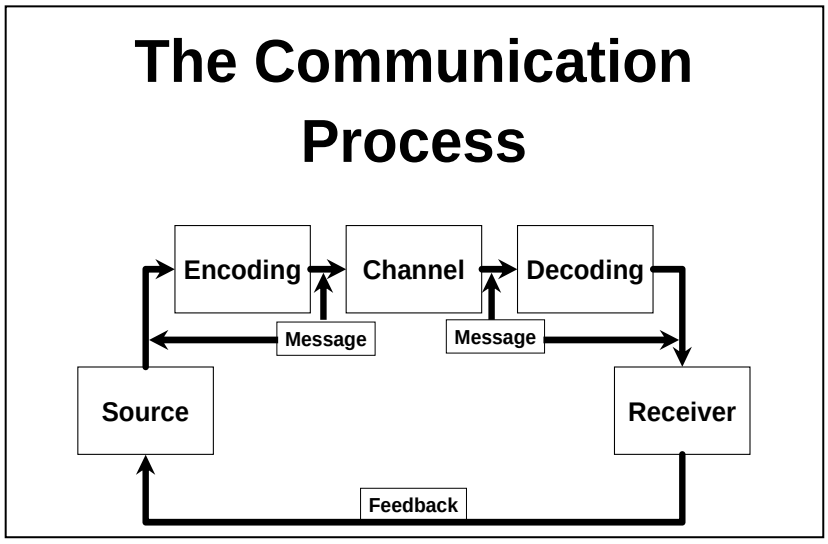
> ***"Top executives from Fortune 500 companies rate communications skills as the most important quality for business leaders."***
> *New York Times (Business Section)*

> ***"There may be no single thing more important in our efforts to achieve meaningful work and fulfilling relationships than to learn and practice the art of communication."***
> *The Art of Leadership (Max De Pree, Author)*

**The Communication Process**

**Context**

- Physical – where communication takes place, the environment, the distance between participants, seating, time of day
- Social – the nature of the relationship
- Historical – the background of previous communication
- Psychological – the moods and feelings
- Cultural – the set of beliefs, values, and norms that are shared by a large group of people




**Participants**

**Sender:** the individual, group, or organization that needs or wants to share information with another individual, group, or organization to communicate
**Receiver:** the individual, group, or organization for which the information is intended
A sender might be a supervisor with instructions about performing a task and a receiver might be a new worker.

**Messages**

The information the sender needs or wants to share with other people. Effective messages are clear and complete. A message is *clear* if it is easily interpreted or understood. A message is *complete* if it contains the information to achieve a common understanding between the sender and the receiver. If a sender is vague or unsure about the message, communication is ineffective.

**Encoding**

> ***"Translating the message into symbols or language that the receiver can understand"***

A supervisor sends a message about policy changes to subordinates by encoding it in a memo.
Senders must have basic writing and oral communication skills, which many employees lack. A sender must use words the receiver understands. **Jargon**, specialized language of members of a profession or occupation, affects good communication. Although jargon facilitates communication because a single term describes a complex idea, it leads to ineffective communication when receivers are outside the occupation or profession.

**Channels**

***Formal vs. Informal Communication***

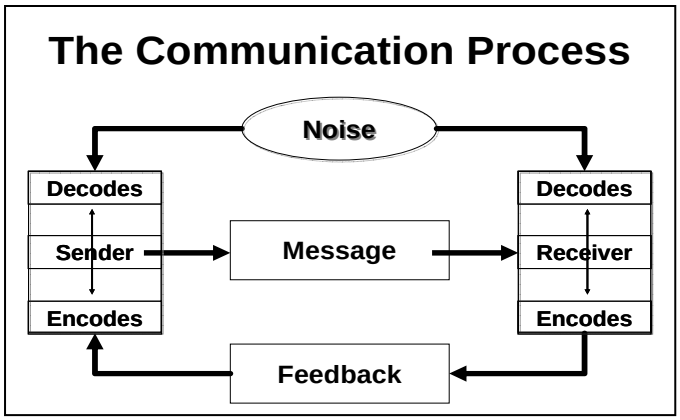
- **Formal communication** refers to messages that use formally established channels. Follows the chain of authority and command.
- **Informal communication** is more spontaneous communication occurring without regard for the formal channels of communication. (The 'grapevine')

**Noise**

***"Interferes with the communication process"***

Managers should decrease noise by increasing the readability and clarity of written communication or fixing broken answering machines and problematic e-mail systems.
There are four communications problems in organizations: filtering and information distortion, poor listening, lack of or inappropriate feedback, and rumors.

- External noise – the sights, sounds, and other stimuli that draw people's attention away from intended message
- Internal noise – the thoughts and feelings that interfere with meaning
- Semantic noise – alternate meanings aroused by a speaker's symbols




**Feedback**

**The Medium**

***"The pathway through which an encoded message is transmitted to a receiver"***

**Verbal communication** is the sharing of information by means of words, either spoken or written. Verbal communication can take the form of face-to-face oral communication, telephone communication, and written communication using memos, letters, and reports, transmitted electronically through e-mail or fax machines. Because each medium of verbal communication has advantages and disadvantages, guidelines can assist the selection of a medium. It is important to choose a medium the receiver monitors and prefers. Some prefer face-to-face communication whereas others prefer written communication.

The medium should be appropriate for the message. Certain messages are best conveyed face-to-face, such as termination or promotion messages. A complex message is best conveyed in written form for further reference.

A final guideline is to use multiple media when necessary. When a message is important, it is wise to send through several forms (e.g., face-to-face, written), to ensure receipt and understanding of the message.

**Nonverbal communication** is the sharing of information by means of facial expressions, body language, and even dress. Nonverbal communication is used when people feel uncomfortable about expressing part of a message verbally. People have less control over nonverbal communication; it is difficult to conceal insincerity

nonverbally. A sender says “Congratulations!” verbally, his or her tone of voice, facial expression, or gestures may convey a different message, such as resentment.

Nonverbal communication communicates support, acceptance, and a sense of camaraderie. A hug reduces stress, raises self-confidence, and makes people feel connected. Studies of newborns, the elderly, and children in orphanages show that touch is necessary for psychological well-being. Hugs express powerful emotions and feelings.

**Barriers to Effective Communication and Ways to Improve Communication**

**Noise** interferes with the communication process. Managers should decrease noise by increasing the readability and clarity of written communication or fixing broken answering machines and problematic e-mail systems.

There are four communications problems in organizations: filtering and information distortion, poor listening, lack of or inappropriate feedback, and rumors.

**Filtering** occurs when senders withhold part of a message because they think the receiver does not need or want the information. Supervisors filter information by not telling subordinates’ details about downsizing.

Withholding negative information results in real or potential disasters. A supervisor remains unaware of a minor problem until it is too late to resolve. Investigations into airline crashes revealed that junior crew members were reluctant to transmit important information to the captain, information that could have prevented the crash.

The receiver then responds, starting the feedback loop. A variety of responses are possible: acknowledging receipt of the message, ignoring receipt of the message, responding with the requested information, or asking for clarification. The receiver encodes the message, choosing a medium the sender monitors. The sender decodes the response and determines if the receiver properly interpreted the message. If so, the process is complete. If not, the process continues until both parties reach an understanding.

- **Selective Perception**
  Receivers in the communication process selectively see and hear based on their needs, motivations, experience, background, and other personal characteristics.
- **Defensiveness**
  When individuals interpret another’s message as threatening, they often respond in ways that retard effective communication.
- **Language**
  Words mean different things to different people.

**Improve Sending Messages**

- Clarify ideas before communicating
- Motivate the receiver
- Communicate feelings as well as facts
- Be aware of nonverbal behavior
- Obtain feedback

**Effective Listening**

- Make eye contact
- Exhibit affirmative head nods and appropriate facial expressions.
- Avoid distracting actions or gestures.
- Ask questions.
- Avoid interrupting the speaker.
- Don’t over talk.
- Make smooth transitions between the roles of speaker and listener.

**Lesson 21**

# COMMUNICATION

## Overview

- An organization's effectiveness hinges on good communication, as does the effectiveness of groups and individuals inside the organization. This chapter focuses on the nature of communication, one of the most important processes in an organization. The communication process and its functions are described, as are communication problems and how to avoid them. Methods and patterns of communication in organizations are also considered.

- **Communication** is the sharing of information between two or more individuals or groups to reach a common understanding. Communication has two components: the *sharing of information* and the *reaching of a common understanding.* (This does not mean agreement, rather an understanding of the message). If people either do not receive the information or understand the meaning, then communication has not taken place.

- Communication is critical for organizational effectiveness. If people lack needed information because it has not been shared, they cannot perform their jobs well. Because the interpretation of information affects job performance, if a common understanding of a message is lacking, workers cannot coordinate their efforts to achieve organizational goals.

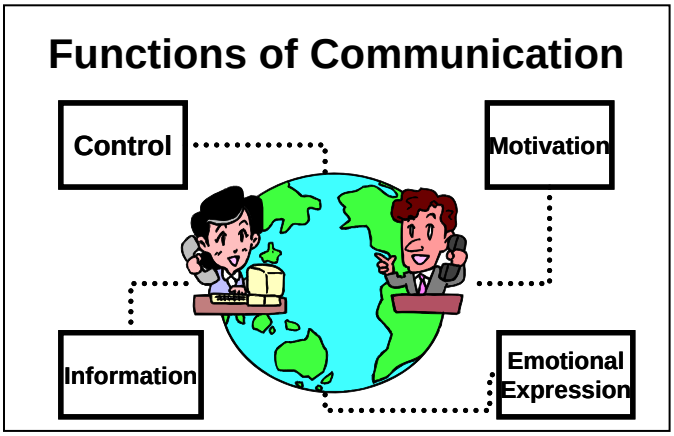
- Communication affects most aspects of organizational behavior. Effective communication is important for coordinating groups and for motivating workers. The functions of communication in organizations include: providing knowledge, motivating organizational members, controlling and coordinating individual efforts, and expressing feelings and emotions.

## Communication Principles

- Communication has purpose
- Communication is continuous
- Communication messages vary in conscious encoding
- Communication is relational
- Communication is culturally bound
- Communication has ethical implications
- Communication is learned

## Functions f Communication

Communication affects most aspects of organizational behavior. Effective communication is important for coordinating groups and for motivating workers. The functions of communication in organizations include: providing knowledge, motivating organizational members, controlling and coordinating individual efforts, and expressing feelings and emotions..




## Information

Communication provides knowledge to organizational members to perform jobs effectively and achieve goals. Knowledge is critical for newcomers because only through effective communication do they learn organizational expectations. Knowledge is also important for experienced employees because tasks, goals,

responsibilities, and policies constantly change. Communication ensures that workers continue to understand the tasks needed to achieve organizational goals.

***Information Richness***

Media differ in **information richness**—the amount of information carried and how much they enable senders and receivers to reach understanding. Media high in information richness not only transmit more information but also generate a common understanding.

*Face-to-face communication is the medium highest in information richness for two reasons.* The receiver has a verbal and nonverbal message for additional information to decode the message. Senders receive instant feedback and clarify ambiguous information until understanding is reached.

*The next-highest medium in information richness is verbal communication electronically transmitted over phone lines*. Although a receiver does not see facial expressions or body language, some nonverbal communication such as voice tones and hesitations decode a message. Video telephone allows for nonverbal communication. Telephone conversations provide instant feedback to clear up misunderstandings.

Voice mail and answering machines are electronic verbal media. Both allow senders to leave messages for receivers. Communication allows receivers to gather nonverbal information (e.g., from the tone of voice and inflections), but omits immediate feedback. Senders should make sure that receivers check their messages.

**Motivating Organizational Members**

Communication plays a central role in motivating employees to achieve goals. The expectancy theory of motivation suggests that managers should clarify outcomes obtained for a high performance level. Goal-setting theory suggests that managers set specific difficult goals to motivate workers to perform at a high level. Both models indicate that motivation depends on what managers communicate.

**Controlling and Coordinating Individual Efforts**

Groups and organizations exert control by communicating information about roles, rules, and norms to them. A group might communicate to a new member that social loafing is unacceptable. Communication helps coordinate the efforts of individuals. As interdependence increases, the coordinated communication efforts increase.

**Expressing Feelings and Emotions**

Communication allows people to express feelings and emotions. Because workers' moods influence behavior, perception, and evaluation of people and situations, it is important to communicate these emotions to others. Supervisors and coworkers are more accepting of a worker's lack of enthusiasm if there is a personal problem. By communicating moods and emotions, employees understand each other and can work together to achieve goals.

**Interpersonal Communication**

- ***Oral Communication***
  - Advantages: Speed and feedback.
  - Disadvantage: Distortion of the message.
- ***Written Communication***
  - Advantages: Tangible and verifiable.
  - Disadvantages: Time consuming and lacks feedback.
- ***Nonverbal Communication***

- Advantages: Supports other communications and provides observable expression of emotions and feelings.
- Disadvantage: Misperception of body language or gestures can influence receiver's interpretation of message.

**Communication Networks**

In work groups, a number of types of networks might develop, including the wheel, the chain, the circle, and the all-channel.

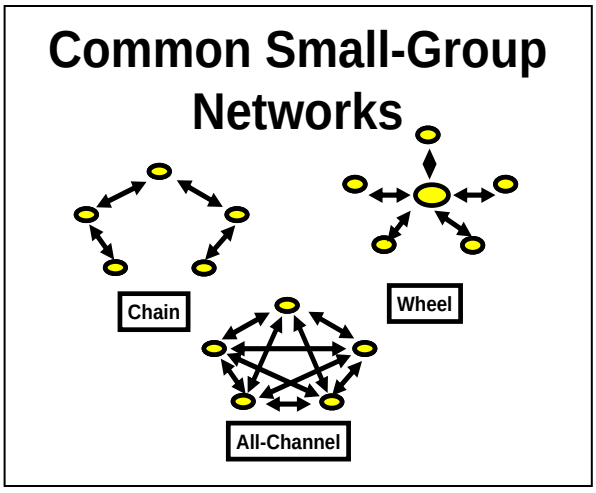
In a *wheel* network, most information travels through one member, who receives all messages from other group members and is the sole sender of messages to them. Other members communicate only with the central member and do not communicate directly with each other. This network type is common when tasks have pooled interdependence, as members work independently and do not need to communicate. Most communication flows to and from the leader of the group (e.g., groups of sales representatives covering different geographical regions).

In a *chain* network, communication flows sequentially from one group member to the next. Each member communicates with individuals on either side in the chain. Members on the ends of the chain communicate with only one individual. This network is for sequential task interdependence (e.g., an assembly line). The chain characterizes hierarchical communication, whereby information flows up and down the hierarchy.
In the *circle* network, members communicate with those, adjacent to them. This can be physical adjacency, (e.g., seating or office location). It can refer to similarity on some dimension (e.g., experience, interests, or area of expertise). Communication may flow between members from similar backgrounds.

In an *all-channel* network, every member communicates with every other member. This occurs in reciprocal task interdependence, as members depend on one another. All-channel communication allows group members to coordinate complex tasks (e.g., emergency room teams).

Organizational communication networks are determined by formal reporting relationships, depicted by organization charts. Communication flows up and down the chain of command.

Actual communication patterns differ from those in an organization chart because communication often flows around issues, goals, projects, and problems, not vertically through the chain of command. This flow ensures that workers access the information they need for their jobs. Although reporting relationships on an organization chart are somewhat stable, actual communication patterns change as conditions in the organization change. New patterns of communication are developed as the type of information needed changes.

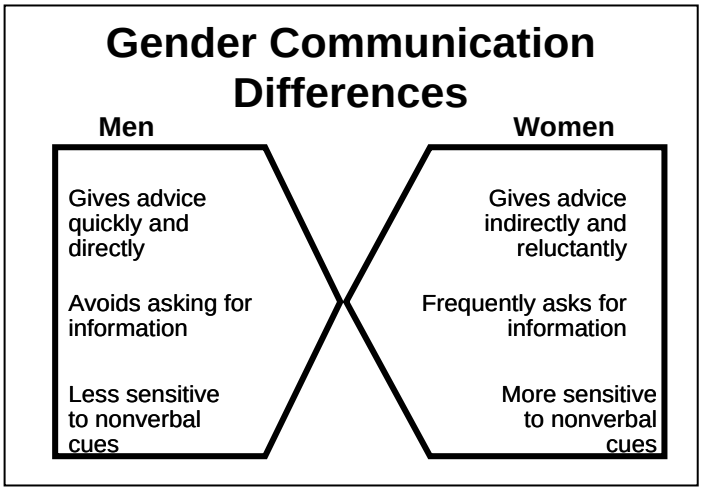



**Small Group Network Effectiveness**

| | Networks | | |
|---|---|---|---|
| *Criteria* | *Chain* | *Wheel* | *All-Channel* |
| **Speed** | Moderate | Fast | Fast |
| **Accuracy** | High | High | Moderate |
| **Emergence of Leader** | Moderate | High | None |
| **Member Satisfaction** | Moderate | Low | High |

**Guidelines for Effective Speaking**

- Determine the purpose of your communication
- Consider issues of time and space
- Adapt to your listeners
- Use appropriate vocabulary
- Practice voice control
- Use appropriate gestures
- Organize your presentation




**Guidelines for Active Listening**

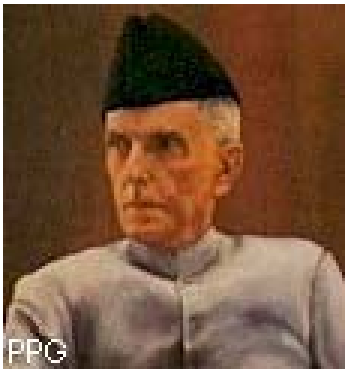
- Control the physical environment
- Be alert
- Be mentally prepared
- Be emotionally prepared
- Be attentive
- Read nonverbal cues
- Distinguish among facts, inferences, and value judgments
- Offer and Solicit Feedback

**Lesson 22**

# LEADERSHIP THEORIES

## Overview

### Leadership




Leadership plays a central part in understanding group behavior, for it is the leader who usually provides the direction toward goal attainment. Therefore, a more accurate predictive capability should be valuable in improving group performance.

The original search for a set of universal leadership traits failed. At best, we can say that individuals who are ambitious, have high energy, a desire to lead, self-confidence, intelligence, hold job-relevant knowledge, are perceived as honest and trustworthy, and are flexible are more likely to succeed as leaders than individuals without these traits. The behavioral approach's major contribution was narrowing leadership into task-oriented and people-oriented styles, but no one style was found to be effective in all situations. A major breakthrough in our understanding of leadership came when we recognized the need to develop contingency theories that included situational factors. At present, the evidence indicates that relevant situational variables would include the task structure of the job; level of situational stress; level of group support; the leader's intelligence and experience; and follower characteristics such as personality, experience, ability, and motivation.

**"All Leaders are Managers….**
**But not all Managers are Leaders"**

### Definition

1. John Kotter feels that management is about coping with complexity.
   - Good management brings about order and consistency by drawing up formal plans, designing rigid organization structures, and monitoring results against the plans.
   - Leadership is about coping with change.
   - Leaders establish direction by developing a vision of the future; then they align people by communicating this vision and inspiring them to overcome hurdles.

2. Robert House of Wharton basically concurs:
   - Managers use the authority inherent in their designated formal rank to obtain compliance.
   - Management consists of implementing vision and strategy, coordinating and staffing, and handling day-to-day problems.
3. We define *leadership* as "the ability to influence a group toward the achievement of goals."
   - The source of this influence may be formal. A person may assume a leadership role simply because of his/her position.
   - Not all leaders are managers, nor, for that matter, are all managers leaders.
   - *Non-sanctioned* leadership—the ability to influence that arises outside the formal structure of the organization—is often as important as or more important than formal influence.
   - Leaders can emerge from within a group as well as by formal appointment to lead a group.

4. Organizations need strong leadership and strong management for optimum effectiveness. Leaders must challenge the status quo, create visions of the future, and inspire organizational members.

### What Is Leadership?

- No universally agreed-upon definition.

- Involves influencing the attitudes, beliefs, behaviors, and feelings of other people.
- Most people agree that it is an important topic!

> **"Leadership is an interpersonal process in which influence is exercised in a social system for the achievement of organizational goals by others".**

Researchers agree on two characteristics of leadership. First, *leadership involves exerting influence over other members of a group or organization*. Second, *leadership involves helping a group or organization achieve its goals.* **Leaders** of a group or organization are the individuals who exert such influence.

A Leader helps others achieve organizational goals and influences perceptions and behaviors, including attitudes, learning, motivation, stress, performance, decision-making quality, turnover, and absenteeism.

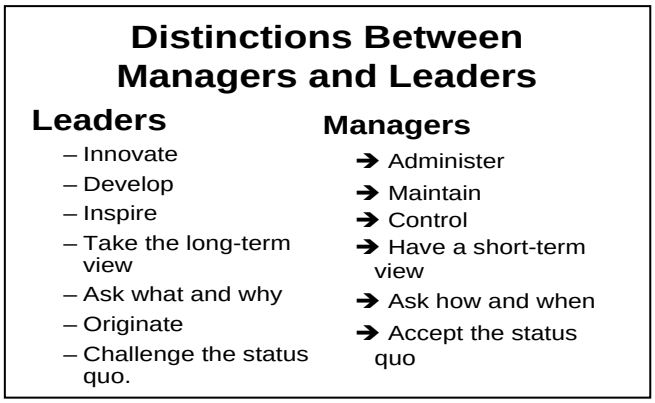
**Leader effectiveness** is the extent to which a leader helps a group or organization achieves its goals.

**Why Study Leadership?**

- Understanding leadership helps organizations:
  - select the right people for leadership positions
  - train people in leadership positions to improve
  -
- **Who benefits?**
  - leaders
  - followers
  - organizations

**Distinctions between Managers and Leaders**

**Leadership & Followership**




- **Leadership** - the process of guiding & directing the behavior of people in the work environment
- **Formal leadership** - the officially sanctioned leader-ship based on the authority of a formal position. **Formal leaders** are members of an organization with authority to influence other members to achieve organizational goals.
- **Informal leadership** - the unofficial leadership accorded to a person by other members of the organization. **Informal leaders** lack formal authority, but sometimes exert just as much influence as formal leaders—and sometimes more. Informal leaders influence others, based on special skills or talents that help achieve group goals..
- **Followers-hip** - the process of being guided & directed by a leader in the work environment

**Followers Can Make a Bigger Contribution By:**

- Power is the capacity of a leader to influence work actions or decisions.
- Being more proactive in solving organizational problems.
- Becoming better skilled at "influencing upward."
- Staying flexible and open to opportunities.

**How Leaders Interact with Followers**

- Create environments where followers' innovations and creative contributions are welcome.

- Encourage growth and development in followers.
- Interested in the big picture of followers' work.
- Motivate followers through more personal and intangible factors.
- Redefine the parameters of tasks and responsibilities.
- Change situations rather than just optimize their group's adaptation to it.

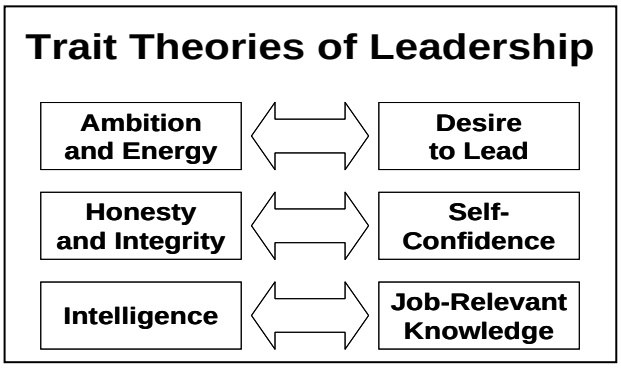
**Leaders and power**

***Sources of Leader Power***

1. Furniture and office arrangements
2. Prominently displayed symbols
3. Appearances of title and authority
4. Choice of clothing
5. Presence or absence of crisis

**Theories of Leadership**

***Trait Theories of Leadership***




Early studies identified during personal characteristics and traits that distinguish leaders from followers and effective from ineffective leaders. They were concerned with leaders' traits, the particular tendencies a person has to feel, think, and act in certain ways. Results from nearly 300 studies suggested that the following traits have the strongest relationship to effective leadership:

Intelligence
Task-relevant knowledge
Dominance (the need to exert influence and control over others)
Self-confidence
Energy/activity levels
Tolerance for stress
Integrity and honesty
Emotional maturity

*Although understanding leader characteristics is helpful, the trait approach is limited. Whether these traits are key for becoming a leader or result from being a leader is unclear. The trait approach provides little guidance as to how to train or help leaders. Because traits are stable, individuals cannot change traits associated with leadership.*

The trait approach fails to explain why or how effective leadership occurs. Many individuals who possess these traits never become leaders, and many leaders who possess them are ineffective. Researchers then considered other factors affecting leadership, such as leader behaviors.

- The media has long been a believer in trait theories of leadership. They identify leaders by focusing on personal qualities and characteristics such as charismatic, enthusiastic, and courageous.
- The search for attributes that describe leaders and differentiate them goes back to the 1930s.
- Research efforts at isolating leadership traits resulted in a number of dead ends. A review of 20 different studies identified nearly 80 leadership traits, but only five of these traits were common to four or more of the investigations.
- A search to identify traits that were consistently associated with leadership has better results.

- Theories that attempt to isolate characteristics that differentiate leaders from nonleaders
- Attempts to identify traits that always differentiate leaders from followers and effective leaders from ineffective leaders have failed.
- Attempts to identify traits consistently associated with leadership have been more successful.

**Six traits on which leaders tend to differ from non-leaders are:**

- Ambition and energy
- Desire to lead
- Honesty and integrity
- Self-confidence
- Intelligence
- Job-relevant knowledge.

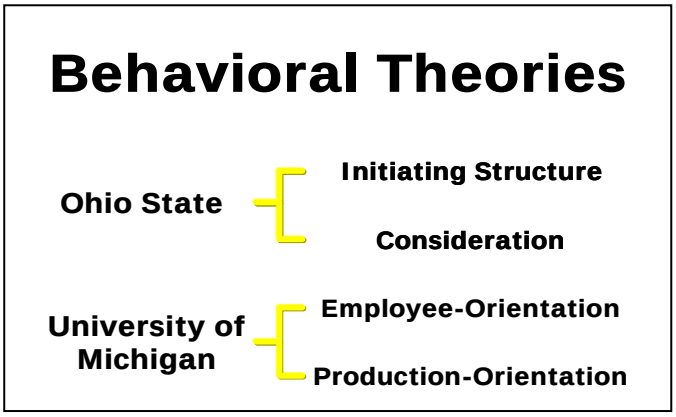
Recent research provides strong evidence that people who are high self-monitors are much more likely to emerge as leaders in groups than low self-monitors.

The cumulative findings from a half of a century of research show that some traits increase the likelihood of success as a leader, but none guarantee success.

**The trait approach has at least four limitations:**

- *First*, there are no universal traits that predict in all situations.
- *Second*, traits predict behavior more in "weak" situations than in "strong" situations.
  a. Strong situations are those in which there are strong behavioral norms, strong incentives for specific types of behaviors, and clear expectations.
  b. Such strong situations create less opportunity for leaders to express their inherent dispositional tendencies.
- *Third*, the evidence is unclear in separating cause from effect.
- *Finally*, traits do a better job at predicting the *appearance* of leadership than in actually distinguishing between effective and ineffective leaders.

**The Behavior Approach: Consideration and Initiating Structure**




Researchers using the behavior approach identified specific behaviors that contribute to leaders' effectiveness at helping individuals, groups, and or organizations achieve goals.

The Ohio State researchers developed scales to measure over 1800 leader behaviors and asked workers to indicate how much their leaders engaged in them. Researchers found that leader behaviors involved either *consideration* or *initiating structure*. **Consideration** is a behavior indicating that a leader trusts, respects, and values good relationships with followers. A considerate leader might be friendly, treat others as equals, give explanations, and show concern for workers' well-being and their opinions.

**Initiating structure** refers to a leader's behavior that assures that work is completed and subordinates perform their jobs. This structure includes assigning tasks, planning, setting goals, deciding how tasks are accomplished, and encouraging followers to accomplish them.

Consideration and initiating structures are *complementary* because leaders can engage in both. They are *independent* because describing a leader's consideration does not describe the initiating structure.

Researchers using the behavior approach to leadership have identified behaviors similar to consideration and initiating structure. Researchers at the University of Michigan identified two behaviors corresponding to consideration and initiating structure: employee-oriented and job-centered behaviors. An approach to organizational change, called the Managerial Grid, makes managers effective leaders by focusing how much they show concern for people and production. The Hersey and Blanchard model focuses on consideration and initiating structure behaviors.
Studies show no consistent relationship between consideration and high job satisfaction or between initiating structure and subordinates' performance. Other factors in leader behaviors may have brought about these results.

**The Behavior Approach: Leader Reward and Punishing Behavior**

Leaders demonstrate other important behaviors. **Leader reward behavior** occurs when a leader positively reinforces subordinates' desirable behavior. A leader might acknowledge good performance with praise, compliments, a pay raise, or a promotion. Reward behavior keeps workers performing at a high level.

**Leader punishing behavior** occurs when a leader reprimands or responds negatively to subordinates who perform undesirably. Punishing is best used only to curtail undesirable behavior as it has unintended side effects such as resentment. Although reinforcement is more effective, leaders often engage in punishing behavior.

- Researchers began to wonder if there was something unique in the way that effective leaders behave. The behavioral approach would have implications quite different from those of the trait approach.
- Trait and behavioral theories differ in terms of their underlying assumptions.
- Trait theories assumption: Leadership is basically inborn, therefore we could select the right leaders.
- Behavioral approach assumption: suggests that we could train people to be leaders. We can design programs to implant behavioral patterns. If training worked, we could have an infinite supply of effective leaders.

***The Ohio State Studies***

- The most comprehensive and replicated of the behavioral theories resulted from research that began at Ohio State University in the late 1940s. These researchers sought to identify independent dimensions of leader behavior.
- They narrowed over a thousand dimensions into two dimensions—initiating structure and consideration.
- Initiating structure refers to the extent to which a leader is likely to define and structure his/her role and those of employees in the search for goal attainment.
- It includes attempts to organize work, work relationships, and goals.
- The leader high in initiating structure could be described as someone who "assigns group members to particular tasks," "expects workers to maintain definite standards of performance," and "emphasizes the meeting of deadlines."
- *Consideration* is described as "the extent to which a person is likely to have job relationships that are characterized by mutual trust, respect for employees' ideas, and regard for their feelings."
- The leader shows concern for followers' comfort, well-being, status, and satisfaction.
- A leader high in consideration could be described as one who helps employees with personal problems, is friendly and approachable, and treats all employees as equals.

- Leaders high in initiating structure and consideration tended to achieve high employee performance and satisfaction.
- The "high-high" style did not always result in positive consequences.
- Leader behavior characterized as high on initiating structure led to greater rates of grievances, absenteeism, and turnover, and lower levels of job satisfaction for routine tasks.
- High consideration was negatively related to performance ratings of the leader by his/her superior.

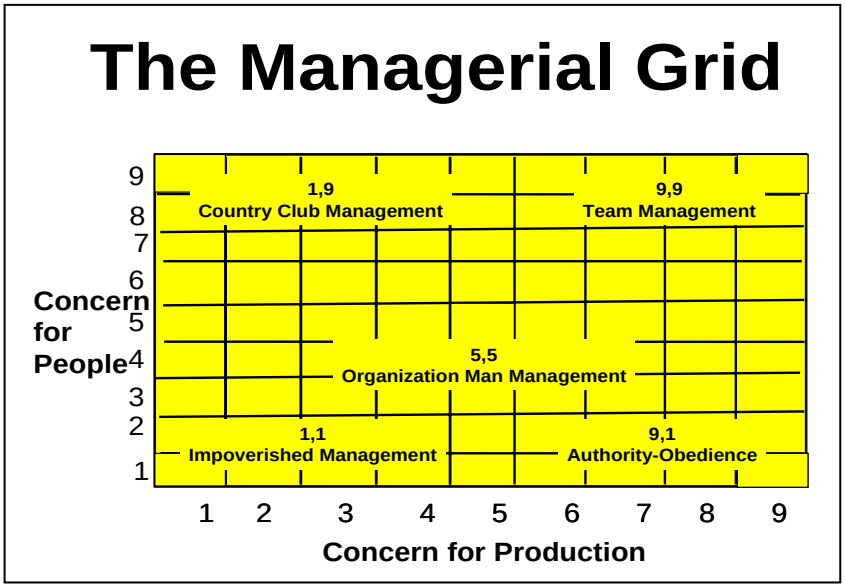
***University of Michigan Studies***

- Leadership studies were undertaken at the same time as those being done at Ohio State, with similar research objectives. They discovered two dimensions of leadership behavior—employee-oriented and production-oriented.
- Employee-oriented leaders emphasized interpersonal relations. They took a personal interest in the needs of their employees and accepted individual differences among members.
- The production-oriented leaders tended to emphasize the technical or task aspects of the job—group members were a means to that end.
- Michigan researchers' conclusions strongly favored the leaders who were employee oriented. Employee-oriented leaders were associated with higher group productivity and higher job satisfaction.
- *Production-oriented leaders tended to be associated with low group productivity and lower job satisfaction.*

Blake and Mouton proposed a managerial grid based on the styles of "concern for people" and "concern for production," which essentially represent the Ohio State dimensions of consideration and initiating structure or the Michigan dimensions of employee-oriented and production-oriented.

- The grid has nine possible positions along each axis, creating 81 different positions.
- The grid shows the dominating factors in a leader's thinking in regard to getting results.
- Based on the findings of Blake and Mouton, managers were found to perform best under a 9, 9 style, as contrasted, for example, with a 9,1 (authority type) or 1,9 (lassiez-faire type) style. Unfortunately, the grid offers a better framework for conceptualizing leadership style than for presenting any tangible new information.

Leaders at all levels in an organization help individuals, groups, and the organization as a whole achieve their goals and can thus have profound effects in organizations. The approaches to leadership covered help explain how leaders influence their followers and why leaders are sometimes effective and sometimes ineffective.



**Lesson 23**

# LEADERSHIP APPLICATION

## Overview

Leaders at all levels in an organization help individuals, groups, and the organization as a whole achieve their goals and can thus have profound effects in organizations. The approaches to leadership covered help explain how leaders influence their followers and why leaders are sometimes effective and sometimes ineffective.

