

# CHAPTER 1

## What Is Organizational Behavior?

(click on title when connected to the Internet for online video teaching notes)

### LEARNING OBJECTIVES

After studying this chapter, students should be able to (ppt1-1):

1. Demonstrate the importance of interpersonal skills in the workplace.
2. Describe the manager's functions[, roles, and skills.
3. Define *organizational behavior (OB)*.
4. Show the value to OB of systematic study.
5. Identify the major behavioral science disciplines that contribute to OB.
6. Demonstrate why there are few absolutes in OB.
7. Identify the challenges and opportunities managers have in applying OB concepts.
8. Compare the three levels of analysis in this book's OB model.

### INSTRUCTOR RESOURCES

Instructors may wish to use the following resources when presenting this chapter:

#### **Text Exercises**

Myth Or Science? "Preconceived Notions Versus Substantive Evidence"  
An Ethical Choice: Statistics Can Lie  
International OB: Transfer Pricing and International Corporate Deviance  
Point/CounterPoint: In Search of the Quick Fix  
Questions for Review  
Experiential Exercise: Workforce Diversity  
Ethical Dilemma: Lying in Business

#### **Text Cases**

Case Incident 1: 'Data Will Set You Free'  
Case Incident 2: The Global Recession and Workplace Malfeasance

#### **INSTRUCTOR'S CHOICE - Companies Dealing with OB Issues**

This section presents an exercise that is NOT found in the student's textbook. *Instructor's Choice* reinforces the text's emphasis through various activities. Some *Instructor's Choice* activities are centered on debates, group exercises, Internet research, and student experiences. Some can be used in class in their entirety, while others require some additional work on the student's part. The course instructor may choose to use these at anytime throughout the

class—some may be more effective as icebreakers, while some may be used to pull together various concepts covered in the chapter.



## WEB EXERCISES

At the end of each chapter of this Instructor's Manual, you will find suggested exercises and ideas for researching the WWW on OB topics. The exercises "Exploring OB Topics on the Web" are set up so that you can simply photocopy the pages, distribute them to your class, and make assignments accordingly. You may want to assign the exercises as an out-of-class activity or as lab activities with your class.

### SUMMARY AND IMPLICATIONS FOR MANAGERS

Managers need to develop their interpersonal, or people, skills to be effective in their jobs. Organizational behavior (OB) investigates the impact that individuals, groups, and structure have on behavior within an organization, and it applies that knowledge to make organizations work more effectively. Specifically, OB focuses on how to improve productivity; reduce absenteeism, turnover, and deviant workplace behavior; and increase organizational citizenship behavior and job satisfaction.

Some generalizations provide valid insights into human behavior, but many are erroneous. Organizational behavior uses systematic study to improve predictions of behavior over intuition alone. But because people are different, we need to look at OB in a contingency framework, using situational variables to explain cause-and-effect relationships.

Organizational behavior offers specific insights to improve a manager's people skills. It helps managers to see the value of workforce diversity and practices that may need to be changed in different countries. It can improve quality and employee productivity by showing managers how to empower their people, design and implement change programs, improve customer service, and help employees balance work-life conflicts. It provides suggestions for helping managers meet chronic labor shortages. It can help managers cope in a world of temporariness and learn how to stimulate innovation. Finally, OB can guide managers in creating an ethically healthy work climate.

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*This chapter begins with a vignette entitled, "The Psychic Is In." It describes the current situation where people are seeking answers to questions during this turbulent environment. Online and telephone psychics, such as Tori Hartman, have seen tremendous increases in the number of people accessing their advice. Rhonda Byrne and James Arthr Ray, self-help consultants, are also seeing demand for their skills increase. It seems that during tough economic times, people want to cover all bases to help them make decisions about the future.*

