

# **Organizational Behaviour Full Course Notes Package Winter 2007**



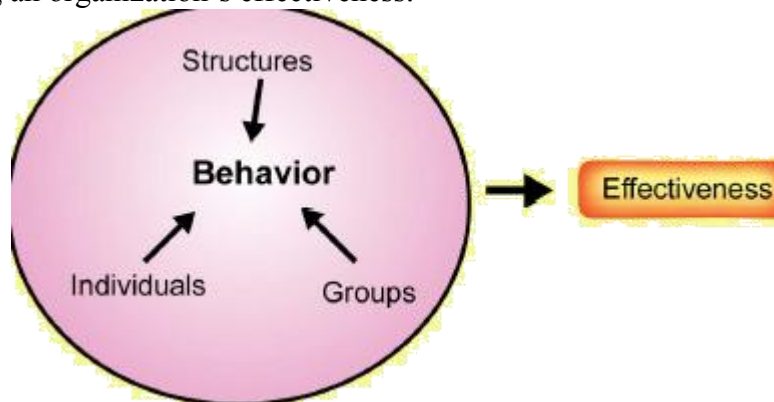
# **Chapter 1**

## **What is Organizational Behaviour?**

## OB Session 1 Notes

### What is Organizational Behaviour?

- Behaviour of individuals within organizations
- A field of study that investigates the impact that individuals, groups and structure have on behaviour within organizations, for the purpose of applying such knowledge toward improving an organization's effectiveness.



### Why Do You Study OB?

- 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 and to collaborate effectively with colleagues
- Some of you may want to be managers or entrepreneurs

### Making Sense of Behaviour

- Many common beliefs about people and organizations are incorrect -> OB helps to gain a more accurate understanding
- Knowledge of OB helps to make sense of other's (and own) behaviour
- Knowledge of OB helps to make things more predictable
- *OB can help you to make sense!*

### Common Beliefs

- "Highly cohesive groups are also highly productive." F A L S E
- "Women are more intuitive than men." F A L S E
- "After you learn something, you forget more of it in the next few hours than in the next several days." T R U E
- "In small doses, alcohol facilitates learning." F A L S E

### Challenges of the Canadian Workplace

- Productivity
- Managing / Planning / Coordinating
- Developing Effective Employees
  - Absenteeism

- Turnover
- Organizational Citizenship
- Job Satisfaction/Quality of Life
- Managing and Working in a Changing and Competitive Environment
- Managing and Working in a Global Environment
- Managing and Working in a Culturally Diverse Workplace
- *OB can address these challenges!*

### **Contributing Disciplines to the OB Field**

- Psychology
- Sociology
- Social Psychology
- Anthropology
- Political Science
- Economics
- Communication

### **The Rigour of OB**

- OB looks at consistencies
  - What is common about behaviour, and helps predictability?
- OB is more than common sense
  - Systematic study, based on scientific evidence
- OB has few absolutes
- OB takes a ‘contingency approach’
  - Considers behaviour in context

### **OB is Not Just Common Sense**

- Systematic Study
  - Looking at relationships, attempting to attribute causes and effects and drawing conclusions based on scientific evidence
- Behaviour is generally predictable
- There are differences between individuals
- There are fundamental consistencies
- There are rules (written & unwritten) in almost every setting

### **Main Variables Explored in the OB Field**

- Dependent Variables (e.g.)
  - Productivity
  - Absenteeism
  - Turnover
  - Job Satisfaction
  - Organizational Commitment
  - Organizational Performance
- Independent Variables

- Individual-Level Variables
- Group-Level Variables
- Organizational Systems-Level Variables

### **Summary and Implications**

- OB is a field of study that investigates the impact that individuals, groups, and structure have on behaviour within an organization.
- OB focuses on improving productivity, reducing absenteeism and turnover, and increasing employee job satisfaction and organizational commitment.
- OB uses systematic study to improve predictions of behaviour.

### **Topics**

- Understanding Individuals in the Workplace
  - Organizational Skills and You
  - Individual differences
  - Groups
  - Motivation
  - Incentives
  - Performance Appraisal
  - Team Building
- Communicating Decisions
  - Communication
  - Conflict and Negotiation
  - Feedback
- Designing and Changing
- Organizations
  - Organizational Change
  - Organizational Structure
  - Job Design
  - Organizational Culture
- Leading Others
  - Leadership
  - Power
  - Decision Making and Creativity
  - Ethical Decision Making

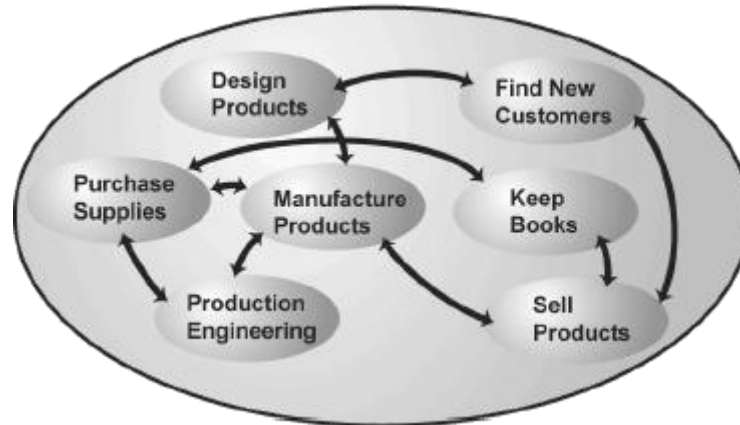
### **So... What Is an *Organization*?**

- 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.
- How perfect is that definition?

### **Martin's Definition of "Organization"**

- A NETWORK OF ROUTINES
- Note: Routines consist of actors, actions, and resources. That means:

- Members (e.g., you and your colleagues at work) take actions and manipulate resources within routines.
- And it means that employees need to know the routines of the organization
- And know how to execute them: Thus, *skills* are important.
- .. That sometimes encounters exceptions to routines and has routines to deal with them. And it is a dynamic network.



### Skills and Organizations

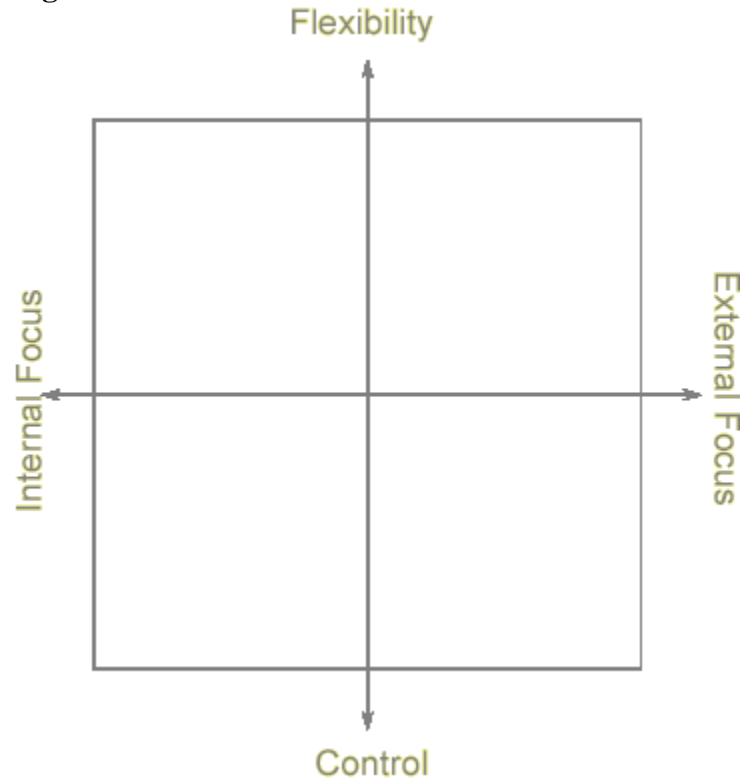
- Employee skills are needed to perform organizational routines.
- Skills are a source of competitive advantage!
- Companies advance by adopting and improving skills!
- Companies depend on skilled employees!