- Leadership is the exercise of influence by one member of a group or organization over other members to help the group or organization achieve its goals. Formal leaders have formal authority to influence others by virtue of their job responsibilities. Informal leaders lack formal authority, but influence others by virtue of their special skills or talents.

- The trait approach to leadership found that good leaders tend to be intelligent, dominant, self-confident, energetic, able to withstand stress, honest, mature, and knowledgeable. Possessing these traits, however, does not guarantee that a leader will be effective, nor does the failure to have one or more of these traits mean that a leader will be ineffective.

- A lot of the behaviors that leaders engage in fall into two main categories: consideration and initiating structure. Consideration includes all leadership behaviors that indicate that leaders trust, respect, and value a good relationship with their followers. Initiating structure includes all the behaviors that leaders engage in to help subordinates achieve their goals and perform at a high level. Leaders also engage in reward and punishing behaviors.

- Fiedler's contingency theory proposes that leader effectiveness depends on both leader style and situational characteristics. Leaders have either a relationship-oriented style or a task-oriented style. Situational characteristics, including leader-member relations, task structure, and position power, determine how favorable a situation is for leading. Relationship-oriented leaders are most effective in moderately favorable situations. Task-oriented leaders are most effective in extremely favorable or unfavorable situations. Leaders cannot easily change their style, so Fiedler recommends changing situations to fit the leader or assigning leaders to situations in which they will be most effective.

- Path-goal theory suggests that effective leaders motivate their followers by giving them outcomes they desire when they perform at a high level or achieve their work goals. Effective leaders also make sure their subordinates believe that they can obtain their work goals and perform at a high level, show subordinates the paths to goal attainment, remove obstacles that might come along the way, and express confidence in their subordinates' capabilities. Leaders need to adjust the type of behavior they engage in (directive, supportive, participative, or achievement-oriented) to correspond to the nature of the subordinates they are dealing with and the type of work they are doing.

- The Vroom and Yetton model specifies the extent to which leaders should have their subordinates participate in decision making. How much subordinates should participate depends on aspects of the decision that need to be made, the subordinates involved, and the information needed to make a good decision.

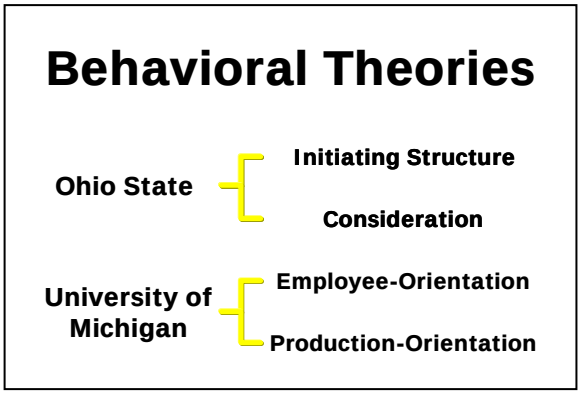
- Leader-member exchange theory focuses on the leader-follower dyad and suggests that leaders do not treat each of their followers the same but rather develop different kinds of relationships with different subordinates. Some leader-follower dyads have high-quality relationships. Subordinates in these dyads are members of the in-group. Other leader-follower dyads have low-quality relationships. Subordinates in these dyads form the out-group.
- Sometimes leadership does not seem to have much of an effect in organizations because of the existence of substitutes and neutralizers. A leadership substitute is something that acts in place of a formal leader. Substitutes make leadership unnecessary because they take the place of the influence of

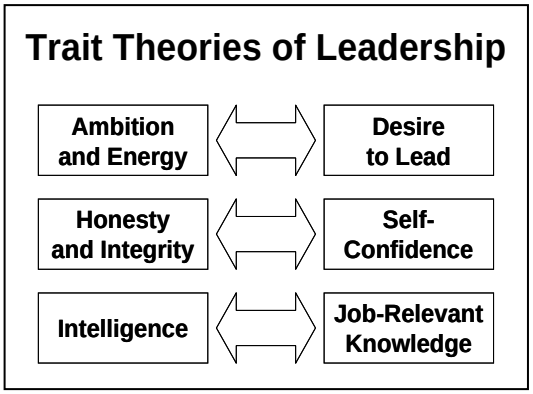
a leader. A leadership neutralizer is something that prevents a leader from having influence and negates a leader's efforts. When neutralizers are present, there is a leadership void—the leader is having little or no effect, and nothing else is taking the leader's place.

- Transformational leaders increase their followers' awareness of the importance of their jobs and the followers' own needs for personal growth and accomplishment and motivate followers to work for the good of the organization. Leaders transform their followers by being charismatic, intelligently stimulating their followers, and engaging in developmental consideration. Transactional leadership occurs when leaders motivate their subordinates by exchanging rewards for high performance and reprimanding instances of low performance.

- Leader mood at work and levels of emotional intelligence have the potential to influence leader effectiveness. Preliminary research suggests that when leaders tend to be in a good mood at work, their subordinates may perform at a higher level and be less likely to resign.

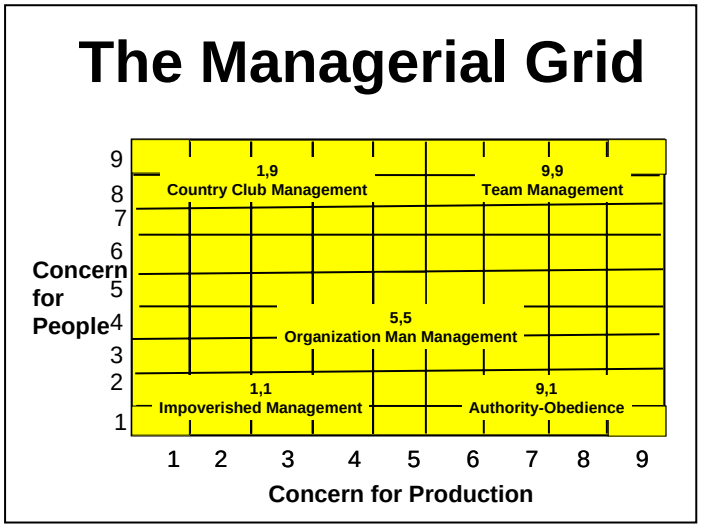
- Women and men do not appear to differ in the leadership behaviors (consideration and initiating structure) that they perform in organizations. Women, however, appear to be more democratic or participative than men as leaders.




**Contingency Theories**

***Path-Goal Theory***




- One of the most respected approaches to leadership is the *path-goal* theory developed by Robert House.
- It is a contingency model of leadership which extracts key elements from the Ohio State leadership research on initiating structure and consideration and the expectancy theory of motivation.
- It is the leader's job to assist followers in attaining their goals and to provide the necessary direction and/or support to ensure that their goals are compatible with the overall objectives of the firm.
- The term path-goal is derived from the belief that effective leaders clarify the path to help their followers achieve their work goals.
- House identified four leadership behaviors:
- The directive leader lets followers know what is expected of them, etc.

- The supportive leader is friendly and shows concern for the needs of followers.
- The participative leader consults with followers and uses their suggestions before making a decision.
- The achievement-oriented leader sets challenging goals and expects followers to perform at their highest level.
- In contrast to Fiedler, House assumes leaders are flexible and can display any of these behaviors.
- Two classes of situational or contingency variables moderate the leadership behavior:
- *Environmental or outcome relationship*. These factors determine the type of leader behavior required as a complement if follower outcomes are to be maximized.
- *Personal characteristics of the employee*. These determine how the environment and leader behavior are interpreted.
- Directive leadership leads to greater satisfaction when tasks are ambiguous or stressful than when they are highly structured and well laid out.
- Supportive leadership results in high employee performance and satisfaction when employees are performing structured tasks.
- Directive leadership is likely to be perceived as redundant among employees with high perceived ability or with considerable experience.
- Employees with an internal locus of control will be more satisfied with a participative style.
- Achievement-oriented leadership will increase employees' expectancies that effort will lead to high performance when tasks are ambiguously structured.
- Research evidence generally supports the logic underlying the path-goal theory.

*Directive leader*

- Lets employees know what is expected of them, schedules work to be done, and gives specific guidance as to how to accomplish tasks.

*Supportive leader*

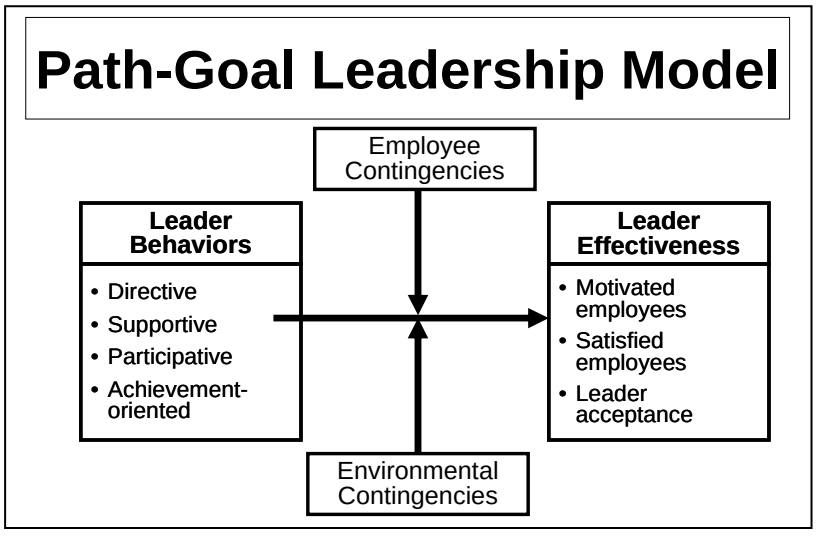
- Is friendly and shows concern for the needs of employees.

*Participative leader*

- Consults with employees and uses their suggestions before making a decision.

*Achievement-oriented leader*

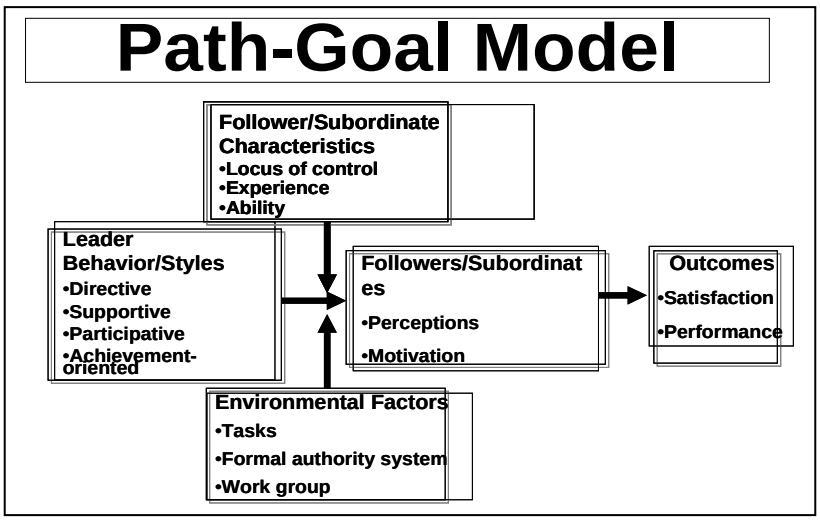
- Sets challenging goals and expects employees to perform at their highest levels.



**Transformational and Charismatic Leadership**

***Defining Charismatic Leadership***

*"Charismatic leaders have a combination of charm and personal magnetism that contribute to a remarkable ability to get other people to endorse to their vision and promote it passionately"*




**Trait of a Charismatic Leader**

- Self-confidence
- A vision
- Strong conviction in that vision
- Out of the ordinary behavior
- The image of a change agent

**Two Types of Charismatic Leaders**

- **Visionary Charismatic Leaders**
  - Through communication ability, the visionary charismatic leader links followers' needs and goals to job or organizational goals.
- **Crisis-Based Charismatic Leaders**
  - The crisis-produced charismatic leader communicates clearly what actions need to be taken and what their consequences will be.

Researchers suggest that leaders can have dramatic effects on followers and organizations, literally transforming them. Bernard Bass' theory on transformational and charismatic leadership has been well received because it is comprehensive and incorporates ideas from other leadership approaches.

**Transformational leaders**

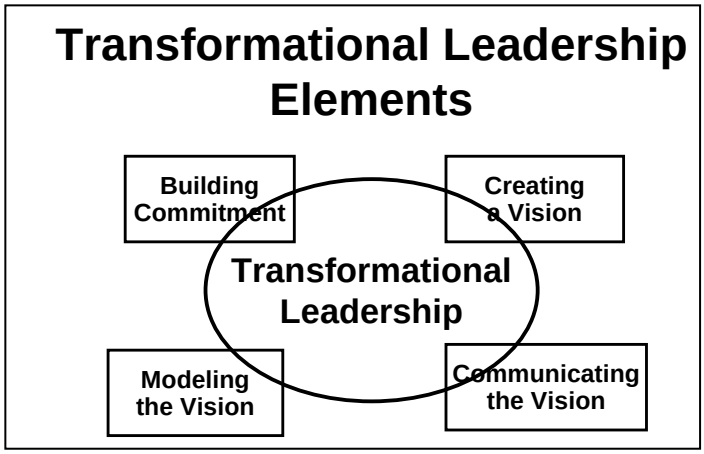
- Leading -- changing the organization to fit the environment
- Develop, communicate, enact a vision

**Transactional leaders**

- Managing -- linking job performance to rewards
- Ensure employees have necessary resources
- Apply contingency leadership theories

**Transformational leadership** occurs when a leader changes followers in ways that lead to trust and motivation towards organizational goals. Transformational leaders increase subordinates' awareness of task significance and high performance levels. Transformational leaders make subordinates aware of their needs for personal growth, development, and accomplishment. They motivate subordinates to work for the good of the organization, not personal gain.

Transformational leaders are **charismatic leaders**, with a vision for the organization and the ability to induce followers to support the vision enthusiastically. To convey their excitement, charismatic leaders have high self-confidence and self-esteem, which encourage their followers to respect and admire them. They cause followers to view problems differently and feel responsibility for problem solving.




**Trust**

- Credibility: the degree to which followers perceive someone as honest, competent and able to inspire.
- Trust: the belief in the integrity, character and ability of a leader.

**Five Dimensions of Trust**

- Integrity (honesty and truthfulness)
- Competence (technical/interpersonal)
- Consistency (reliability, predictability and good judgment in handling situations)
- Loyalty (willingness to protect and save face for a person)
- Openness (willingness to share ideas and information freely)

**Types of Trust**

- Deterrence-based trust
  - Trust based on fear of reprisal if the trust is violated
- Knowledge-based trust
  - Trust based on the behavioral predictability that comes from a history of interaction
- Identification-based trust
  - Trust based on an emotional connection between the parties

**Lesson 24**

# POWER AND POLITICS

## Overview

If you want to get things done in a group or organization, it helps to have power. As a manager who wants to maximize your power, you will want to increase others' dependence on you. You can, for instance, increase your power in relation to your boss by developing knowledge or a skill that he needs and for which he perceives no ready substitute, but power is a two-way street. You will not be alone in attempting to build your power bases. Others, particularly employees and peers, will be seeking to make you dependent on them. The result is a continual battle. While you seek to maximize others' dependence on you, you will be seeking to minimize your dependence on others, and, of course, others you work with will be trying to do the same. Few employees relish being powerless in their job and organization. It has been argued, for instance, that when people in organizations are difficult, argumentative, and temperamental, it may be because they are in positions of powerlessness, where the performance expectations placed on them exceed their resources and capabilities.

There is evidence that people respond differently to the various power bases. Expert and referent power are derived from an individual's personal qualities. In contrast, coercion, reward, and legitimate power are essentially organizationally derived. Since people are more likely to enthusiastically accept and commit to an individual whom they admire or whose knowledge they respect (rather than someone who relies on his or her position to reward or coerce them), the effective use of expert and referent power should lead to higher employee performance, commitment, and satisfaction. Competence especially appears to offer wide appeal, and its use as a power base results in high performance by group members. The message for managers seems to be: Develop and use your expert power base!

The power of your boss may also play a role in determining your job satisfaction. "One of the reasons many of us like to work for and with people who are powerful is that they are generally more pleasant, not because it is their native disposition, but because the reputation and reality of being powerful permits them more discretion and more ability to delegate to others.

The effective manager accepts the political nature of organizations. By assessing behavior in a political framework, you can better predict the actions of others and use this information to formulate political strategies that will gain advantages for you and your work unit. Some people are just significantly more "politically astute" than are others. Those who are good at playing politics can be expected to get higher performance evaluations, and hence, larger salary increases and promotions. They are more likely to exhibit higher job satisfaction.

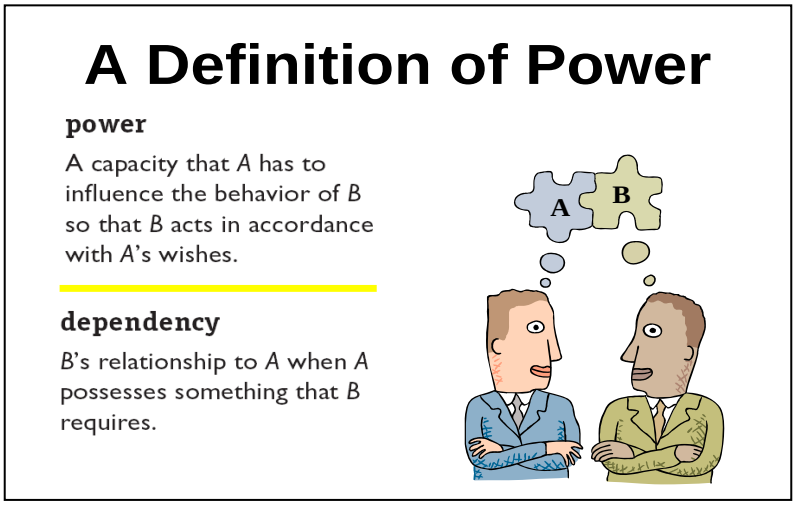
## Power

**Definition**: Power refers to a capacity that A has to influence the behavior of B, so that B acts in accordance with A's wishes.

- Power may exist but not be used. It is, therefore, a capacity or potential.
- Probably the most important aspect of power is that it is a function of dependency.
- The greater B's dependence on A, the greater is A's power in the relationship.
- Dependence, in turn, is based on alternatives that B perceives and the importance that B places on the alternative(s) that A controls.
- A person can have power over you only if he or she controls something you desire.

**Concept of Power**

**Power** - the ability to influence another person
**Influence** - the process of affecting the thoughts, behavior, & feelings of another person
**Authority** - the right to influence another person




***Coercive Power:***

- The coercive power base is being dependent on fear.
- It rests on the application, or the threat of application, of physical sanctions such as the infliction of pain, the generation of frustration through restriction of movement, or the controlling by force of basic physiological or safety needs.
- At the organizational level, A has coercive power over B if A can dismiss, suspend, or demote B, assuming that B values his or her job.
- Similarly, if A can assign B work activities that B finds unpleasant or treat B in a manner that B finds embarrassing, A possesses coercive power over B.

***Reward Power:***

- The opposite of coercive power is reward power.
- People comply because doing so produces positive benefits; therefore, one who can distribute rewards that others view as valuable will have power over those others.
- These rewards can be anything that another person values.
- Coercive power and reward power are actually counterparts of each other.
  a. If you can remove something of positive value from another or inflict something of negative value upon him/her, you have coercive power over that person.
  b. If you can give someone something of positive value or remove something of negative value, you have reward power over that person.

***Legitimate Power:***

- In formal groups and organizations, the most frequent access power is one's structural position. It represents the power a person receives as a result of his/her position in the formal hierarchy.

- Positions of authority include coercive and reward powers.
- Legitimate power, however, is broader than the power to coerce and reward. It includes acceptance of the authority of a position by members of an organization.

***Charismatic Power:***

- Is an extension of referent power stemming from an individual's personality and interpersonal style.
- Others follow because they can articulate attractive visions, take personal risks, demonstrate follower sensitivity, etc.

***Expert Power:***

- *Expert power* is "influence wielded as a result of expertise, special skill, or knowledge."
- Expertise has become a powerful source of influence as the world has become more technological. As jobs become more specialized, we become increasingly dependent on experts to achieve goals.

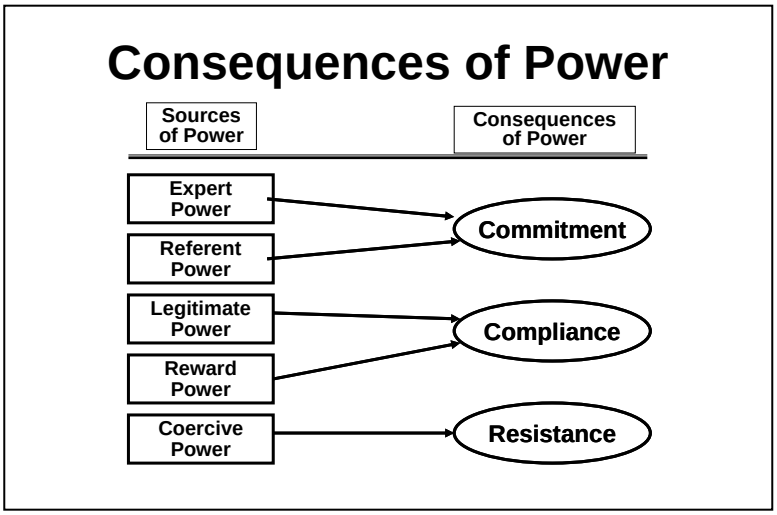
**PRINCIPLES OF POWER**

- Power is perceived
- Power is relative
- Power bases must be coordinated
- Power is a double-edged sword (used and abused)

***Consequences of power:***

Managers who have power benefit the most from organizational decisions, such as obtaining scarce resources for their department.

**Contrasting Leadership and Power**




Leaders use power as a means of attaining group goals. Leaders achieve goals, and power is a means of facilitating their achievement.

- Differences between Leadership and Power:
  - *Goal compatibility*:
  a. Power does not require goal compatibility, merely dependence.
  b. Leadership, on the other hand, requires some congruence between the goals of the leader and those being led.
  - *The direction of influence:*
    a. Leadership focuses on the downward influence on one's followers.
    b. Leadership research, for the most part, emphasizes style.
    c. Power does not minimize the importance of lateral and upward influence patterns.
    d. The research on power has tended to encompass a broader area and focus on tactics for gaining compliance.

**Dependency: The Key to Power**

The General Dependency Postulate:

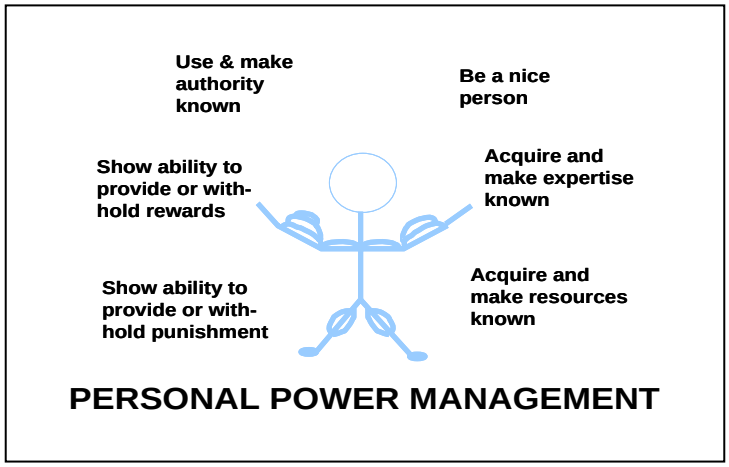
- The greater B's dependency on A, the greater the power A has over B.
  a. When you possess anything that others require but that you alone control, you make them dependent upon you and, therefore, you gain power over them.
- Dependency, then, is inversely proportional to the alternative sources of supply.
  a. This is why most organizations develop multiple suppliers rather using just one.
  b. It also explains why so many of us aspire to financial independence.

What Creates Dependency?

- *Importance*
  a. To create dependency, the thing(s) you control must be perceived as being important.
  b. Organizations actively seek to avoid uncertainty.
  c. Therefore, those individuals or groups who can absorb an organization's uncertainty will be perceived as controlling an important resource.

- *Scarcity*
  a. A resource needs to be perceived as scarce to create dependency.
  b. Low-ranking members in an organization who have important knowledge not available to high-ranking members gain power over the high-ranking members.
  c. The scarcity-dependency relationship can further be seen in the power of occupational categories.
  d. Individuals in occupations in which the supply of personnel is low relative to demand can negotiate compensation and benefit packages, which are far more attractive than can those in occupations where there is an abundance of candidates.

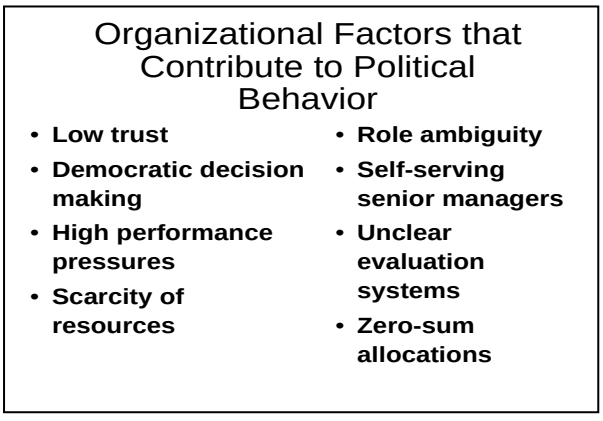
**Political Behavior in Organizations**




Many definitions focus on the use of power to affect decision making in the organization or on behaviors by members that are self-serving and organizationally non-sanctioned. We shall define political behavior in organizations as those activities that are not required as part of one's formal role in the organization but that influence, or attempt to influence, the distribution of advantages and disadvantages within the organization. Politics is a fact of life in organizations because organizations are made up of individuals and groups with different values, goals, and interests. This sets up the potential for conflict over resources. Resources in organizations are also limited, which often turns potential conflict into real conflict. Also, gains by one individual or group are often perceived as being at the expense of others within the organization. These forces create a competition among members for the organization's limited resources. Finally, the realization that most of the "facts" that are used to allocate the limited resources are open to interpretation creates political behavior. Because most decisions have to be made in a climate of ambiguity, where facts are rarely fully objective, and thus are open to interpretation, people within organizations will use whatever influence they can to taint the facts to support their goals and interests.

**Information and Power**

- Control over information flow
  - Based on legitimate power
  - Relates to formal communication network
  - Common in centralized structures (wheel pattern)
- Coping with uncertainty
  - Those who know how to cope with organizational uncertainties gain power



- Prevention
- Forecasting
- Absorption

**Managing Political Behavior**

- Maintain open communication
- Clarify performance expectations
- Use participative management
- Encourage cooperation among work groups
- Manage scarce resources well
- Provide a supportive organizational climate

**Lesson 25**

# POWER AND POLITICS

## Overview

Understanding and managing power, politics, and conflict is an integral part of a manager's job. Organizations are composed of people who come together to achieve their common goals. When resources are scarce, people and groups have to compete for them, and some achieve their goals while others do not. In an organization, managers have the primary responsibility to ensure that competition for resources is free and fair and that people who obtain power over resources do so because they possess skills and abilities that will, in the long run, benefit all members of the organization. Managers also have the responsibility to manage conflicts as they arise to ensure the long-term success of the organization and to maintain a balance of power to ensure that politics and conflict benefit rather than harm the organization.

- Power is the ability of one person or group to cause another person or group to do something they otherwise might not have done. Politics are activities in which managers engage to increase their power and to pursue goals that favor their individual and group interests. Power and politics can benefit or harm an organization.

- Sources of formal individual power include legitimate power, reward power, coercive power, and information power. Sources of informal individual power include expert power, referent power, and charismatic power.

- Sources of functional and divisional power include the ability to control uncertain contingencies, irreplaceability, centrality and the ability to control and generate resources.

- Managers can use many kinds of political tactics to increase their individual power. These tactics include making oneself irreplaceable and central, controlling contingencies and resources, recognizing who has power, controlling the agenda, bringing in an outside expert, and building coalitions and alliances. Managing politics to obtain its positive effects requires a balance of power in an organization and a strong CEO who has the ability to keep powerful people and groups in check.

- Conflict is the struggle that arises when the goal-directed behavior of another person or group. Whether conflict benefits or harms an organization depends on how it is managed.

- The three main sources of conflict are differentiation, task relationships, and the scarcity of resources. When conflict occurs, it typically moves through a series of stages. In Pondy's model of conflict, these stags are latent conflict, perceived conflict, felt conflict, manifest conflict, and the conflict aftermath.

- Various techniques are available to manage conflict. Conflict management techniques can be used at the individual, group, and organizational levels.

## Contingency Variables that Influence Use of Power Tactics

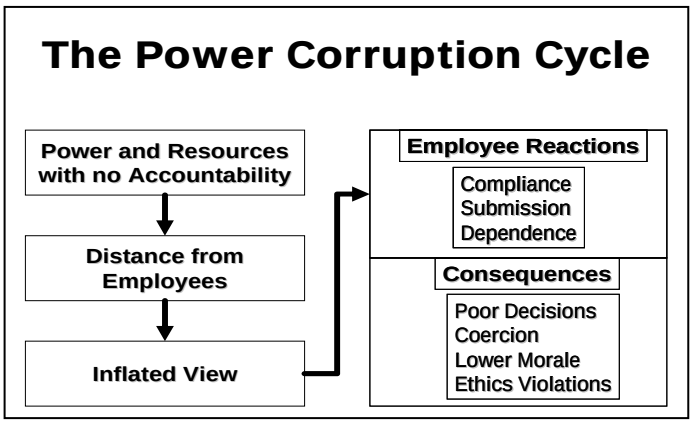
- Manager
  - Personality
  - Relative Power
  - Objectives for wanting to influence

- Employee
  - Perception of employee's willingness and ability to comply
- Organization Culture

**Examples: Power & its Use in Organizations**

- Different forms of harassment
- Political behavior
- Groups & coalitions
- Impression management
- Ethics and Power

**Political Behavior in Organizations**




- There is very strong evidence indicating that perceptions of organizational politics are negatively related to job satisfaction.
- The perception of politics leads to anxiety or stress. When it get too much to handle, employees quit.
- It is a de-motivating force and performance may suffer as a result.
- The effect of politics is moderated by the knowledge the individual has of the decision making system and his/her political skills:
- High political skills individuals often have improved performance.
- Low political skills individuals often respond with defensive behaviors—reactive and protective behaviors to avoid action, change, or blame.
- Reaction to organizational politics is also moderated by culture. In countries that are more unstable politically, workers will tolerate higher levels of politicking that more politically stable counties.

**Organizational Politics** - the use of power and influence in organizations

**Political Behavior** - actions not officially sanctioned by an organization that are taken to influence others in order to meet one's personal goals

***Power and politics relationship***

Both are used to affect decision making in the organization or behaviors by members. Political behavior is dependent on having some type of power, or it can be a way to circumvent the lack of organizational power. It encompasses efforts to influence the goals, criteria, or processes used for decision-making. It includes such varied political behaviors as withholding key information from decision makers, whistle blowing, spreading rumors, leaking confidential information about organizational activities to the media, exchanging favors with others in the organization for mutual benefit, and lobbying on behalf of or against a particular individual or decision alternative. Both also have a "legitimate-illegitimate" dimension. Legitimate political behavior refers to normal everyday politics. There are also illegitimate political behaviors that violate the implied rules of the game.

- Leaders use power as a means of attaining group goals.
- Leaders achieve goals, and power is a means of facilitating their achievement.
- Power does not require goal compatibility, merely dependence.
- Leadership, on the other hand, requires some congruence between the goals of the leader and those being led.
- Leadership focuses on the downward influence on one's followers.

- Leadership research, for the most part, emphasizes style.

Power does not minimize the importance of lateral and upward influence patterns.

**"Playing Politics" in an Organization**

- **Game Playing**
  - Political behavior in organizations has been described by many researchers in terms of game playing.
- **Political Influence Tactics**
  - Individuals and groups engage in political behavior in order to influence the perceptions or behavior of other individuals and groups.

**Impression Management**

This is the process by which individuals attempt to control the impression others form of them. We know that people have an ongoing interest in how others perceive and evaluate them. Being perceived positively by others should have benefits for people in organizations.
Who engages in IM—the high self-monitor. Low self-monitors tend to present images of themselves that are consistent with their personalities regardless of the beneficial or detrimental effects for them. High self-monitors are good at reading situations and molding their appearances and behavior to fit each situation.

The process by which individuals attempt to control the impression others form of them

- We know that people have an ongoing interest in how others perceive and evaluate them.
- Being perceived positively by others should have benefits for people in organizations.
- Who engages in IM—the high self-monitor
- Low self-monitors tend to present images of themselves that are consistent with their personalities, regardless of the beneficial or detrimental effects for them.
- High self-monitors are good at reading situations and molding their appearances and behavior to fit each situation.
- IM does not imply that the impressions people convey are necessarily false.
- Excuses and acclaiming, for instance, may be offered with sincerity.
- You can actually believe that ads contribute little to sales in your region or that you are the key to the tripling of your division's sales.
- Misrepresentation can have a high cost. If the image claimed is false, you may be discredited.
- Situations that are characterized by high uncertainty or ambiguity that provide relatively little information for challenging a fraudulent claim increase the likelihood of individuals misrepresenting themselves.
- Only a limited number of studies have been undertaken to test the effectiveness of IM techniques.
- These have been essentially limited to job interview success.
- The evidence is that IM behavior works.
- In one study, interviewers felt that those applicants for a position as a customer service representative who used IM techniques performed better in the interview, and the interviewers seemed somewhat more inclined to hire these people. When the applicants' credentials were also considered, it was apparent that the IM techniques alone that influenced the interviewers.
- Another employment interview study looked at which IM techniques worked best.
- The researchers compared IM techniques that focused the conversation on themselves (called a controlling style) with techniques that focused on the interviewer (referred to as a submissive style).

- Those applicants who used the controlling style were rated higher by interviewers on factors such as motivation, enthusiasm, and even technical skills, and they received more job offers.
- A more recent study confirmed the value of a controlling style.

**Political Tactics**

Managers can use many kinds of political tactics to increase their individual power. These tactics include making oneself irreplaceable and central, controlling contingencies and resources, recognizing who has power, controlling the agenda, bringing in an outside expert, and building coalitions and alliances. Managing politics to obtain its positive effects requires a balance of power in an organization and a strong CEO who has the ability to keep powerful people and groups in check.