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## BRIEF CHAPTER OUTLINE

- I. The Importance of Interpersonal Skills (ppt1-2)
  - A. Understanding OB helps determine manager effectiveness.
  - B. Technical and quantitative skills are important early in careers.
  - C. Leadership and communication skills are critical as person progresses in career.
  - D. Lower turnover of quality employees
  - E. Higher quality applications for recruitment
  - F. Better financial performance
- II. What Managers Do (ppt1-3)
  - A. Definitions
    1. Manager: Someone who gets things done through other people. They make decisions, allocate resources, and direct the activities of others to attain goals.
    2. Organization: A consciously coordinated social unit composed of two or more people that functions on a relatively continuous basis to achieve a common goal or set of goals.
  - B. Management Functions (ppt1-4)
    1. French industrialist Henri Fayol wrote that all managers perform five management functions: plan, organize, command, coordinate, and control. Modern management scholars have condensed these functions to four: planning, organizing, leading, and controlling.
  - C. Management Roles (ppt1-5)
    1. Introduction
      - a. In the late 1960s, Henry Mintzberg studied five executives to determine what managers did on their jobs. He concluded that managers perform ten different, highly interrelated roles or sets of behaviors attributable to their jobs.
    2. The ten roles can be grouped as being primarily concerned with interpersonal relationships, the transfer of information, and decision making. (Exhibit 1-1)
      - a. Interpersonal Roles: Figurehead, Leader, Liaison (ppt1-6)
      - b. Informational Roles: Monitor, Disseminator—a conduit to transmit information to organizational members, represent the organization to outsiders (ppt 1-7)
      - c. Decisional Roles: Entrepreneur, Disturbance handlers, Resource allocator, Negotiator role (ppt1-8)
  - D. Management Skills (ppt1-9)
    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—Ability to work with, understand, and motivate other people, both individually and in groups, describes human skills.
    3. Conceptual Skills—The mental ability to analyze and diagnose complex situations
  - E. Effective Versus Successful Managerial Activities (ppt1-11)
    1. Luthans and his associates studied more than 450 managers. They found that all managers engage in four managerial activities. (ppt1-10)
      - a. Traditional management
      - b. Communication
      - c. Human resource management
      - d. Networking
      - e. Successful managers are defined as those who were promoted the fastest. (Exhibit 1-2)
  - F. A Review of the Manager's Job
    1. One common thread runs through the functions, roles, skills, and activities approaches to management: managers need to develop their people skills if they are going to be effective and successful.

- III. Enter Organizational Behavior (ppt1-12)
  - A. Introduction
    - 1. Organizational Behavior: OB 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.
    - 2. OB studies three determinants of behavior in organizations: individuals, groups, and structure.
- IV. Complementing Intuition with Systematic Study (ppt1-13)
  - A. Introduction
    - 1. Each of us is a student of behavior.
  - B. The systematic approach used in this book will uncover important facts and relationships and will provide a base from which more accurate predictions of behavior can be made.
    - 1. Systematic Study of Behavior
      - a. Behavior generally is predictable if we know how the person perceived the situation and what is important to him or her.
  - C. Evidence-Based Management (EBM) (ppt1-14)
    - 1. Complements systematic study
    - 2. Argues for managers to make decisions on evidence
  - D. Intuition
    - 1. Systematic study and EBM add to intuition, or those "gut feelings" about "why I do what I do" and "what makes others tick."
    - 2. If we make *all* decisions with intuition or gut instinct, we're likely working with incomplete information.
  - E. Use a combination (ppt1-15)
- V. Disciplines that Contribute to the OB Field (ppt1-16)
  - A. Introduction
    - 1. Organizational behavior is an applied behavioral science that is built upon contributions from a number of behavioral disciplines.
    - 2. The predominant areas are psychology, sociology, social psychology, anthropology, and political science.
    - 3. Exhibit 1-3 overviews the major contributions to the study of organizational behavior.
  - B. Psychology (ppt1-17)
    - 1. Psychology is the science that seeks to measure, explain, and sometimes change the behavior of humans and other animals.
  - C. Social Psychology (ppt1-18)
    - 1. Social psychology blends the concepts of psychology and sociology.
  - D. Sociology (ppt1-19)
    - 1. Sociologists study the social system in which individuals fill their roles; that is, sociology studies people in relation to their fellow human beings.
  - E. Anthropology (ppt1-20)
    - 1. Anthropology is the study of societies to learn about human beings and their activities.
- VI. There Are Few Absolutes in OB (ppt1-21)
  - A. Introduction
    - 1. There are few, if any, simple and universal principles that explain organizational behavior.
    - 2. Contingency variables—situational factors are variables that moderate the relationship between the independent and dependent variables.