### Skills for Organizations

- Wide variety of organizations
- Wide diversity of skills needed
- Three-quarters are in service industries
- People skills needed
- Many small businesses
- Generalists needed
- Many entrepreneurs
- Negotiation and leadership skills needed
- Flat organizations, team-oriented
- Broad range of skills needed

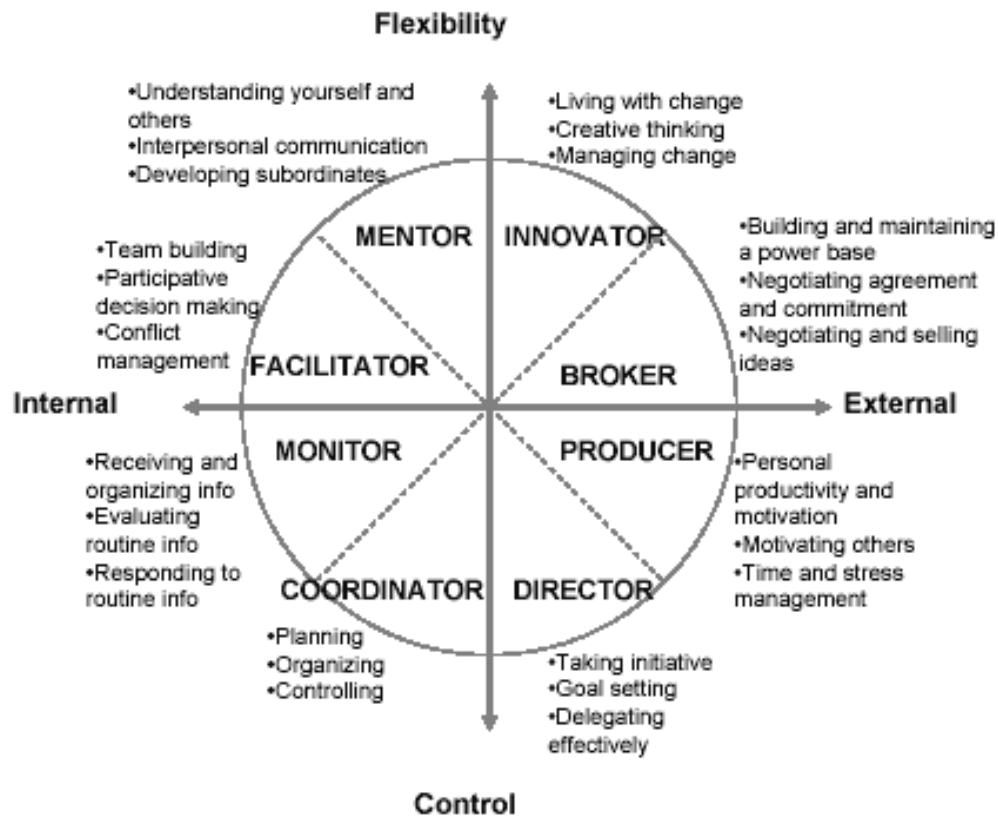
## How Can We Map Skills?

- **The Competing Values Framework**



- **Internal-External Dimension**
  - Inwardly toward employee needs and concerns and/or production processes and internal systems
  - or
  - Outwardly, toward such factors as the marketplace, government regulations, and the changing social, environmental, and technological conditions of the future
- **Flexibility-Control Dimension**
  - Flexible and dynamic, allowing more teamwork and participation; seeking new opportunities for products and services
  - or
  - Controlling or stable, maintaining the status quo and exhibiting less change

## Skills in the New Workplace



- **Broker** = One that acts as an agent for others, as in negotiating contracts, purchases, or sales in return for a fee or commission.

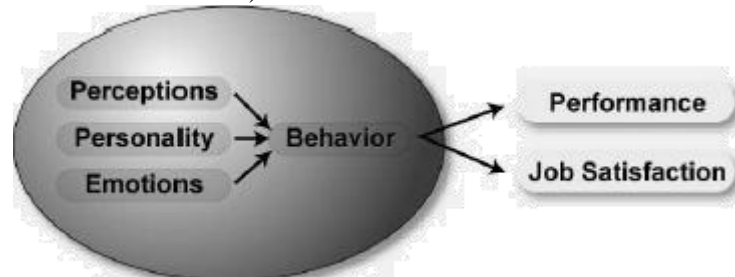
# **Chapter 2**

## **Perception, Personality, and Emotions**

## Chapter 2 Perception, Personality, and Emotion

### Effects of Perceptions, Personality, and Emotions

(Note, we are on individual level here!)



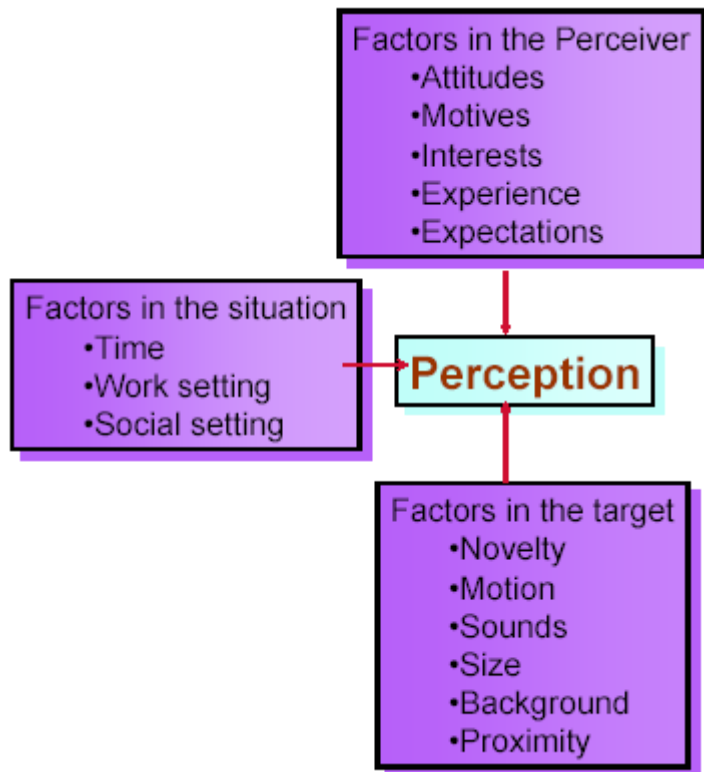
### How Perception Can Mislead Us



### Perception

- What is Perception?
  - A process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.
- Why Is Perception Relevant?
  - Because people's behaviour is based on their perception of what reality is, not on reality itself.
  - The 'world as it is perceived' is the world that is behaviourally important.

## Factors that Influence Perception



### Attributing Causes – How Perception Can Be Misled

- Attribution Theory
  - When individuals observe behaviour, they attempt to determine whether it is internally or externally caused.
- Fundamental Attribution Error
  - The tendency to underestimate the influence of external factors and overestimate the influence of internal factors when making judgments about the behaviour of others.
- Self-Serving Bias
  - The tendency for individuals to attribute their own successes to internal factors while putting the blame for failures on external factors.

### In Judging Others, Watch Out for these Shortcuts!

- Selective Perception
  - People selectively interpret what they see on the basis of their interest, background, experience, and attitudes.
- Halo Effect
  - Drawing a general impression about an individual on the basis of a single 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. (e.g., Real Estate)

- Projection
  - Attributing one's own characteristics to other people
- Stereotyping
  - Judging someone on the basis of one's perception of the group to which that person belongs.

### **Personality**

- What is Personality?
  - The sum of ways in which an individual reacts and interacts with others.
- What determines Personality?
  - Heredity
  - Environment
  - Situation
- Personality Traits
  - Enduring characteristics that describe an individual's behaviour
- The Myers-Briggs Type Indicator
- (MBTI)
- The Big Five Model

### **Myers-Briggs Type Indicator**

- Personality test to determine how people usually act or feel in particular situations
- Classifications:
  - Extroverted (E) or introverted (I)
  - Sensing (S) or intuitive (I)
  - Thinking (T) or feeling (F)
  - Perceiving (P) or judging (J)
- Combined to form types, for example:
  - ESTP
  - INTJ

### **The Big Five Model**

Extraversion: Reserved Quiet ---→ Assertive Sociable

Agreeableness: Cold Antagonistic ---→ Warm Cooperative

Conscientiousness: Disorganized Easily Distracted ---→ Responsible Dependable

Emotional Stability: Hostile Anxious ---→ Calm Self-Confident

Openness to Experience: Unimaginative Inflexible ---→ Creative Curious

### **Achieving Personality Fit**

- Person-Job Fit Theory
  - Identifies six personality types and proposes that the fit between personality type and occupational environment determines satisfaction and turnover.
- Person-Organization Fit Theory
  - Argues that people leave organizations that are not compatible with their personalities

# Personality-Job Fit

Type	Personality Characteristics	Congruent Occupations
Realistic	Shy, genuine, persistent	Mechanic, drill press operator
Investigative	Analytical, original, curious	Biologist, economist
Social	Sociable, friendly	Social worker, teacher
Conventional	Conforming, efficient	Accountant, corporate manager
Enterprising	Self-confident, ambitious	Lawyer, real estate agent
Artistic	Imaginative, disorderly	Painter, musician

## What are Emotions?

- Three related terms:
  - Affect: A broad range of feelings that people experience.
  - Emotions: Intense feelings that are directed at someone or something.
  - Moods: Feelings that tend to be less intense than emotions and that lack a contextual stimulus.