- **Decision making processes**
  - Selectively emphasize decision alternatives
  - Influence decision process in favor of self or work unit
- **Control the decision making agenda:** often done when person does not want change
- **Build coalitions**
  - Form around people inside and outside the organization
  - Those believed important to person's position
- **Co-optation:** get support by putting possible opponents on a task force or advisory board
- **Attacking or blaming others**
- **Using information as a political tool**
- **Creating a favorable image (impression management)**
- **Developing a base of support**
- **Praising others (ingratiation)**
- **Forming political coalitions with strong allies**
- **Associating with influential people**
- **Creating obligations (reciprocity)**

**Political strategy**

- Plan to reach a goal using specific political tactics
- Goal: organizational or personal
- Specifies combinations and sequences of political tactics
- Includes plan for responding to changes in the political context
- People at all levels can develop and use a political strategy
- Not written; usually tacit
  - Used in
    - Resource allocation
    - Choice of senior managers
    - Career decisions
    - Performance appraisals
    - Pay increase decisions

**Individual Factors Which Contribute to Political Behavior**

- Level of self monitoring
- Need for power
- Internal locus of control
- Investment in the organization
- Perceived alternatives
- Expectations of success

**Organizational Factors Which Contribute to Political Behavior**

**Types of organizational politics**

**Managing Organizational Politics**

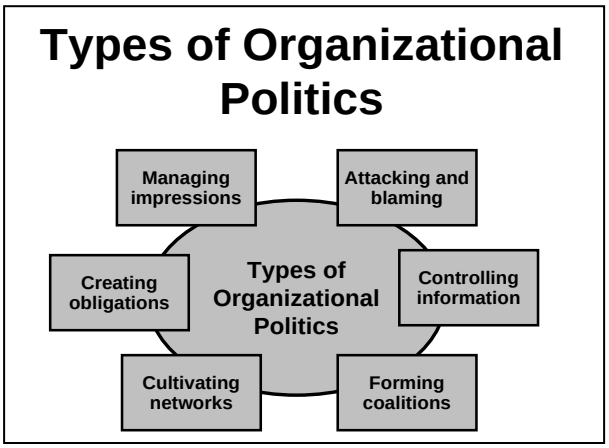
- Reduce System Uncertainty
- Reduce Competition
- Break Existing Political Fiefdoms

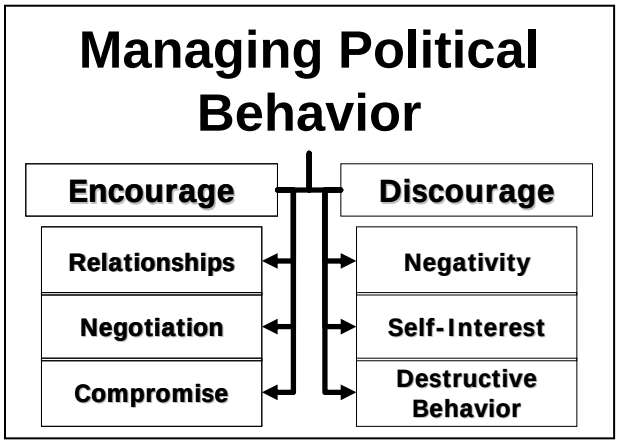
Organizational politics should support organizational interests, not individual interests. The CEO possesses legitimate power over all other managers and has primary responsibility for managing politics and controlling political contests. The CEO must balance power to avoid power struggles that distract the organization from achieving goals. With a balance of power, no manager or coalition becomes strong enough to threaten organizational interests.

**Managing Political Behavior**

- Maintain open communication
- Clarify performance expectations
- Use participative management
- Encourage cooperation among work groups
- Manage scarce resources well
- Provide a supportive organizational climate



**Lesson 26**

# CONFLICT AND NEGOTIATION

## Overview

Many people automatically assume that conflict is related to lower group and organizational performance. This chapter has demonstrated that this assumption is frequently incorrect. Conflict can be either constructive or destructive to the functioning of a group or unit. Levels of conflict can be either too high or too low. Either extreme hinders performance. An optimal level is where there is enough conflict to prevent stagnation, stimulate creativity, allow tensions to be released, and initiate the seeds for change, yet not so much as to be disruptive or deter coordination of activities.

Inadequate or excessive levels of conflict can hinder the effectiveness of a group or an organization, resulting in reduced satisfaction of group members, increased absence and turnover rates, and, eventually, lower productivity. On the other hand, when conflict is at an optimal level, complacency and apathy should be minimized, motivation should be enhanced through the creation of a challenging and questioning environment with a vitality that makes work interesting, and there should be the amount of turnover needed to rid the organization of misfits and poor performers.

What advice can we give managers faced with excessive conflict and the need to reduce it? Do not assume there is one conflict-handling intention that will always be best! You should select an intention appropriate for the situation. The following provides some guidelines:

- Use competition when quick, decisive action is vital (in emergencies); on important issues, where unpopular actions need implementing (in cost cutting, enforcing unpopular rules, discipline); on issues vital to the organization's welfare when you know you are right; and against people who take advantage of noncompetitive behavior.

- Use collaboration to find an integrative solution when both sets of concerns are too important to be compromised; when your objective is to learn; to merge insights from people with different perspectives; to gain commitment by incorporating concerns into a consensus; and to work through feelings that have interfered with a relationship.

- Use avoidance when an issue is trivial, or more important issues are pressing; when you perceive no chance of satisfying your concerns; when potential disruption outweighs the benefits of resolution; to let people cool down and regain perspective; when gathering information supersedes immediate decision; when others can resolve the conflict more effectively; and when issues seem tangential or symptomatic of other issues.

- Use accommodation when you find you are wrong and to allow a better position to be heard, to learn, and to show your reasonableness; when issues are more important to others than yourself and to satisfy others and maintain cooperation; to build social credits for later issues; to minimize loss when you are outmatched and losing; when harmony and stability are especially important; and to allow employees to develop by learning from mistakes.

- Use compromise when goals are important but not worth the effort of potential disruption of more assertive approaches; when opponents with equal power are committed to mutually exclusive goals; to achieve temporary settlements to complex issues; to arrive at expedient solutions under time pressure; and as a backup when collaboration or competition is unsuccessful.

## Conflict

The process in which one party perceives that its interests are being opposed or negatively affected by another party

"A process which begins when one party perceives that the other is frustrated, or is about to frustrate, some concern of his (or her)"

- Perceived by the parties
- Parties are in opposition to one another
- At least one party is blocking the goal attainment of the other party
- Goals can be tangible or psychological
  - Money
  - Task Achievement
  - Happiness

**Types of Conflict**

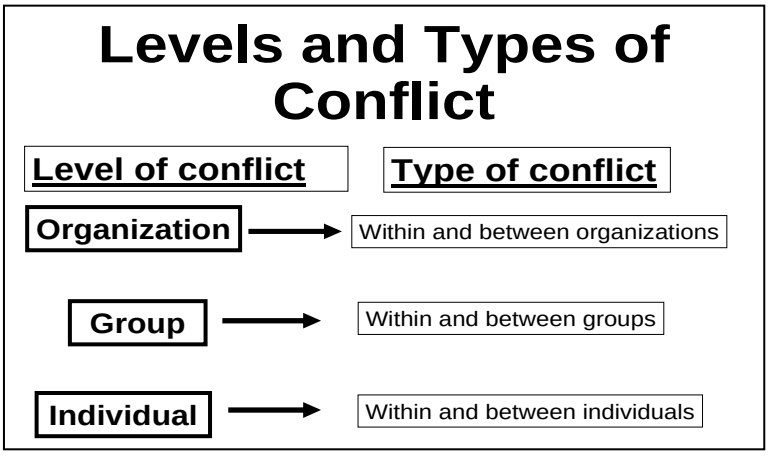
- **Task conflict**
  Conflict over content and goals of the work
- **Relationship conflict**
  Conflict based on interpersonal relationships
- **Process conflict**
  Conflict over how work gets done

**Nature of Organizational Conflict**

**Conflict -** any situation in which incompatible goals, attitudes, emotions, or behaviors lead to disagreement or opposition between two or more parties

- **Functional Conflict -** a healthy, constructive disagreement between two or more people
- **Dysfunctional Conflict -** an unhealthy, destructive disagreement between two or more people.

**Forms of Conflict in Organizations**




**Interorganizational Conflict -** conflict that occurs between two or more organizations
**Intergroup Conflict -** conflict that occurs between groups or teams in an organization
**Interpersonal Conflict -** conflict that occurs between two or more individuals
**Intrapersonal Conflict -** conflict that occurs within an individual
**Interrole Conflict -** a person's experience of conflict among the multiple roles in his/her life
**Intrarole Conflict -** conflict that occurs within a single role, such as when a person receives conflicting messages from role senders about how to perform a certain role
**Person-role Conflict -** conflict that occurs when an individual is expected to perform behaviors in a certain role that conflict with his/her personal values
First is the presence of conditions that create opportunities for conflict to arise. Three general categories: communication, structure, and personal variables

1. *Communication*

- Communication as a source of conflict represents those opposing forces that arise from semantic difficulties, misunderstandings, and "noise" in the communication channels.

- Differing word connotations, jargon, insufficient exchange of information, and noise in the communication channel are all barriers to communication and potential antecedents to conflict.
- Semantic difficulties are a result of differences in training, selective perception, and inadequate information.
- The potential for conflict increases when either too little or too much communication takes place.

- The channel chosen for communicating can have an influence on stimulating opposition

2. *Structure*

The term structure includes variables such as size, degree of specialization, jurisdictional clarity, member-goal compatibility, leadership styles, reward systems, and the degree of dependence.

- Size and specialization act as forces to stimulate conflict. The larger the group and more specialized its activities, the greater the likelihood of conflict.
- The potential for conflict is greatest where group members are younger and turnover is high.
- The greater the ambiguity in responsibility for actions lies, the greater the potential for conflict.
- The diversity of goals among groups is a major source of conflict.
- A close style of leadership increases conflict potential.
- Too much reliance on participation may also stimulate conflict.
- Reward systems, too, are found to create conflict when one member's gain is at another's expense.
- Finally, if a group is dependent on another group, opposing forces are stimulated.

3. *Personal variables*

- Include individual value systems and personality characteristics. Certain personality types lead to potential conflict.
- Most important is differing value systems. Value differences are the best explanation for differences of opinion on various matters.

**B. Stage II: Cognition and Personalization**

- Antecedent conditions lead to conflict only when the parties are affected by and aware of it.
- Conflict is personalized when it is felt and when individuals become emotionally involved.
- This stage is where conflict issues tend to be defined and this definition delineates the possible settlements.
- Second, emotions play a major role in shaping perceptions.
- Negative emotions produce oversimplification of issues, reductions in trust, and negative interpretations of the other party's behavior.
- Positive feelings increase the tendency to see potential relationships among the elements of a problem, to take a broader view of the situation, and to develop more innovative solutions.

**C. Stage III: Intentions**

- Intentions are decisions to act in a given way.
- Why are intentions separated out as a distinct stage? Merely one party attributing the wrong intentions to the other escalates a lot of conflicts.
- One author's effort to identify the primary conflict-handling intentions is represented.
- *Cooperativeness*—"the degree to which one party attempts to satisfy the other party's concerns."

- *Assertiveness*—"the degree to which one party attempts to satisfy his or her own concerns."

*Five conflict-handling intentions can be identified as:*

- *Competing:* When one person seeks to satisfy his or her own interests, regardless of the impact on the other parties to the conflict
- *Collaborating:* When the parties to conflict each desire to fully satisfy the concerns of all parties. The intention is to solve the problem by clarifying differences rather than by accommodating.
- *Avoiding:* A person may recognize that a conflict exists and want to withdraw from it or suppress it.
- *Accommodating:* When one party seeks to appease an opponent, that party is willing to be self-sacrificing.
- *Compromising:* When each party to the conflict seeks to give up something, sharing occurs, resulting in a compromised outcome. There is no clear winner or loser, and the solution provides incomplete satisfaction of both parties' concerns.

Intentions provide general guidelines for parties in a conflict situation. They define each party's purpose, but they are not fixed. They might change because of re-conceptualization or because of an emotional reaction. However, individuals have preferences among the five conflict-handling intentions. It may be more appropriate to view the five conflict-handling intentions as relatively fixed rather than as a set of options from which individuals choose to fit an appropriate situation.

**D. Stage IV: Behavior**

- Stage IV is where conflicts become visible. The behavior stage includes the statements, actions, and reactions made by the conflicting parties. These conflict behaviors are usually overt attempts to implement each party's intentions.
- Stage IV is a dynamic process of interaction; conflicts exist somewhere along a continuum.
- At the lower part of the continuum, conflicts are characterized by subtle, indirect, and highly controlled forms of tension.
- Conflict intensities escalate as they move upward along the continuum until they become highly destructive.
- Functional conflicts are typically confined to the lower range of the continuum.

**E. Stage V: Outcomes**

Outcomes may be functional—improving group performance, or dysfunctional in hindering it.

- *Functional outcomes*
- How might conflict act as a force to increase group performance?
- Conflict is constructive when it:
  a. Improves the quality of decisions.
  b. Stimulates creativity and innovation.
  c. Encourages interest and curiosity.
  d. Provides the medium through which problems can be aired and tensions released.
  e. Fosters an environment of self-evaluation and change.
- The evidence suggests that conflict can improve the quality of decision-making.
- Conflict is an antidote for groupthink.
- Conflict challenges the status quo, furthers the creation of new ideas, promotes reassessment of group goals and activities, and increases the probability that the group will respond to change.
- Research studies in diverse settings confirm the functionality of conflict.

a. The comparison of six major decisions made during the administration of four different US presidents found that conflict reduced the chance of groupthink.
b. When groups analyzed decisions that had been made by the individual members of that group, the average improvement among the high-conflict groups was 73 percent greater than was that of those groups characterized by low-conflict conditions.

- Increasing cultural diversity of the workforce should provide benefits to organizations.
  a. Heterogeneity among group and organization members can increase creativity, improve the quality of decisions, and facilitate change by enhancing member flexibility.
  b. The ethnically diverse groups produced more effective and more feasible ideas and higher quality, unique ideas than those produced by the all-Anglo group.
- Similarly, studies of professionals—systems analysts and research and development scientists—support the constructive value of conflict.
  a. An investigation of 22 teams of systems analysts found that the more incompatible groups were likely to be more productive.
  b. Research and development scientists have been found to be most productive where there is a certain amount of intellectual conflict.

**Transitions in Conflict Thought**

1) The traditional view of conflict argues that it must be avoided—it indicates a malfunctioning with the group.
2) The human relations view argues that conflict is a natural and inevitable outcome in any group and that it need not be evil, but has the potential to be a positive force in determining group performance.
3) The inter-actionist approach proposes that conflict can be a positive force in a group but explicitly argues that some conflict is absolutely necessary for a group to perform effectively.
4) This early approach assumed that all conflict was bad. Conflict was synonymous with such terms that reinforced its negative connotation. By definition, it was harmful and was to be avoided.
5) This view was consistent with the prevailing attitudes about group behavior in the 1930s and 1940s. Conflict was seen as a dysfunctional outcome resulting from poor communication, a lack of openness and trust between people, and the failure of managers to be responsive to their employees.

## Functional vs. Dysfunctional Conflict



1. Not all conflicts are good. Functional, constructive forms of conflict support the goals of the group and improve its performance. Conflicts that hinder group performance are dysfunctional or destructive forms of conflict.
2. What differentiates functional from dysfunctional conflict? You need to look at the type of conflict.
3. Task conflict relates to the content and goals of the work. Low-to-moderate levels of task conflict are functional and consistently demonstrate a positive effect on group performance because it stimulates discussion, improving group performance.
   - *Relationship* conflict focuses on interpersonal relationships.
     a. These conflicts are almost always dysfunctional.
     b. The friction and interpersonal hostilities inherent in relationship conflicts increase personality clashes and decrease mutual understanding.
   - *Process* conflict relates to how the work gets done.
     a. Low-levels of process conflict are functional and could enhance team performance.
     b. For process conflict to be productive, it must be kept low.
     c. Intense arguments create uncertainty.

**Causes of conflict**

- **Vertical conflict.**
  - Occurs between hierarchical levels.
- **Horizontal conflict.**

- Occurs between persons or groups at the same hierarchical level.

– **Line-staff conflict.**
  - Involves disagreements over who has authority and control over specific matters.

**How can conflict be managed successfully?**

Pondy's model suggests several methods to resolve conflicts. In collaboration**,** each side works toward a solution to satisfy its own goals plus the goals of the other side—both parties are better off after conflict resolution. In compromise**,** both parties negotiate to reach a mutually acceptable solution, but not necessarily one that achieves their goals

A primary responsibility of managers is to help subordinates resolve their disputes. Some managers spend much time managing conflict. Several techniques are helpful in managing conflict so that it results in functional rather than dysfunctional outcomes. These techniques concern changing attitudes and behaviors, changing task relationships, and changing the organizational structure or situation.

***Individual-Level Conflict Management***

Education and training helps resolve conflict. Sensitivity training or diversity awareness programs help employees appreciate different attitudes.

Job rotation and temporary assignments in other departments help people see another perspective. Promotions, transfers, and firings remove individuals from conflict situation.

***Group-Level Conflict Management***

At the group level, physically separating groups or changing task relationships means they no longer interact. Contact between groups occurs through people with integrating roles. Managers develop rules, procedures, and common goals to coordinate group activities.

These methods temporarily resolve a conflict because the underlying causes are not addressed. Many organizations resolve conflict at its source, through individual-level conflict management techniques or letting the groups to work out a joint solution.

*Negotiation* is a process in which groups with conflicting interests meet to make offers, counteroffers, and concessions to resolve differences. Negotiations may include a *third-party negotiator*—an outsider skilled in handling bargaining and negotiation—who helps find a solution.

The third party acts as a *mediator*, taking a neutral stance and helping parties reconcile their differences. If no solution is reached, the third party acts as an *arbiter*, or judge, imposing a solution.

Two processes occur in any negotiation situation: (1) distributive bargaining, in which parties decide how resources are distributed, and (2) attitudinal structuring, in which parties try to influence their opponent's attitudes, perhaps appearing aggressive to increase their resource share or by appearing conciliatory to preserve a relationship.

Negotiation and bargaining are difficult processes in which a lot of give-and-take and posturing occurs. The process usually takes several months because the parties discover what they can and cannot get.

**Organizational-Level Conflict Management**

Conflict can be managed by changing the organization's structure and culture to lessen conflict. Managers can clarify task and reporting relationships, change differentiation (e.g., move from a functional to divisional

structure), increase integration, or use culture to create values and norms shared by people in different functions and divisions. These methods eliminating some conflict and increasing communication.

Although conflict can never be eliminated, conflict management techniques directed toward the individual, group, and organizational levels make conflict more functional.

**The issue of "who wins?"**

- **Lose-lose conflict.**
  - Occurs when nobody gets what he or she wants.
  - Avoidance, accommodation or smoothing, and compromise are forms of lose-lose conflict.
  -
- **Win-lose conflict.**
  - One part achieves its desires at the expense and to the exclusion of the other party's desires.
  - Competition and authoritative command are forms of win-lose conflict.

- **Win-win conflict.**
  - Both parties achieve their desires.
  - Collaboration or problem solving are forms of win-win conflict.

**Lesson 27**

## CONFLICT AND NEGOTIATION

### Overview

Many people automatically assume that conflict is related to lower group and organizational performance. This chapter has demonstrated that this assumption is frequently incorrect. Conflict can be either constructive or destructive to the functioning of a group or unit. As shown in Exhibit 14-8, levels of conflict can be either too high or too low. Either extreme hinders performance. An optimal level is where there is enough conflict to prevent stagnation, stimulate creativity, allow tensions to be released, and initiate the seeds for change, yet not so much as to be disruptive or deter coordination of activities.

Inadequate or excessive levels of conflict can hinder the effectiveness of a group or an organization, resulting in reduced satisfaction of group members, increased absence and turnover rates, and, eventually, lower productivity. On the other hand, when conflict is at an optimal level, complacency and apathy should be minimized, motivation should be enhanced through the creation of a challenging and questioning environment with a vitality that makes work interesting, and there should be the amount of turnover needed to rid the organization of misfits and poor performers.
What advice can we give managers faced with excessive conflict and the need to reduce it? Do not assume there is one conflict-handling intention that will always be best! You should select an intention appropriate for the situation. The following provides some guidelines:

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### Definition - Conflict

"a process which begins when one party perceives that the other is frustrated, or is about to frustrate, some concern of his (or her).
•Perceived by the parties

•Parties are in opposition to one another
•At least one party is blocking the goal attainment of the other party
•Goals can be tangible or psychological

–Money
–Task Achievement
–Happiness

**Types of Conflict**

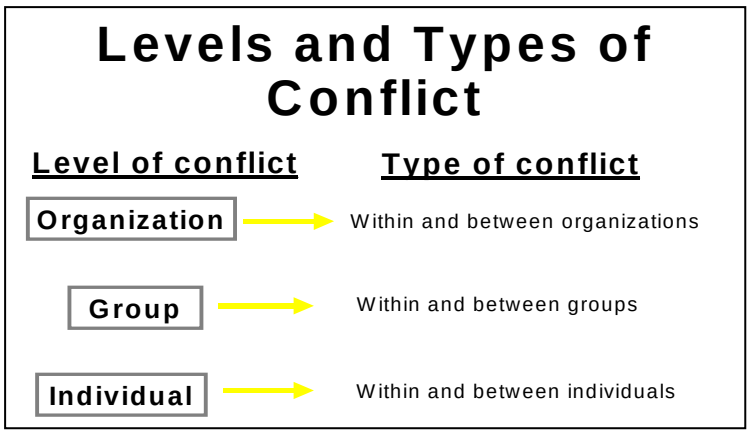
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Conflict over content and goals of the work

**Relationship conflict**
Conflict based on interpersonal relationships

**Process conflict**
Conflict over how work gets done

**Sources of conflict**

•Organizational hierarchy
•Competition for scarce resources
•Self-image & stereotypical views of others
•Differing goals & objectives
•Failures & resultant blame fixing
•Poor coordination of activities

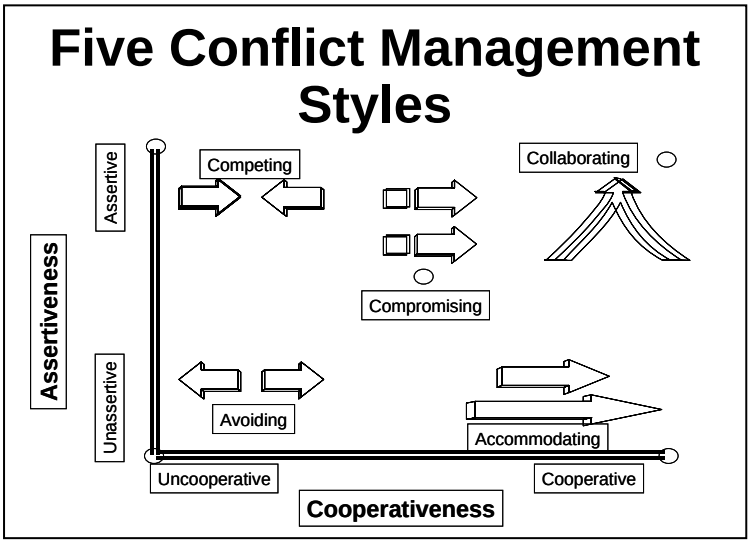



**Conflict Management Styles**

**Avoiding -** deliberate decision to take no action on a conflict or to stay out of a conflict
**Accommodating -** concern that the other party's goals be met but relatively unconcerned with getting own way
**Competing -** satisfying own interests; willing to do so at other party's expense
**Compromising -** each party gives up something to reach a solution
**Collaborating -** arriving at a solution agreeable to all through open & thorough discussion

**What is negotiation?**

1. *Negotiation* is a "process in which two or more parties exchange goods or services and attempt to agree upon the exchange rate for them." We use the terms *negotiation* and *bargaining* interchangeably.
2. Negotiation permeates the interactions of almost everyone in groups and organizations. For example, labor bargains with management. \
3. Not so obvious, however,
   a. Managers negotiate with employees, peers, and bosses.
   b. Salespeople negotiate with customers.



c. Purchasing agents negotiate with suppliers.

A worker agrees to answer a colleague's phone for a few minutes in exchange for some past or future benefit.

**Negotiation** - a joint process of finding a mutually acceptable solution to a complex conflict

Useful under these conditions

–Two or more parties

–Conflict of interest between the parties

–Parties are willing to negotiate

–Parties prefer to work together rather than to fight openly, give in, break off contact, or take the dispute to a higher authority

**Approaches to Negotiation**

1. There are two general approaches to negotiation: *distributive bargaining* and *integrative bargaining*.
2. ***Distributive bargaining***
   - An example of distributive bargaining is buying a car:
     a. You go out to see the car. It is great and you want it.
     b. The owner tells you the asking price. You do not want to pay that much.
     c. The two of you then negotiate over the price.
   - Its most identifying feature is that it operates under zero-sum conditions. Any gain I make is at your expense, and vice versa.
   - The most widely cited example of distributive bargaining is in labor-management negotiations over wages.
     a. Parties A and B represent two negotiators.
     b. Each has a target point that defines what he or she would like to achieve.
     c. Each also has a resistance point, which marks the lowest outcome that is acceptable.
     d. The area between these two points makes up each one's aspiration range.

   As long as there is some overlap between A and B's aspiration ranges, there exists a settlement range where each one's aspirations can be met.
   - When engaged in distributive bargaining, one's tactics focus on trying to get one's opponent to agree to one's specific target point or to get as close to it as possible.

**Integrative bargaining**

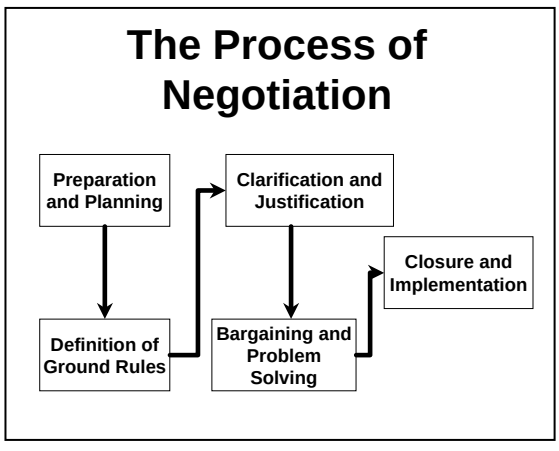
- An example: A sales rep calls in the order and is told that the firm cannot approve credit to this customer because of a past slow-pay record.
  a. The next day, the sales rep and the firm's credit manager meet to discuss the problem. They want to make the sale, but do not want to get stuck with uncollectable debt.
  b. The two openly review their options.
  c. After considerable discussion, they agree on a solution that meets both their needs. The sale will go through with a bank guarantee that will ensure payment if not made in 60 days.
- This example operates under the assumption that there exists one or more settlements that can create a win-win solution.
- In terms of intra-organizational behavior, all things being equal, integrative bargaining is preferable to distributive bargaining.
- Because integrative bargaining builds long-term relationships and facilitates working together in the future, it bonds negotiators and allows each to leave the bargaining table feeling victorious.
- Distributive bargaining, on the other hand, leaves one party a loser. It tends to build animosities and deepens divisions.
- Why do we not see more integrative bargaining in organizations? The answer lies in the conditions necessary for this type of negotiation to succeed.

a. Parties who are open with information and candid about their concerns
b. A sensitivity by both parties to the other's needs
c. The ability to trust one another
d. A willingness by both parties to maintain flexibility

**The Process of Negotiation**

1. ***Preparation and planning:***
   - Do your homework. What is the nature of the conflict? What is the history leading up to this negotiation? Who is involved, and what are their perceptions of the conflict? What do you want from the negotiation? What are your goals?
   - You also want to prepare an assessment of what you think the other party to your negotiation's goals are.
     a. When you can anticipate your opponent's position, you are better equipped to counter his or her arguments with the facts and figures that support your position.
   - Once you have gathered your information, use it to develop a strategy.
   - Determine your and the other side's Best Alternative To a Negotiated Agreement (BATNA).
     a. Your BATNA determines the lowest value acceptable to you for a negotiated agreement.
     b. Any offer you receive that is higher than your BATNA is better than an impasse.

2. ***Definition of ground rules:***
   - Who will do the negotiating? Where will it take place? What time constraints, if any, will apply?
   - To what issues will negotiation be limited? Will there be a specific procedure to follow if an impasse is reached?
   - During this phase, the parties will also exchange their initial proposals or demands.
3. ***Clarification and justification:***
   - When initial positions have been exchanged, explain, amplify, clarify, bolster, and justify your original demands
   - This need not be confrontational.
   - You might want to provide the other party with any documentation that helps support your position.
4. ***Bargaining and problem solving:***
   - The essence of the negotiation process is the actual give and take in trying to hash out an agreement.
   - Concessions will undoubtedly need to be made by both parties.
5. ***Closure and implementation:***
   - The final step—formalizing the agreement that has been worked out and developing any procedures that are necessary for implementation and monitoring
   - Major negotiations will require hammering out the specifics in a formal contract.
   - For most cases, however, closure of the negotiation process is nothing more formal than a handshake.




**Mapping the Negotiation**

•Describe the problem of the negotiation
•Identify the people involved
•Use empathy to analyze the situation
•Record participants' needs and fears about the problem

**Conducting the Negotiation**

•Use an appropriate negotiation style
•Use suitable language
•Use effective responding and listening techniques
•Identify needs and wants
•Set up the negotiation
•Create the non-verbal environment
•Start the negotiation
•Deal with conflict during the negotiation
•Achieve a negotiated outcome

**Third-party negotiations**

- When individuals or group representatives reach a stalemate and are unable to resolve their differences through direct negotiations, they may turn to a third party.
- A mediator is a neutral third party who facilitates a negotiated solution by using reasoning and persuasion, suggesting alternatives, and the like.
  a. They are widely used in labor-management negotiations and in civil court disputes.
  b. Their settlement rate is approximately 60 percent, with negotiator satisfaction at about 75 percent.
  c. The key to success—the conflicting parties must be motivated to bargain and resolve their conflict, intensity cannot be too high, and the mediator must be perceived as neutral and no coercive.

**Issues in Negotiation**

*The role of personality traits in negotiation*

- Can you predict an opponent's negotiating tactics if you know something about his/her personality? The evidence says no.
- Overall assessments of the personality-negotiation relationship finds that personality traits have no significant direct effect on either the bargaining process or negotiation outcomes.

*Gender differences in negotiations*

- Men and women do not negotiate differently.
- A popular stereotype is that women are more cooperative, pleasant, and relationship-oriented in negotiations than are men. The evidence does not support this.
- Comparisons between experienced male and female managers find women are:
  a. Neither worse nor better negotiators.
  b. Neither more cooperative nor open to the other.
  b. Neither more nor less persuasive nor threatening than are men.
- The belief that women are "nicer" is probably due to confusing gender and the lack of power typically held by women.
  a. Low-power managers, regardless of gender, attempt to placate their opponents and to use softly persuasive tactics rather than direct confrontation and threats.
- Women's attitudes toward negotiation and toward themselves appear to be different from men's.
  a. Managerial women demonstrate less confidence in anticipation of negotiating and are less satisfied with their performance despite achieving similar outcomes as men.
  b. Women may unduly penalize themselves by failing to engage in negotiations when such action would be in their best interests.

*Cultural differences in negotiations*

- Negotiating styles clearly vary across national cultures.
- The French like conflict.
  a. They gain recognition and develop their reputations by thinking and acting against others.
  b. They tend to take a long time in negotiating agreements, and they are not overly concerned about whether their opponents like or dislike them.
- The Chinese also draw out negotiations but that is because they believe negotiations never end.
  a. Just when you think you have reached a final solution, the Chinese executive might smile and start the process all over again.
  b. Like the Japanese, the Chinese negotiate to develop a relationship and a commitment to work together.
- Americans are known around the world for their impatience and their desire to be liked.
  a. Astute negotiators often turn these characteristics to their advantage.

The cultural context of the negotiation significantly influences the amount and type of preparation for bargaining, the emphasis on task versus interpersonal relationships, the tactics used, etc.

**A study compared North Americans, Arabs, and Russians negotiating style, how they responded to an opponent's arguments, their approach to making concessions, and how they handled negotiating deadlines.**

- North Americans tried to persuade others by relying on facts and appealing to logic.
  a. They made small concessions early in the negotiation to establish a relationship and usually reciprocated the opponent's concessions.
  b. North Americans treated deadlines as very important.

- The Arabs tried to persuade by appealing to emotion.
  a. They countered opponent's arguments with subjective feelings.
  b. They made concessions throughout the bargaining process and almost always reciprocated opponents' concessions.
  c. Arabs approached deadlines very casually.

- The Russians based their arguments on asserted ideals.
  a. They made few, if any, concessions.
  b. Any concession offered by an opponent was viewed as a weakness and almost never reciprocated.
  c. Finally, the Russians tended to ignore deadlines.

A second study looked at verbal and nonverbal negotiation tactics exhibited by North Americans, Japanese, and Brazilians during half-hour bargaining sessions.

- Brazilians on average said "No" 83 times compared to five times for the Japanese and nine times for the North Americans.
- The Japanese displayed more than five periods of silence lasting longer than ten seconds during the 30-minute sessions.
- North Americans averaged 3.5 such periods; the Brazilians had none.
- The Japanese and North Americans interrupted their opponent about the same number of times, but the Brazilians interrupted 2.5 to 3 times more often.
- Finally, while the Japanese and the North Americans had no physical contact with their opponents during negotiations except for handshaking, the Brazilians touched each other almost five times every half-hour.