## VII. Challenges and Opportunities for OB (ppt1-22)

- A. Introduction
  - 1. There are many challenges and opportunities today for managers to use OB concepts.
- B. Responding to Economic Pressure (ppt1-23)
  - 1. In economic tough times, effective management is an asset.
  - 2. In good times, understanding how to reward, satisfy, and retain employees is at a premium. In bad times, issues like stress, decision making, and coping come to the fore.
- C. Responding to Globalization (ppt1-24)
  - 1. Increased Foreign Assignments
  - 2. Working with People from Different Cultures
- D. Overseeing Movement of Jobs to Countries with Low-Cost Labor
- E. Managing Workforce Diversity (ppt1-25)
  - 1. Workforce diversity acknowledges a workforce of women and men; many racial and ethnic groups; individuals with a variety of physical or psychological abilities; and people who differ in age and sexual orientation.
- F. Improving Customer Service
  - 1. Today the majority of employees in developed countries work in service jobs.
  - 2. Employee attitudes and behavior are associated with customer satisfaction.
- G. Improving People Skills
  - 1. People skills are essential to managerial effectiveness.
- H. Stimulating Innovation and Change
  - 1. Successful organizations must foster innovation and master the art of change.
  - 2. Managers must stimulate employees' creativity and tolerance for change.
- I. Coping with "Temporariness"
  - 1. OB provides help in understanding a work world of continual change, how to overcome resistance to change, and how to create an organizational culture that thrives on change.
- J. Working in Networked Organizations
  - 1. Networked organizations are becoming more pronounced.
  - 2. Manager's job is fundamentally different in networked organizations. Challenges of motivating and leading "online" require different techniques.
- K. Helping Employees Balance Work-Life Conflicts
  - 1. The creation of the global workforce means work no longer sleeps. Workers are on-call 24-hours a day or working nontraditional shifts.
  - 2. Balancing work and life demands now surpasses job security as an employee priority.
- L. Creating a Positive Work Environment
  - 1. Organizations like General Electric have realized creating a positive work environment can be a competitive advantage.
- M. Improving Ethical Behavior
  - 1. Ethical dilemmas are situations in which an individual is required to define right and wrong conduct.

## VIII. Coming Attractions: Developing an OB Model

- A. An Overview (ppt1-26)
  - 1. There are three levels of analysis in OB: individual, group, and organizational systems level. (ppt1-27)
  - 2. Group concepts grow out of the foundation laid in the individual section; we overlay structural constraints on the individual and group in order to arrive at organizational behavior.
- B. The Dependent Variables (ppt1-28)

1. Primary dependent variables in OB: productivity, absenteeism, turnover, job satisfaction, deviant workplace behavior, and organizational citizenship behavior.
  2. Productivity
    - a. It is achieving goals by transferring inputs to outputs at the lowest cost. This must be done both effectively and efficiently.
    - b. Popular measures of efficiency include: ROI, profit per dollar of sales, and output per hour of labor.
    - c. Productivity is a major concern of OB: We want to know what factors influence the effectiveness and efficiency of individuals, groups, and the company.
  3. Absenteeism
    - a. Absenteeism is the failure to report to work.
  4. Turnover
    - a. Turnover is the voluntary and involuntary permanent withdrawal from an organization.
  5. Deviant Workplace Behavior
    - a. Deviance can range from someone playing his music too loud to violence.
  6. Organizational Citizenship Behavior (ppt1-29)
    - a. Organizational citizenship behavior (OCB) is discretionary behavior that is not part of an employee's formal job requirements, but that nevertheless promotes the effective functioning of the organization.
  7. Job Satisfaction (ppt1-29)
    - a. Job satisfaction is "the difference between the amount of rewards workers receive and the amount they believe they should receive."
- C. The Independent Variables (ppt1-30)
1. Introduction
    - a. Organizational behavior is best understood when viewed essentially as a set of increasingly complex building blocks: Individual, group, and organizational system.
    - b. The base, or first level, of our model lies in understanding individual behavior.
  2. Individual-Level Variables
    - a. The more obvious of these are personal or biographical characteristics such as age, gender, and marital status; personality characteristics; an inherent emotional framework; values and attitudes; and basic ability levels.
    - b. Four other individual-level variables are: perception, individual decision making, learning, and motivation.
  3. Group-Level Variables
    - a. The behavior of people in groups is more than the sum total of all the individuals acting in their own way.
    - b. People in groups are influenced by:
      - i. Acceptable standards of behavior by the group
      - ii. Degree of attractiveness to each other
      - iii. Communication patterns
      - iv. Leadership and power
      - v. Levels of conflict
    - c. Organization Systems Level Variables
    - d. The top level of our model lies in understanding organizations system level variables.
- D. Toward a Contingency OB Model (Exhibit 1-7) (ppt1-31)
1. The model does not explicitly identify the vast number of contingency variables because of the tremendous complexity that would be involved in such a diagram.
  2. The concepts of change and stress are included in Exhibit 1-7, acknowledging the dynamics of behavior and the fact that work stress is an individual, group, and organizational issue.