## Emotional Labour

- When an employee expresses organizationally desired emotions during interpersonal interactions.
- Employees can experience a conflict between
  - Felt emotions: An individual's actual emotions
  - Displayed emotions: Emotions that are organizationally required and considered appropriate in a given job.

## Negative Workplace Emotions

- Negative emotions can lead to a number of deviant workplace behaviours. They fall in categories such as:
  - Production (leaving early, intentionally working slowly)
  - Property (stealing, sabotage)

- Political (gossiping, blaming coworkers)
- Personal aggression (sexual harassment, verbal abuse)

### **Summary and Implications**

- Perception
  - Individuals behave based not on the way their external environment actually is but, rather, on what they see or believe it to be
  - Evidence suggests that what individuals perceive from their work situation will influence their productivity more than will the situation itself
- Personality
  - Personality helps us predict behaviour
  - Personality can help match people to jobs, to some extent at least
- Emotions
  - Can hinder performance, especially negative emotions
  - Can also enhance performance

## **Chapter 3**

# **Values, Attitudes, and Diversity in the Workplace**

## Chapter 3

### Values, Attitudes, and Diversity in the Workplace

#### Values

- What are values?
  - Basic convictions about what is important to the individual
  - They contain a judgmental element of what is right, good, or desirable.
- Content: What is important?
- Intensity: How important (individuals usually can rank order their values)?
- What are your values?
  - Would you support child labor?
- Why are values important?
  - Values → Behavior

#### Hofstede's Framework for Assessing Cultural Values

- Hofstede's Dimensions (e.g.)
  - Power Distance
  - Individualism Versus Collectivism
  - Quantity of Life Versus Quality of Life
  - Uncertainty Avoidance
  - Long-term versus Short-term Orientation
- Examples of National Cultural Values

Country	Power Distance	Individualism*	Quantity of Life**	Uncertainty Avoidance	Long-term Orientation***
Canada	Moderate	High	High	Moderate	Low
China	High	Low	Moderate	Moderate	High
France	High	High	Moderate	High	Low
Germany****	Low	High	High	Moderate	Moderate
Hong Kong	High	Low	High	Low	High
Indonesia	High	Low	Moderate	Low	Low
Japan	Moderate	Moderate	High	Moderate	Moderate
Mexico	High	Low	High	High	NA
Netherlands	Low	High	Low	Moderate	Moderate
Russia	High	Moderate	Low	High	Low
United States	Low	High	High	Low	Low
West Africa	High	Low	Moderate	Moderate	Low

\*A low score is synonymous with collectivism. \*\*A low score is synonymous with high quality of life.  
 \*\*\*A low score is synonymous with a short-term orientation. \*\*\*\*Includes only former West Germany.

Source: Adapted from G. Hofstede, "Cultural Constraints in Management Theories," *Academy of Management Executive*, February 1993, p. 91; G. Hofstede, "The Cultural Relativity of Organizational Practices and Theories," *Journal of International Business Studies*, 14, 1983, pp. 75-89. Mexico's scores were abstracted from G.K. Stephens and C.R. Greer, "Doing Business in Mexico: Understanding Cultural Differences," *Organizational Dynamics*, Special Report, 1998, pp. 43-59.

### “Canadian and American Values” – Do You Agree?

- Canadian Values
  - Protectionist business environment
  - Personality: more shy and deferential, less violent, more courteous
  - More rule-oriented
  - Peace, order, equality
  - Uncomfortable celebrating success, play it down
- American Values
  - Greater faith in the family, the state, religion, and the market
  - More comfortable with big business
  - Intense competition in business
  - Individuality and freedom
  - More comfortable with the unknown and taking risks

### Attitudes

- What are attitudes?
  - Positive or negative feelings *concerning* objects, people, or events.
- Difference between attitudes and Values?
  - Attitudes are less stable than values
  - Attitudes are more “about” something

### Types of Attitudes

- Job Satisfaction
  - . . . Refers to an individual’s general attitude toward his or her job.
- Job Involvement
  - . . . Measures the degree to which a person identifies psychologically with his or her job and considers his or her perceived performance level important to self-worth.
- Organizational Commitment
  - . . . A state in which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization.

### Job Satisfaction and Employee Performance

- Satisfaction Affects
  - Individual Productivity (+)
  - Organizational Productivity (++)
  - Absenteeism (-)
  - Turnover (--)
  - (Fairness → ) Organizational Citizenship Behaviour (“Good Soldier”)

### Cognitive Dissonance

- Any incompatibility that an individual might perceive between two or more of his or her attitudes, or between his or her behaviour and attitudes.
- Assumption: Inconsistency is uncomfortable
- Key Claim:
  - Individuals will attempt to reduce the dissonance and, hence, the discomfort by changing the behavior, or, more frequently, by adjusting attitudes.

**Summary and Implications**

- Values strongly influence a person's attitudes and behavior.
- Diversity of values in the world is both a challenge and an opportunity.
- Attitudes affect organizational behavior and performance.
- Tendency to reduce cognitive dissonance can produce surprising outcomes.

# **Chapter 4**

## **Motivating Self and Others**

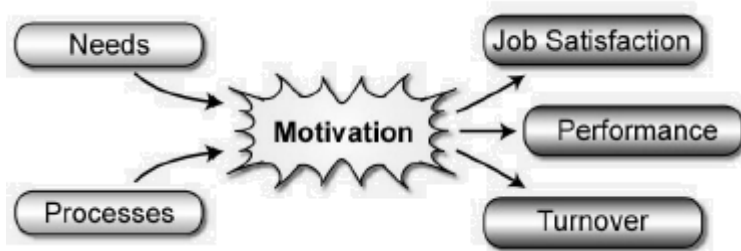
## Chapter 4, Part 1

### Motivating Self and Others

#### What is Motivation?

- Motivation
  - The processes that account for an individual's intensity, direction, and persistence of effort toward attaining a goal
- Intensity: how hard a person tries
- Direction: where effort is channelled
- Persistence: how long effort is maintained

#### Why Do We Need to Study Motivation?



#### Motivators

- Intrinsic
  - A person's internal desire to do something, due to such things as interest, challenge, and personal satisfaction. Satisfaction derived from performing the task.
- E.g., mountain climbing, innovating, painting, play music instrument
- Extrinsic
  - Motivation that comes from outside the person, such as pay, bonuses, and other tangible rewards. Satisfaction derived from task unrelated rewards.
- E.g., exercising, filling tax return, re-installing operating system, wash dishes

#### Needs Theories of Motivation

- Basic idea:
  - Individuals have needs that, when unsatisfied, will result in motivation to undertake activities that they expect will lead to the satisfaction of the needs
- Maslow's hierarchy of needs
- Herzberg's two factor theory (motivation-hygiene theory)
- Alderfer's ERG theory
- McClelland's theory of needs

#### Maslow's Hierarchy of Needs

- Physiological
  - includes hunger, thirst, shelter, sex and other bodily needs
- Safety
  - includes security and protection from physical and emotional harm
- Social

- includes affection, belongingness, acceptance, and friendship
- Esteem
  - includes internal esteem factors such as self-respect, autonomy, and achievement; and external esteem factors such as status, recognition, and attention
- Self-actualization
  - the drive to become what one is capable of becoming; includes growth, achieving one's potential, and self-fulfillment

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



### **Herzberg's Motivation- Hygiene Theory**

- Hygiene factors - necessary, but not sufficient (most are extrinsic)
  - If they are broken, motivation is low, e.g.:
- Poor working conditions
- Unfair company policies
- Unhappy relationship with supervisor
- Poor interpersonal relations with one's peers
- Motivators - the sources of satisfaction (most are intrinsic)
  - These do motivate
- Achievement
- Recognition
- Challenging, interesting work
- Responsibility
- Advancement

### **McClelland's Theory of Needs**

- Need for Achievement
  - The drive to excel, to achieve in relation to a set of standards, to strive to succeed
- Need for Power
  - The need to make others behave in a way that they would not have behaved otherwise
- Need for Affiliation