**Lesson 28**

## REVIEW OF PART-II

| | |
|---|---|
| **Group** | Two or more freely interacting people with shared norms and goals and a common identity |
| **Formal group** | Formed by the organization |
| **Informal group** | Formed by friends or those with common interests. |
| **Group Cohesiveness** | A "we feeling" binding group members together |
| **Roles** | Expected behaviors for a given position. |
| **Role overload** | Others' expectations exceed one's ability |
| **Role conflict** | Others have conflicting or inconsistent expectations |
| **Role ambiguity** | Others' expectations are unknown |
| **Norm** | Shared attitudes, opinions, feelings, or actions that guide social behavior |
| **Task roles** | Task-oriented group behavior. |
| **Maintenance roles** | Relationship-building group behavior |
| **Groupthink** | Janis's term for a cohesive in-group's unwillingness to realistically view alternatives |
| **Social loafing** | Decrease in individual effort as group size increases. |
| **Team** | Small group with complementary skills who hold themselves mutually accountable for common purpose, goals, and approach |
| **Team viability** | Team members satisfied and willing to contribute |
| **Trust** | Reciprocal faith in others' intentions and behavior |
| **Propensity to trust** | A personality trait involving one's general willingness to trust others |
| **Cohesiveness** | A sense of "wane" helps group stick together. |
| **Socio-emotional cohesiveness** | Sense of togetherness based on emotional satisfaction. |
| **Instrumental cohesiveness** | Sense of togetherness based on mutual dependency needed to get the job done |
| **Quality circles** | Small groups of volunteers who strive to solve quality-related problems. |
| **Virtual team** | Information technology allows group members in different locations to conduct business. |

| | |
|---|---|
| **Self-managed teams** | Groups of employees granted administrative oversight for their work. |
| **Cross-functionalism** | Team made up of technical specialists from different areas. |
| **Team building** | Experiential learning aimed at better internal functioning of groups. |
| **Self-management leadership** | Process of leading others to lead themselves. |
| **Communication** | Interpersonal exchange of information and understanding |
| **Perceptual model of communication** | Process in which receivers create their own meaning. |
| **Noise** | Interference with the transmission and understanding of a message |
| **Communication competence** | Ability to effectively use communication behaviors in a given context. |
| **Assertive style** | Expressive and self enhancing, but does not take advantage of others. |
| **Aggressive style** | Expressive and self enhancing, but takes unfair advantage of others. |
| **Nonassertive style** | Timid and self denying behavior. |
| **Nonverbal communication** | Messages sent outside of the written or spoken word. |
| **Listening** | Actively decoding and interpreting verbal messages. |
| **Linguistic style** | A person's typical speaking pattern. |
| **Gender-flex** | Temporarily using communication behaviors typical of the other gender. |
| **Formal communication channels** | Follow the chain or command or organizational structure. |
| **Informal communication channels** | Do not follow the chain of command or organizational structure. |
| **Liaison individuals** | Those who consistently pass along grapevine information to others |
| **Organizational moles** | Those who use the grapevine to enhance their power and status |
| **Information richness** | Information-carrying capacity of data |
| **Purposeful communication distortion** | Purposely modifying the content of a message. |
| **Internet** | A global network of computer networks |

| | |
|---|---|
| **Intranet** | An organization's private Internet. |
| **Extranet** | Connects internal employees with selected customers, suppliers, and strategic partners |
| **Electronic mail** | Uses the Internet/intranet to send computer-generated text and documents. |
| **Group support systems** | Using computer software and hardware to help people work better together. |
| **Telecommuting** | Doing work that is generally performed in the office away from the office using different information technologies |
| **Leadership** | Process whereby an individual influences others to achieve a common goal. |
| **Leader trait** | Personal characteristics that differentiate leaders from followers |
| **Consideration** | Creating mutual respect and trust with followers. |
| **Initiating structure** | Organizing and defining what group members should be doing. |
| **Situational theories** | Propose that leader styles should match the situation at hand. |
| **Leader-member relations** | Extent that leader has the support, loyalty, and trust of work group. |
| **Task structure** | Amount of structure contained within work tasks. |
| **Position power** | Degree to which leader has formal power |
| **Contingency factors** | Variables that influence the appropriateness of a leadership style. |
| **Transactional leadership** | Focuses on clarifying employees' roles and providing rewards contingent on performance |
| **Transformational leadership** | Transforms employees to pursue organizational goals over self-interests. |
| **Shared leadership** | Simultaneous, ongoing, mutual influence process in which people share responsibility for leading |
| **Social power** | Ability to get things done with human, informational, and material resources |
| **Socialized power** | Directed at helping others |
| **Personalized power** | Directed at helping oneself |
| **Reward power** | Obtaining compliance with promised or actual rewards |
| **Coercive power** | Obtaining compliance through threatened or actual punishment |
| **Legitimate power** | Obtaining compliance through formal authority |
| **Expert power** | Obtaining compliance through one's knowledge or information |

| | |
|---|---|
| **Referent power** | Obtaining compliance through charisma or personal attraction |
| **Empowerment** | Sharing varying degrees of power with lower-level employees to tap their full potential |
| **Participative management** | Involving employees in various forms of decision making |
| **Delegation** | Granting decision making authority to people at lower levels |
| **Personal initiative** | Going beyond formal job requirements and being an active self-starter |
| **Organizational politics** | Intentional enhancement of self-interest |
| **Coalition** | Temporary groupings of people who actively pursue a single issue |
| **Impression management** | Getting others to see us in a certain manner |
| **Conflict** | One party perceives its interests are being opposed or set back by another party |
| **Functional conflict** | Serves organization's interests |
| **Dysfunctional conflict** | Threatens organization's interests |
| **Personality conflict** | Interpersonal opposition driven by personal dislike or disagreement |
| **Programmed conflict** | Encourages different opinions without protecting management's personal feelings |
| **Devil's advocacy** | Assigning someone the role of critic |
| **Dialectic method** | Fostering a debate of opposing viewpoints to better understand an issue |
| **Conflict triangle** | Conflicting parties involve a third person rather than dealing directly with each other. |
| **Negotiation** | Give-and-take process between conflicting interdependent parties |

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**Lesson 29**

## REVIEW OF PART-II

| | |
|---|---|
| **Organization** | System of consciously coordinated activities of two or more people |
| **Organizational Behavior** | Interdisciplinary field dedicated to better understanding and managing people at work |
| **Theory Y** | McGregor's modern and positive assumptions about employees being responsible and creative |
| **Total quality management** | An organizational culture dedicated to training, continuous improvement, and customer satisfaction |
| **E-business** | Running the entire business via the Internet |
| **Human capital** | The productive potential of one's knowledge and actions |
| **Social capital** | The productive potential of strong, trusting, and cooperative relationships |
| **Management** | Process of working with and through others to achieve organizational objectives efficiently and ethically |
| **Contingency approach** | Using management tools and techniques in a situational appropriate manner; avoiding the one best-way mentality |
| **Value system** | The organization of one's beliefs about preferred ways of behaving and desired end-states |
| **Terminal values** | Personally preferred end-states of existence |
| **Instrumental values** | Personally preferred ways of behaving |
| **Value congruence or person-culture fit** | The similarity between personal values and organizational values |
| **Attitude** | Learned predisposition toward a given object |
| **Affective component** | The feelings or emotions one has about an object or situation |
| **Cognitive component** | The beliefs or ideas one has about an object or situation |
| **Behavioral component** | How one intends to act or behave toward someone or something |
| **Cognitive dissonance** | Psychological discomfort experienced when attitudes and behavior are inconsistent |
| **Organizational commitment** | Extent to which an individual identifies with an organization and its goals |
| **Psychological contract** | An individual's perception about the terms and conditions of a reciprocal exchange with another party |

| | |
|---|---|
| **Job involvement** | Extent to which an individual is immersed in his or her present job |
| **Job satisfaction** | An affective or emotional response to one's job |
| **Met expectations** | The extent to which one receives what he or she expects from a job |
| **Value attainment** | The extent to which a job allows fulfillment of one's work values |
| **Organizational citizenship behaviors** | Employee behaviors that exceed work role requirements |
| **Withdrawal cognitions** | Overall thoughts and feelings about quitting a job |
| **Self-Concept** | Person's self-perception as a physical, social, spiritual being |
| **Cognitions** | A person's knowledge, opinions, or beliefs |
| **Self-esteem** | One's overall self-evaluation |
| **Self-efficacy** | Belief in one's ability to do a task |
| **Learned helplessness** | Debilitating lack of faith in one's ability to control the situation |
| **Self-monitoring** | Observing one's own behavior and adapting it to the situation |
| **Organizational identification** | Organizational values or beliefs become part of one's self-identity |
| **Personality** | Stable physical and mental characteristics responsible for a person's identity |
| **Proactive personality** | Action-oriented person who shows initiative and perseveres to change things |
| **Internal locus of control** | Attributing outcomes to one's own actions |
| **External locus of control** | Attributing outcomes to circumstances beyond one's control |
| **Humility** | Considering the contributions of others and good fortune when gauging one's success |
| **Ability** | Stable characteristic responsible for a person's maximum physical or mental performance |
| **Skill** | Specific capacity to manipulate objects |
| **Intelligence** | Capacity for constructive thinking, reasoning, problem solving |
| **Emotions** | Complex human reactions to personal achievements and setbacks that may be felt and displayed |
| **Emotional** | Ability to manage oneself and interact with others in mature and |

| | |
|---|---|
| **intelligence** | constructive ways |
| **Perception** | Process of interpreting one's environment |
| **Attention** | Being consciously aware of something or someone |
| **Cognitive categories** | Mental depositories for storing information |
| **Schema** | Mental picture of an event or object |
| **Stereotype** | Beliefs about the characteristics of a group |
| **Sex-role stereotype** | Beliefs about appropriate roles for men and women |
| **Self-fulfilling prophecy** | Someone's high expectations for another person result in high performance |
| **Galatea effect** | An individual's high self-expectations lead to high performance |
| **Golem effect** | Loss in performance due to low leader expectations |
| **Causal attributions** | Suspected or inferred causes of behavior |
| **Internal factors** | Personal characteristics that cause behavior |
| **External factors** | Environmental characteristics that cause behavior |
| **Fundamental attribution bias** | Ignoring environmental factors that affect behavior |
| **Self-serving bias** | Taking more personal responsibility for success than failure |

**Lesson 30**

# FOUNDATIONS OF ORGANIZATIONAL STRUCTURE

## Overview

No other topic in management has undergone as much change in the past few years as that of organizing and organizational structure. Traditional approaches to organizing work are being questioned and reevaluated as managers search out structural designs that will best support and facilitate employees' doing the organization's work—ones that can achieve efficiency but also have the flexibility that's necessary for success in today's dynamic environment. Recall that organizing is defined as the process of creating an organization's structure. That process is important and serves many purposes. The challenge for managers is to design an organizational structure that allows employees to effectively and efficiently do their work. Just what is an organization's structure? An organizational structure is the formal framework by which job tasks are divided, grouped, and coordinated. When managers develop or change an organization's structure, they are engaged in organizational design, a process that involves decisions about six key elements: work specialization, departmentalization, chain of command, span of control, centralization and decentralization, and formalization.

## Organizational Structure and Design

***Organizational Structure***

– The formal pattern of how people and jobs are grouped in an organization.

***Organizational Design***

– The decisions and actions that result in organizational structure.




## What Determines Organizational Structure?

- To what degree are tasks subdivided into separate jobs?
- On what basis will jobs be grouped together?
- To whom do individuals and groups report?
- How many individuals can a manager efficiently and effectively direct?
- Where does decision-making authority lie?
- To what degree will there be rules and regulations to direct employees and managers?

## The Basics of Organizational Structure

- Organizational structure defines how job tasks are formally divided, grouped, and coordinated.
- The organization chart is a visual representation of this division, grouping, and coordination.

Early in the twentieth century, Henry Ford used this concept in an assembly line where every Ford worker was assigned a specific, repetitive task. By breaking jobs into small standardized tasks, which could be performed over and over again, Ford was able to produce cars at the rate of one every 10 seconds, while using relatively low-skilled workers.

Today we use the term work specialization to describe the degree to which tasks in an organization are divided into separate jobs. The essence of work specialization is that an entire job is not done by one

individual but instead is broken down into steps, and each step is completed by a different person. Individual employees specialize in doing part of an activity rather than the entire activity.

During the first half of the twentieth century, managers viewed work specialization as an unending source of increased productivity. And for a time it was! Because it wasn't widely used, when work specialization *was* implemented, employee productivity rose. By the 1960s, however, it had become evident that a good thing could be carried too far. The point had been reached in some jobs where human diseconomies from work specialization—boredom, fatigue, stress, poor quality, increased absenteeism, and higher turnover—more than offset the economic advantages. In such instances, worker productivity could be increased by enlarging, not narrowing, the scope of job activities. In addition, managers found that employees, who were given a variety of work to do, allow doing the activities necessary to complete a whole job, and put into teams with interchangeable skills often achieved significantly higher output with increased employee satisfaction.

Most managers today see work specialization as an important organizing mechanism but not as a source of ever-increasing productivity. They recognize the economies it provides in certain types of jobs, but they also recognize the problems it creates when it's carried to extremes.

Mechanistic types of organizational structures tend to be efficiency machines, well oiled by rules, regulations, standardized tasks, and similar controls. This organizational design tries to minimize the impact of differing personalities, judgments, and ambiguity because these human traits are seen as inefficient and inconsistent. Although no pure form of a mechanistic organization exists in reality, almost all large corporations and governmental agencies have at least some of these mechanistic characteristics.

**The Basics of Organizational Structure**

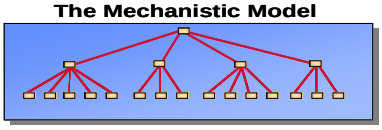
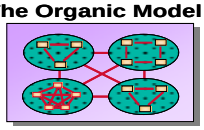
**Mechanistic Structures vs. Organic Structures**

| | |
|---|---|
| • Division of Labor | • Cross-Functional Teams |
| • Horizontal/Vertical Differentiation | • Personal/Spatial Differentiation |
| • Clear Chain of Command | • Multiple Chain of Command |
| • Narrow Spans of Control | • Wide Spans of Control |
| • Relatively Centralized | • Relatively Decentralized |
| • Direct Supervision | • Self-Managed |

In direct contrast to the mechanistic form of organization is the organic organization, which is as highly adaptive and flexible a structure as the mechanistic organization is rigid and stable. Rather than having standardized jobs and regulations, the organic organization is flexible, which allows it to change rapidly as needs require. Organic organizations have division of labor, but the jobs people do are not standardized. Employees are highly trained and empowered to handle diverse job activities and problems, and these organizations frequently use employee teams. Employees in organic-type organizations require minimal formal rules and little direct supervision. Their high levels of skills and training and the support provided by other team members make formalization and tight managerial controls unnecessary.



**Mechanistic vs. Organic Models**

| The Mechanistic Model | The Organic Model |
|---|---|
|  |  |
| •High specialization | •Cross-functional teams |
| •Rigid departmentalization | •Cross-hierarchical teams |
| •Clear chain of command | •Free flow of information |
| •Narrow spans of control | •Wide spans of control |
| •Centralization | •Decentralization |
| •High formalization | •Low formalization |

When is a mechanistic structure preferable and when is an organic one more appropriate? Let's look at the key contingency factors that influence the decision.

**Organizational Structure**

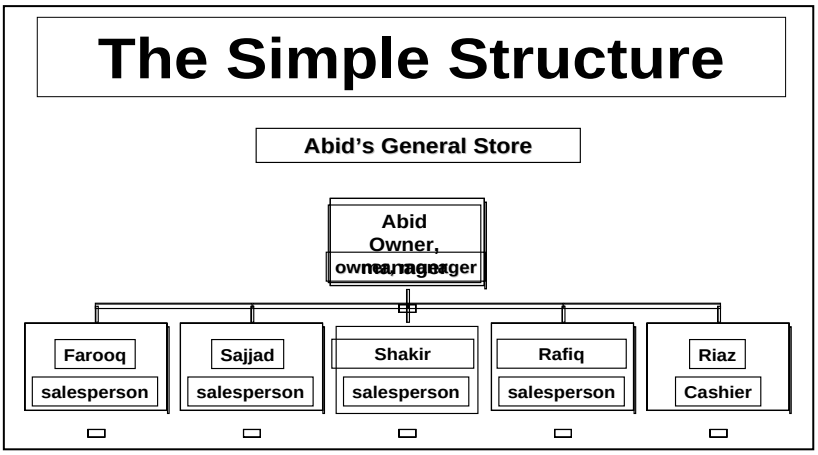
- How job tasks are formally divided, grouped and coordinated
- How parts of organization fit together to coordinate employees to achieve organizational goals.
- Formal structure shows the intended configuration of positions, job duties and the lines of authority among different parts of the enterprise.

**Work Specialization**

- The degree to which tasks in the organization are subdivided into separate jobs.

**Departmentalization**

- The basis by which jobs are grouped together.




Once jobs have been divided up through work specialization, they have to be grouped back together so that common tasks can be coordinated. The basis by which jobs are grouped together is called departmentalization. Every organization will have its own specific way of classifying and grouping work activities.

Functional departmentalization groups jobs by functions performed. This approach can be used in all types of organizations, although the functions change to reflect the organization's objectives and work activities. Product departmentalization groups jobs by product line. In this approach, each major product area is placed under the authority of a manager who's a specialist in, and is responsible for, everything having to do with that product line. Geographical departmentalization groups jobs on the basis of territory or geography such as southern, Midwestern, or northwestern regions for an organization operating only in the United States; or for a global company, maybe U.S., European, Canadian, and Asian-Pacific regions. Process departmentalization groups jobs on the basis of product or customer flow. In this approach, work activities follow a natural processing flow of products or even of customers. Finally, customer departmentalization groups jobs on the basis of common customers who have common needs or problems that can best be met by having specialists for each.

Large organizations often combine most or all of these forms of departmentalization. For example, a major Japanese electronics firm organizes each of its divisions along functional lines, its manufacturing units around processes, its sales units around seven geographic regions, and its sales regions into four customer groupings.

Two trends are currently popular regarding departmentalization. First, customer departmentalization is increasingly being used as an approach to better monitor customers' needs and to be better able to respond to changes in those needs. For example, L. L. Bean organized around a half-dozen customer groups on the basis of what customers generally purchased. This arrangement allowed the company to better understand its customers and to respond faster to their needs. Second, managers are using cross-functional teams, groups of individuals who are experts in various specialties and who work together. For instance, at Thermos Corporation (known worldwide for its beverage containers and lunch boxes) flexible interdisciplinary teams replaced the old tradition-bound functionally departmentalized structure. One of these teams—the Lifestyle Team—developed a new electric grill that has been extremely popular with consumers. This team of individuals from engineering, marketing, and manufacturing was

involved in every aspect of bringing this winning product to market—from defining the target market, to defining the product, to working with manufacturing on a feasible design.

For many years, the chain-of-command concept was a cornerstone of organizational design. As you'll see, it has far less importance today. But contemporary managers still need to consider its implications when deciding how best to structure their organizations.

The chain of command is the continuous line of authority that extends from upper organizational levels to the lowest levels and clarifies who reports to whom. It helps employees answer questions such as "Who do I go to if I have a problem?" or "To whom am I responsible?"

You can't discuss the chain of command without discussing three other concepts: authority, responsibility, and unity of command. Authority refers to the rights inherent in a managerial position to tell people what to do and to expect them to do it. To facilitate decision making and coordination, an organization's managers are part of the chain of command and are granted a certain degree of authority to meet their responsibilities. As managers coordinate and integrate the work of employees, those employees assume an obligation to perform any assigned duties. This obligation or expectation to perform is known as responsibility. Finally, the unity of command principle (one of Fayol's 14 principles of management) helps preserve the concept of a continuous line of authority. It states that a person should report to only one manager. Without unity of command, conflicting demands and priorities from multiple bosses can create problems.

Early management theorists (Fayol, Weber, Taylor, and others) were enamored with the concepts of chain of command, authority, responsibility, and unity of command. However, times change and so do the basic tenets of organizational design. These concepts are considerably less relevant today because of information technology and employee empowerment. Employees throughout the organization can access information that used to be available only to top managers in a matter of a few seconds. Also, using computers, employees communicate with anyone else anywhere in the organization without going through formal channels—that is, the chain of command. Moreover, as employees are empowered to make decisions that previously were reserved for management, as more organizations use self-managed and cross-functional teams, and as new organizational designs with multiple bosses continue to be implemented, the traditional concepts of authority, responsibility, and chain of command are becoming less relevant.

How many employees can a manager efficiently and effectively manage? This question of span of control is important because, to a large degree, it determines the number of levels and managers an organization has. All things being equal, the wider or larger the span, the more efficient the organization. An example can show why.

Assume that we have two organizations, both of which have approximately 4,100 employees. As Exhibit 10.3 shows, if one organization has a uniform span of four and the other a span of eight, the wider span will have two fewer levels and approximately 800 fewer managers. If the average manager made $42,000 a year, the organization with the wider span would save over $33 million a year in management salaries alone! Obviously, wider spans are more efficient in terms of cost. However, at some point, wider spans reduce effectiveness. That is, when the span becomes too large, employee performance suffers because managers no longer have the time to provide the necessary leadership and support.

The contemporary view of span of control recognizes that many factors influence the appropriate number of employees that a manager can efficiently *and* effectively manage. These factors encompass the skills and abilities of the manager and the employees and characteristics of the work being done. For instance, the more training and experience employees have, the less direct supervision they'll need. Therefore, managers with well-trained and experienced employees can function quite well with a wider span. Other contingency variables that will determine the appropriate span include similarity of

employee tasks, the complexity of those tasks, the physical proximity of subordinates, the degree to which standardized procedures are in place, the sophistication of the organization's information system, the strength of the organization's culture, and the preferred style of the manager.

The trend in recent years has been toward larger spans of control. Wide spans of control are consistent with managers' efforts to reduce costs, speed up decision making, increase flexibility, get closer to customers, and empower employees. However, to ensure that performance doesn't suffer because of these wider spans, organizations are investing heavily in employee training. Managers recognize that they can handle a wider span when employees know their jobs inside and out or can turn to co-workers if they have questions.

**Centralization and Decentralization**

- The concentration of authority and responsibility for decision making in the hands of managers at the top of an organization's hierarchy (the degree to which decision making is concentrated at a single point in the organization)

**Decentralization**

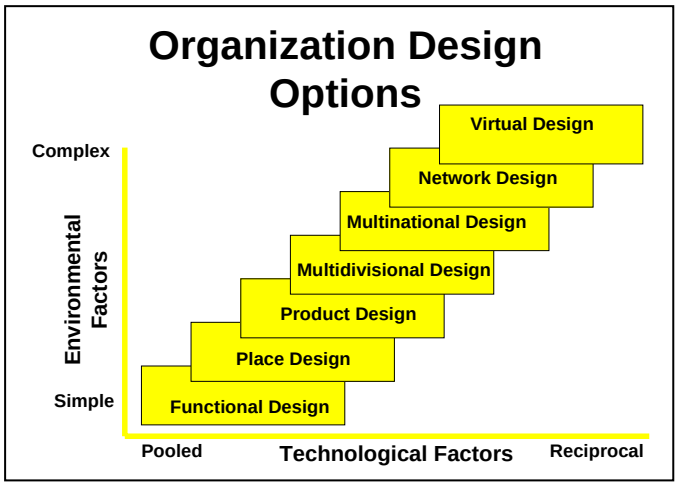
- Distribution of authority and responsibility for decision making to managers at all levels of an organization's hierarchy (decision discretion is pushed down to lower -level employees)

**Formalization**

- The degree to which jobs within the organization are standardized.

**The Effect of Technology on Structure**

- The more the technology requires *interdependence* between individuals and/or groups, the greater the need for coordination
- "As technology moves from routine to non-routine, subunits adopt less formalized and centralized structures"



**Lesson 31**

## ORGANIZATIONAL DESIGN

### The Basics of Organizational Structure

- Organizational structure defines how job tasks are formally divided, grouped, and coordinated.
- The organization chart is a visual representation of this division, grouping, and coordination.

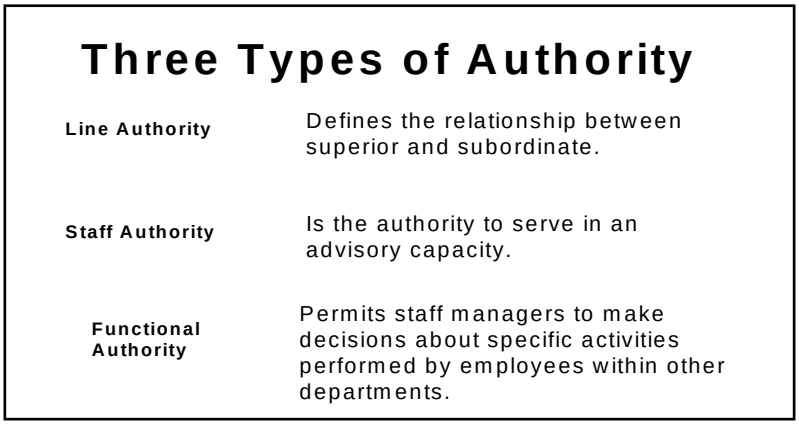
### Designing an Organization Structure

- Managers must decide how to divide the overall tasks of the organization into successively smaller jobs.
- Managers must decide the basis by which to group the individual jobs.
- Managers must decide the appropriate size of the group reporting to each supervisor
- Managers must distribute authority among the jobs.

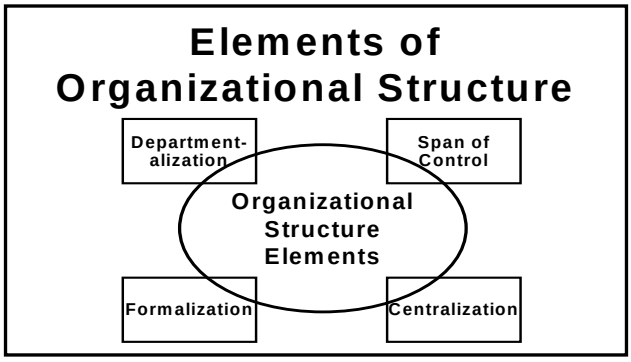
### Three Types of Relationships:

- **Direct single**
  –Between a manager and each subordinate individually
- **Direct group**
  –Between a manager and each possible permutation of subordinates
- **Cross**
  –Between subordinates and other subordinates

The basis by which jobs are grouped together is called departmentalization. Every organization will have its own specific way of classifying and grouping work activities




An organizational structure is the formal framework by which job tasks are divided, grouped, and coordinated. When managers develop or change an organization's structure, they are engaged in organizational design, a process that involves decisions about six key elements: work specialization, departmentalization, chain of command, span of control, centralization and decentralization, and formalization




### Work Specialization

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Most managers today see work specialization as an important organizing mechanism but not as a source of ever-increasing productivity. They recognize the economies it provides in certain types of jobs, but they also recognize the problems it creates when it's carried to extremes. McDonald's, for example, uses high work specialization to efficiently make and sell its fast-food products, and most employees in health care organizations are specialized. However, other organizations, such as Saturn Corporation, Hallmark, and Ford Australia, have successfully broadened the scope of jobs and reduced work specialization.

Functional departmentalization groups jobs by functions performed. This approach can be used in all types of organizations, although the functions change to reflect the organization's objectives and work activities. Product departmentalization groups jobs by product line. In this approach, each major product area is placed under the authority of a manager who's a specialist in, and is responsible for, everything having to do with that product line. Geographical departmentalization groups jobs on the basis of territory or geography such as southern, Midwestern, or northwestern regions for an organization operating only in the United States; or for a global company, maybe U.S., European, Canadian, and Asian-Pacific regions. Process departmentalization groups jobs on the basis of product or customer flow. In this approach, work activities follow a natural processing flow of products or even of customers. Finally, customer departmentalization groups jobs on the basis of common customers who have common needs or problems that can best be met by having specialists for each.
Large organizations often combine most or all of these forms of departmentalization. For example, a major Japanese electronics firm organizes each of its divisions along functional lines, its manufacturing units around processes, its sales units around seven geographic regions, and its sales regions into four customer groupings.

Two trends are currently popular regarding departmentalization. First, customer departmentalization is increasingly being used as an approach to better monitor customers' needs and to be better able to respond to changes in those needs. For example, L. L. Bean organized around a half-dozen customer groups on the basis of what customers generally purchased. This arrangement allowed the company to better understand its customers and to respond faster to their needs. Second, managers are using cross-functional teams, groups of individuals who are experts in various specialties and who work together. For instance, at Thermos Corporation (known worldwide for its beverage containers and lunch boxes) flexible interdisciplinary teams replaced the old tradition-bound functionally departmentalized structure. One of these teams—the Lifestyle Team—developed a new electric grill that has been extremely popular with consumers. This team of individuals from engineering, marketing, and manufacturing was involved in every aspect of bringing this winning product to market—from defining the target market, to defining the product, to working with manufacturing on a feasible design

**Formalization**

Formalization refers to the degree to which jobs within the organization are standardized and the extent to which employee behavior is guided by rules and procedures. If a job is highly formalized, then the person doing that job has a minimum amount of discretion over what is to be done, when it's to be done, and how he or she could do it. Employees can be expected to handle the same input in exactly the same way, resulting in consistent and uniform output. In organizations with high formalization, there are explicit job descriptions, numerous organizational rules, and clearly defined procedures covering work processes. Where formalization is low, job behaviors are relatively unstructured and employees have a great deal of freedom in how they do their work. Because an individual's discretion on the job is inversely related to the amount of behavior in that job that is preprogrammed by the organization, the greater the standardization, the less input the employee has into how work is done. Standardization not only eliminates the possibility that employees will engage in alternative behaviors, it even removes the need for employees to consider alternatives.

The degree of formalization can vary widely between organizations and even within organizations. For instance, at a newspaper publisher, news reporters often have a great deal of discretion in their jobs. They may pick their news topic, find their own stories, research them the way they want, and write them up, usually within minimal guidelines. On the other hand, the compositors and typesetters who lay out the newspaper pages don't have that type of freedom. They have constraints—both time and space—that standardize how they do their work.

**Chain of command**

For many years, the chain-of-command concept was a cornerstone of organizational design. As you'll see, it has far less importance today. But contemporary managers still need to consider its implications when deciding how best to structure their organizations.

The chain of command is the continuous line of authority that extends from upper organizational levels to the lowest levels and clarifies who reports to whom. It helps employees answer questions such as "Who do I go to if I have a problem?" or "To whom am I responsible?"

You can't discuss the chain of command without discussing three other concepts: authority, responsibility, and unity of command. Authority refers to the rights inherent in a managerial position to tell people what to do and to expect them to do it. To facilitate decision making and coordination, an organization's managers are part of the chain of command and are granted a certain degree of authority to meet their responsibilities. As managers coordinate and integrate the work of employees, those employees assume an obligation to perform any assigned duties. This obligation or expectation to perform is known as responsibility. Finally, the unity of command principle (one of Fayol's 14 principles of management) helps preserve the concept of a continuous line of authority. It states that a person should report to only one manager. Without unity of command, conflicting demands and priorities from multiple bosses can create problems.

Early management theorists (Fayol, Weber, Taylor, and others) were enamored with the concepts of chain of command, authority, responsibility, and unity of command. However, times change and so do the basic tenets of organizational design. These concepts are considerably less relevant today because of information technology and employee empowerment. Employees throughout the organization can access information that used to be available only to top managers in a matter of a few seconds. Also, using computers, employees communicate with anyone else anywhere in the organization without going through formal channels—that is, the chain of command. Moreover, as employees are empowered to make decisions that previously were reserved for management, as more organizations use self-managed and cross-functional teams, and as new organizational designs with multiple bosses continue to be

implemented, the traditional concepts of authority, responsibility, and chain of command are becoming less relevant.

*Span of control*

How many employees can a manager efficiently and effectively manage? This question of span of control is important because, to a large degree, it determines the number of levels and managers an organization has. All things being equal, the wider or larger the span, the more efficient the organization. An example can show why.

Assume that we have two organizations, both of which have approximately 4,100 employees. If the average manager made $42,000 a year, the organization with the wider span would save over $33 million a year in management salaries alone! Obviously, wider spans are more efficient in terms of cost. However, at some point, wider spans reduce effectiveness. That is, when the span becomes too large, employee performance suffers because managers no longer have the time to provide the necessary leadership and support

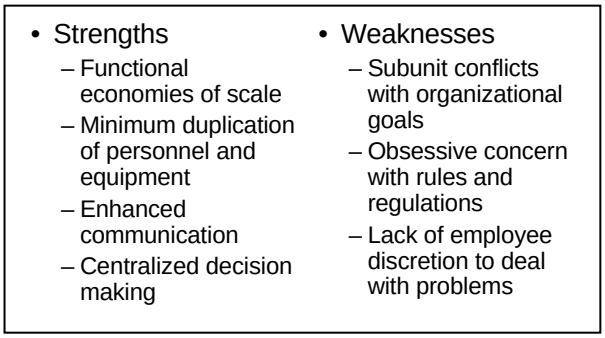
| More Centralization | More Decentralization |
|---|---|
| • Environment is stable.<br>• Lower-level managers are not as capable or experienced at making decisions as upper-level managers.<br>• Lower-level managers do not want to have a say in decisions.<br>• Decisions are significant.<br>• Organization is facing a crisis or the risk of company failure.<br>• Company is large.<br>• Effective implementation of company strategies depends on managers retaining say over what happens. | • Environment is complex, uncertain.<br>• Lower-level managers are capable and experienced at making decisions.<br>• Lower-level managers want a voice in decisions.<br>• Decisions are relatively minor.<br>• Corporate culture is open to allowing managers to have a say in what happens.<br>• Company is geographically dispersed.<br>• Effective implementation of company strategies depends on managers having involvement and flexibility to make decisions. |

**Common Organizational Design**

- **Simple Structure**
  A structure characterized by a low degree of departmentalization, wide spans of control, authority centralized in a single person, and little formalization.
- **Bureaucracy**
  A structure with highly routine operating tasks achieved through specialization, very formalized rules and regulations, tasks that are grouped into functional departments, centralized authority, narrow spans of control, and decision making that follows the chain of command.
- **Matrix Structure**
  A structure that creates dual lines of authority and combines functional and product departmentalization

***Matrix Organizational Design***

- Rejects the unity of command principal
- Uses multiple authority structures, so that many people report to two managers
- People from different functional areas work on various projects



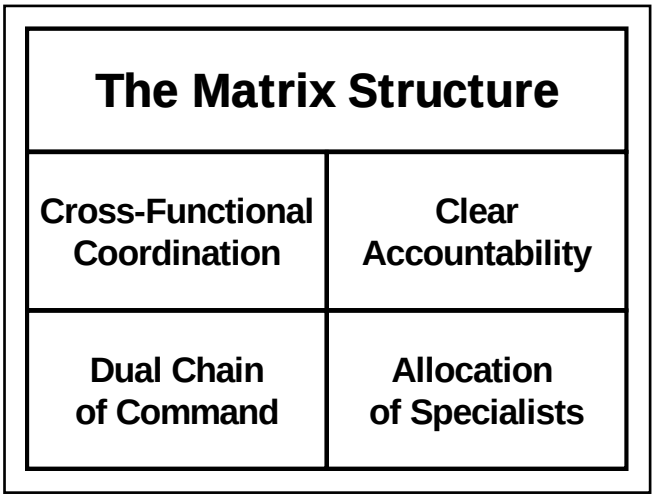
**Lesson 32**

## WORK DESIGN AND TECHNOLOGY

### Overview

This lecture considers the creation and use organizational structure and culture to manage individuals and inter-group relations effectively, particularly between different functions and divisions. It describes how managers group people and resources, integrate people and groups to stimulate them to work together, and how organizational values and norms influence inter-group relationships and organizational effectiveness.