## IX. Global Implications

- A. In every chapter that follows, a section titled “Global Implications” discusses how some of the things we know about OB are affected by cultural differences within and between countries.
  
- X. Summary and Implications for Managers (ppt1-32)
  - A. Managers need to develop their interpersonal skills.
  - B. OB is a field that investigates the impact of individuals, groups, and structure on an organization.
  - C. OB focuses on improving productivity, reducing absenteeism and turnover, and increasing employee citizenship and job satisfaction.

## EXPANDED CHAPTER OUTLINE

- I. The Importance of Interpersonal Skills
  - A. Understanding OB helps determine manager effectiveness.
  - B. Technical and quantitative skills are important early in careers.
  - C. Leadership and communication skills are critical as person progresses in career.
  - D. Lower turnover of quality employees
  - E. Higher quality applications for recruitment
  - F. Better financial performance
  - G. Companies with reputations as a good place to work—such as Starbucks, Adobe Systems, Cisco, Whole Foods, Google, American Express, Amgen, Pfizer, and Marriott—have a big advantage when attracting high performing employees.
  - H. A recent national study of the U.S. workforce found that:
    1. Wages and fringe benefits are not the reason people like their jobs or stay with an employer.
    2. More important to workers is the job quality and the supportiveness of the work environments.
    3. Managers' good interpersonal skills are likely to make the workplace more pleasant, which in turn makes it easier to hire and retain high performing employees. In fact, creating a more pleasant work environment makes good economic sense.
- II. What Managers Do
  - A. Definitions
    1. Manager: Someone who gets things done through other people. They make decisions, allocate resources, and direct the activities of others to attain goals.
    2. Organization: A consciously coordinated social unit composed of two or more people that functions on a relatively continuous basis to achieve a common goal or set of goals.
  - B. Management Functions
    1. French industrialist Henri Fayol wrote that all managers perform five management functions: plan, organize, command, coordinate, and control. Modern management scholars have condensed these functions to four: planning, organizing, leading, and controlling.
    2. Planning requires a manager to:
      - a. Define goals (organizational, departmental, and worker levels).
      - b. Establish an overall strategy for achieving those goals.
      - c. Develop a comprehensive hierarchy of plans to integrate and coordinate activities.
    3. Organizing requires a manager to determine:
      - a. what tasks are to be done
      - b. who is to be assigned the tasks
      - c. how the tasks are to be grouped
      - d. who reports to whom
      - e. where decisions are to be made (centralized/ decentralized)
    4. Leading requires a manager to:
      - a. Motivate employee.
      - b. Direct the activities of others.
      - c. Select the most effective communication channels.
      - d. Resolve conflicts among members.
    5. Controlling requires a manager to:
      - a. Monitor the organization's performance.
      - b. Compare actual performance with the previously set goals.
      - c. Correct significant deviations.
  - C. Management Roles
    1. Introduction