- The desire for friendly and close interpersonal relationships

### McClelland's Theory of Needs

- **High nACH:**
  - These people are high achievers
  - but they are not gamblers
  - enjoy solving problems
- **High nPOW:**
  - These people like being "in charge"
  - more interested in the prestige of power than in effective performance
- **High nAFF:**
  - These people strive for friendship
  - prefer cooperative rather than competitive situations
  - desire relationships with a high degree of mutual understanding

### Process Theories of Motivation

- They look at the actual process of motivation
  - Expectancy theory
  - Goal-setting theory

### Expectancy Theory

- *How Does Expectancy Theory Work?*
- The theory focuses on three relationships:
  - Effort-performance relationship
- The perceived probability that exerting a given amount of effort will lead to performance.
  - Performance-reward relationship
- The degree to which the individual believes that performing at a particular level will lead to a desired outcome.
  - Rewards-personal goals relationship
- The degree to which organizational rewards satisfy an individual's personal goals or needs and are attractive to the individual.
- *My professor offers me \$1 million if I memorize the textbook by tomorrow morning.*
  - Question: Would that motivate you to memorize the textbook by tomorrow morning?
- **Expectancy (Effort-Performance)**
  - Effort → Performance Link
  - No matter how much effort I put in, probably not possible to memorize the text in 24 hours
  - E=0
- **Instrumentality (Performance-Rewards)**
  - Performance Rewards Link
  - My professor does not look like someone who has \$1 million
  - I=0

- **Valence (Reward-Personal Goals)**
  - Do I value the reward?
  - There are a lot of wonderful things I could do with \$1 million
  - $V=1$
- *Conclusion: Though I value the reward, I will not be motivated to do this task.*

### **How do You Motivate Your Employees, Using Expectancy Theory?**

- Help them perform (Expectancy)
- Guarantee rewards (Instrumentality)
- Offer valuable rewards (Valence)

### **Improving Expectancy**

- Improve the ability of the individual to perform
- Make sure employees have skills for the task
- Provide training
- Assign reasonable tasks and goals
- Improving Instrumentality
- Increase the individual's belief that performance will lead to reward
- Observe and recognize performance
- Deliver rewards as promised
- Indicate to employees how previous good performance led to greater rewards

### **Improving Valence**

- Make sure that the reward is meaningful to the individual
- Ask employees what rewards they value
- Give rewards that are valued

### **Goal-Setting Theory**

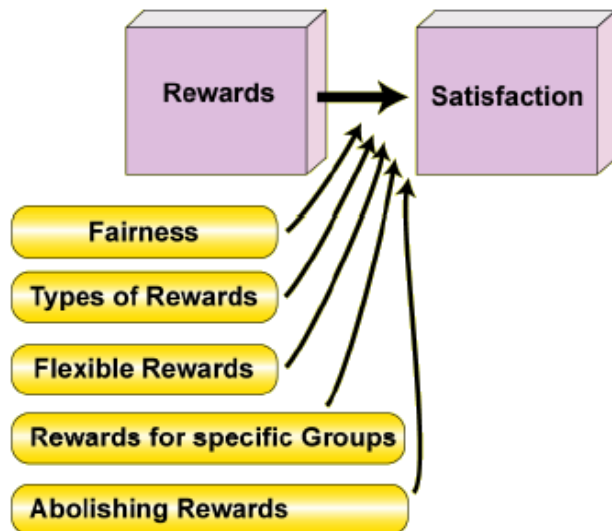
- Main Idea: Specific and difficult goals lead to higher performance!
  - Goals tell an employee what needs to be done and how much effort will need to be expended.
  - Specific goals increase performance.
- Specific hard goals produce a higher level of output than does the generalized goal of “do your best.”
  - Difficult goals, when accepted, result in higher performance than do easy goals
  - Feedback leads to higher performance than does nonfeedback.
- Possible Pitfalls:
  - Neglect of things not directly linked to the goals.
  - When goals are too difficult, employees get frustrated.

### **Summary**

- Need Theories

- Be aware that individuals differ in their levels and types of needs
- Expectancy Theory
  - Help them perform
  - Guarantee rewards
  - Offer valuable rewards
- Goal Setting Theory
  - Clear and difficult goals lead to higher levels of employee productivity.
  - Be aware of possible pitfalls (neglect of things not directly related to the goals, too difficult goals frustrate employees)

### The Problem of Valence

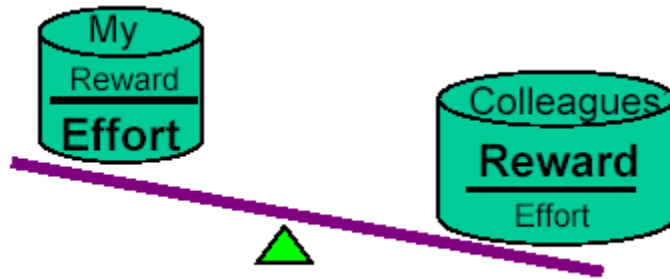


### Fairness

- Equity Theory
  - Fairness of outcomes
- Theories of Justice
  - Fairness of process and
  - Fairness of interpersonal treatment

### Equity Theory

- Absolute rewards are less relevant to employees than relative rewards
  - Do I get more or less than my peers?
- Individuals compare their efforts spent and rewards received to the efforts and rewards of their 'referents'.
- They compare their *reward/effort ratio* to that of their co-workers and then respond to reduce any inequities.



### • How do People Respond to Inequity?

- Change Inputs
- Change Outcomes
- Adjust Perceptions of Self
- Adjust Perceptions of Others
- Choose a Different Referent
- Leave the Field
- But note also that different individuals respond differently (some feel entitled, others are benevolent etc)

### Equity Theory: Over- and Under-Rewarding Employees

- Over-rewarding:
  - When paid by time worked, they will produce more.
  - When paid by number of units produced, they will produce higher-quality units (but not more units as this would create more inequity).
- Under-rewarding
  - When paid by time worked, they will produce less or lower quality.
  - When paid by number of units produced, they will produce a large number of low-quality units.

### From Equity Theories to

- Theories of Justice
- Equity Theory focuses on distribution of outcomes
  - “Distributive justice”
    - Perceived fairness of the amount of rewards among individuals
- Justice Theories focus on justice of processes and treatment:
  - “Procedural justice”
    - Perceived fairness of the process used to determine the distribution of rewards
  - E.g., not having a secret scheme of bonuses devised by boss
  - “Interactional justice”
    - The quality of the interpersonal treatment received from another
    - E.g., treating subordinates with dignity, not verbally abusing them, etc.

### Types of Rewards

- Employee Recognition Programs
  - E.g., employee of the month

- Especially effective to reduce turnover
- Variable Pay Programs
  - Piece-rate pay plans
  - Gainsharing
    - Savings from improvements in group productivity are shared between company and group (e.g., 50-50).
  - Profit-sharing plans
    - Pay depends on company's profitability.
  - Employee stock ownership plans (ESOPs)
    - Employees own stock of the company
- Flexible Benefits
  - Allowing employees to tailor their benefit program to meet their personal needs
    - flexible compensation plans
    - flexible benefits plans
    - physical work settings
    - child care
    - elderly care
    - flexible work hours
    - job sharing
    - flexible leave
    - work teams
  - Link to expectancy theory: increases motivation by increasing the valence of the reward

### **Rewards for Specific Groups**

- Professionals (intrinsic orientation)
  - Provide challenging projects
  - Give them autonomy in following interests and structuring work.
  - Reward with educational opportunities.
  - Recognize their contributions.
- Contingent Workers
  - Opportunities to gain permanent employment.
  - Jobs that help them develop transferable skills.
- Low-Skilled Service Workers
  - Give respect
  - Raise pay levels
  - Flexible work schedules
  - Broader responsibility for inventory, scheduling, and hiring
  - Create a “family” atmosphere

### **Cognitive Evaluation**

- Theory
- Assume you like to spend time with your girlfriend/boyfriend.
- How would you feel if she/he would offer you money for being with her/him? Would that be as much fun?