Managers try to: encourage employees to work hard, develop supportive work attitudes, and allow people and groups to cooperate and work together effectively. An organization's structure and culture affect the way people and groups behave.




**Organizational structure** is the formal system of task and reporting relationships that controls, coordinates, and motivates employees so they cooperate and work together to achieve organizational goals.

**Organizational culture** is the informal set of values and norms that controls how people and groups interact with others inside and outside the organization.
Because structure and culture affect attitudes, behaviors, and goals, organizations base design decisions on desired behaviors, attitudes, and goals.

**Organizational design** is the selection and management of various dimensions of structure and culture to achieve goals.

Design decisions consider contingencies, possible events to be considered in planning. Three major contingencies that determine organizational structure and culture include: environment, technology, and strategy.

### Four Symptoms of Structural Weakness

- **Delay in decision making**
  Overloaded hierarchy; information funneling limited to too few channels
- **Poor quality decision making**
  Right information not reaching right people in right format
- **Lack of innovative response to changing environment**
  No coordinating effort
- **High level of conflict**
  Departments work against each other, not for organizational goals

### Environmental Factors

In order to correctly identify opportunities and monitor threats, the company must begin with a thorough understanding of the environment in which the firm operates. The management environment consists of all the actors and forces outside management that affect the management's ability to develop and maintain successful relationships with its all factors. Though these factors and forces may vary depending on the specific company and industrial group, they can generally be divided into broad micro environmental and macro environmental components. For most companies, the micro environmental

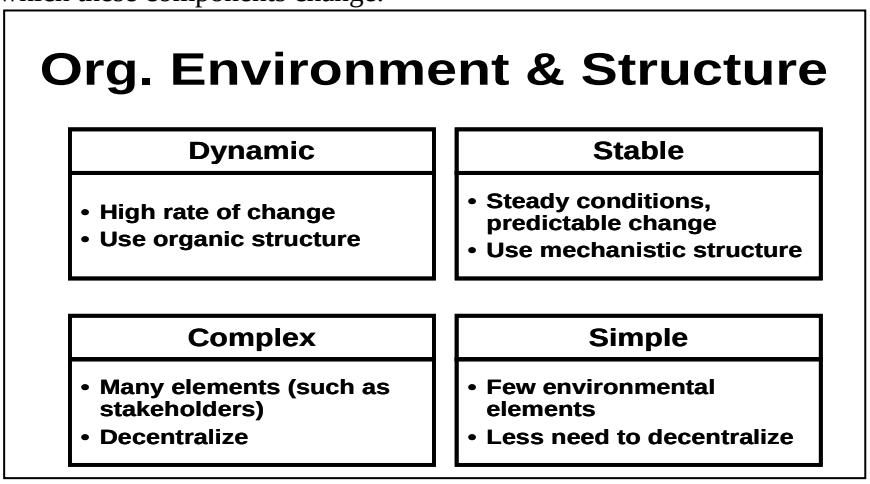
components are: the company, suppliers, management channel firms (intermediaries), customer markets, competitors, and publics. The macro environmental components are thought to be: demographic, economic, natural, technological, political, and cultural forces. The wise management manager knows that he or she cannot always affect environmental forces. Smart managers can take a proactive, rather than reactive, approach to the management environment.

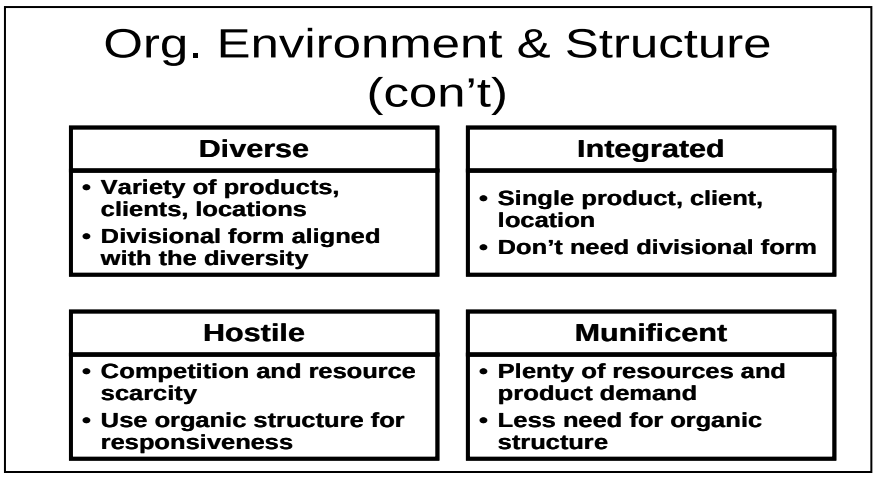
As a company's management collects and processes data on these environments, it must be ever vigilant in its efforts to apply what it learns to developing opportunities and dealing with threats. Studies have shown that excellent companies not only have a keen sense of customer but an appreciation of the environmental forces swirling around them. By constantly looking at the dynamic changes that are occurring in the aforementioned environments, companies are better prepared to adapt to change, prepare long-range strategy, meet the needs of today's and tomorrow's customers, and compete with the intense competition present in the global marketplace.

1. **Environmental Uncertainty**
   - Exists when managers have little information about environmental events and their impact on the organization.
   - When the organizational environment is complex and dynamic, the manager may have little information about future events and have great difficulty predicting them.
2. **Environmental Complexity**
   - The number of environmental components that effects on organizational decision making.
3. **Environmental Dynamism**
   - The degree to which these components change.

**Technology in the Workplace**

1. We defined the term *technology* earlier to mean "how an organization transfers its inputs into outputs."
2. Today it is also widely used to describe machinery and equipment that use sophisticated electronics and computers to produce those outputs.
3. The common theme of these technologies is that they substitute for human labor in the transformation of inputs into outputs. This has been happening since the mid 1800s.



4. We are concerned about the behavior of people at work—it is important to discuss how recent advances in technology are changing the work place and the work lives of employees.

**Process Reengineering**

1. *Process reengineering* is described as "considering how things would be done if you could start all over from scratch." It comes from the process of taking apart an electronics product and designing a better version.
2. Michael Hammer coined the term as applied to organizations. Reengineering means management should start with a clean sheet of paper—rethinking and redesigning those processes by which the organization creates value and does work, ridding itself of operations that have become antiquated in the computer age.

***Three key elements:***

- Identifying an organization's distinctive competencies, assessing core processes, and reorganizing horizontally by process
  a. Distinctive competencies define what it is that the organization is more superior at delivering than its competition.
  b. Superior store locations, a more efficient distribution system, higher-quality products, more knowledgeable sales personnel, or superior technical support
- Core processes transform materials, capital, information, and labor into products and services that the customer values.
  a. These range from strategic planning to after-sales customer support; management can determine to what degree each adds value.
  b. Process value analysis typically uncovers a whole lot of activities that add little value.
- Reengineering requires management to reorganize around horizontal processes.
  a. This means cross-functional and self-managed teams
  b. It means focusing on processes rather than functions.
  c. One of the goals of reengineering is to minimize the necessary amount of management.

**Downsizing and Rightsizing**

- Downsizing (rightsizing) involves reducing the size of the organization by selling off or closing down units or product lines to increase profitability.
- Probably will call for a change in structure.

**Mergers and Acquisitions**

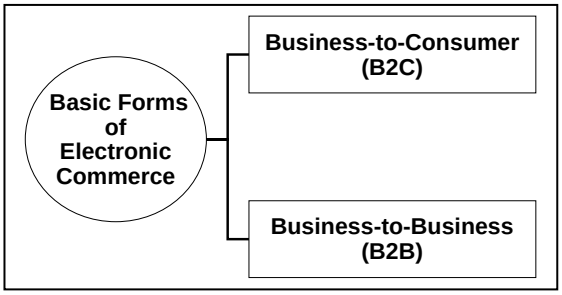
- The search for competitiveness may call for the joining of two or more firms through Mergers and Acquisitions.
- The challenge for these firms is to find a structure that works for the combined entity.

**What's an e-Organization?**

1. *E-commerce* refers to the sales side of electronic business. For example, people shopping in the Internet, businesses setting up web sites, fulfilling orders and getting paid are all parts of e-commerce. It is a subset of e-business.
2. E-business is the full breadth of activities included in a success Internet-based enterprise. It includes:
   a. Developing strategies for running an Internet based business.
   b. Improving communication between employees, suppliers and customers.
   c. Collaborating with partners.
3. E-organizations refer to the applications of e-business concepts to all organizations.

4. The e-organization has three underlying components:

- The Internet—a world wide network of interconnected computers
- Intranets—an organization's private Internet
- Extranets—extended Intranets accessible only to selected employees and authorized outsiders.




**Selected Implications for Individual Behavior**

**Ethics**

- How do e-orgs affect employee behavior? Since e-orgs refer to a range of technology applications. The more an organization uses global and private network linkages, the more the comments below are applicable to employees.

**Motivation**

- Employees are more susceptible to distractions that can undermine their work effort and reduce their productivity. For example, *cyber loafing*.

**Decision Making**

- *Cyber loafing* refers to using the organization's Internet access during formal work hours to surf non-job related Web sites or sending/receiving personal email.
- If work is not interesting workers may be motivated to "do something else"—often surfing the Internet is the diversion. Solutions are to make jobs more interesting, provide formal breaks, and set out explicit guidelines for behavior.
- Electronic surveillance of employees is an issue that puts an organization's desire for control against an employee's right to privacy.
- Employers argue they need those controls. Forty one and one-half percent of U.S. employers actively monitor or restrict employees' Web activity. They say controls allow them to make sure employees are not goofing off, not distributing company secrets, and preventing hostile work environments.
- Most would agree that employees should not use the employer's equipment for unauthorized purposes—and when they know they are being watched—but with home and work life becoming increasingly intermingled the ethics of the practice are less clear.

**Selected Implications for Group Behavior**

On-line leadership differs from face-to-face leadership. Three other issues: decision making, communication, and organizational politics take on a different look in e-organizations.

1. ***Decision Making:***
   - The traditional method taken in OB when discussing decision making needs to be modified. Two projections:
     a. Group decision-making models will take on greater relevance.
     b. Rational models will be replaced by action models.
   - Decisions in e-organizations will most often need to be made fast with little previous experience. The firms will need to recover fast from mistakes.
2. ***Communication:***
   - Traditional hierarchical levels no longer constrain communication.
   - Employees are encouraged to communicate instantly, anytime with anyone.
   - Concepts such as the distinction between forma and informal networks, nonverbal communication, and filtering become obsolete.
   - Activities such as meetings, negotiations, and supervision are also redefined.

- Gossip can be shared electronically; websites can be grapevines. The downside is that employees are experiencing communication overload.

3. ***Politics and Networking:***
   - Cyber-schmoozing—or on-line networking—activities are necessary in addition to traditional face-to-face impression management techniques.

**Work Space Design**

This topic is concerned with the workspace made available to employees and how it may affect an employee's behavior.

***1. Size:***
- Size is defined by the square feet per employee.
- Historically, the most important determinant of space provided to employees was status. This no longer seems to be true.
- Organizations seeking to become more egalitarian are reducing space dedicated to specific employees, lessening or eliminating space allocations based on hierarchical position, etc.
- Over the past decade, the personal office space is estimated to have shrunk 25–50 percent.
  a. Part of this has been economically motivated.
  b. Much of this reduction can be traced to reengineering.
- The trend today is toward setting extra space aside where people can meet and teams can work.

***2. Arrangement:***
- *Arrangement* refers to the distance between people and facilities.
- This is important primarily because it significantly influences social interaction. Research supports that you are more likely to interact with those individuals who are physically close.
- Furniture arrangements in traditional offices have received considerable attention.

**Work Redesign Options**

- **Job Rotation:** The periodic shifting of a worker from one task to another.
- **Job Enlargement:** The horizontal expansion of jobs.
- **Job Enrichment:** The vertical expansion of jobs.

**Work Schedule Options**

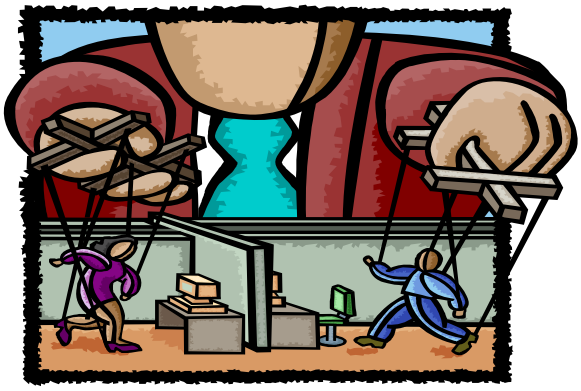
- **Flextime:** Employees work during a common core time period each day but have discretion in forming their total workday from a flexible set of hours outside the core.
- **Job Sharing:** The practice of having two or more people split a 40-hour-a-week job.
- **Telecommuting:** Employees do their work at home on a computer that is linked to their office.

**Lesson 33**

# HUMAN RESOURCE POLICIES AND PRACTICES

## Human Resource Management

"Managerial function that tries to match an organization's needs to the skills and abilities of its employees"



## What is Human Resource Management?

- Conducting job analysis
- Planning labor needs
- Selecting job candidates
- Orienting and training new employees
- Managing wages and salaries
- Providing incentives and benefits
- Appraising performance
- Communicating
- Training and developing
- Building employee commitment

## Why Is HR Management Important to All Managers?

***Helps you avoid common personnel mistakes:***

- Hiring the wrong person for the job
- Experiencing high turnover
- Finding your people not doing their best
- Wasting time with useless interviews
- Having your company taken to court because of your discriminatory actions
- Having your company cited for bad reputation

## HRM Activities

1. Getting people
2. Preparing people
3. Stimulating people
4. Keeping people

## 1. Staffing (Getting people)

- Strategic human resource planning
- Recruiting
- Selection

## Staffing Activities

- ***Employment planning***
  - Strategic goals and objectives
  - Job requirements change
- ***Job analysis***
  - Job description

  - Job skills

- ***Recruiting***

- ***Selection***

**2. Training and Development (Preparing people)**

- ***Orientation***

- ***Training***

- ***Development***
  - Employee
  - Career
  - Organization

**Training and Development Goals**

- Adapt to new surroundings
- Cope with change
- Meet organizational needs

**3. Motivation (Stimulating people)**

- Job design
- Performance appraisals
- Rewards and compensation
- Employee benefits

**Motivation Goal**

- Competent and adapted employees
- With up-to-date skills, knowledge, abilities
- Exerting high energy levels

**Motivation**

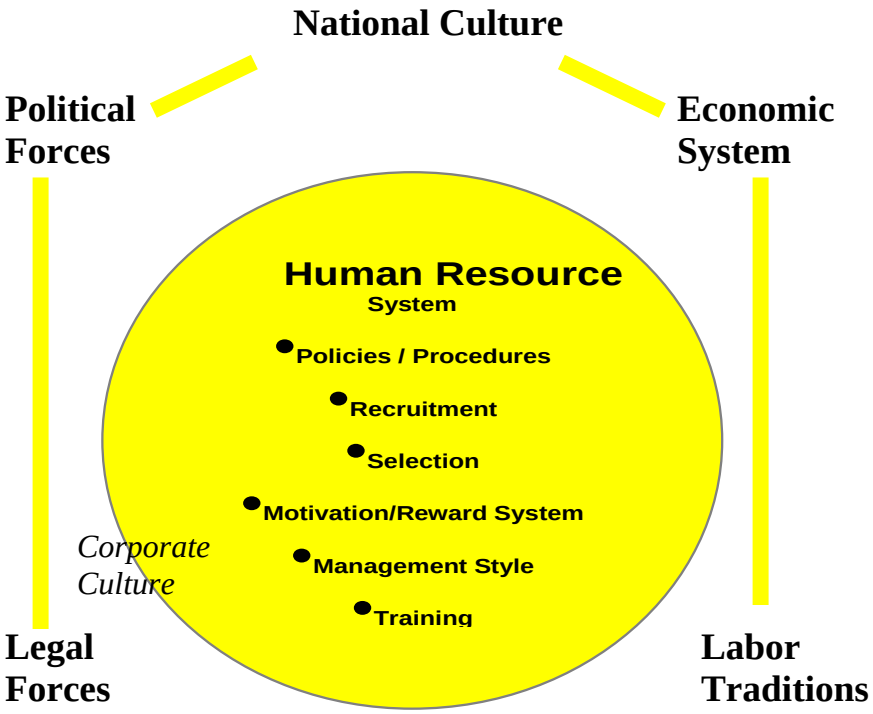
- ***Implications***
  - Individual
  - Managerial
  - Organizational
- ***Performance***
  - Willingness
  - Ability
- ***Respect***

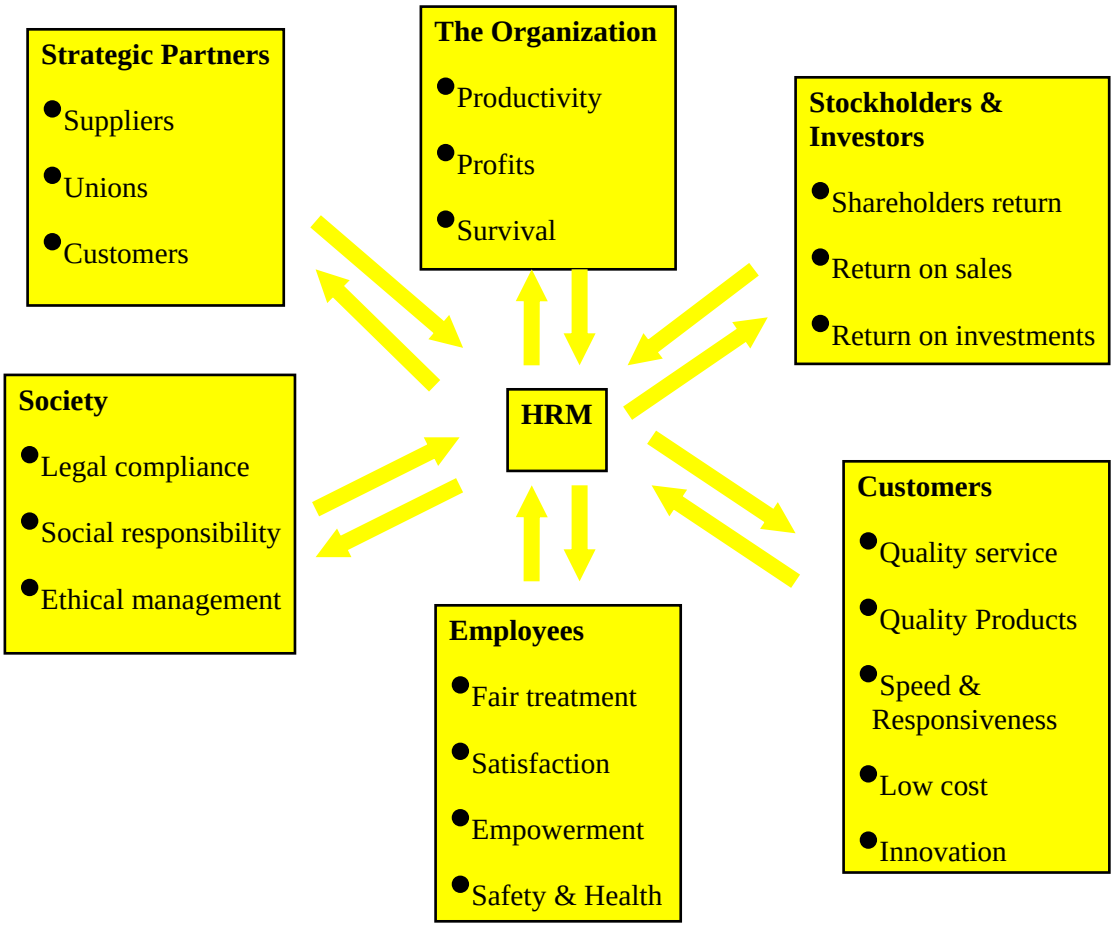
**4. Maintenance (Keeping people)**

- Health and safety
- Communications
- Employee relations

**Maintenance**

- Health
- Safety
- Communications
- Employee assistance programs
- Environment where employee voices are heard






**Managing Human Resources for This Era**

***Organizational ability***

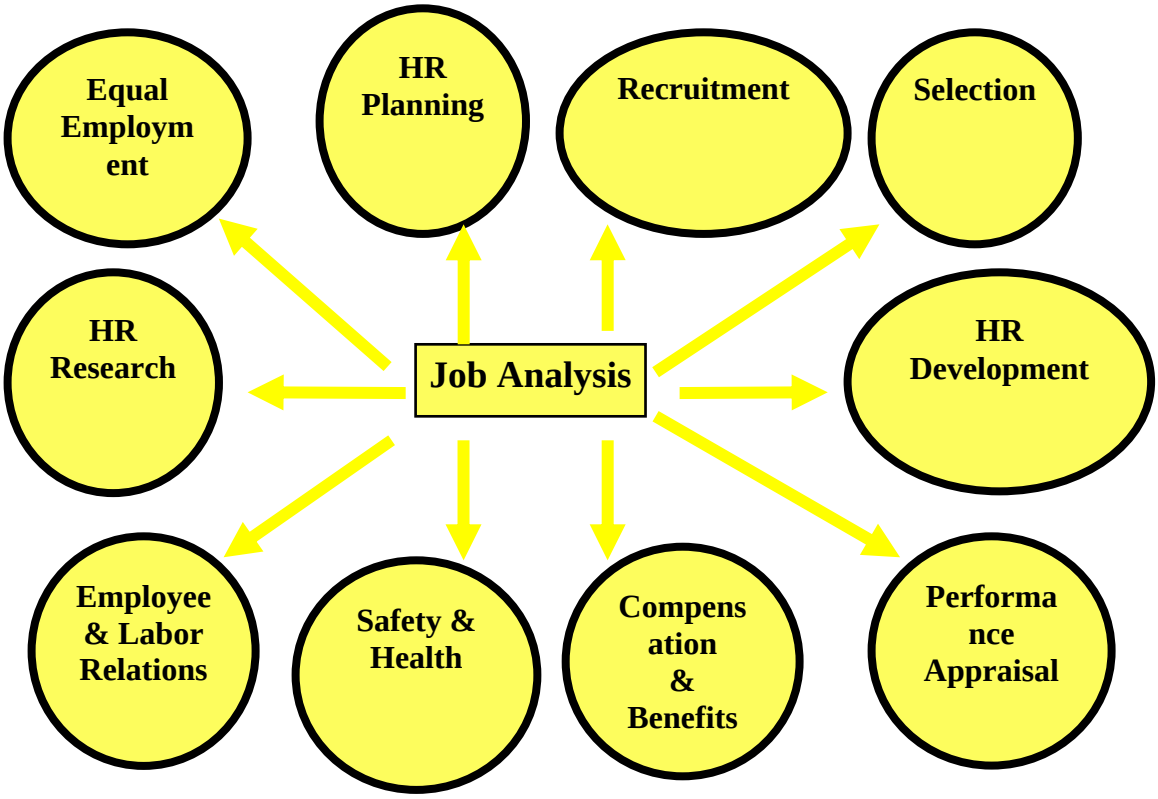
- To Attract
- To Develop
- To Motivate and
- To Keep talented people

***Successful HRM***

- Organization: High level of profitability, Higher annual sales per employee, High market value.
- Employee: More employment security, More job opportunities, High wages.
- Society: Elevating the standard of living, Strengthening ethical guidelines.

***Job analysis***

Job Analysis is the SYSTEMATIC process of collecting and making judgments about all the important information related to a job.




**Job analysis outcomes**

- ***Job description***
- ***Job specification***
- ***Job evaluation***

**Lesson 34**

## HUMAN RESOURCE POLICIES AND PRACTICES

### Job Analysis

Job analysis is the procedure through which you determine the duties and nature of the jobs and the kinds of people who should be hired for them. You can utilize the information it provides to write job descriptions and job specifications, which are utilized in recruitment and selection, compensation, performance appraisal, and training.

### I. Steps in Job Analysis

Job Analysis process has following steps:

a. Identify how the information will be used because that will determine what data will be collected and how it should be collected. Interviewing and position analysis questionnaire are some examples of data collection techniques.
b. Review relevant background information, such as organization charts, process charts, and job descriptions.
c. Select representative positions to analyze because there may be too many similar jobs to analyze, and it may not be necessary to analyze them all.
d. Analyze the job by collecting data on job activities, required employee behaviors, working conditions, and human traits and abilities needed to perform the job.
e. Review and verify the job analysis information with job incumbents to confirm that it is factually correct and complete.
f. Develop a job description and job specification from the job analysis information.

### II. Job Analysis Methods

Job analysis traditionally has been conducted in a number of different ways. Also, firms differ in their needs and in the resources they have for conducting job analysis.

### Methods of Collecting Job Analysis Information

Introduction

- An HR specialist (an HR specialist, job analyst, or consultant), a worker, and the worker's supervisor usually work together in conducting the job analysis.
- Job analysis data is usually collected from several employees from different departments, using interviews and questionnaires. The data is then averaged, taking into account the departmental context of the employees, to determine how much time a typical employee spends on each of several specific tasks.

***a. The Interview***

1. The three types of interviews managers use to collect job analysis data are: individual (to get the employee's perspective on the job's duties and responsibilities, group (when large numbers of employees perform the same job), and supervisor (to get his/her perspective on the job's duties and responsibilities).
2. The pros of using an interview are that it is: simple, quick, and more comprehensive because the interviewer can unearth activities that may never appear in written form.
3. The following questions are some examples of typical questions. "What is the job being performed?" "In what activities do you participate?" "What are the health and safety conditions?"
4. The following are interview guidelines: a) the job analyst and supervisor should identify the workers who know the job best and would be objective; b) establish a rapport with the interviewee; c) follow a structured guide or checklist; d) ask worker to list duties in order of importance and frequency of occurrence; and e) review and verify the data.

***b. Questionnaire***

1. Structured or unstructured questionnaires may be used to obtain job analysis information
2. Questionnaires can be a quick, efficient way of gathering information from a large number of employees. But, developing and testing a questionnaire can be expensive and time consuming.

***c. Observation***

1. Direct observations are useful when jobs consist of mainly observable physical activity as opposed to mental activity.
2. Reactivity can be a problem with direct observations, which is where the worker changes what he/she normally does because he/she is being watched.
3. Managers often use direct observation and interviewing together.

***d. Participant Diary / Logs***

1. The employee records every activity he/she engages in, in a diary or log along with the amount of time to perform each activity to produce a complete picture of the job.
2. Employees may try to exaggerate some activities and underplay others.

***e. Quantitative Job Analysis Techniques***

1. Position Analysis Questionnaire (PAQ) is a questionnaire used to collect quantifiable data concerning the duties and responsibilities of various jobs, , on five basic activities: a) having decision-making/communication/social responsibilities, b) performing skilled activities, c) being physically active, d) operating vehicles/equipment, and e) processing information.
2. Department of Labor Procedure (DOL) is a standardized method for rating, classifying, and comparing virtually every kind of job based on data, people, and things. '
3. Functional job analysis: 1) rates a job on data; people; things; the extent to which specific instructions are necessary to perform the task; the extent to which reasoning and judgment are required to perform the task; and mathematical ability required to perform the task; and 2) identifies performance standards and training requirements.

***f. Using Multiple Sources of Information***

Likely, no one job analysis method will be used exclusively. A combination is often more appropriate.

1. Where possible, collect job analysis data using several types of collection techniques and respondents.
2. Potential inaccuracies in peoples' judgments could lead to inaccurate conclusions

## III. Source of Data

**Main sources of collection of data for job analysis are as following:**

- Employees
- Supervisor
- Manager
- Job Analyst
- Job Analyst (HR)
- Outside consultant
- Supervisor/Manager

## IV. Problems with Job Analysis

Too lengthy

- Time consuming and requires much patience
- Might be a reflection of stereotypes

## V. Job analysis outcomes

### a. Job description

The job description is a document that provides information regarding the tasks, duties, and responsibilities of the job. Job description takes on an even greater importance under the Americans with Disabilities Act because the description of essential job functions may be critical to a defense regarding reasonable accommodation.

1. Job Identification – contains the job title, the FLSA status, date, and possible space to indicate who approved the description, the location of the job, the immediate supervisor's title, salary and/or pay scale.
2. Job Summary – should describe the general nature of the job, and includes only its major functions or activities.
3. Relationships – occasionally a relationships statement is included. It shows the jobholders' relationships with others inside and outside the organization.
4. Responsibilities and Duties – The Department of Labor's *Dictionary of Occupational Titles* can be used for itemizing the job's duties and responsibilities.
5. Standards of Performance – states the standards the employee is expected to achieve under each of the job description's main duties and responsibilities.

### b. Job specification

Minimum acceptable qualifications that a person should possess to perform the job are included in the job specification. Some of the items often included are requirements for education, experience, personality, and physical abilities.

### c. Job evaluation

In Job Evaluation process the worth of job is identified based upon job comparability and according to worth, importance of job and relative value Compensation is designed and selected.

**Lesson 35**

# HUMAN RESOURCE POLICIES AND PRACTICES

**Overview**

In this lecture, we first discuss the concept of career, career planning and development. Next, we distinguish between job security and career security. Then, we identify several factors that affect career planning and discuss both individual and organizational career planning. We next address career paths and discuss career development, then, career planning and development methods are described. We devote the last part of the chapter to a discussion of developing unique segments of the workforce.

## A. Career

Career can be defined as a general course of action a person chooses to pursue throughout his or her working life

## I. Career planning

Career planning is an ongoing process through which an individual sets career goals and identifies the means to achieve them. The process by which individuals plan their life's work is referred to as career planning. Through career planning, a person evaluates his or her own abilities and interests, considers alternative career opportunities, establishes career goals, and plans practical developmental activities. Usually, career planning programs are expected to achieve one or more of the following objectives:

1. More effective development of available talent.
2. Self-appraisal opportunities for employees considering new or nontraditional career paths.
3. More efficient development of human resources within and among divisions and/or geographic locations.
4. A demonstration of a tangible commitment to EEO and affirmative action.
5. Satisfaction of employees' personal development needs.
6. Improvement of performance through on-the-job training experiences provided by horizontal and vertical career moves.
7. Increased employee loyalty and motivation, leading to decreased turnover.
8. A method of determining training and development needs.

- **Individual career planning**—Career planning begins with self-understanding. Then, the person is in a position to establish realistic goals and determine what to do to achieve these goals. Learning about oneself is referred to as *self-assessment.* Some useful tools include a strength/weakness balance sheet and a likes and dislikes survey.
    1. **Strength/weakness balance sheet**: A self-evaluation procedure assists people in becoming aware of their strengths and weaknesses.
    2. **Likes and dislikes survey**: A procedure that assists individuals in recognizing restrictions they place on themselves.
- **Career Assessment On The Web—**The Web has numerous tests and assessments sites available to assist job seekers.
- **Organizational Career Planning—**The process of establishing career paths within a firm.

## II. Career Paths

Career paths have historically focused on upward mobility within a particular occupation. One of four types of career paths may be used: traditional, network, lateral, and dual.

a. **Traditional Career Path**—An employee progresses vertically upward in the organization from one specific job to the next.
b. **Network Career Path**—A method of career pathing that contains both a vertical sequence of jobs and a series of horizontal opportunities.
c. **Lateral Skill Path**—Traditionally, a career path was viewed as moving upward to higher levels of management in the organization. The availability of the previous two options has diminished considerably in recent years. But this does not mean that an individual has to remain in the same job for life. There are often lateral moves within the firm that can be taken to allow an employee to become revitalized and find new challenges.
d. **Dual-Career Path**— A career-path method, that recognizes that technical specialists can and should be allowed to continue to contribute their expertise to a company without having to become managers.
e. **Adding Value To Retain Present Job**—Regardless of the career path pursued, today's workers need to develop a plan whereby they are viewed as continually *adding value* to the organization. If employees cannot add value, the company does not need them, and much of the evolving work environments cannot use them either. Workers must anticipate what tools will be needed for success in the future and obtain these skills. These workers must look across company lines to other organizations to determine what skills are transferable, and then go and get them. Essentially, today's workers must manage their own careers as never before.
f. **Demotion**—Demotions have long been associated with failure, but limited promotional opportunities in the future and the fast pace of technological change may make them more legitimate career options.

## III. Career Development

A formal approach taken by an organization to help people acquire the skills and experiences needed to perform current and future jobs is termed as career development. Company's policies especially policies regarding promotion, counseling the employees, opportunities to excel in future help employees to develop their career. Consist of skills, education and experiences as well as behavioral modification and refinement techniques that allow individuals to work better and add value.

Career development is an ongoing organized and formalized effort that recognizes people as a vital organizational resource. It differs from training in that it has a wider focus, longer time frame, and broader scope. The goal of training is improvement in performance; the goal of development is enrichment and more capable workers.

Recently, career development has come to be seen as a means for meeting both organizational and employee needs, as opposed to solely meeting the needs of the organization as it had done in the past. Now, organizations see career development as a way of preventing job burnout, providing career information to employees, improving the quality of work lives and meeting affirmative action goals. That is, career development must be seen as a key business strategy if an organization wants to survive in an increasingly competitive and global business environment.