- a. In the late 1960s, Henry Mintzberg studied five executives to determine what managers did on their jobs. He concluded that managers perform ten different, highly interrelated roles or sets of behaviors attributable to their jobs.
  - b. The ten roles can be grouped as being primarily concerned with interpersonal relationships, the transfer of information, and decision making. (Exhibit 1-1)
2. Interpersonal Roles
    - a. Figurehead—duties that are ceremonial and symbolic in nature
    - b. Leader—hire, train, motivate, and discipline employees
    - c. Liaison—contact outsiders who provide the manager with information. These may be individuals or groups inside or outside the organization.
  3. Informational Roles
    - a. Monitor—collect information from organizations and institutions outside their own
    - b. Disseminator—a conduit to transmit information to organizational members
    - c. Spokesperson—represent the organization to outsiders
  4. Decisional Roles
    - a. Entrepreneur—managers initiate and oversee new projects that will improve their organization's performance
    - b. Disturbance handlers—take corrective action in response to unforeseen problems
    - c. Resource allocators—responsible for allocating human, physical, and monetary resources
    - d. Negotiator role—discuss issues and bargain with other units to gain advantages for their own unit
- D. Management Skills
1. Introduction
    - a. Robert Katz has identified three essential management skills: technical, human, and conceptual.
  2. Technical Skills
    - a. The ability to apply specialized knowledge or expertise. All jobs require some specialized expertise, and many people develop their technical skills on the job.
  3. Human Skills
    - a. Ability to work with, understand, and motivate other people, both individually and in groups, describes human skills.
    - b. Many people are technically proficient but interpersonally incompetent.
  4. Conceptual Skills
    - a. The mental ability to analyze and diagnose complex situations
    - b. Decision making, for example, requires managers to spot problems, identify alternatives that can correct them, evaluate those alternatives, and select the best one.
- E. Effective Versus Successful Managerial Activities
1. Fred Luthans and his associates asked: Do managers who move up most quickly in an organization do the same activities and with the same emphasis as managers who do the best job? Surprisingly, those managers who were the most effective were not necessarily promoted the fastest.
  2. Luthans and his associates studied more than 450 managers. They found that all managers engage in four managerial activities.
    - a. Traditional management. Decision making, planning, and controlling. The average manager spent 32 percent of his or her time performing this activity.
    - b. Communication. Exchanging routine information and processing paperwork. The average manager spent 29 percent of his or her time performing this activity.
    - c. Human resource management. Motivating, disciplining, managing conflict, staffing, and training. The average manager spent 20 percent of his or her time performing this activity.

- d. Networking. Socializing, politicking, and interacting with outsiders. The average manager spent 19 percent of his or her time performing this activity.
3. Successful managers are defined as those who were promoted the fastest: (Exhibit 1-2)
  - a. Networking made the largest relative contribution to success.
  - b. Human resource management activities made the least relative contribution.
  - c. Effective managers—defined as quality and quantity of performance, as well as commitment to employees.
  - d. Communication made the largest relative contribution.
  - e. Networking made the least relative contribution.
  - f. Successful managers do not give the same emphasis to each of those activities as do effective managers—it is almost the opposite of effective managers.
  - g. This finding challenges the historical assumption that promotions are based on performance, vividly illustrating the importance that social and political skills play in getting ahead in organizations.
- F. A Review of the Manager's Job
  1. One common thread runs through the functions, roles, skills, and activities approaches to management: managers need to develop their people skills if they are going to be effective and successful.

### III. Enter Organizational Behavior

#### A. Introduction

1. Organizational Behavior: OB 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.

#### B. Organizational behavior is a field of study.

1. OB studies three determinants of behavior in organizations: individuals, groups, and structure.
2. OB applies the knowledge gained about individuals, groups, and the effect of structure on behavior in order to make organizations work more effectively.
3. OB is concerned with the study of what people do in an organization and how that behavior affects the performance of the organization.
4. 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.

### IV. Complementing Intuition with Systematic Study

#### A. Introduction

1. Each of us is a student of behavior.
2. A casual or common sense approach to reading others can often lead to erroneous predictions.

#### B. You can improve your predictive ability by replacing your intuitive opinions with a more systematic approach.

#### C. The systematic approach used in this book will uncover important facts and relationships and will provide a base from which more accurate predictions of behavior can be made.

#### D. Systematic Study of Behavior

1. Behavior generally is predictable if we know how the person perceived the situation and what is important to him or her.
2. Looks at relationships
3. Attempts to attribute causes
4. Bases our conclusions on scientific evidence