- "The idea that everybody wants money is propaganda circulated by wealth addicts to make themselves feel better about their addiction." – Philip Slater *Wealth Addiction*. New York: Dutton, 1980, p. 25 16 August 30, 2003

### **Are Rewards Overrated? Cognitive Evaluation Theory**

- Allocating extrinsic rewards for behaviour that had been previously intrinsically rewarded tends to decrease the overall level of motivation!
- Alfie Kohn suggests that organizations should focus less on rewards, more on creating motivating environments
  - Abolish incentives
  - Re-evaluate evaluation
  - Create conditions for authentic motivation
  - Collaboration
  - Content
  - Choice

### **Summary**

- Need Theories
  - Be aware that individuals differ in their levels and types of needs
- Goal Setting Theory
  - Clear and difficult goals lead to higher levels of employee productivity.
  - Watch out for pitfalls
- Expectancy Theory
  - Help them perform
  - Guarantee rewards
  - Offer valuable rewards
- Equity Theory
  - Absolute rewards are less relevant to employees than relative rewards
  - Employees adjust their input in ways to eliminate inequities
- Procedural Justice
  - Fairness of process and interpersonal treatment matter too
- Cognitive Evaluation Theory
  - Extrinsic rewards can wipe out intrinsic motivation.

# **Chapter 5**

## **Motivation in action**

## Chapter 13

### Job and Workplace Design

#### What We Will Do Today

- Job Design
  - Job Characteristics Model
  - Enriching Jobs
  - Re-designing Jobs
- Flexible Scheduling
- Workplace Design
- Career Development

#### Research on: “What Makes a Good Job?”

- No consensus on this issue
  - Individual preferences vary
  - Jobs vary
  - Some jobs are more interesting and challenging than others
- But not everyone wants a challenging job, or agrees on “interesting”
- Job characteristics model is one way to look at this question

#### Examples of High and Low Job Characteristics

##### Skill Variety

High variety	The owner-operator of a garage who does electrical repair, rebuilds engines, does body work, and interacts with customers
Low variety	A body shop worker who sprays paint eight hours a day

##### Task Identity

High identity	A cabinet maker who designs a piece of furniture, selects the wood, builds the object, and finishes it to perfection
Low identity	A worker in a furniture factory who operates a lathe solely to make table legs

##### Task Significance

High significance	Nursing the sick in a hospital intensive care unit
Low significance	Sweeping hospital floors

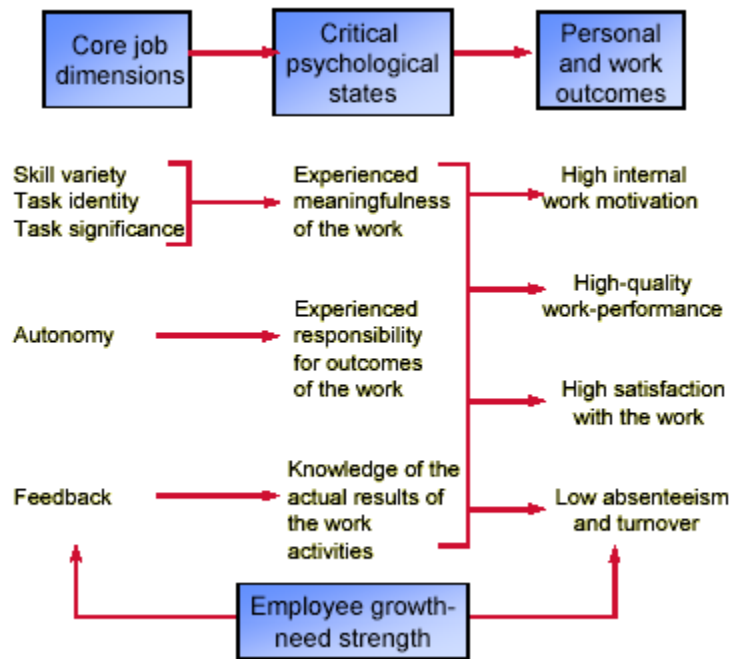
##### Autonomy

High autonomy	A telephone installer who schedules his or her own work for the day, makes visits without supervision, and decides on the most effective techniques for a particular installation
Low autonomy	A telephone operator who must handle calls as they come according to a routine, highly specified procedure

##### Feedback

High feedback	An electronics factory worker who assembles a radio and then tests it to determine if it operates properly
Low feedback	An electronics factory worker who assembles a radio and then routes it to a quality control inspector who tests it for proper operation and makes needed adjustments

## The Job Characteristics Model



## Computing a Motivating Potential Score

$$\text{Motivating Potential Score (MPS)} = \left[ \frac{\text{Skill variety} + \text{Task identity} + \text{Task significance}}{3} \right] \times \text{Autonomy} \times \text{Feedback}$$



## JCM Tips for Enriching Jobs

- Combine tasks
- This increases skill variety and task identity.
- Create natural work units
- This increases employee “ownership” of the work and improves the likelihood that employees will view their work as meaningful and important .
- Establish client relationships
- This increases skill variety, autonomy, and feedback for the employee.
- Expand jobs vertically
- This seeks to partially close the gap between the “doing” and the “controlling” aspects of the job.
- Open feedback channels
- Make sure employees receive fast and immediate feedback. This intensifies and accelerates learning and facilitates job involvement.

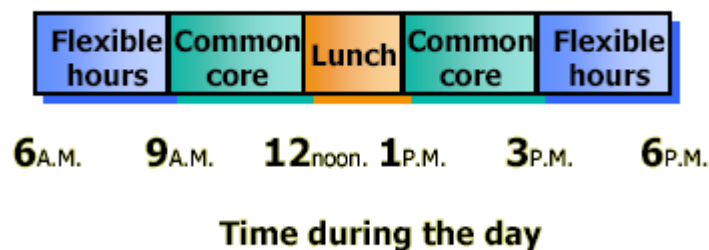
## Main Job Design Options

- Job Rotation
  - The periodic shifting of a worker from one task to another.
  - The strengths of job rotation are that it reduces boredom and increases motivation through diversifying the employee's activities.
- Job Enlargement
  - The horizontal expansion of jobs.
  - Job enlargement attacks the lack of diversity in overspecialized jobs, but does little to instill challenge or meaningfulness to a worker's activities.
- Job Enrichment
  - The vertical expansion of jobs.
- An enriched job organizes tasks so as to allow the worker to do a complete activity, increases the employee's freedom and independence, increases responsibility, and provides feedback.
- Team-Based Work Designs

## Types of Flexible

- Scheduling
- Compressed workweeks
  - 4-10 program: four 10 hour days per week
  - Nine days over two weeks
- Flextime
- Job Sharing
- Telecommuting

## Example of a Flextime Schedule



## Responses to Flexible Work Arrangements

- 94 percent of flex workers are very satisfied with their work arrangements
- 70 percent of flex workers reported less stress
- 81 percent of flex workers said they were more effective at balancing work and their outside lives
- 63 percent of managers would highly recommend flex work arrangements.
- 37 percent of managers reported that flex work led to an increase in employee efficiency
- 48 percent of employees use flex work to deal with family responsibilities and child and/or elder care
- 36 percent of employees said they would leave the company if flex work were not available

- 78 percent of employees on flexwork said their opportunities for advancement were the same or better than when they worked a traditional schedule

### **Workspace Design**

- Office size
  - Previously size was linked to status
  - More recently, less office space for individuals, more for groups and teams to meet
- Office arrangement
  - Desk arrangement significantly influences interaction
- Privacy
  - Caves vs. cubes
- Hotelling
  - Shared office space, with no individual offices or desks

### **Summary and Implications**

- An understanding of work design can help managers design jobs that positively affect employee motivation.
- Work conditions and design variables directly influence employee satisfaction.
- Alternative work schedule options have grown in popularity.
- Workspace design variables such as size, arrangement, and privacy have implications for communication, status, socializing, satisfaction, and productivity.
- Organizations and employees should take joint responsibility for career development. Organizations can increase employee commitment, loyalty, and satisfaction by doing so.