## IV. Career Planning and Development Methods

There are numerous methods for career planning and development. Some currently utilized methods, most of which are used in various combinations, are discussed next.

a. **Discussions with Knowledgeable Individuals**—In a formal discussion, the superior and subordinate may jointly agree on what type of career planning and development activities are best. In other instances, psychologists and guidance counselors provide this service. In an academic setting, colleges and universities often provide career

planning and development information to students. Students often go to their professors for career advice.

b. **Company Material—**Some firms provide material specifically developed to assist their workers in career planning and development. Such material is tailored to the firm's special needs. In addition, job descriptions provide valuable insight for individuals to personally determine if a match exists with their strengths and weaknesses and specific positions considered.
c. **Performance Appraisal System—**The firm's performance appraisal system can also be a valuable tool in career planning and development. Noting and discussing an employee's strengths and weaknesses with his or her supervisor can uncover developmental needs. If overcoming a particular weakness seems difficult or even impossible, an alternate career path may be the solution.
d. **Workshops—**Some organizations conduct workshops lasting two or three days for the purpose of helping workers develop careers within the company. Employees define and match their specific career objectives with the needs of the company. At other times, workshops are available in the community that the company may send the worker to or workers may initiate the visit themselves.
e. **Personal Development Plans (PDP)—**Many employers encourage employees to write their own personal development plans. This is a summary of a person's personal development needs and an action plan to achieve them. Workers are encouraged to analyze their strengths and weaknesses.
f. **Software Packages—**Some software packages assist employees in navigating their careers.
g. **Career Planning Web Sites—**There are numerous Web sites available that provide career planning and career counseling as well as career testing and assessment.

## V. Challenges in Career Development

While most business people today agree that their organizations should invest in career development, it is not always clear exactly what form this investment should take. Before putting a career development program in place, management needs to consider three major challenges.

### a. Who Will Be Responsible?

Many modern organizations have concluded that employees must take an active role in planning and implementing their own personal development plans. Situations have led companies to encourage their employees to take responsibility for their own development; these may include mergers, acquisitions, downsizing, and employee empowerment. However, employees need at least general guidance regarding the steps they can take to develop their careers, both within and outside the company.

### b. How Much Emphasis Is Appropriate?

Too much emphasis on career enhancement can harm an organization's effectiveness. Employees with extreme career orientation can become more concerned about their image than their performance. Some warning signs a manager should be on the lookout for include a heavy focus on advancement opportunities, managing impressions, and socializing **versus** job performance.

Serious side effects of career development programs include employee dissatisfaction, poor performance, and turnover in the event that it fosters unrealistic expectations for advancement.

### c. How Will The Needs of a Diverse Work Force Be Met?

Companies need to break down the barriers some employees face in achieving advancement in order to meet the career development needs of today's diverse work force. In 1991, a government study revealed that women and minorities are frequently excluded from the informal career development activities like networking, mentoring, and participation in policy-making committees.

Perhaps the best way a company can ensure that women and minorities have a fair chance at managerial and executive positions is to design a broad-based approach to employee development that is anchored in education and training.

Another employee group that may need special consideration consists of dual-career couples. Common organizational approaches that are becoming increasingly popular in dealing with the needs of dual career couples are flexible work schedules, telecommuting, and the offering of child-care services. Some companies have also been counseling couples in career management.

## VI. Meeting the Challenges of Effective Career Development

Creative decision making is a must in designing and implementing an effective development program. The three phases of development often blend together in a real life program. These three phases include the assessment phase, the direction phase, and the development phase.

### a. The Assessment Phase

The assessment phase involves activities ranging from self-assessment to organizationally provided assessment. The goal of both of these types of assessment is to identify employees' strengths and weaknesses.

1. Self-assessment
2. Organizational assessment

### b. The Direction Phase

This involves determining the type of career that employees want and the steps they must take to make their career goals a reality.

1. Individual career counseling
2. Information services

### c. The Development Phase

The development phase is taking actions to create and increase skills to prepare for future job opportunities and is meant to foster this growth and self-improvement.

1. Mentoring & Coaching: It has become increasingly clear over the years that employees who aspire to higher management levels in the organization often need the assistance and advocacy of someone higher up in the organization. When senior employee takes an active role in guiding another individual, we refer to this activity as mentoring and coaching. This can occur at any level and can be most effective when the two individuals do not have any type of reporting relationship.
2. Job rotation: Involves moving employees from one job to another for the purpose of providing them with broader experience.

3. Tuition assistance programs: To help individuals plan their careers, organizations try to provide additional information in order to have better choice of the career.

**Self-Development**

When an employer does not routinely offer development programs, it is essential that employees work out their own development plan. Planning for your career should include a consideration of how you can demonstrate that you make a difference to the organization.

- **Development Suggestions**

Development suggestions focus on personal growth and direction. These suggestions include statements such as "Create your own personal mission statement."

- **Advancement Suggestion**

Advancement suggestions focus on the steps that employees can take to improve their chances of being considered for advancement. These suggestions include statements such as "Remember that performance in your function is important, but interpersonal performance is critical."

## VII. Career-Impacted Life Stages

Each person's career goes through stages that influence an individual's knowledge of, and preference for, various occupations. People change constantly and, thus, view their careers differently at various stages of their lives. Some of these changes result from the aging process and others from opportunities for growth and status. The main stages of the career cycle include the growth, exploration, establishment, maintenance, and decline.

a. **Growth stage**: The growth stage is roughly from birth to age 14 and is a period during which an individual develops a self-concept by identifying and interacting with other people. Basically, during this stage an individual establishes his or her identity.
b. **Exploration stage**: The exploration stage is the period roughly from ages 15 to 24, during which an individual seriously explores various occupational alternatives. The person attempts to match these occupational alternatives with his or her own interests and abilities resulting from education, leisure activities, and work.
c. **Establishment stage**: The establishment stage is roughly from ages 25 to 44 and is the primary part of most people's work lives. Hopefully, during this period, a suitable occupation is found and the person engages in those activities that help earn a permanent career. During this period, the individual is continually testing personal capabilities and ambitions against those of the initial occupational choice.
d. **Maintenance stage**: Between the ages of 45 to 65, many people move from the stabilization sub stage into the maintenance stage. During maintenance, the individual has usually created a place in the work world, and most efforts are directed at maintaining the career gains earned.
e. **Decline stage**: As retirement becomes an inevitable reality, in the decline stage, there is frequently a period of adjustment, where many begin to accept reduced levels of power and responsibility.

**Lesson 36**

# ORGANIZATIONAL CULTURE

## Overview

Employees form an overall subjective perception of the organization based on such factors as degree of risk tolerance, team emphasis, and support of people. This overall perception becomes, in effect, the organization's culture or personality. These favorable or unfavorable perceptions then affect employee performance and satisfaction, with the impact being greater for stronger cultures.

Just as people's personalities tend to be stable over time, so too do strong cultures. This makes strong cultures difficult for managers to change. When a culture becomes mismatched to its environment, management will want to change it. However, as the Point-Counterpoint debate for this chapter demonstrates, changing an organization's culture is a long and difficult process. The result, at least in the short term, is that managers should treat their organization's culture as relatively fixed.

One of the more important managerial implications of organizational culture relates to selection decisions. Hiring individuals whose values do not align with those of the organization is likely to lead to employees who lack motivation and commitment and who are dissatisfied with their jobs and the organization. Not surprisingly, employee "misfits" have considerably higher turnover rates than individuals who perceive a good fit.

We should also not overlook the influence socialization has on employee performance. An employee's performance depends to a considerable degree on knowing what he should or should not do. Understanding the right way to do a job indicates proper socialization. Furthermore, the appraisal of an individual's performance includes how well the person fits into the organization. Can he or she get along with coworkers? Does he/she have acceptable work habits and demonstrate the right attitude? These qualities differ between jobs and organizations. For instance, on some jobs, employees will be evaluated more favorably if they are aggressive and outwardly indicate that they are ambitious. On another job, or on the same job in another organization, such an approach may be evaluated negatively. As a result, proper socialization becomes a significant factor in influencing both actual job performance and how it is perceived by others.

## Organizational Culture

"The set of shared, taken-for-granted implicit assumptions that a group holds and that determines how it perceives, thinks about, and reacts to its various environments"

## Culture Is a Descriptive Term

1. Organizational culture is concerned with how employees perceive its characteristics, not if they like them. Research on organizational culture has sought to measure how employees see their organization.
2. Job satisfaction seeks to measure affective responses to the work environment, such as how employees feel about the organization's expectations, reward practices, etc.
3. Organizational culture is descriptive, while job satisfaction is evaluative.

## Definition of Organizational Culture

1. Organizational Culture is the set of values, often taken for granted, that help people in an organization understand which actions are considered acceptable and which are considered unacceptable.
2. Values are often communicated through stories and other symbolic means.

**Do Organizations Have Uniform Cultures?**

1. Individuals with different backgrounds or at different levels in the organization will tend to describe the organization's culture in similar terms.
2. There can be subcultures. Most large organizations have a dominant culture and numerous sets of subcultures.
3. A dominant culture expresses the core values that are shared by a majority:
   - An organization's culture is its dominant culture.
   - This macro view of culture that gives an organization its distinct personality.
4. Subcultures tend to develop in large organizations to reflect common problems, situations, or experiences that members face:
   - Defined by department designations and geographical separation
   - It will include the core values plus additional values unique to members of the subculture.
   - The core values are essentially retained but modified to reflect the subculture.
5. If organizations had no dominant culture and were composed only of numerous subcultures, the value of organizational culture as an independent variable would be significantly lessened:
   - It is the "shared meaning" aspect of culture that makes it such a potent device for guiding and shaping behavior.

We cannot ignore the reality that many organizations also have subcultures that can influence the behavior of members.

**Strong vs. Weak Cultures**

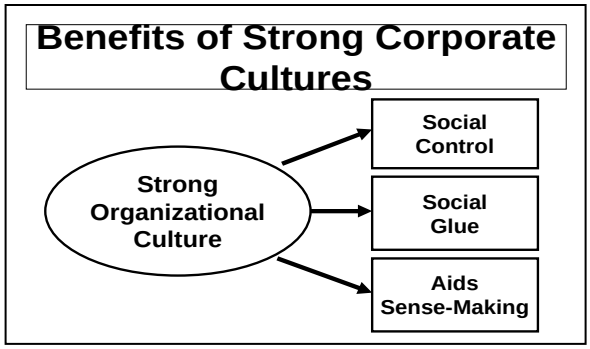
The argument is that strong cultures have a greater impact on employee behavior and are more directly related to reduce turnover:

- The organization's core values are both intensely held and widely shared.
- A strong culture will have a great influence on the behavior of its members because the high degree of shared-ness and intensity creates an internal climate of high behavioral control.

One specific result of a strong culture should be lower employee turnover. A high agreement about what the organization stands for builds cohesiveness, loyalty, and organizational commitment.

**What Do Cultures Do?**

**Culture's Functions**




1. It has a boundary-defining role. It creates distinctions between one organization and others.
2. It conveys a sense of identity for organization members.
3. Culture facilitates commitment to something larger than one's individual self-interest.
4. Culture is the social glue that helps hold the organization together. It enhances social system stability.
5. Culture serves as a sense-making and control mechanism that guides and shapes the attitudes and behavior of employees. This last function is of particular interest to us:
   - Culture by definition is elusive, intangible, implicit, and taken for granted.
   - Every organization develops a core set of assumptions, understandings, and implicit rules that govern day-to-day behavior in the workplace.
6. The role of culture in influencing employee behavior appears to be increasingly important. The shared meaning of a strong culture ensures that everyone is pointed in the same direction.

7. Who receives a job offer to join the organization, who is appraised as a high performer, and who gets the promotion is strongly influenced by the individual-organization "fit."

**Culture as a Liability**

1. We are treating culture in a nonjudgmental manner.
2. Culture enhances organizational commitment and increases the consistency of employee behavior, but there are potentially dysfunctional aspects of culture.]]
3. Barrier to change:
   - Culture is a liability when the shared values are not in agreement with those that will further the organization's effectiveness. This is most likely to occur when an organization's environment is dynamic.
   - This helps to explain the challenges that executives at companies like Mitsubishi, General Motors, Eastman Kodak, Kellogg, and Boeing have had in recent years in adapting to upheavals in their environment.
4. Barrier to diversity:
   - Hiring new employees who, because of race, gender, disability, or other differences, are not like the majority of the organization's members creates a paradox.
   - Management wants new employees to accept the organization's core cultural values but, at the same time, they want to support the differences that these employees bring to the workplace.
   - Strong cultures put considerable pressure on employees to conform. They limit the range of values and styles that are acceptable.
   - Organizations seek out and hire diverse individuals because of their alternative strengths, yet these diverse behaviors and strengths are likely to diminish in strong cultures.
   - Strong cultures, therefore, can be liabilities when:
     b. They effectively eliminate the unique strengths that diverse people bring to the organization.
     b. They support institutional bias or become insensitive to people who are different.
5. Barrier to acquisitions and mergers:
   - Historically, the key factors that management looked at in making acquisition/merger decisions:
     a. Financial advantages
     b. Product synergy
   - Cultural compatibility has become the primary concern. Whether the acquisition actually works seems to have more to do with how well the two organizations' cultures match up.

**How Employees Learn Culture**

***Stories***

1. During the days when Henry Ford II was chairman of the Ford Motor Co., the message was Henry Ford II ran the company.
2. Nordstrom employees are fond of the story when Mr. Nordstrom instructed the clerk to take the tires back and provide a full cash refund. After the customer had received his refund and left, the perplexed clerk looked at the boss. "But, Mr. Nordstrom, we don't sell tires!," "I know," replied the boss, "but we do whatever we need to do to make the customer happy.
3. Stories such as these typically contain a narrative of events about the organization's founders, rule breaking, rags-to-riches successes, reductions in the workforce, relocation of employees, reactions to past mistakes, and organizational coping.
4. They anchor the present in the past and provide explanations and legitimacy for current practices:
   - For the most part, these stories develop spontaneously.
5. Some organizations actually try to manage this element of culture learning.

***Rituals***

1. Rituals are repetitive sequences of activities that express and reinforce the key values of the organization, what goals are most important, which people are important, and which are expendable.
2. College faculty members undergo a lengthy ritual in their quest for permanent employment—tenure. The astute faculty member will assess early on in the probationary period what attitudes and behaviors his or her colleagues want and will then proceed to give them what they want.

***Material Symbols***

1. The headquarters of Alcoa does not look like your typical head office operation:
   - There are few individual offices.
   - The informal corporate headquarters conveys to employees that Alcoa values openness, equality, creativity, and flexibility.
2. Some corporations provide their top executives with a variety of expensive perks. Others provide fewer and less elaborate perks.
3. The layout of corporate headquarters, the types of automobiles top executives that are given, and the presence or absence of corporate aircraft are a few examples of material symbols.
4. These material symbols convey to employees who is important, the degree of egalitarianism desired by top management, and the kinds of behavior that are appropriate.

***Language***

1. Many organizations and units use language as a way to identify members of a culture or subculture. By learning this language, members attest to their acceptance of the culture and help to preserve it.
2. Organizations, over time, often develop unique terms to describe equipment, offices, key personnel, suppliers, customers, or products that relate to its business.
3. New employees are frequently overwhelmed with acronyms and jargon that, after six months on the job, have become fully part of their language.
4. Once assimilated, this terminology acts as a common denominator that unites members of a given culture or subculture.

**Components of Organizational Culture**

1. Routine behaviors.
2. Norms shared by teams.
3. Dominant values.
4. Guiding philosophy for policies toward employees and customers.
5. The rules of the game for getting along in the organization.
6. The climate of the organization.

**Dimensions of Culture**

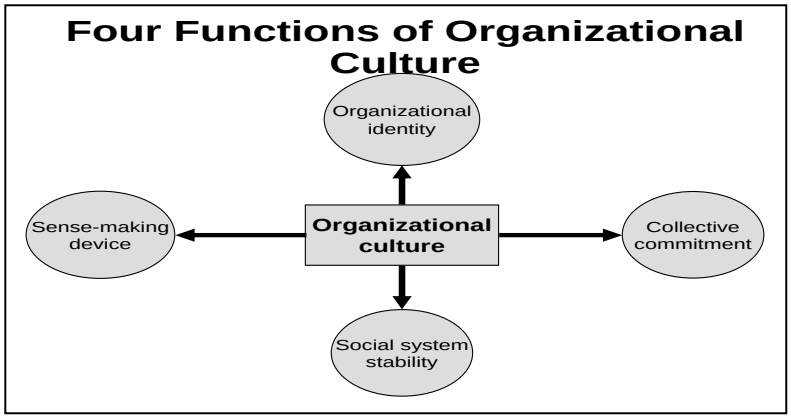
1. Innovation
2. Stability
3. People orientation
4. Outcome orientation
5. Easygoingness
6. Detail orientation
7. Team orientation
8. Communications
9. Training & Development

10. Rewards
11. Decision-making
12. Risk taking
13. Planning
14. Teamwork
15. Management practices

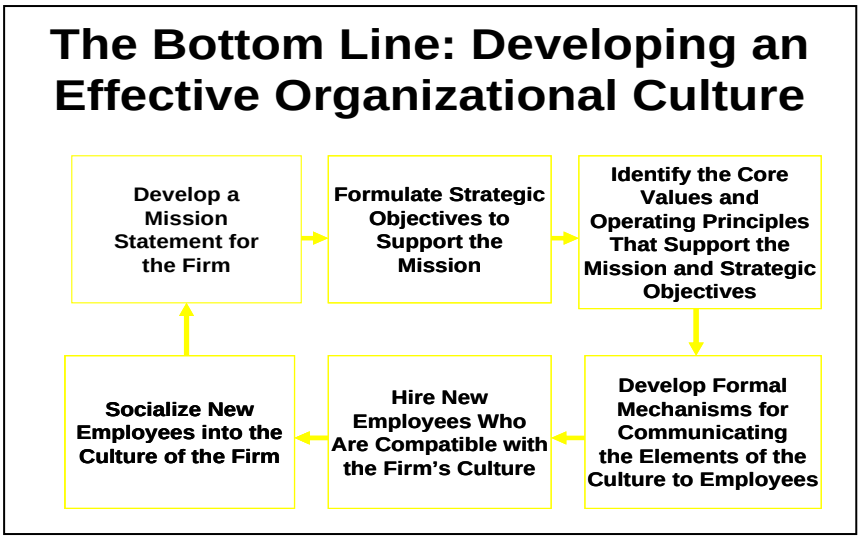
**Functions of Culture**

- Supports the organization's business strategy.
- Prescribes acceptable ways for managers to interact with external constituencies.
- Makes staffing decisions.
- Sets performance criteria.
- Guides the nature of acceptable interpersonal relationships in the company
- Selects appropriate management styles.

**Keeping Culture Alive**



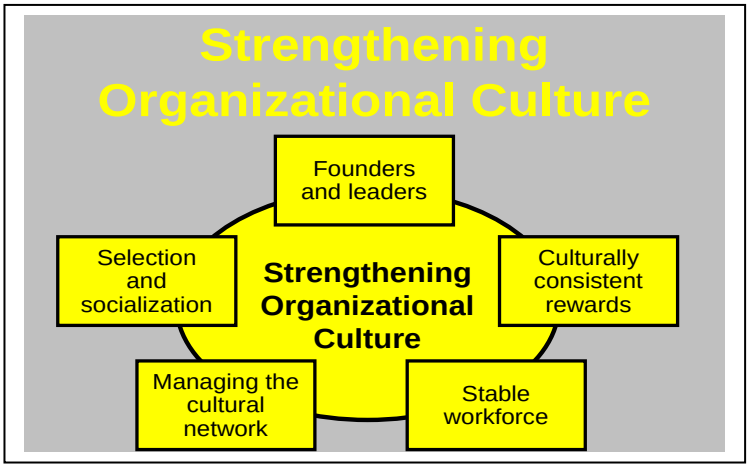

- **Selection**
  - Concerned with how well the candidates will fit into the organization.
  - Provides information to candidates about the organization.
- **Top Management**
  - Senior executives help establish behavioral norms that are adopted by the organization.
- **Socialization**
  - The process that helps new employees adapt to the organization's culture.




**Five Most Important Elements in Managing Culture**

- What leaders pay attention to
- How leaders react to crises
- How leaders behave
- How leaders allocate rewards
- How leaders hire and fire individuals

**Strengthening organizational culture**




**Embedding Organizational Culture**

- Formal statements of organizational philosophy, mission, vision, values, and materials used for recruiting, selection and socialization
- The design of physical space, work environments, and buildings
- Slogans, language, and sayings
- Deliberate role modeling, training programs, teaching and coaching by managers and supervisors
- Explicit rewards, status symbols (e.g., titles), and promotion criteria
- Stories, legends, and myths about key people and events
- The organizational activities, processes, or outcomes that leaders pay attention to, measure, and control
- Leader reactions to critical incidents and organizational crises
- The workflow and organizational structure
- Organizational systems and procedures
- Organizational goals and the associated criteria used for recruitment, selection, development, promotion, layoffs, and retirement of people

**How to Change a Culture**

- If the culture no longer supports the goals and strategy of an organization, it should be changed.
- Mergers and acquisitions generally result in a change in culture.

**Requirements for Successfully Changing Organizational Culture**

- Understand the old culture first.
- Support employees and teams who have ideas for a better culture and are willing to act on those ideas.
- Find the most effective subculture in the organization and use it as a model.
- Help employees and teams do their jobs more effectively.
- Use the vision of a new culture as a guide for change.
- Recognize that significant cultural change takes time.

**Lesson 37**

# ORGANIZATIONAL CHANGE

## How to Change a Culture

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- Use the vision of a new culture as a guide for change.
- Recognize that significant cultural change takes time.

## Guidelines for Managing Cultural Diversity

- **Organization members must:**
  - Recognize and value a variety of opinion and insight.
  - Recognize the learning opportunities and challenges presented by the expression of different perspectives.
- **The organizational culture must:**
  - Foster high performance expectations for everyone.
  - Stimulate personal development.
  - Encourage openness.
  - Make workers feel valued.
- **The organization must have:**
  - A well-articulated and widely understood mission.

## Effects of Organizational Culture on Employee Behavior and Performance

- Allows employees to understand the firm's history and current approach.
- Fosters commitment to corporate philosophy and values.
- Serves as a control mechanism for employee behaviors.
- Certain cultural types may produce greater effectiveness and productivity.

## Organizational Change

The need for change has been implied throughout this text. "A casual reflection on change should indicate that it encompasses almost all our concepts in the organizational behavior literature. Think about leadership, motivation, organizational environment, and roles. It is impossible to think about these and other concepts without inquiring about change."

If environments were perfectly static, if employees' skills and abilities were always up to date and incapable of deteriorating, and if tomorrow were always exactly the same as today, organizational change would have little or no relevance to managers. The real world, however, is turbulent, requiring organizations and their members to undergo dynamic change if they are to perform at competitive levels.

Managers are the primary change agents in most organizations. By the decisions they make and their role-modeling behaviors, they shape the organization's change culture. For instance, management decisions related to structural design, cultural factors, and human resource policies largely determine the level of innovation within the organization. Similarly, management decisions, policies, and practices will determine the degree to which the organization learns and adapts to changing environmental factors.

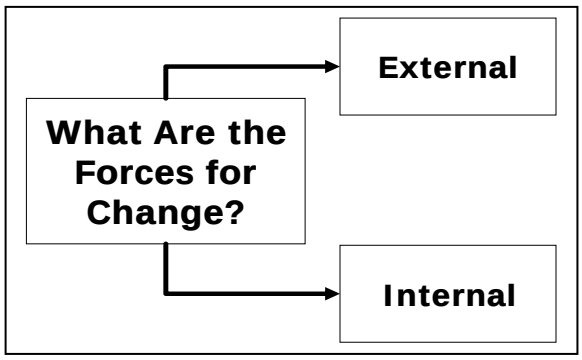
We found that the existence of work stress, in and of itself, need not imply lower performance. The evidence indicates that stress can be either a positive or negative influence on employee performance. For many people, low to moderate amounts of stress enable them to perform their jobs better by increasing their work intensity, alertness, and ability to react. However, a high level of stress, or even a moderate amount sustained over a long period of time, eventually takes its toll and performance declines. The impact of stress on satisfaction is far more straightforward. Job-related tension tends to decrease general job satisfaction. Even though low to moderate levels of stress may improve job performance, employees find stress dissatisfying.

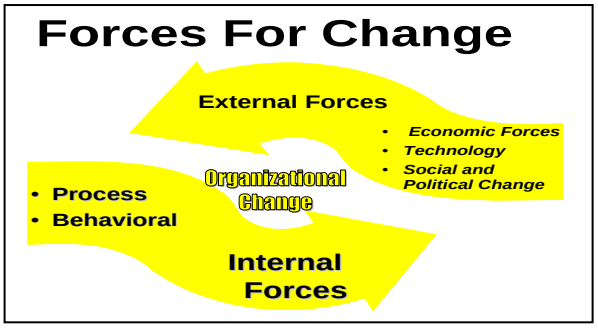
Organizational change is the movement of an organization away from its present state and toward some future state to increase its effectiveness. Forces for organizational change include competitive forces, economic, political, global, demographic, social, and ethical forces. Organizations are often reluctant to change because resistance to change at the organization, group, and individual levels gives rise to organizational inertia.

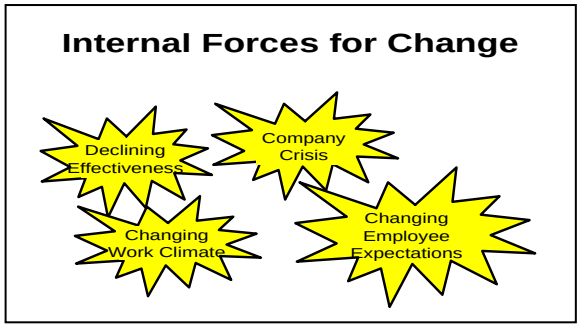
- Sources of organizational-level resistance to change include power and conflict, differences in functional orientation, mechanistic structure, and organizational culture. Sources of group-level resistance to change include group norms, group cohesiveness, groupthink, and escalation of commitment. Sources of individual-level resistance to change include uncertainty and insecurity, selective perception and retention, and habit.
- According to Lewin's force-field theory of change, organizations are balanced between forces pushing for change and forces resistant to change. To get an organization to change, managers must find a way to increase the forces for change, reduce resistance to change, or do both simultaneously.
- Types of change fall into two broad categories: evolutionary and revolutionary. The main instruments of evolutionary change are socio-technical systems theory and total quality management. The main instruments of revolutionary change are reengineering, restructuring, and innovation.

**Change**

When we speak of change, we mean an alteration in organization design, strategy or processes, or some other attempt to influence an organization's members *to behave differently.*



**Forces for change**

1. ***The changing nature of the workforce:***

- A multicultural environment.
- Human resource policies and practices changed to attract and keep this more diverse workforce.
- Large expenditure on training to upgrade reading, math, computer, and other skills of employees

2. ***Technology is changing jobs and organizations:***

- Sophisticated information technology is also making organizations more responsive. As organizations have had to become more adaptable, so too have their employees.
- We live in an "age of discontinuity." Beginning in the early 1970s with the overnight quadrupling of world oil prices, economic shocks have continued to impose changes on organizations.

3. ***Competition is changing:***

- The global economy means global competitors.
- Established organizations need to defend themselves against both traditional competitors and small, entrepreneurial firms with innovative offerings.
- Successful organizations will be the ones that can change in response to the competition.

4. ***Social trends during the past generation suggest changes that organizations have to adjust for:***

- The expansion of the Internet, Baby Boomers retiring, and people moving from the suburbs back to cities
- A global context for OB is required. No one could have imagined how world politics would change in recent years.
- September 11$^{th}$ has caused changes organizations have made in terms of practices concerning security, back-up systems, employee stereotyping, etc.

**Managing Planned Change**

Some organizations treat all change as an accidental occurrence, however, change as an intentional, goal-oriented activity is planned change.

1. There are two goals of planned change:

- Improve the ability of the organization to adapt to changes in its environment.
- Change employee behavior.

2. Examples of planned-change activities are needed to stimulate innovation, empower employees, and introduce work teams.

3. An organization's success or failure is essentially due to the things that employees do or fail to do, so planned change is also concerned with changing the behavior of individuals and groups within the organization.

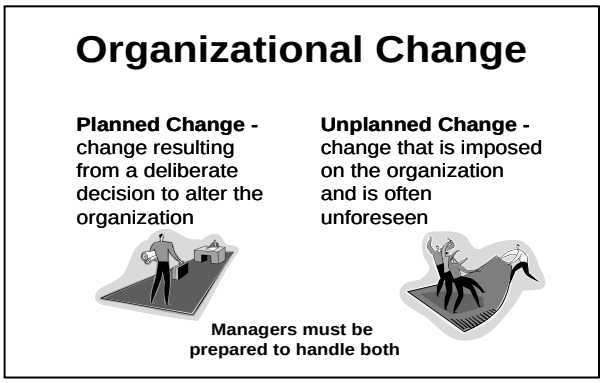
4. Who in organizations are responsible for managing change activities?

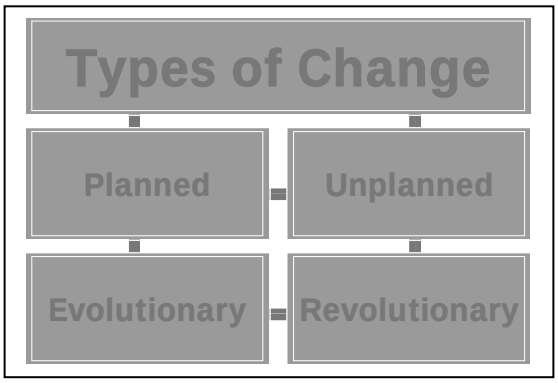
- Change agents can be managers, employees of the organization, or outside consultants.
- Typically, we look to senior executives as agents of change.

5. For major change efforts, top managers are increasingly turning to temporary outside consultants with specialized knowledge in the theory and methods of change.

- Consultant change agents can offer a more objective perspective than insiders can.
- They are disadvantaged in that they often have an inadequate understanding of the organization's history, culture, operating procedures, and personnel.

- Outside consultants are also more willing to initiate second-order changes.
- Internal change agents are often more cautious for fear of offending friends and associates.




**Strategic Change**

- Major transformations in the structure, size, or functioning of an organization for the purpose of achieving strategic objectives
- Degree of Change:
  - **Radical change**
    - Major adjustments in the
    - ways a firm does business
  - **Incremental change**
    - Evolution over time
    - Many small routine changes

**Timing of Change**

- **Reactive Change:**
  - Responding to changes in the external or internal environment.
- **Anticipatory Change:**
  - Looking for better ways to stay
  - Ahead of the competition.

**Why People Resist Change**

1. Direct Costs/Limited Resources
2. Saving Face/Vested Interests
3. Fear of the Unknown
4. Breaking Traditions/Routines
5. Incongruent Systems
6. Incongruent Team Dynamics

One of the well-documented findings is that organizations and their members resist change. It provides a degree of stability and predictability to behavior. There is a definite downside to resistance to change. It hinders adaptation and progress.

Resistance to change does not necessarily surface in standardized ways. Resistance can be overt, implicit, immediate, or deferred. It is easiest for management to deal with resistance when it is overt and immediate.

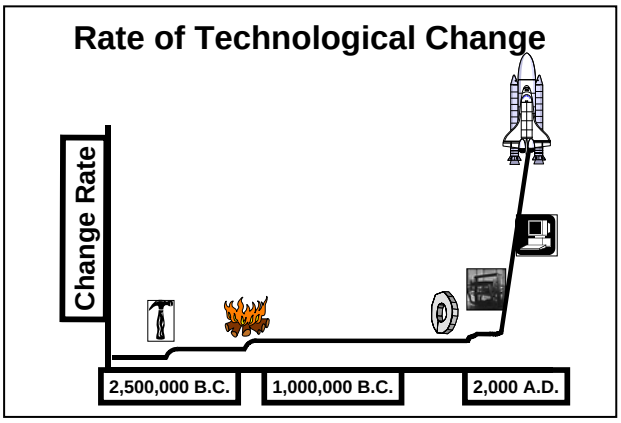
Implicit resistance efforts are more subtle—loss of loyalty to the organization, loss of motivation to work, increased errors or mistakes, increased absenteeism due to “sickness”—and hence more difficult to recognize.

Similarly, deferred actions cloud the link between the source of the resistance and the reaction to it. A change may produce what appears to be only a minimal reaction at the time it is initiated, but then resistance surfaces weeks, months, or even years later. Reactions to change can build up and then explode seemingly totally out of proportion. The resistance was deferred and stockpiled, and what surfaces is a cumulative response.

**Lesson 38**

## CHANGE MANAGEMENT

### Resistance to Change




1. One of the well-documented findings is that organizations and their members resist change.
   - It provides a degree of stability and predictability to behavior.
   - There is a definite downside to resistance to change. It hinders adaptation and progress.
2. Resistance to change does not necessarily surface in standardized ways.
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   - It is easiest for management to deal with resistance when it is overt and immediate.
3. Implicit resistance efforts are more subtle—loss of loyalty to the organization, loss of motivation to work, increased errors or mistakes, increased absenteeism due to "sickness"—and hence more difficult to recognize.
4. Similarly, deferred actions cloud the link between the source of the resistance and the reaction to it.
   - A change may produce what appears to be only a minimal reaction at the time it is initiated, but then resistance surfaces weeks, months, or even years later.
     a. Reactions to change can build up and then explode seemingly totally out of proportion.
     b. The resistance was deferred and stockpiled, and what surfaces is a cumulative response.

### Individual Resistance

Five reasons why individuals may resist change are

1. ***Habit:*** Life is complex, to cope with having to make hundreds of decisions everyday, we all rely on habits or programmed responses.
2. ***Security:*** *People with a high need for security are likely to resist change because it* threatens their feelings of safety.
3. ***Economic factors:*** *Another source of individual resistance is concern that changes will lower one's income.*
4. ***Fear of the unknown:*** *Changes substitute ambiguity and uncertainty for the known.*
5. **Selective information processing:** Individuals shape their world through their perceptions. Once they have created this world, it resists change.

### Organizational Resistance

Organizations, by their very nature, are conservative. They actively resist change. There are six major sources of organizational resistance

1. ***Structural inertia:*** Organizations have built-in mechanisms to produce stability; this structural inertia acts as a counterbalance to sustain stability.
2. ***Limited focus of change:*** *Organizations are made up of a number of interdependent* subsystems. Changing one affects the others.
3. ***Group inertia:*** *Group norms may act as a constraint.*
4. ***Threat to expertise:*** *Changes in organizational patterns may threaten the expertise* of specialized groups.