- E. Evidence-Based Management (EBM)
  - 1. Complements systematic study
  - 2. Argues for managers to make decisions on evidence.
  - 3. But a vast majority of management decisions are made “on the fly.”
- F. Intuition
  - 1. Systematic study and EBM add to intuition, or those “gut feelings” about “why I do what I do” and “what makes others tick.”
  - 2. If we make all decisions with intuition or gut instinct, we’re likely working with incomplete information.
  - 3. Relying on intuition is made worse because we tend to overestimate the accuracy of what we think we know.
  - 4. We find a similar problem in chasing the business and popular media for management wisdom.
  - 5. We’re not advising that you throw your intuition, or all the business press, out the window.
  - 6. What we are advising is to use evidence as much as possible to inform your intuition and experience.
- V. Disciplines That Contribute to the OB Field
  - A. Introduction
    - 1. Organizational behavior is an applied behavioral science that is built upon contributions from a number of behavioral disciplines.
    - 2. The predominant areas are psychology, sociology, social psychology, anthropology, and political science.
    - 3. Exhibit 1-3 overviews the major contributions to the study of organizational behavior.
  - B. Psychology
    - 1. Psychology is the science that seeks to measure, explain, and sometimes change the behavior of humans and other animals.
    - 2. Early industrial/organizational psychologists concerned themselves with problems of fatigue, boredom, and other factors relevant to working conditions that could impede efficient work performance.
    - 3. More recently, their contributions have been expanded to include learning, perception, personality, emotions, training, leadership effectiveness, needs and motivational forces, job satisfaction, decision- making processes, performance appraisals, attitude measurement, employee selection techniques, work design, and job stress.
  - C. Social Psychology
    - 1. Social psychology blends the concepts of psychology and sociology.
    - 2. It focuses on the influence of people on one another.
    - 3. Major area—how to implement it and how to reduce barriers to its acceptance.
  - D. Sociology
    - 1. Sociologists study the social system in which individuals fill their roles; that is, sociology studies people in relation to their fellow human beings.
    - 2. Their greatest contribution to OB is through their study of groups in organizations, particularly formal and complex organizations.
  - E. Anthropology
    - 1. Anthropology is the study of societies to learn about human beings and their activities.
    - 2. Anthropologists work on cultures and environments; for instance, they have helped us understand differences in fundamental values, attitudes, and behavior among people in different countries and within different organizations.

## VI. There Are Few Absolutes in OB

### A. Introduction

1. There are few, if any, simple and universal principles that explain organizational behavior.
  2. Human beings are complex. Because they are not alike, our ability to make simple, accurate, and sweeping generalizations is limited.
  3. That does not mean, of course, that we cannot offer reasonably accurate explanations of human behavior or make valid predictions. It does mean, however, that OB concepts must reflect situational, or contingency, conditions.
- B. Contingency variables—situational factors are variables that moderate the relationship between the independent and dependent variables.
- C. Using general concepts and then altering their application to the particular situation developed the science of OB.
- D. Organizational behavior theories mirror the subject matter with which they deal.

## VII. Challenges and Opportunities for OB

### A. Introduction

1. There are many challenges and opportunities today for managers to use OB concepts.

### B. Responding to Economic Pressure

1. Deep and prolonged recession in 2008 that spread worldwide
2. In economic tough times, effective management is an asset.
3. During these times, the difference between good and bad management can be the difference between profit and loss.
4. In good times, understanding how to reward, satisfy, and retain employees is at a premium. In bad times, issues like stress, decision making, and coping come to the fore.

### C. Responding to Globalization

1. Increased Foreign Assignments
  - a. Organizations are no longer constrained by national borders.
  - b. Once there, you'll have to manage a workforce very differently in needs, aspirations, and attitudes from those you are used to back home.
2. Working with People from Different Cultures
  - a. Even in your own country, you'll find yourself working with bosses, peers, and other employees born and raised in different cultures.
  - b. Management practices need to be modified to reflect the values of the different countries in which an organization operates.
3. Overseeing Movement of Jobs to Countries with Low-Cost Labor
  - a. Managers are under pressure to keep costs down to maintain competitiveness.
  - b. Moving jobs to low-labor cost places requires managers to deal with difficulties in balancing the interests of their organization with responsibilities to the communities in which they operate.

### D. Managing Workforce Diversity

1. Workforce diversity is one of the most important and broad-based challenges currently facing organizations.
  - a. While globalization focuses on differences between people from different countries, workforce diversity addresses differences among people within given countries.
  - b. Workforce diversity acknowledges a workforce of women and men; many racial and ethnic groups; individuals with a variety of physical or psychological abilities; and people who differ in age and sexual orientation.
2. Managing this diversity is a global concern.
  - a. The most significant change in the U.S. labor force during the last half of the twentieth century was the rapid increase in the number of female workers.

### E. Improving Customer Service

1. Today the majority of employees in developed countries work in service jobs.
  - a. Eighty percent of the U.S. labor force is in the service industry.