# **Chapter 6**

# **Groups and Teamwork**

## Chapter 5

### Groups and Teamwork

#### Teams vs. Groups: What's the Difference?

- Groups
  - Two or more individuals, interacting and interdependent, who have a stable relationship, a common goal, and perceive themselves to be a group
- Teams
  - Groups that work closely together toward a common objective, and are accountable to one another
- *But How do Groups evolve?*

#### Stages of Group Development

##### Prestage 1



##### Stage I Forming



##### Stage II Storming



##### Stage III Norming



##### Stage IV Performing



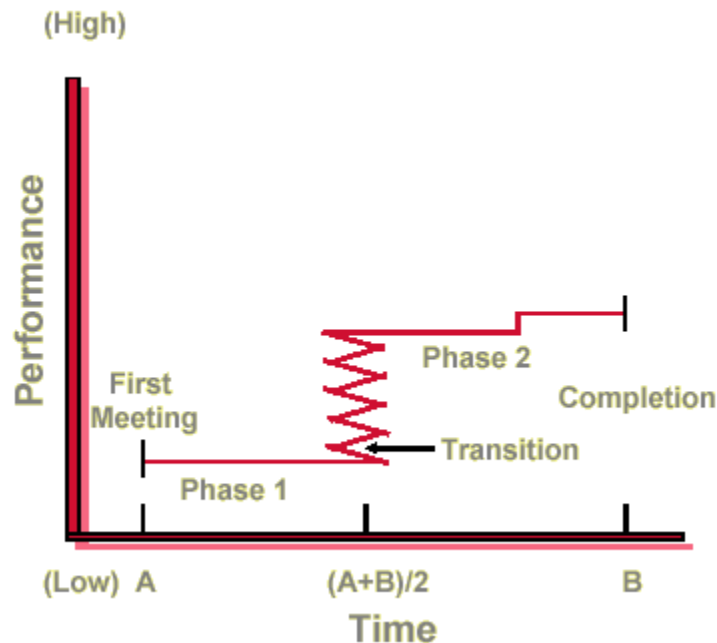
##### Stage V Adjourning



#### Putting the Five-Stage Model into Perspective

- Groups do not necessarily progress clearly through the stages one at a time
- Groups can sometimes go back to an earlier stage
- Conflict can sometimes be helpful to the group
- Context can matter: airline pilots can immediately reach performing stage

## The Punctuated-Equilibrium Model



- First phase
  - The first meeting sets the group’s direction.
  - The first phase of group activity is one of inertia.
- Transition
  - A transition takes place at the end of the first phase, which occurs exactly when the group has used up half its allotted time.
  - The transition initiates major changes.
- Second phase
  - A second phase of inertia follows the transition. During this phase, the team executes the plans created during the transition period.
- Last meeting of a group is characterized by markedly accelerated activity

### Group Structure

- Groups are not unorganized mobs. They have a structure that shapes the behaviour of members.
  - Roles
  - Norms
  - Status

### Roles

- A role is a set of expected behaviour patterns attributed to someone occupying a given position in a social unit.
  - Role Identity: The set of role components (attitudes and behaviours) that role occupants identify with.
- E.g., when you start to call yourself a “Marketing Major” then you start to develop a role identity as a marketing major.

- Role Perception: An individual's view of how he or she is supposed to act in a given situation
- Role Expectations: How others believe a person should act in a given situation
- Role Conflict: A situation in which an individual is confronted by divergent role expectations. E.g., role of teacher and role of researcher

### **Roles in Groups**

- Task-oriented roles
  - Roles performed by group members to ensure that the tasks of the group are accomplished
- Maintenance roles
  - Roles performed by group members to maintain good relations within the group
- Individual roles
  - Roles performed by group members that are not productive for keeping the group on task

### **Norms**

- Acceptable standards of behaviour within a group that are shared by the group's members

### **What Norms Cover**

- Performance
  - How hard to work, what kind of quality, levels of tardiness
- Appearance
  - Personal dress, when to look busy, when to "goof off," how to show loyalty
- Social arrangement
  - How team members interact
- Allocation of resources
  - Pay, assignments, allocation of tools and equipment

### **Do People Always Conform to Norms?**

- *Deviant Workplace Behaviour:*
  - Antisocial actions by organizational members that intentionally violate established norms and that result in negative consequences for the organization, its members, or both.

### **Motivation -- Summary**

- Need Theories
  - To motivate others you need to learn their needs.
  - Be aware that individuals differ in their levels and types of needs.
- Goal Setting Theory
  - Clear and difficult goals lead to higher levels of employee productivity.
- Expectancy Theory
  - Motivating people is a process.
  - Employees must perceive a clear linkage between performance and rewards.
- Equity Theory
  - Absolute levels of rewards matter less than relative levels.

- Fairness of the process used to reward performance matters a great deal.
- Interpersonal treatment matters too (‘dignity’)
- Cognitive Evaluation Theory
  - Extrinsic rewards can extinguish intrinsic rewards.
- Performance Appraisal
  - Measure outcomes or behavior (traits are not so good)
  - Use multiple evaluators (larger sample, more balanced picture)
  - Use multiple criteria (performance is rarely onedimensional)
  - Use graphic rating scales or BARS.
  - Be aware of measurement errors (e.g., single criterion and recency errors)

## Chapter 5 – Team Building

### The Survival Situation

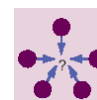
- Benefits of Groups
  - Resource pooling– diverse skills and knowledge and ideas
  - Synergy – build on others
  - Groups facilitate implementation: In groups there is greater understanding of decisions and more acceptance
- Costs of Groups
  - Time
  - Dysfunctional group processes can occur (dominant members, overconformity, diffusion of responsibility)
- When to use a Group
  - There is a relatively uncertain or complex problem (hard to identify expertise)
  - Tasks are poorly decomposable and a separate processing of parts (e.g., via ‘markets’) would require too much coordination
  - Acceptance of and commitment to decision are critical for implementation

### Teams vs. Groups: What’s the Difference?

- Groups
  - Two or more individuals, interacting and interdependent, who have a stable relationship, a common goal, and perceive themselves to be a group
- Teams
  - Groups that work closely together toward a common objective, and are *accountable* to one another
  - Usually teams are intended to achieve *synergy*: The performance of the team is greater than the sum of the individual inputs

### Types of Teams

- Problem-Solving (Process-Improvement)
  - Groups of 5 to 12 employees from the same department for a few hours each week to discuss ways of improving efficiency, and the work environment

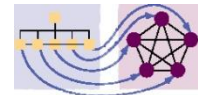


who meet quality,

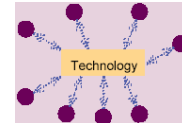
- Self-Managed (Self-Directed)
  - Groups of 10 to 15 people who take on responsibilities of former supervisors
- Cross-Functional Teams
  - Employees from about the same hierarchical level, but different work areas, who come together to accomplish
- ‘Skunkworks’: Cross-functional teams that form spontaneously usually outside of formal rules to create new products or work on complex problems (often this occurs in secret). (The name is taken from the moonshine factory in Al Capp's cartoon, "Lil' Abner.")
- Virtual Teams
  - Use computer technology to tie together physically dispersed members in order to achieve a common goal



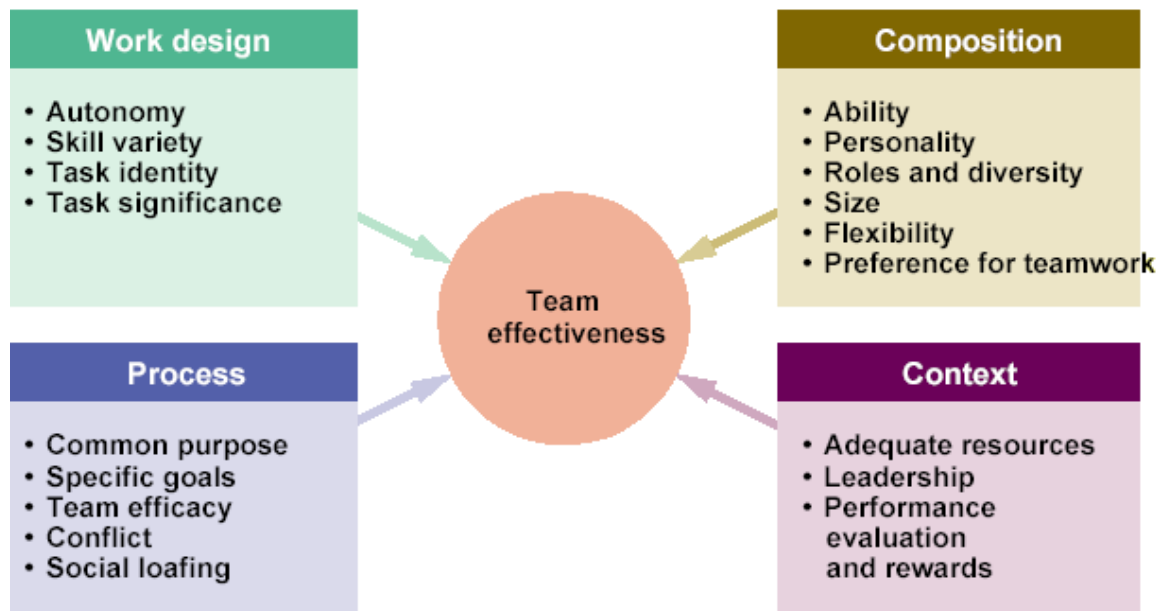
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### A Model of Team Effectiveness