5. ***Threat to established power relationships:*** *Redistribution of decision-making* authority can threaten long-established power relationships.
6. ***Threat to established resource allocations:*** *Groups in the organization that control* sizable resources often see change as a threat. They tend to be content with the way things are.

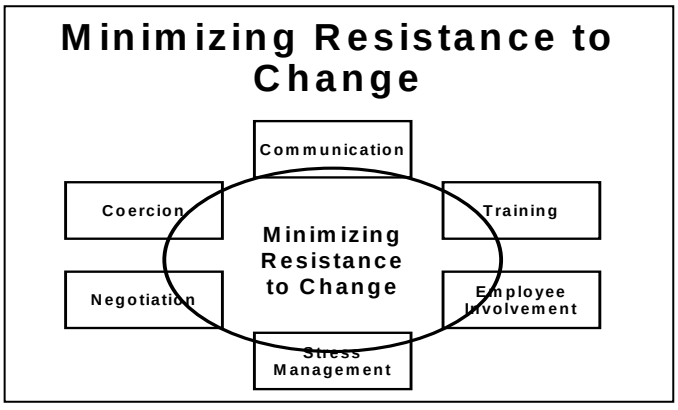
**Overcoming Resistance to Change**

Six tactics used by change agents in dealing with resistance to change:

1. ***Education and communication:***
   - Resistance can be reduced through communicating to help employees see the logic of a change. The assumption is that the source of resistance lies in misinformation or poor communication.
   - It works provided that the source of resistance is inadequate communication and that management-employee relations are characterized by mutual trust and credibility.
2. ***Participation:***
   - It is difficult for individuals to resist a change decision in which they participated.
   - Prior to making a change, those opposed can be brought into the decision process, assuming they have the expertise to make a meaningful contribution.
   - The negatives—potential for a poor solution and great time consumption.
3. ***Facilitation and support:***
   - Employee counseling and therapy, new-skills training, or a short paid leave of absence may facilitate adjustment. The drawbacks—it is time-consuming, expensive, and its implementation offers no assurance of success.
4. ***Negotiation:***
   - Negotiation as a tactic may be necessary when resistance comes from a powerful source.
   - It has potentially high costs, and there is the risk that the change agent is open to the possibility of being blackmailed by other individuals in positions of power.
5. ***Manipulation and cooptation:***
   - *Manipulation* refers to "covert influence attempts, twisting and distorting facts to make them appear more attractive, withholding undesirable information, and creating false rumors to get employees to accept a change."
   - *Cooptation* is "a form of both manipulation and participation." It seeks to "buy off" the leaders of a resistance group by giving them a key role in the change decision.
   - Both manipulation and cooptation are relatively inexpensive and easy ways to gain support. The tactics can backfire if the targets become aware that they are being tricked or used.
6. ***Coercion:***
   - This is "the application of direct threats or force upon the resisters."

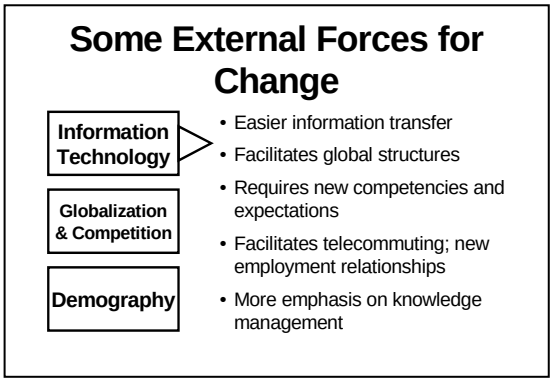
   Examples of coercion are threats of transfer, loss of promotions, negative performance evaluations, and a poor letter of recommendation

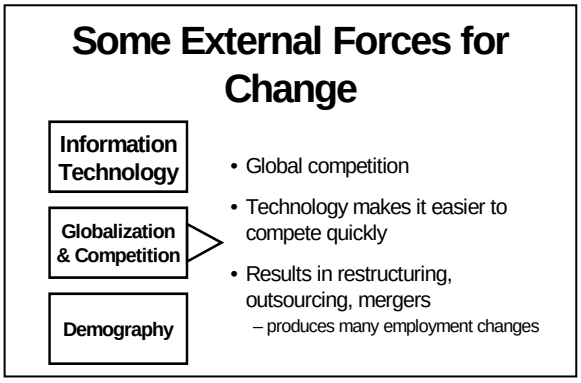
**The New World of Work**




- Peoples' roles change - from controlled to empowered
- Job preparation changes - from training to education
- Focus of performance measures and compensation shifts - from activities to results
- Advancement criteria change - from protective to productive
- Managers change - from supervisors to coaches
- Organization structures change - from hierarchical to flat

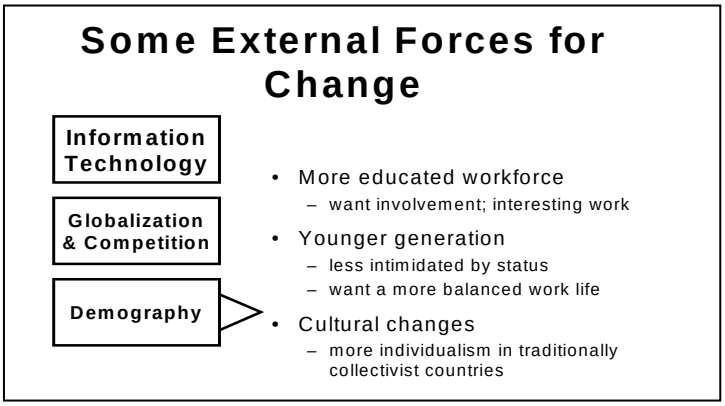
- Executives change - from scorekeepers to leaders

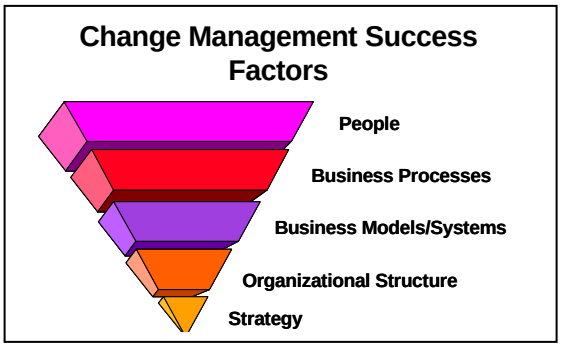


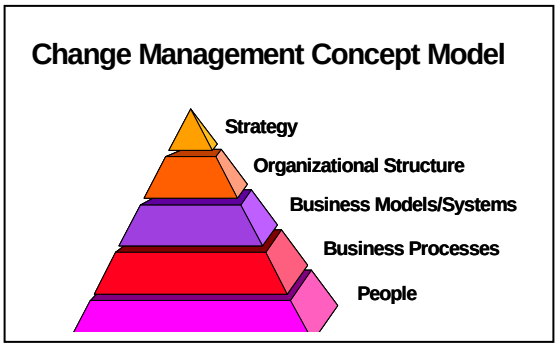



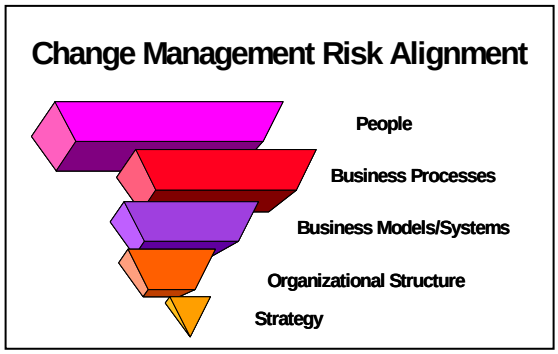

**Areas Where Change Can Occur**

- Change Technology
- Change the Organization's Structure or Design
- Change Job Responsibilities or tasks performed
- Change People



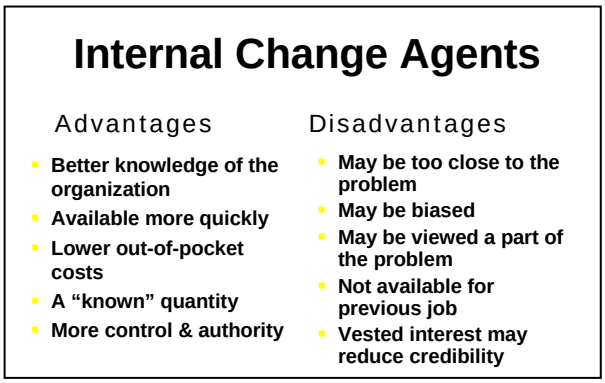

**The Change Agent's Role**

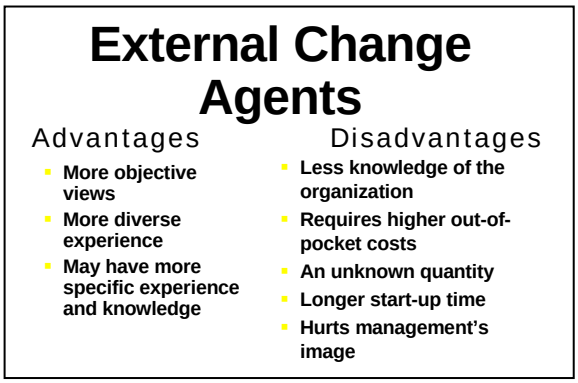
**Change agent** - the individual or group who undertakes the task of introducing and managing a change in an organization

The change agent can be internal or external

**The Change Agent**

- Generators
- Key Change Agents
- Demonstrators
- Patrons
- Defenders
- Implementers
- External
- Internal
- Adopters
- Early Adopters
- Maintainers




**What Can Change Agents Change?**

1. **Structure**
   Change Agents can alter one or more of the key elements in an organization's design.
2. **Technology**
   Competitive factors or innovations within an industry often require change agents to introduce new equipment, tools, or operating methods.
   Physical Settings
3. **People**
   Change agents help individuals and groups within the organization work more effectively together.

**Lesson 39**

## ORGANIZATIONAL DEVELOPMENT

Organizational development (OD) is a term used to encompass a collection of planned-change interventions built on humanistic-democratic values that seek to improve organizational effectiveness and employee well-being.

The OD paradigm values human and organizational growth, collaborative and participative processes, and a spirit of inquiry.

***The underlying values in most OD efforts:***

- Respect for people
- Trust and support
- Power equalization
- Confrontation
- Participation

**OD techniques or interventions for bringing about change:**

- ***Sensitivity training***
  - It can go by a variety of names—laboratory training, groups, or T-groups (training groups)—but all refer to a thorough unstructured group interaction.
  - Participants discuss themselves and their interactive processes, loosely directed by a professional behavioral scientist.
  - Specific results sought include increased ability to empathize with others, improved listening skills, greater openness, increased tolerance of individual differences, and improved conflict resolution skills.

- ***Survey feedback***
  - One tool for assessing attitudes held by organizational members, identifying discrepancies among member perceptions, and solving these differences is the survey feedback approach.
  - Everyone can participate, but of key importance is the organizational "family."
    a. A questionnaire is usually completed by all members in the organization or unit.
    b. Organization members may be asked to suggest questions or may be interviewed.
    c. The questionnaire asks for perceptions and attitudes on a broad range of topics.
  - The data from this questionnaire are tabulated with data pertaining to an individual's specific "family" and to the entire organization and distributed to employees.
    a. These data then become the springboard for identifying problems and clarifying issues.
    b. Particular attention is given to encouraging discussion and ensuring that discussions focus on issues and ideas and not on attacking individuals.
  - Finally, group discussion in the survey feedback approach should result in members identifying possible implications of the questionnaire's findings.

- ***Process consultation***
  - The purpose of process consultation is for an outside consultant to assist a manager, "to perceive, understand, and act upon process events" that might include work flow, informal relationships among unit members, and formal communication channels.
  - The consultant works with the client in jointly diagnosing what processes need improvement.

a. By having the client actively participate in both the diagnosis and the development of alternatives, there will be greater understanding of the process and the remedy and less resistance to the action plan chosen.
b. The process consultant need not be an expert in solving the particular problem that is identified. The consultant's expertise lies in diagnosis and developing a helping relationship.

- ***Team building***
  - It utilizes high-interaction group activities to increase trust and openness among team members.
  - Team building can be applied within groups or at the inter-group level.
  - Team building is applicable to the case of interdependence. The objective is to improve coordinative efforts of members, which will result in increasing the team's performance.
  - The activities considered in team building typically include goal setting, development of interpersonal relations among team members, role analysis, and team process analysis.
  - Team building attempts to use high interaction among members to increase trust and openness.
    a. Begin by having members attempt to define the goals and priorities of the team.
    b. Following this, members can evaluate the team's performance—how effective is the team in structuring priorities and achieving its goals?
    c. This should identify potential problem areas.
  - Team building can also address itself to clarifying each member's role on the team.

- ***Inter-group development***
  - A major area of concern in OD is the dysfunctional conflict that exists between groups. It seeks to change the attitudes, stereotypes, and perceptions that groups have of each other.
  - There are several approaches to inter-group development. A popular method emphasizes problem solving.
    a. Each group meets independently to develop lists of its perception of itself, the other group, and how it believes the other group perceives it.
    b. The groups then share their lists, after which similarities and differences are discussed.
    c. Differences are clearly articulated, and the groups look for the causes of the disparities.
  - Once the causes of the difficulty have been identified, the groups can move to the integration phase—working to develop solutions that will improve relations between the groups.
  - Subgroups, with members from each of the conflicting groups, can now be created for further diagnosis and to begin to formulate possible alternative actions that will improve relations.

- ***Appreciative Inquiry***
  - Most OD approaches are problem-centered. They identify a problem or set of problems, then look for a solution. Appreciative inquiry seeks to identify the unique qualities and special strengths of an organization.

- ***The AI process essentially consists of four steps***
  - *Discovery*. The idea is to find out what people think are the strengths of the organization. For instance, employees are asked to recount times they felt the organization worked best or when they specifically felt most satisfied with their jobs.
  - *Dreaming*. The information from the discovery phase is used to speculate on possible futures for the organization. For instance, people are asked to envision the organization in five years and to describe what is different.

- *Design*. Based on the dream articulation, participants focus on finding a common vision of how the organization will look and agree on its unique qualities.
- *Destiny*. In this final step, participants discuss how the organization is going to fulfill its dream. This typically includes the writing of action plans and development of implementation strategies.

**Contemporary Change Issues for Today's Managers**

**Stimulating Innovation**

1. ***How can an organization become more innovative?***
   - There is no guaranteed formula; certain characteristics surface again and again. They are grouped into structural, cultural, and human resource categories.

2. ***Change refers to making things different. Innovation is a more specialized kind of change.***
   - Innovation is a new idea applied to initiating or improving a product, process, or service.
   - All innovations involve change, but not all changes necessarily involve new ideas or lead to significant improvements.
   - Innovations in organizations can range from small incremental improvements to significant change efforts.

3. ***Sources of innovation:***
   - Structural variables are the most studied potential source of innovation.
   - First, organic structures positively influence innovation because they facilitate flexibility, adaptation and cross-fertilization.
   - Second, long tenure in management is associated with innovation. Managerial tenure apparently provides legitimacy and knowledge of how to accomplish tasks and obtain desired outcomes.
   - Third, innovation is nurtured where there are slack resources.
   - Finally, inter-unit communication is high in innovative organizations. There is a high use of committee, task forces, cross-functional teams and other mechanisms that facilitate interaction.

4. ***Innovative organizations tend to have similar cultures:***
   - They encourage experimentation.
   - They reward both successes and failures.
   - They celebrate mistakes.
   - Managers in innovative organizations recognize that failures are a natural by-product of venturing into the unknown.

5. ***Human resources:***
   - Innovative organizations actively promote the training and development. They offer high job security so employees do not fear getting fired for making mistakes.
   - They encourage individuals to become champions of change. Once a new idea is developed, idea champions actively and enthusiastically promote the idea, build support, overcome resistance, and ensure that the innovation is implemented.
   - Champions have common personality characteristics: extremely high self-confidence, persistence, energy, and a tendency to take risks.
   - They also display characteristics associated with transformational leadership. Idea champions have jobs that provide considerable decision-making discretion.

**Lesson 40**

# STRESS AND MANAGING STRESS

## Overview

Stress affects individual well-being and has the potential to affect the extent to which individuals and organizations achieve their goals and perform at a high level. Stress is bound up with workers' personal lives; thus the study of stress also entails exploring the nature of work-life linkages.

- People experience stress when they fact opportunities or threats that they perceive as important and also perceive they might not be able to handle or deal with effectively. An opportunity is something that has the potential to benefit a person. A threat is something that has the potential to harm a person. Stress is a highly personal experience influenced by an individual's personality, abilities, and perceptions; what is stressful for one person might not be stressful for another.

- Stress can have physiological, psychological, and behavioral consequences. The relationship between stress and physiological consequences is complicated, and the most serious physiological consequences (for example, cardiovascular disease and heart attack) result only after considerably high levels of stress have been experienced for a prolonged period of time. Psychological consequences of stress include negative feelings, moods, and emotions; negative attitudes; and burnout. Potential behavioral consequences of stress include job performance, strained interpersonal relations, absenteeism, and turnover.

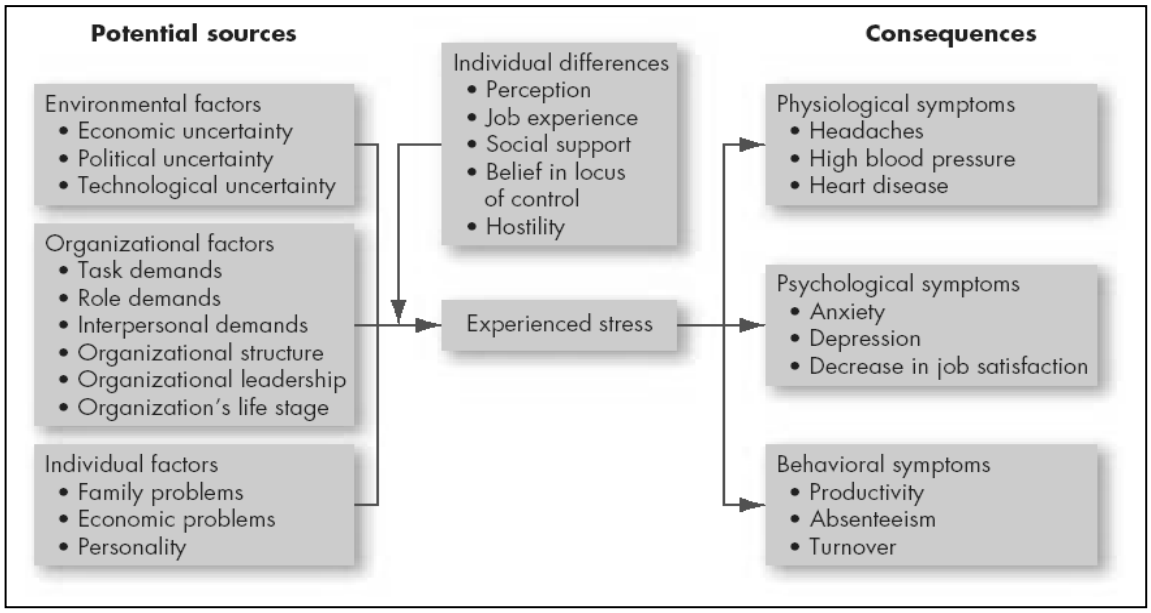
- Workers who are responsible for helping others sometimes experience burnout. The three key signs of burnout are feelings of low personal accomplishment, emotional exhaustion, and de-personalization.

- A certain level of stress is positive in that it can result in high levels of job performance. When stress levels are excessively high, negative stress is experienced, and performance suffers. Other potential behavioral consequences of high stress include strained interpersonal relations, absenteeism, and turnover.

- Potential stresses can arise from workers' personal lives, job responsibilities, membership in work groups and organizations, and work-life linkages. Stresses from workers' personal lives include major and minor life events. Job-related stresses include role conflict, role ambiguity, overload, under-load, challenging assignments, and promotions, and conditions that impact workers' economic well-being. Group- and organization-related stresses include misunderstandings, conflicts and interpersonal disagreements, uncomfortable working conditions, and dangerous or unsafe working conditions. Stresses arising out of work-life linkages result when work roles conflict with people's personal lives.

- Coping is the step people take to deal with stresses. Problem-focused coping is the step people take to deal directly with the source of stress. Emotion-focused coping is the step people take to deal with their stressful feelings and emotions. Most of the time, people engage in both types of coping when dealing with a stressor.

- Some problem-focused coping strategies that individuals can use are time management, getting help from a mentor, and role negotiation. Some emotion-focused coping strategies for individuals are exercise, mediation, social support, and clinical counseling. Some problem-focused coping strategies that organizations can use are job redesign and rotation, reduction of uncertainty, job security, company day care, flexible work schedules and job sharing, and telecommuting. Some emotion-focused coping strategies for organizations are on-site exercise facilities, personal days and sabbaticals, organizational support, and employee assistance programs.




**Consequences of Stress**

Stress shows itself in a number of ways—physiological, psychological, and behavioral symptoms.

1. ***Physiological symptoms:***
   - Most of the early concern with stress was directed at physiological symptoms due to the fact that specialists in the health and medical sciences researched the topic.
   - Physiological symptoms have the least direct relevance to students of OB.
2. ***Psychological symptoms:***
   Job-related stress can cause job-related dissatisfaction.
   - Job dissatisfaction is "the simplest and most obvious psychological effect" of stress.
   - Multiple and conflicting demands—lack of clarity as to the incumbent's duties, authority, and responsibilities—increase stress and dissatisfaction.
   - The less control people have over the pace of their work, the greater the stress and dissatisfaction.
3. ***Behavioral symptoms:***
   - Behaviorally related stress symptoms include changes in productivity, absence, and turnover, as well as changes in eating habits, increased smoking or consumption of alcohol, rapid speech, fidgeting, and sleep disorders.
   - The stress-performance relationship is shown in Exhibit 19-11.
     a. The logic underlying the inverted U is that low to moderate levels of stress stimulate the body and increase its ability to react.
     b. Individuals then often perform their tasks better, more intensely, or more rapidly.
     c. But too much stress places unattainable demands or constraints on a person, which result in lower performance.
     d. Even moderate levels of stress can have a negative influence on performance over the long term as the continued intensity of the stress wears down the individual and saps his/her energy resources.
   - In spite of the popularity and intuitive appeal of the inverted-U model, it doesn't get a lot of empirical support.

**Recognizing Stress**

- Short-term physical symptoms
- Long-term physical symptoms

- Internal symptoms
- Behavioral symptoms

**Short-Term Physical Symptoms**

- Faster heart beat
- Increased sweating
- Cool skin
- Cold hands and feet
- Feelings of nausea, or 'Butterflies in stomach'
- Rapid Breathing
- Tense Muscles
- Dry Mouth
- A desire to urinate
- Diarrhea

**Long-term Physical Symptoms**

- Change in appetite
- Frequent colds
- Illnesses such as:
- Asthma
- Back pain
- Digestive problems
- Headaches
- Aches and pains
- Feelings of intense and long-term tiredness

**Internal Symptoms**

- Worry or anxiety
- Confusion, and an inability to concentrate or make decisions
- Feeling ill
- Feeling out of control or overwhelmed by events
- Mood changes:
  - –Depression
  - –Frustration
  - –Hostility
- Helplessness
- Restlessness
- Being more lethargic
- Difficulty sleeping
- Drinking more alcohol and smoking more
- Changing eating habits
- Relying more on medication

**Behavioral Symptoms**

- Talking too fast or too loud
- Fiddling and twitching, nail biting, grinding teeth, drumming fingers, pacing, etc.
- Bad moods
- Being irritable
- Defensiveness

- Being critical
- Aggression
- Irrationality
- Overreaction and reacting emotionally
- Reduced personal effectiveness
- Being unreasonably negative
- Making less realistic judgments
- Being unable to concentrate and having difficulty making decisions
- Being more forgetful
- Making more mistakes
- Being more accident prone
- Changing work habits
- Increased absenteeism
- Neglect of personal appearance

**Chemical and Nutritional Stress**

- Caffeine-raises levels of stress hormones
- Sweets or chocolate-causes body to release too much insulin
- Salt-raises blood pressure
- Unhealthy diet-leads to illness which increases stress

**Lifestyle and Job Stress**

- Too much or too little work
- Having to perform beyond your experience or perceived abilities
- Having to overcome unnecessary obstacles
- Time pressures and deadlines
- Keeping up with new developments
- Changes in procedures and policies
- Lack of relevant information, support and advice
- Lack of clear objectives
- Unclear expectations of your role
- Responsibility for people, budgets or equipment
- Career development stress:
  - –Under-promotion, frustration and boredom with current role
  - –Over-promotion beyond abilities
  - –Lack of a clear plan for career development
  - –Lack of opportunity
  - –Lack of job security
- Stress from your organization or your clients.
- Personal and family stresses.

**Environment and Job Stress**

- Your working environment can cause stress
  - –Crowding or invasion of personal space
  - –Insufficient work space
  - –Noise
  - –Dirty or untidy conditions
  - –Pollution
  - –Other environmental causes

**Fatigue and Overwork**

- Stress builds up over a long time
- Trying to achieve too much in too little time
- “Hurry Sickness”-vicious circle of stress causing you to hurry jobs and do them badly.

**Managing Stress**

High or low levels of stress sustained over long periods of time, can lead to reduced employee performance and, thus, require action by management.

1. ***Individual approaches:***
   - Effective individual strategies include implementing time management techniques, increasing physical exercise, relaxation training, and expanding the social support network.
   - Practicing time management principles such as:
     a. making daily lists of activities to be accomplished
     b. prioritizing activities by importance and urgency
     c. scheduling activities according to the priorities set
     d. knowing your daily cycle and handling the most demanding parts of your job during the high part of your cycle when you are most alert and productive
   - Noncompetitive physical exercise has long been recommended as a way to deal with excessive stress levels.
   - Individuals can teach themselves to reduce tension through relaxation techniques such as meditation, hypnosis, and biofeedback.
   - Having friends, family, or work colleagues to talk to provides an outlet for excessive stress.

2. ***Organizational approaches***
   - Strategies that management might want to consider include:
     a. improved personnel selection and job placement
     b. use of realistic goal setting, redesigning of jobs
     c. training
     d. increased employee involvement
     e. improved organizational communication
     f. establishment of corporate wellness programs

**Stress Management**

***"Stress Management Procedures for helping people cope with or reduce stress already being experienced"***

**Stress Prevention**

***"Focusing on controlling or eliminating stressors that might provoke the stress response"***

**Dealing with Long-Term Stress**

- •Fatigue and exhaustion
  - –Go to bed earlier
  - –Take a good break (vacation)
  - –Change work commitments if possible
  - –Time management strategies
- •Handling depression
  - –Deep depression is a clinical illness and should be handled professionally
  - –Otherwise
- •Positive thinking
- •Talk to people and get support
- •Get away from situation causing stress
- •Lack of self-confidence
  - –Set personal goals
  - –List your shortcomings and deal with them
  - –List the things that worry you and see if it is really important to worry about them at all.

–Write down the things you do well
–Positive thinking

•Relationships
–Being more assertive will help
–Improve your social skills
–Are other people contributing to this problem? Are you better off without them?

•Standards
–Are your standards impossibly high?



**Lesson 41**

## REVIEW OF PART-III

| | |
|---|---|
| **Organization** | System of consciously coordinated activities of two or more people |
| **Unity of Command Principle** | Each employee should report to a single manager |
| **Organization Chart** | Boxes-and-lines illustration showing chain of formal authority and division of labor |
| **Span of Control** | The number of people reporting directly to a given manager |
| **Staff Personnel** | Provide research, advice, and recommendations to line managers |
| **Line Managers** | Have authority to make organizational decisions |
| **Closed System** | A relatively self-sufficient entity |
| **Open System** | Organism that must constantly interact with its environment to survive |
| **Learning Organization** | Proactively creates, acquires, and transfers knowledge throughout the organization |
| **Strategic Constituency** | Any group of people with a stake in the organization's operation or success |
| **Stakeholder Audit** | Systemic identification of all parties likely to be affected by the organization |
| **Organizational Decline** | Decrease in organization's resource base (money, customers, talent, innovations) |
| **Contingency Approach to Organization Design** | Creating an effective organization- environment fit |
| **Differentiation** | Division of labor and specialization that cause people to think and act differently |
| **Integration** | Cooperation among specialists to achieve a common goal |
| **Mechanistic Organizations** | Rigid, command-and-control bureaucracies |
| **Organic Organizations** | Fluid and flexible networks of multitalented people |
| **Centralized Decision Making** | Top managers makes all key decisions |
| **Decentralized Decision Making** | Lower-level managers are empowered to make important decisions |

| | |
|---|---|
| **Organizational Culture** | Shared values and beliefs that underlie a company's identity |
| **Values** | Enduring belief in a mode of conduct or end-state |
| **Espoused Values** | The stated values and norms that are preferred by an organization |
| **Enacted Values** | The values and norms that are exhibited by employees |
| **Normative Beliefs** | Thoughts and beliefs about expected behavior and modes of conduct |
| **Strength Perspective** | Assumes that the strength of corporate culture is related to a firm's financial performance. |
| **Fit Perspective** | Assumes that culture must align with its business or strategic context |
| **Adaptive Perspective** | Assumes that adaptive cultures enhance a firm's financial performance |
| **Vision** | Long-term goal describing "what" an organization wants to become |
| **Organizational Socialization** | Process by which employees learn an organization's values, norms, and required behaviors |
| **Anticipatory Socialization** | Occurs before an individual joins an organization, and involves the information people learn about different careers, occupations, professions, and organizations |
| **Realistic Job Preview** | Presents both positive and negative aspects of a job |
| **Encounter phase** | Employees learn what the organization is really like and reconcile unmet expectations. |
| **On-boarding** | Programs aimed at helping employees integrate, assimilate, and transition to new jobs |
| **Change & Acquisition** | Requires employees to master tasks and roles and to adjust to work group values and norms |
| **Mentoring** | Process of forming and maintaining developmental relationships between a mentor and a junior person |
| **External Forces for Change** | Originate outside the organization |
| **Internal Forces for Change** | Originate inside the organization |
| **Benchmarking** | Process by which a company compares its performance with that of high-performing organizations. |
| **Mission Statement** | Summarizes "why" an organization exists |
| **Strategic Plan** | A long-term plan outlining actions needed to achieve desired results |
| **Target Elements of** | |

| | |
|---|---|
| **Change** | Components of an organization that may be changed |
| **Organization Development** | A set of techniques or tools used to implement planned organizational change |
| **Resistance to Change** | Emotional/behavioral response to real or imagined work changes |
| **Commitment to Change** | A mind-set of doing whatever it takes to effectively implement change. |
| **Resilience to Change** | Composite personal characteristic reflecting high self-esteem, optimism, and an internal locus of control |
| **Fight-or-Flight Response** | To either confront stressors or try to avoid them |
| **Stress** | Behavioral, physical, or psychological response to stressors. |
| **Stressors** | Environmental factors that produce stress |
| **Primary Appraisal** | Determining whether a stressor is irrelevant, positive, or stressful |
| **Secondary Appraisal** | Assessing what might and can be done to reduce stress |
| **Control Strategy** | Control strategy that directly confronts or solves problems |
| **Escape Strategy** | Control strategy that avoids or ignores stressors and problems |
| **Symptom Management Strategy** | Control strategy that focuses on reducing the symptoms of stress |
| **Social Support** | Amount of helpfulness derived from social relationships |
| **Hardiness** | Personality characteristic that neutralizes stress |
| **Type A Behavior Pattern** | Aggressively involved in a chronic, determined struggle to accomplish more in less time |
| **Employee Assistance Programs** | Help employees to resolve personal problems that affect their productivity |
| **Holistic Wellness Approach** | Advocates personal responsibility for healthy living |

**Lesson 42**

## FUTURE DIRECTIONS IN ORGANIZATIONS

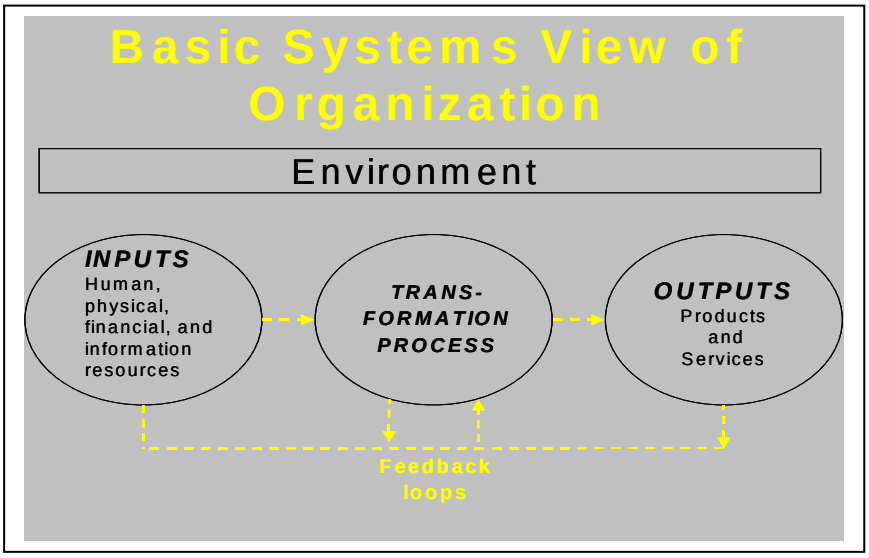
### High-Performance Organization

Business organizations today face unprecedented challenges. Across virtually every industry, managers are confronted with new conditions of rapid technological change and intense global competition – conditions that demand capacities of leadership, adaptability, and coordination on a scale never before imagined. As traditional sources of competitive advantage are being eroded, organization design is becoming a crucial strategic differentiator. This course aims to prepare you to help lead in the design of high-performance organizations, whether as a manager or a consultant.

### Quality

A Concept critical to the performance & survival of virtually every organization---quality.

"In the search for quality there's no such thing as good enough; there's is never a finish line"
K. Theodor Krantz




### What is a High-Performance Organization?

### Total quality management (TQM)

A total commitment to:

–High-quality results.
–Continuous improvement.
–Customer satisfaction.
–Meeting customers' needs.
–Doing all tasks right the first time.

Continuous improvement focuses on two questions:

–Is it necessary?
–If so, can it be done better?