- b. Examples include technical support reps, fast food counter workers, waiters, nurses, financial planners, and flight attendants.
  2. Employee attitudes and behavior are associated with customer satisfaction.
- F. Improving People Skills
  1. People skills are essential to managerial effectiveness.
  2. OB provides the concepts and theories that allow managers to predict employee behavior in given situations.
- G. Stimulating Innovation and Change
  1. Successful organizations must foster innovation and master the art of change.
  2. Employees can be the impetus for innovation and change or a major stumbling block.
  3. Managers must stimulate employees' creativity and tolerance for change.
- H. Coping with "Temporariness"
  1. Organizations must be flexible and fast in order to survive. Evidence of temporariness includes:
    - a. Jobs must be continually redesigned.
    - b. Tasks being done by flexible work teams rather than individuals
    - c. Company reliance on temporary workers
    - d. Workers need to update knowledge and skills.
    - e. Work groups are also in a continuing state of flux.
    - f. Organizations are in a constant state of flux.
  2. Managers and employees must learn to cope with temporariness.
  3. Learning to live with flexibility, spontaneity, and unpredictability
  4. OB provides help in understanding a work world of continual change, how to overcome resistance to change, and how to create an organizational culture that thrives on change.
- I. Working in Networked Organizations
  1. Networked organizations are becoming more pronounced.
  2. Manager's job is fundamentally different in networked organizations. Challenges of motivating and leading "online" require different techniques.
- J. Helping Employees Balance Work-Life Conflicts
  1. The creation of the global workforce means work no longer sleeps. Workers are on-call 24-hours a day or working nontraditional shifts.
  2. Communication technology has provided a vehicle for working at any time or any place.
  3. Employees are working longer hours per week—from 43 to 47 hours per week since 1977.
  4. The lifestyles of families have changed—creating conflict: more dual-career couples and single parents find it hard to fulfill commitments to home, children, spouse, parents, and friends.
  5. Balancing work and life demands now surpasses job security as an employee priority.
- K. Creating a Positive Work Environment
  1. Organizations like General Electric have realized creating a positive work environment can be a competitive advantage.
  2. Positive organizational scholarship or behavior studies what is 'good' about organizations.
  3. This field of study focuses on employees' strengths versus their limitations as employees share situations in which they performed at their personal best.
- L. Improving Ethical Behavior
  1. Ethical dilemmas are situations in which an individual is required to define right and wrong conduct.
  2. Good ethical behavior is not so easily defined.
  3. Organizations are distributing codes of ethics to guide employees through ethical dilemmas.

4. Managers need to create an ethically healthy climate.
- VIII. Coming Attractions: Developing an OB Model
- A. An Overview
    1. A model is an abstraction of reality, a simplified representation of some real-world phenomenon. (Exhibit 1-6 The OB Model)
    2. There are three levels of analysis in OB: individual, group, and organizational systems level.
    3. The three basic levels are analogous to building blocks; each level is constructed upon the previous level.
    4. Group concepts grow out of the foundation laid in the individual section; we overlay structural constraints on the individual and group in order to arrive at organizational behavior.
  - B. The Dependent Variables
    1. Dependent variables are the key factors that you want to explain or predict and that are affected by some other factor.
    2. Primary dependent variables in OB: productivity, absenteeism, turnover, job satisfaction, deviant workplace behavior, and organizational citizenship behavior.
      - a. Productivity
        - i. It is achieving goals by transferring inputs to outputs at the lowest cost. This must be done both effectively and efficiently.
        - ii. An organization is effective when it successfully meets the needs of its clientele or customers.
        - iii. Example: When sales or market share goals are met, productivity also depends on achieving those goals efficiently.
        - iv. An organization is efficient when it can do so at a low cost.
        - v. Popular measures of efficiency include: ROI, profit per dollar of sales, and output per hour of labor.
        - vi. Productivity is a major concern of OB: We want to know what factors influence the effectiveness and efficiency of individuals, groups, and the company.
      - b. Absenteeism
        - i. Absenteeism is the failure to report to work.
        - ii. Estimated annual cost per employee: \$789 in the United States, \$694 in the United Kingdom. Neither includes costs associated with lost productivity, additional costs of overtime, replacements, etc.
        - iii. All absences are not bad. For instance, in jobs in which an employee needs to be alert—consider surgeons and airline pilots, for example—it may well be better for the organization if an ill or fatigued employee does not report to work.
      - c. Turnover
        - i. Turnover is the voluntary and involuntary permanent withdrawal from an organization.
        - ii. A high turnover rate results in increased recruiting, selection, and training costs; costs estimated at about \$34,100 for a programmer and \$10,445 for a lost sales clerk.
        - iii. Average turnover in the United States is 15 percent.
        - iv. All organizations have some turnover and the “right” people leaving—marginal and sub-marginal employees can be positive.
        - v. Turnover often involves the loss of people the organization does not want to lose.
      - d. Deviant Workplace Behavior
        - i. Deviance can range from someone playing his music too loud to violence.
        - ii. This represents voluntary behavior that violates significant organizational norms.