Notes:

- “Task identity” = complete a whole task
- Flexibility → job sharing
- Efficacy = Team has confidence in its capabilities

### How Does Composition Affect Team Performance?

- Teams need the following skills to perform effectively
  - technical expertise
  - problem-solving and decision-making skills
  - interpersonal skills

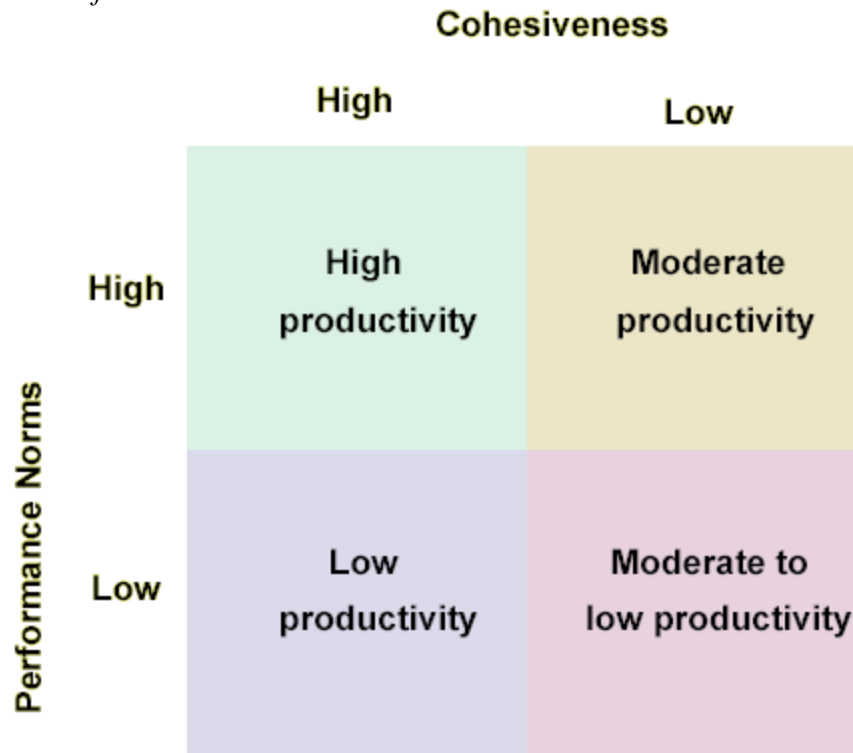
### How Does Group Size Affects Team Performance?

- Research Evidence
  - Smaller groups faster at completing tasks

- When problem solving, larger groups do better
- Why?

### How Does Cohesiveness Affect Team Performance?

- *Cohesiveness* = Degree to which group members are attracted to each other and are motivated to stay in the group
- Are cohesive teams better performers?
- *Performance norms* are critical:



### Advantages and Disadvantages of Diversity

#### Advantages

- Multiple perspectives
- Greater openness to new ideas
- Multiple interpretations
- Increased creativity
- Increased flexibility
- Increased problem solving skills

#### Disadvantages

- Ambiguity
- Complexity
- Confusion
- Miscommunication
- Difficulty in reaching a single agreement
- Difficulty in agreeing on specific actions

### Beware! Teams Aren't Always the Answer!

- Questions to determine whether a team fits the situation:
  - Can the work be done better by more than one person?
  - Does work create a common purpose or set of goals for the people in the group that is more than the aggregate of individual goals?
  - Are members of the group *interdependent*?

- Low task decomposability?
- Is the task ambiguous and unstructured?
- Shifting requirements?

### **Summary and Implications**

- Teams vs groups
- Different types of teams serve different purposes
- Factor's affecting group performance
  - Composition matters – teams need a variety of skills
  - The impact of size on a group's performance depends upon the type of task in which the group is engaged.
  - Team cohesiveness helps only if the group has strong performance norms. If not, cohesiveness can hurt.
  - Team diversity is a challenge and opportunity.
- Do not forget: Teams are not always the answer. There are costs and benefits of teams.

### **Conducting a Team Meeting**

- Steps to make meetings more efficient and effective:
  - Prepare a meeting agenda
  - Distribute the agenda in advance
  - Consult with participants before the meeting
  - Get participants to go over the agenda
  - Establish specific time parameters
  - Maintain focused discussion
  - Encourage and support participation of all members
  - Maintain a balanced style
  - Encourage the clash of ideas
  - Discourage the clash of personalities
  - Be an effective listener
  - Bring proper closure

# **Chapter 7**

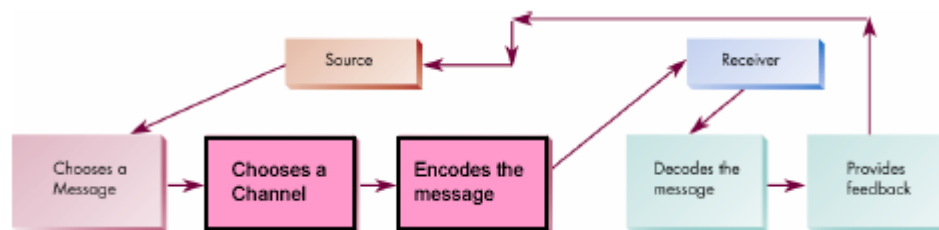
# **Communication**

## Chapter 6 Communication

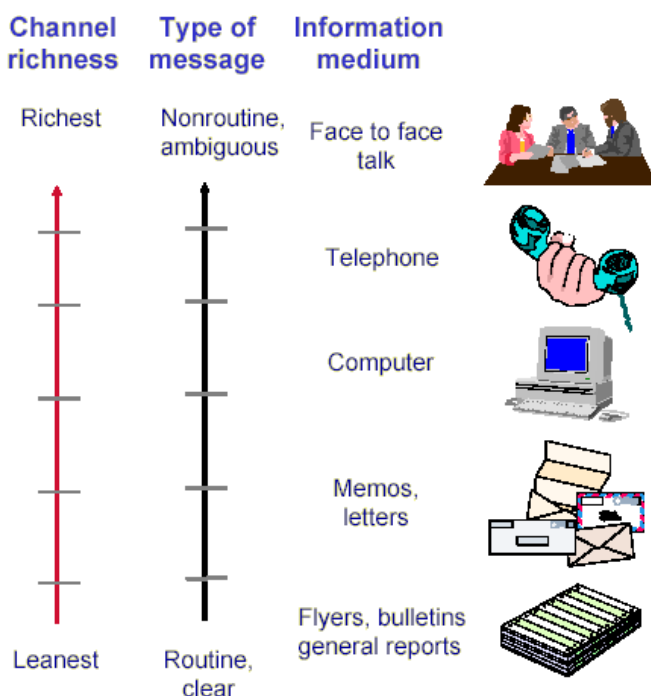
### What is Communication?

- “The transfer of meaning”
- How can you transfer meaning?
- Symbols, information, knowledge, or meaning?
- What is meaning?
- Alternative definition: “The activities that usually produce information exchange with others” (communication rituals).
- Another one: “Communication is a way of reminding people of who they are, of ‘*where is here*,’ of working out their problems, of celebrating their identity.”
- Written communication – one of the most important innovations in history!
- It allowed establishment of bureaucratic hierarchies full of paperwork! Huge corporations, governments, multinationals, armies, churches, legal and social institutions...

### The Communication Process Model



### Hierarchy of Channel Richness



### **Outline of Topics (mostly applied stuff)**

- Barriers to Effective Communication
  - Filtering
  - Selective Perception
  - Defensiveness
  - Language
- Communication Flows in Organizations
  - Downward
  - Upward
  - Lateral
  - Communication Networks
- Rumors
- Cross-cultural communication
  - Gestures
  - High vs Low Context Cultures
- Email communication

### **Barriers to Effective Communication**

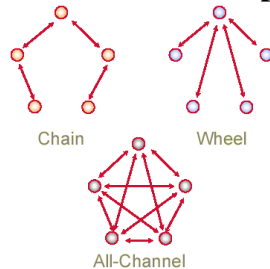
- Filtering
  - Refers to a sender manipulating information so that it will be seen more favorably by the receiver.
- Selective Perception
  - Receivers in the communication process selectively see and hear based on their needs, motivations, experience, background, and other personal characteristics.
- 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.
- Effective Listening
- If you want to improve your listening skills, look to these behaviors as guides:
  - Make eye contact
  - Exhibit affirmative head nods and appropriate facial expressions.
  - Avoid distracting actions or gestures.
  - Ask questions.
  - Paraphrase.
  - Avoid interrupting the speaker.
  - Don't over talk.
  - Make smooth transitions between the roles of speaker and listener.