*High-performance organizations*

- Value and empower people, and respect diversity.
- Mobilize the talents of self-directed work teams.
- Use cutting-edge technologies to achieve success.
- Thrive on learning and enable members to grow and develop.
- Are achievement-, quality-, and customer-oriented, as well as being sensitive to the external environment.

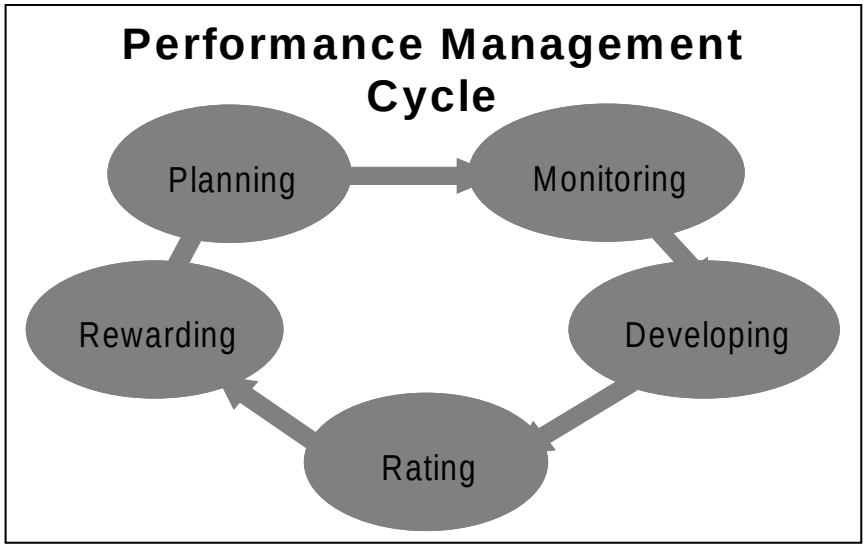
### Essential Elements of TQM

- A supportive organizational culture
- Management commitment and leadership

- Provide a sense of direction
- Analysis of customer quality needs
- Benchmarking
- Standards
- Strategies to close quality gaps
- Training
- Quality teams
- Progress monitoring and measurement
- Exceeding customer expectations

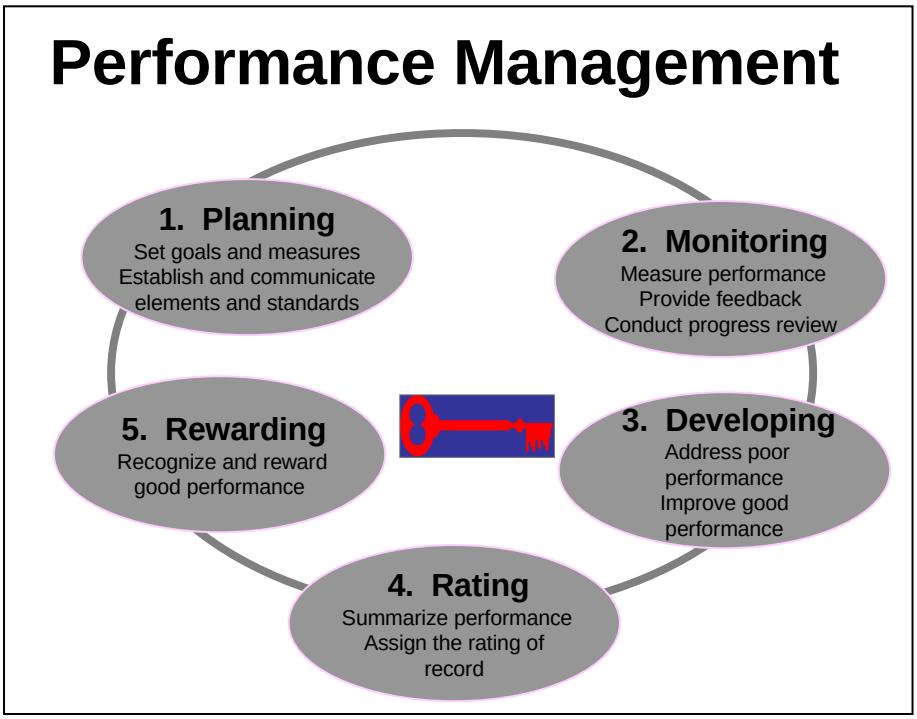
**What Is Performance Management?**

- It is a systematic process of
  –Planning work and setting expectations
  –Continually monitoring performance
  –Developing the capacity to perform
  –Periodically rating performance in a summary fashion
  –Rewarding good performance




**Planning**

• Set Goals
• Establish and communicate elements and standards




**Monitoring**

• Measure performance
• Provide feedback
• Conduct progress review

**Developing**

• Address poor performance
• Improve good performance

**Rating**

• Summarize performance
• Assign the rating of record

**Rewarding**

• Recognize and reward good performance

**Lesson 43**

## FUTURE DIRECTIONS IN ORGANIZATIONS

**Hiring**

- Recruit
- Interview… behavioural questions
- Assessments… job requirements
- Reference Checks… a must… connect to interview results.
- The Offer… put it in writing!

**Training**

- Soft Skills …
- Hard Skills …
- On the Job…
- Continuous Learning…

**Learning and high-performance cultures**

- Uncertainty highlights the importance of organizational learning.
- High-performance organizations are designed for organizational learning.
- A learning organization has a culture that values human capital and invigorates learning for performance enhancement.

**Performance Standards**

- SMART Objectives:
  - –Specific
  - –Measurable
  - –Achievable
  - –Realistic
  - –Time-based
- Connected to the role description

**Measuring Performance**

- 360° Feedback
- Quality Evaluations
- Internal/External Customer Surveys
- Observation and Self-Assessment
- Remember: be SMART in your evaluation

**Day-to-Day Management**

- An open, ongoing conversation
- Timely acknowledgement of good work and/or performance deficiencies
- Be available… observe your reports in role… be open to learning and sharing.
- Documentation

**Formal Reviews**

- Set a schedule and follow it through!
- Be consistent… consider the whole time horizon… be specific.
- Tools: role description, Self-Assessment, draft Supervisory Assessment
- Documentation

**The Performance Conversation**

**Purpose:**

To exchange information, review standards, discuss outcomes (successes and challenges), acknowledgement, renew commitment/get agreement, set new objectives

**Preparation:**

- Allow both parties sufficient time to prepare and reflect

- Conduct a full investigation prior to making any decisions
- Document, document, document
- Talk to the employee in private
- Take nothing for granted
- LISTEN, LISTEN, LISTEN
- Do not make accusations or lay blame
- Focus on the issue and the behavior – not the person
- Determine the cause of the behaviour

**Coaching**

- Make performance expectations and priorities clear.
- Help employees to solve problems.
- Teach new skills.
- Promote growth and development.
- Give constructive feedback.
- Give ongoing positive recognition.
- Hold employee accountable.

**Counselling**

- Listen for the real problem.
- Develop a plan to correct problem.
- Help the person consider options.

**Rewarding Good Performance**

- Recognition & Appreciation
- Job Enlargement / Enrichment
- Project Assignments
- Advancement
- Investment (Compensation, Training)

**Correcting Poor Performance**

- Describe unsatisfactory performance. Be specific.
- Describe the impact of that performance/behavior (on the organization, coworkers, division – safety, costs, efficiency, morale).
- Describe expected performance (use SMART objectives).
- Make the employee aware of what the consequences will be if the performance has not improved.
- Establish the social contract. Ask for commitment.
- Involve the employee where possible in the action plan.
- Offer help and support.

**It's Worth the Investment…**

**Organizational Benefits**… consistent, equitable, early intervention, better morale
**Supervisory Benefits**… acknowledge good work, nip problems in the bud, team building, and retention
**Employee Benefits**… individuals and colleagues know that they will be held accountable and are valuable to the organization.

- HR, Training, Safety
- Document, Document, Document.

**EPM Supports Best Practices**

- Successful organizations use EPM tools to support alignment and results
- Consistent EPM helps decrease workplace stress and uncertainty
- EPM helps contribute to satisfaction and commitment
- EPM enhances personal accountability

**Final Thoughts**

"If a group of people is to become a social entity and work (or live) together over time then they must: Trust one another, demonstrate courage, treat each other with fairness, respect, dignity and love, and be honest with one another." - Dr. Ian Macdonald

**Helping Notes**

**Guide to Performance Management**




This Guide to Performance Management has been produced and published by the UCSD Human Resources Department. It is intended for anyone who manages the performance of others. Whether you are a first-time work leader or an experienced supervisor, manager, program director or department chair, this *Guide* will provide you with useful information and step-by-step guidelines about the performance management process.

You are involved in performance management when you:

- establish specific job assignments
- write job descriptions assign responsibility for strategic initiatives develop and apply performance standards
- discuss job performance with the employee and provide feedback on strengths and improvements needed
- conduct an annual performance evaluation
- plan for improved performance and employee development goals.

This *Guide* will help you and those whose performance you manage to plan for results which will meet or exceed your expectations. You will learn how to work collaboratively with your employees to:

- identify and describe the employee's essential job functions in support of the mission of the organization
- identify and define strategic initiatives appropriate to the employee's essential functions which support the goals of the organization
- develop realistic and appropriate performance standards
- give and receive helpful behavioral feedback about performance
- write and deliver constructive performance evaluations
- plan education and development opportunities to sustain, improve or build on current performance.

If you have questions, or if you have not managed work performance before, we recommend that you:

- read the personnel policies and procedures concerning your employees
- contact the Human Resources Generalist for your area at the Medical Center
- consult the Human Resources representative in your campus department
- consult the Employee Relations consultant for your campus department
- Enroll in the performance management-related courses offered by Staff Education and Development on campus.

**Lesson 44**

# INTERNATIONAL DIMENSIONS OF ORGANIZATIONAL BEHAVIOR

## Global Organizational Behavior Challenges and Opportunities

### Why Engage in International Business

- Expand sales
- Acquire resources
  - –Better components, services, and products
  - –Foreign capital
  - –Technologies
  - –Information

### Why International Business is growing

- Liberal government policies on trade
- Rapid improvement of technology
  - –Transportation is quicker while costs are lower
  - –Communication enables control from afar
- New institutions to support trade:
- Global banking
- Consumer demand
- Companies learning from each other

### How Does Globalization Affect People at Work?

***Multinational employers***

***--Multinational corporation (MNC)***

- A business firm that has extensive international operations in more than one foreign country.
  - –MNC characteristics.
- Missions and strategies are worldwide in scope.
- Has a total world view without allegiance to any one national home.
- Has enormous economic power and impact.

***Multicultural workforces***

–Styles of leadership, motivation, decision making, planning, organizing, and controlling vary from country to country.

***Ethical behavior across cultures***

–Ethical challenges result from:

- Cultural diversity.
- Variations in governments and legal systems.
  - –Prominent current issues:
- Corruption and bribery.
- Poor working conditions.
- Child and prison labor.

### Are management theories universal?

–Answer is “no.”

–Cultural influences should be carefully considered in transferring theories and their applications across cultures.

**Why is Globalization Significant for Organizational Behavior?**

***Outsourcing***

–Contracting out of work rather than accomplishing it with a full-time permanent workforce.

***Off shoring***

–Contracting out work to persons in other countries.

***Job migration***

–Movement of jobs from one location or country to another.

***A global economy***

–Information technology and electronic communications have:

- Promoted a global economy.
- Created Internet business opportunities.

–Transnational movement of products, trends, values, and innovations.
–Multicultural workforces.

***Regional economic alliances***

–European Union (EU).
–North American Free Trade Agreement (NAFTA).
–Caribbean Community (CARICOM).
–Asia-Pacific Economic Co-operation Forum (APEC).

***Global quality standards***

–ISO designation for quality standards.
–ISO framework for quality assurance worldwide.
–ISO certification is important for doing business and developing a reputation as a "world-class" manufacturer.

***Global Managers***

–A global manager is someone who knows how to conduct business across borders.
–The global manager:

- Is often multilingual.
- Thinks with a worldview.
- Appreciates diverse beliefs, values, behaviors, and practices.
- Is able to map strategy in light of the above.

***Challenges facing global managers***

–Managers' styles and attitudes may not work well overseas.
–A global mindset is required in order to avoid failure.

Reasons Why Managers Fail in Foreign Assignments

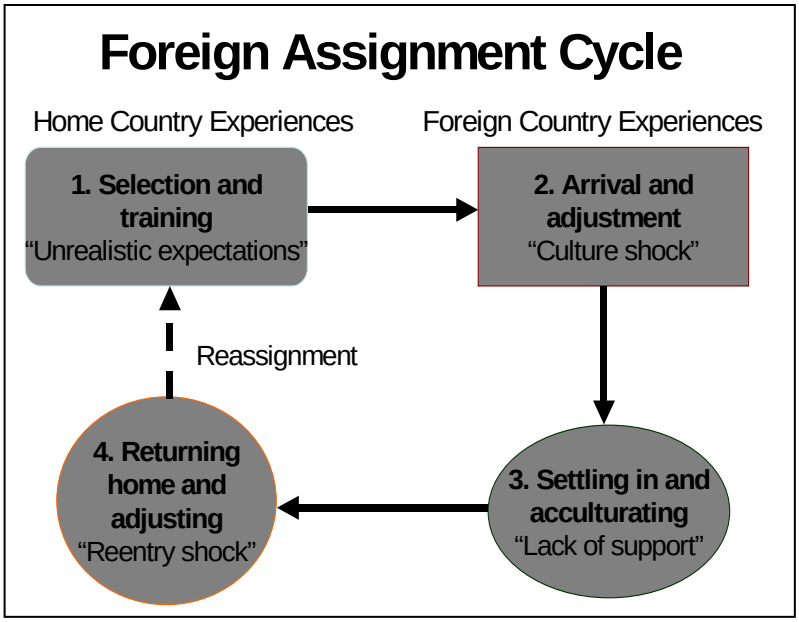
- Manager's spouse cannot adjust to new physical or cultural surroundings
- Manager cannot adapt to new physical or cultural surroundings
- Family problems
- Manager is emotionally immature
- Manager cannot cope with foreign duties
- Manager is not technically competent
- Manager lacks proper motivation for foreign assignment

Global Skills for Global Managers

- Global Perspective: Focus on global business
- Cultural Responsiveness: Become familiar with many cultures
- Appreciate Cultural Synergies: Learn multicultural dynamics
- Cultural Adaptability: Live and work effectively in different cultures
- Cross-Cultural Communication: Daily cross-cultural interaction
- Cross-Cultural Collaboration: Multicultural teamwork
- Acquire Broad Foreign Experience: Series of foreign career assignments

**Factors that Influence the OB in Global Organizations**

- Customers
- Language and communication styles
- Attitudes toward time
- The workforce
- Differences in pay scales
- Standards of ethics
- Political climate
- Variations in foreign exchange rates




**Why is Globalization Significant for Organizational Behavior?**

- Culture.
- Language.
- Time orientation.
- Use of space.
- Power distance.
- Values and national culture.
- Religion.
- Uncertainty avoidance.
- Long-term/short-term orientation.

**Organizational Structure**

- The functions of an organization are to provide:
  –a route and locus of decision making and coordination
  –a system for reporting and communications
- The design of a structure will depend on:
  –the stage or degree or internationalization
  –the desired way to group people and resources to achieve goals

**Locus of Decision Making**

- **Decentralization** gives a high degree of autonomy to subsidiaries.
- **Centralization** has control and strategic decision making concentrated at headquarters.

**Lesson 45**

## ORGANIZATIONAL BEHAVIOR IN A GLANCE

| | |
|---|---|
| **Organizational Behavior** | Interdisciplinary field dedicated to better understanding and managing people at work |
| **Behavior function** | Behavior is a function of both the Person and the Environment. B = f (P/E) |
| **Organization** | System of consciously coordinated activities of two or more people |
| **E-business** | Running the entire business via the Internet |
| **Person-Job Fit** | The extent to which the contributions made by the individual match the inducements offered by the organization |
| **Ability** | Mental and physical capabilities to perform various tasks |
| **Intellectual Abilities** | The capacity to do mental activities |
| **Learning** | A relatively permanent change in the behavior occurring as a result of experience |
| **Skill** | Specific capacity to manipulate objects |
| **Intelligence** | Capacity for constructive thinking, reasoning, problem solving |
| **Self-Concept** | Person's self-perception as a physical, social, spiritual being |
| **Cognitions** | A person's knowledge, opinions, or beliefs |
| **Self-esteem** | One's overall self-evaluation |
| **Self-efficacy** | Belief in one's ability to do a task |
| **Learned helplessness** | Debilitating lack of faith in one's ability to control the situation |
| **Self-monitoring** | Observing one's own behavior and adapting it to the situation |
| **Value system** | The organization of one's beliefs about preferred ways of behaving and desired end-states |
| **Attitude** | Learned predisposition toward a given object |
| **Affective component** | The feelings or emotions one has about an object or situation |
| **Cognitive component** | The beliefs or ideas one has about an object or situation. |
| **Behavioral Component** | How one intends to act or behave toward someone or something |
| **Cognitive dissonance** | Psychological discomfort experienced when attitudes and behavior are inconsistent |
| **Job involvement** | Extent to which an individual is immersed in his or her present job |

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| **Job satisfaction** | An affective or emotional response to one's job |
| **Value attainment** | The extent to which a job allows fulfillment of one's work values |
| **Organizational Citizenship Behaviors (OCBs)** | Employee behaviors that exceed work role requirements |
| **Personality** | Stable physical and mental characteristics responsible for a person's identity |
| **Proactive personality** | Action-oriented person who shows initiative and perseveres to change things |
| **Internal locus of control** | Attributing outcomes to one's own actions |
| **External locus of control** | Attributing outcomes to circumstances beyond one's control |
| **Emotions** | Complex human reactions to personal achievements and setbacks that may be felt and displayed |
| **Emotional Intelligence** | Ability to manage oneself and interact with others in mature and constructive ways |
| **Perception** | Process of interpreting one's environment |
| **Social Perception** | The process through which individuals attempt to combine, integrate, and interpret information about others |
| **Attribution** | The Process through which individuals attempt to determine the causes of others behavior |
| **Fundamental Attribution Bias** | Ignoring environmental factors that affect behavior in attributing others' actions |
| **Internal factors** | Personal characteristics that cause behavior |
| **External factors** | Environmental characteristics that cause behavior |
| **Stereotype** | Beliefs about the characteristics of a group |
| **Self-serving bias** | Taking more personal responsibility for success than failure |
| **Self-fulfilling Prophecy** | Someone's high expectations for another person result in high performance |
| **Impression Management** | A process by which people attempt to manage or control the perceptions other form of them |
| **Motivation** | Psychological processes that arouse and direct goal-directed behavior |
| **Content Theories of Motivation** | Identify internal factors influencing motivation |

| | |
|---|---|
| **Process Theories of Motivation** | Identify the process by which internal factors and cognitions influence motivation |
| **Needs** | Physiological or psychological deficiencies that arouse behavior |
| **Need hierarchy Theory** | Five basic needs--physiological, safety, love, esteem, and self-actualization--influence behavior |
| **ERG Theory** | Three basic needs--existence, relatedness, and growth--influence behavior |
| **Need for achievement** | Desire to accomplish something difficult |
| **Need for affiliation** | Desire to spend time in social relationships and activities |
| **Need for power** | Desire to influence, coach, teach, or encourage others to achieve |
| **Motivators** | Job characteristics associated with job satisfaction |
| **Hygiene factors** | Job characteristics associated with job dissatisfaction |
| **Equity theory** | Holds that motivation is a function of fairness in social exchanges |
| **Negative inequity** | Comparison in which another person receives greater outcomes for similar inputs |
| **Positive inequity** | Comparison in which another person receives lesser outcomes for similar inputs |
| **Equity sensitivity** | An individual's tolerance for negative and positive equity |
| **Expectancy theory** | Holds that people are motivated to behave in ways that produce valued outcomes |
| **Expectancy** | Belief that effort leads to a specific level of performance. |
| **Intrinsic motivation** | Motivation caused by positive internal feelings |
| **Group** | Two or more freely interacting people with shared norms and goals and a common identity |
| **Formal group** | Formed by the organization |
| **Informal group** | Formed by friends or those with common interests |
| **Group Cohesiveness** | A "we feeling" binding group members together |
| **Roles** | Expected behaviors for a given position. |
| **Role overload** | Others' expectations exceed one's ability |
| **Role conflict** | Others have conflicting or inconsistent expectations |
| **Role ambiguity** | Others' expectations are unknown |
| **Norm** | Shared attitudes, opinions, feelings, or actions that guide social behavior |

| | |
|---|---|
| **Task roles** | Task-oriented group behavior. |
| **Maintenance roles** | Relationship-building group behavior |
| **Groupthink** | Janis's term for a cohesive in-group's unwillingness to realistically view alternatives |
| **Social loafing** | Decrease in individual effort as group size increases. |
| **Team** | Small group with complementary skills who hold themselves mutually accountable for common purpose, goals, and approach |
| **Team viability** | Team members satisfied and willing to contribute |
| **Trust** | Reciprocal faith in others' intentions and behavior |
| **Propensity to trust** | A personality trait involving one's general willingness to trust others |
| **Cohesiveness** | A sense of "wane" helps group stick together. |
| **Socio-emotional cohesiveness** | Sense of togetherness based on emotional satisfaction. |
| **Instrumental cohesiveness** | Sense of togetherness based on mutual dependency needed to get the job done |
| **Quality circles** | Small groups of volunteers who strive to solve quality-related problems. |
| **Virtual team** | Information technology allows group members in different locations to conduct business. |
| **Self-managed teams** | Groups of employees granted administrative oversight for their work. |
| **Cross-functionalism** | Team made up of technical specialists from different areas. |
| **Team building** | Experiential learning aimed at better internal functioning of groups. |
| **Self-management leadership** | Process of leading others to lead themselves. |
| **Communication** | Interpersonal exchange of information and understanding |
| **Perceptual model of communication** | Process in which receivers create their own meaning. |
| **Noise** | Interference with the transmission and understanding of a message |
| **Communication Competence** | Ability to effectively use communication behaviors in a given context |
| **Assertive style** | Expressive and self enhancing, but does not take advantage of others. |
| **Aggressive style** | Expressive and self enhancing, but takes unfair advantage of others. |

| | |
|---|---|
| **Nonassertive style** | Timid and self denying behavior. |
| **Nonverbal Communication** | Messages sent outside of the written or spoken word. |
| **Listening** | Actively decoding and interpreting verbal messages. |
| **Linguistic style** | A person's typical speaking pattern. |
| **Gender-flex** | Temporarily using communication behaviors typical of the other gender. |
| **Formal Communication Channels** | Follow the chain or command or organizational structure |
| **Informal Communication Channels** | Do not follow the chain of command or organizational structure |
| **Liaison individuals** | Those who consistently pass along grapevine information to others |
| **Organizational moles** | Those who use the grapevine to enhance their power and status |
| **Information richness** | Information-carrying capacity of data |
| **Purposeful Communication Distortion** | Purposely modifying the content of a message |
| **Internet** | A global network of computer networks |
| **Intranet** | An organization's private Internet. |
| **Extranet** | Connects internal employees with selected customers, suppliers, and strategic partners |
| **Electronic Mail** | Uses the Internet/intranet to send computer-generated text and documents. |
| **Group Support Systems** | Using computer software and hardware to help people work better together. |
| **Telecommuting** | Doing work that is generally performed in the office away from the office using different information technologies |
| **Leadership** | Process whereby an individual influences others to achieve a common goal. |
| **Leader trait** | Personal characteristics that differentiate leaders from followers |
| **Consideration** | Creating mutual respect and trust with followers. |
| **Initiating structure** | Organizing and defining what group members should be doing. |
| **Situational theories** | Propose that leader styles should match the situation at hand. |

| | |
|---|---|
| **Leader-member Relations** | Extent that leader has the support, loyalty, and trust of work group. |
| **Task structure** | Amount of structure contained within work tasks. |
| **Position power** | Degree to which leader has formal power |
| **Contingency factors** | Variables that influence the appropriateness of a leadership style. |
| **Transactional Leadership** | Focuses on clarifying employees' roles and providing rewards contingent on performance |
| **Transformational Leadership** | Transforms employees to pursue organizational goals over self-interests. |
| **Shared leadership** | Simultaneous, ongoing, mutual influence process in which people share responsibility for leading |
| **Social power** | Ability to get things done with human, informational, and material resources |
| **Socialized power** | Directed at helping others |
| **Personalized power** | Directed at helping oneself |
| **Reward power** | Obtaining compliance with promised or actual rewards |
| **Coercive power** | Obtaining compliance through threatened or actual punishment |
| **Legitimate power** | Obtaining compliance through formal authority |
| **Expert power** | Obtaining compliance through one's knowledge or information |
| **Referent power** | Obtaining compliance through charisma or personal attraction |
| **Empowerment** | Sharing varying degrees of power with lower-level employees to tap their full potential |
| **Participative Management** | Involving employees in various forms of decision making |
| **Delegation** | Granting decision making authority to people at lower levels |
| **Personal initiative** | Going beyond formal job requirements and being an active self-starter |
| **Organizational Politics** | Intentional enhancement of self-interest |
| **Coalition** | Temporary groupings of people who actively pursue a single issue |
| **Impression Management** | Getting others to see us in a certain manner |
| **Conflict** | One party perceives its interests are being opposed or set back by another party |
| **Functional conflict** | Serves organization's interests |

| | |
|---|---|
| **Dysfunctional Conflict** | Threatens organization's interests |
| **Personality conflict** | Interpersonal opposition driven by personal dislike or disagreement |
| **Programmed conflict** | Encourages different opinions without protecting management's personal feelings |
| **Devil's advocacy** | Assigning someone the role of critic |
| **Dialectic method** | Fostering a debate of opposing viewpoints to better understand an issue |
| **Conflict triangle** | Conflicting parties involve a third person rather than dealing directly with each other |
| **Negotiation** | Give-and-take process between conflicting interdependent parties |
| **Organization** | System of consciously coordinated activities of two or more people |
| **Organizational Behavior** | Interdisciplinary field dedicated to better understanding and managing people at work |
| **Theory Y** | McGregor's modern and positive assumptions about employees being responsible and creative |
| **Total quality Management** | An organizational culture dedicated to training, continuous improvement, and customer satisfaction |
| **E-business** | Running the entire business via the Internet |
| **Human capital** | The productive potential of one's knowledge and actions |
| **Social capital** | The productive potential of strong, trusting, and cooperative relationships |
| **Management** | Process of working with and through others to achieve organizational objectives efficiently and ethically |
| **Contingency Approach** | Using management tools and techniques in a situational appropriate manner; avoiding the one best-way mentality |
| **Value system** | The organization of one's beliefs about preferred ways of behaving and desired end-states |
| **Terminal values** | Personally preferred end-states of existence |
| **Instrumental values** | Personally preferred ways of behaving |
| **Value congruence or Person-culture fit** | The similarity between personal values and organizational values |
| **Attitude** | Learned predisposition toward a given object |
| **Affective component** | The feelings or emotions one has about an object or situation |

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| **Cognitive component** | The beliefs or ideas one has about an object or situation |
| **Behavioral Component** | How one intends to act or behave toward someone or something |
| **Cognitive Dissonance** | Psychological discomfort experienced when attitudes and behavior are inconsistent |
| **Organizational Commitment** | Extent to which an individual identifies with an organization and its goals |
| **Psychological Contract** | An individual's perception about the terms and conditions of a reciprocal exchange with another party |
| **Job involvement** | Extent to which an individual is immersed in his or her present job |
| **Job satisfaction** | An affective or emotional response to one's job |
| **Met expectations** | The extent to which one receives what he or she expects from a job |
| **Value attainment** | The extent to which a job allows fulfillment of one's work values |
| **Organizational Citizenship Behaviors** | Employee behaviors that exceed work role requirements |
| **Withdrawal Cognitions** | Overall thoughts and feelings about quitting a job |
| **Self-Concept** | Person's self-perception as a physical, social, spiritual being |
| **Cognitions** | A person's knowledge, opinions, or beliefs |
| **Self-esteem** | One's overall self-evaluation |
| **Self-efficacy** | Belief in one's ability to do a task |
| **Learned helplessness** | Debilitating lack of faith in one's ability to control the situation |
| **Self-monitoring** | Observing one's own behavior and adapting it to the situation |
| **Organizational Identification** | Organizational values or beliefs become part of one's self-identity |
| **Personality** | Stable physical and mental characteristics responsible for a person's identity |
| **Proactive personality** | Action-oriented person who shows initiative and perseveres to change things |
| **Internal Locus of Control** | Attributing outcomes to one's own actions |
| **External Locus of Control** | Attributing outcomes to circumstances beyond one's control |
| **Humility** | Considering the contributions of others and good fortune when gauging one's success |

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| **Ability** | Stable characteristic responsible for a person's maximum physical or mental performance |
| **Skill** | Specific capacity to manipulate objects |
| **Intelligence** | Capacity for constructive thinking, reasoning, problem solving |
| **Emotions** | Complex human reactions to personal achievements and setbacks that may be felt and displayed |
| **Emotional Intelligence** | Ability to manage oneself and interact with others in mature and constructive ways |
| **Perception** | Process of interpreting one's environment |
| **Attention** | Being consciously aware of something or someone |
| **Cognitive categories** | Mental depositories for storing information |
| **Schema** | Mental picture of an event or object |
| **Stereotype** | Beliefs about the characteristics of a group |
| **Sex-role stereotype** | Beliefs about appropriate roles for men and women |
| **Self-fulfilling Prophecy** | Someone's high expectations for another person result in high performance |
| **Galatea effect** | An individual's high self-expectations lead to high performance |
| **Golem effect** | Loss in performance due to low leader expectations |
| **Causal attributions** | Suspected or inferred causes of behavior |
| **Internal factors** | Personal characteristics that cause behavior |
| **External factors** | Environmental characteristics that cause behavior |
| **Fundamental Attribution bias** | Ignoring environmental factors that affect behavior |
| **Self-serving bias** | Taking more personal responsibility for success than failure |
| **Organization** | System of consciously coordinated activities of two or more people |
| **Unity of Command Principle** | Each employee should report to a single manager |
| **Organization Chart** | Boxes-and-lines illustration showing chain of formal authority and division of labor |
| **Span of Control** | The number of people reporting directly to a given manager |
| **Staff Personnel** | Provide research, advice, and recommendations to line managers |

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| **Line Managers** | Have authority to make organizational decisions |
| **Closed System** | A relatively self-sufficient entity |
| **Open System** | Organism that must constantly interact with its environment to survive |
| **Learning Organization** | Proactively creates, acquires, and transfers knowledge throughout the organization |
| **Strategic Constituency** | Any group of people with a stake in the organization's operation or success |
| **Stakeholder Audit** | Systemic identification of all parties likely to be affected by the organization |
| **Organizational Decline** | Decrease in organization's resource base (money, customers, talent, innovations) |
| **Contingency Approach to Organization Design** | Creating an effective organization- environment fit |
| **Differentiation** | Division of labor and specialization that cause people to think and act differently |
| **Integration** | Cooperation among specialists to achieve a common goal |
| **Mechanistic Organizations** | Rigid, command-and-control bureaucracies |
| **Organic Organizations** | Fluid and flexible networks of multitalented people |
| **Centralized Decision Making** | Top managers makes all key decisions |
| **Decentralized Decision Making** | Lower-level managers are empowered to make important decisions |
| **Organizational Culture** | Shared values and beliefs that underlie a company's identity |
| **Values** | Enduring belief in a mode of conduct or end-state |
| **Espoused Values** | The stated values and norms that are preferred by an organization |
| **Enacted Values** | The values and norms that are exhibited by employees |
| **Normative Beliefs** | Thoughts and beliefs about expected behavior and modes of conduct |
| **Strength Perspective** | Assumes that the strength of corporate culture is related to a firm's financial performance. |
| **Fit Perspective** | Assumes that culture must align with its business or strategic context |

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| **Adaptive Perspective** | Assumes that adaptive cultures enhance a firm's financial performance |
| **Vision** | Long-term goal describing "what" an organization wants to become |
| **Organizational Socialization** | Process by which employees learn an organization's values, norms, and required behaviors |
| **Anticipatory Socialization** | Occurs before an individual joins an organization, and involves the information people learn about different careers, occupations, professions, and organizations |
| **Realistic Job Preview** | Presents both positive and negative aspects of a job |
| **Encounter phase** | Employees learn what the organization is really like and reconcile unmet expectations. |
| **On-boarding** | Programs aimed at helping employees integrate, assimilate, and transition to new jobs |
| **Change & Acquisition** | Requires employees to master tasks and roles and to adjust to work group values and norms |
| **Mentoring** | Process of forming and maintaining developmental relationships between a mentor and a junior person |
| **External Forces for Change** | Originate outside the organization |
| **Internal Forces for Change** | Originate inside the organization |
| **Benchmarking** | Process by which a company compares its performance with that of high-performing organizations. |
| **Mission Statement** | Summarizes "why" an organization exists |
| **Strategic Plan** | A long-term plan outlining actions needed to achieve desired results |
| **Target Elements of Change** | Components of an organization that may be changed |
| **Organization Development** | A set of techniques or tools used to implement planned organizational change |
| **Resistance to Change** | Emotional/behavioral response to real or imagined work changes |
| **Commitment to Change** | A mind-set of doing whatever it takes to effectively implement change. |
| **Resilience to Change** | Composite personal characteristic reflecting high self-esteem, optimism, and an internal locus of control |
| **Fight-or-Flight Response** | To either confront stressors or try to avoid them |

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| **Stress** | Behavioral, physical, or psychological response to stressors. |
| **Stressors** | Environmental factors that produce stress |
| **Primary Appraisal** | Determining whether a stressor is irrelevant, positive, or stressful |
| **Secondary Appraisal** | Assessing what might and can be done to reduce stress |
| **Control Strategy** | Control strategy that directly confronts or solves problems |
| **Escape Strategy** | Control strategy that avoids or ignores stressors and problems |
| **Symptom Management Strategy** | Control strategy that focuses on reducing the symptoms of stress |
| **Social Support** | Amount of helpfulness derived from social relationships |
| **Hardiness** | Personality characteristic that neutralizes stress |
| **Type A Behavior Pattern** | Aggressively involved in a chronic, determined struggle to accomplish more in less time |
| **Employee Assistance Programs** | Help employees to resolve personal problems that affect their productivity |
| **Holistic Wellness Approach** | Advocates personal responsibility for healthy living |

**----------THE END----------**