- iii. Workplace violence represents 42 billion dollars a year.
- iv. Ultimately deviant workplace behavior is a function of dissatisfied workers.
- e. Organizational Citizenship Behavior
  - i. Organizational citizenship behavior (OCB) is discretionary behavior that is not part of an employee's formal job requirements, but that nevertheless promotes the effective functioning of the organization.
  - ii. Desired citizenship behaviors include:
    - (a) Helping others on their team
    - (b) Volunteering for extra job activities
    - (c) Avoiding unnecessary conflicts
    - (d) Respecting rules and regulations
    - (e) Tolerating occasional work-related impositions
  - f. Job Satisfaction
    - i. Job satisfaction is "the difference between the amount of rewards workers receive and the amount they believe they should receive."
    - ii. Unlike the previous variables, job satisfaction represents an attitude rather than a behavior.
    - iii. It became a primary dependent variable for two reasons:
      - (a) Demonstrated relationship to performance factors
      - (b) The value preferences held by many OB researchers
    - iv. Managers have believed for years that satisfied employees are more productive; however, much evidence questions that assumed causal relationship.
    - v. It can be argued that advanced societies should be concerned, not just with the quantity of life, but also with the quality of life.
    - vi. Ethically, organizations have a responsibility to provide employees with jobs that are challenging and intrinsically rewarding.
- C. The Independent Variables
  - 1. Introduction
    - a. Organizational behavior is best understood when viewed essentially as a set of increasingly complex building blocks: individual, group, and organizational system.
    - b. The base, or first level, of our model lies in understanding individual behavior.
  - 2. Individual-Level Variables
    - a. People enter organizations with certain characteristics that will influence their behavior at work.
    - b. The more obvious of these are personal or biographical characteristics such as age, gender, and marital status; personality characteristics; an inherent emotional framework; values and attitudes; and basic ability levels.
    - c. There is little management can do to alter them; yet they have a very real impact on employee behavior.
    - d. Four other individual-level variables are: perception, individual decision making, learning, and motivation.
  - 3. Group-Level Variables
    - a. The behavior of people in groups is more than the sum total of all the individuals acting in their own way.
    - b. People behave differently in groups than they do when alone.
    - c. People in groups are influenced by:
      - i. Acceptable standards of behavior by the group
      - ii. Degree of attractiveness to each other
      - iii. Communication patterns
      - iv. Leadership and power
      - v. Levels of conflict
  - 4. Organization Systems Level Variables

- a. The top level of our model lies in understanding organizations system level variables.
  - b. Organizational behavior reaches its highest level of sophistication when we add formal structure.
  - c. The design of the formal organization; the organization's internal culture; and the organization's human resource policies and practices (that is, selection processes, training and development programs, performance evaluation methods) all have an impact on the dependent variables.
- D. Toward a Contingency OB Model (Exhibit 1-7)
1. The model does not explicitly identify the vast number of contingency variables because of the tremendous complexity that would be involved in such a diagram.
  2. We will introduce important contingency variables that will improve the explanatory linkage between the independent and dependent variables in our OB model.
  3. The concepts of change and stress are included in Exhibit 1-7, acknowledging the dynamics of behavior and the fact that work stress is an individual, group, and organizational issue.
- IX. Global Implications
- A. In every chapter that follows, a section titled "Global Implications" discusses how some of the things we know about OB are affected by cultural differences within and between countries.
  - B. Most OB research has been conducted in Western cultures (especially the United States).
  - C. You'll find that some OB principles don't vary much across cultures, and others vary a great deal.
- X. Summary and Implications for Managers
- A. Managers need to develop their interpersonal skills.
  - B. OB is a field that investigates the impact of individuals, groups, and structure on an organization.
  - C. OB focuses on improving productivity, reducing absenteeism and turnover, and increasing employee citizenship and job satisfaction.