### **Communication Flows in Organizations**

- Downward: communication that flows from one level of a group to a lower level
  - Managers to employees
- Upward: communication that flows to a higher level of a group
  - Employees to manager

- E.g., if there is something that has ‘uncertain relevance’
- Lateral: communication among members of the same work group, or individuals at the same level
  - Things that have ‘certain relevance’; you know who to talk to

### Three Common Small-Group Networks



Which is fastest? **Wheel and All-Channel**

Which gives power to one position? **Wheel**

- Which is most democratic? **All-Channel**

### Communication and Rumors

- Imagine you are a small, but moderately successful software company, selling your programs via the internet. One day, you find out that there is a rumor circulating on the net that says that your products infect customer’s computers with a virus. You know that is not true. But how do you react?

### Purpose of Rumours

- As a psychological response:
  - Sometimes people invent rumours to structure and reduce their anxiety
  - ... to make sense when information is limited or fragmented
- Nefarious purposes:
  - Rumours can be used to strategically mislead others
  - Rumours can serve as a vehicle to mobilize others (even outsiders and enemies) into coalitions
  - To signal a sender’s status or power

### Reducing the Negative

- Consequences of Rumours
- Announce timetables for making important decisions.
- Explain decisions and behaviours that may appear inconsistent or secretive.
- Emphasize the downside, as well as the upside, of current decisions and future plans.
- Openly discuss worst case possibilities; it is almost never as anxiety provoking as the unspoken fantasy.

## Hand Gestures Mean Different Things in Different Countries

The A-OK Sign



In the United States and Canada, this is just a friendly sign for "All right!" or "Good going." In Australia and Islamic countries, it is equivalent to what generations of high school students know as "flipping the bird."

"V" for Victory Sign



In many parts of the world, this means "victory" or "peace." In England, if the palm and fingers face inward, it means "Up yours!" especially if executed with an upward jerk of the fingers.

Finger-Beckoning Sign



This sign means "come here" in the United States and Canada. In Malaysia, it is used only for calling animals. In Indonesia and Australia, it is used for beckoning "ladies of the night."

## The Role of the Context for Communication

- Cultures differ in how much the context makes a difference in communication
  - High-context cultures
- Communication relies heavily on participants' prior knowledge and implicit meanings of the local context.
- Communication involves many nonverbal and subtle situational cues.
- Communication is meant to reconfirm membership in the in-group (vs out-group).
  - Low-context cultures
- Communication conveys background knowledge to facilitate broad understanding (and acceptance) among many.
- Communication relies heavily on words and explicit reasoning to convey meaning in communication

## High- vs. Low-Context Cultures



### **Cross-Cultural Communications: Helpful Rules**

- Assume differences until similarity is proven.
- Emphasize description rather than interpretation or evaluation.
- Practice empathy.
- Treat your interpretations as a working hypothesis.

### **Tips For Writing and Sending E-mail**

- Don't send e-mails without a subject line
- Make sure subject line matches the content
- Be concise and clear
- Avoid using HTML formatted email. Use plain text email instead.
- CC others only if they really need the info
- Use BCC sparingly.
- Use BCC when emailing to a large group and you want prevent members to reply to all.
- save every email you send.
- if you receive few or a moderate number of emails, file them into folders. Keep stuff not in folder in some universal 'received' box.
- Be aware that email is NOT private
- Be careful in addressing your e-mail—a simple typo can send your e-mail to the wrong person
- Sleep on angry emails before sending
- Be careful when forwarding e-mail so that you are not circulating something that is untrue

### **Summary and Implications:**

- Communication
- Organizations depend on effective communication
  - E.g., we need to communicate if we want to motivate.
- Less distortion in communication equals:
  - more goal attainment, and better feedback
  - reduction in ambiguity and uncertainty
- Perfect communication is impossible, but striving for effective communication is feasible (and beneficial)
- There are plenty of barriers to communication
- Overcoming these barriers is challenging

# **Chapter 8**

## **Power and Politics**

## Chapter 7

### Power and Politics

#### Overview

- Power
  - Understanding power
  - Sources of power
  - Dependency
  - Empowerment
  - Coalitions
- Politics
  - Understanding politics
  - Types of political behaviour
  - Why is there politics in orgs?

#### Power

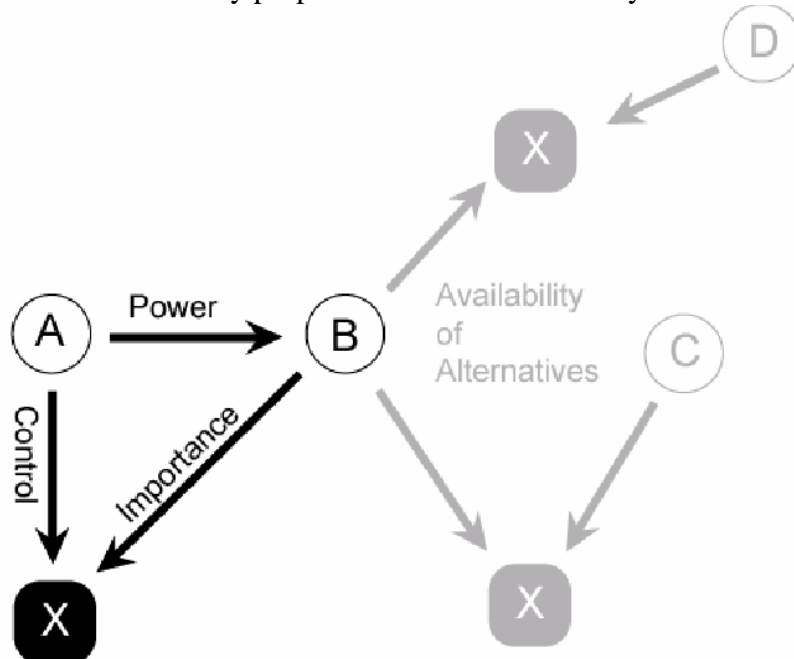
- Power: A capacity that actor A has to influence the behaviour of B so that B acts in accordance with A's wishes
  - Degrees of power?
  - Frequently also: The capacity to overcome resistance of others
  - Does A need to intend to influence B? (e.g., B loves A)
  - Does B need to be aware of A's influence? (e.g., structural power)
- How relevant is the topic of power for organizations?

#### Sources of Power

- Coercive Power
  - The person can make things difficult for people, and you want to avoid getting him or her angry.
  - Power that is based on fear.
- Reward Power
  - The person is able to give special benefits or rewards to people, and you find it advantageous to trade favours with him or her.
- Legitimate Power
  - The person has the right, considering his or her position and your job responsibilities, to expect you to comply with legitimate requests.
- Expert Power
  - The person has the experience and knowledge to earn your respect, and you defer to his or her judgment in some matters.
  - Most strongly and consistently related to effective employee performance.
- Referent Power
  - You like the person and enjoy doing things for him or her.

### Exploring Reward Power: How Dependency on Resources Creates Power

- The Power of A over B is:
  - Proportional to the importance of the resource X for B,
  - Proportional to the degree of control of A over X,
  - Inversely proportional to the availability to B of alternative sources of X.



### Empowerment: Giving Power to Employees

- Involves delegating decision making authority about
  - content (which tasks and procedures are used for a job) and
  - context of job (reason for the job and the setting in which it is done)
    - Includes organization's structure, culture, and reward systems
- In many cases leads to higher productivity because it motivates and facilitates flexibility
- But can also lead to abuses
- Thus there is a trade-off

### The Power of Coalitions

- What is a coalition?
  - Two or more individuals who combine their power to push for or support their demands
- Advantage:
  - More power. Thus, make coalition large
- Disadvantage:
  - Need to split the winnings among coalition partners. Thus, make coalition small
- Smart conclusion:
  - Make coalition just large enough to win

**Coalitions (more)**

- Log-Rolling
  - A logroll is a coalition of individuals which are largely indifferent to each other's demands, but agree to jointly support each other so that each can have what he or she wants.
    - Requires strategic action.
    - Requires trust.
    - Strategic falsification is likely to happen (i.e., strategy not to reveal preferences so that going along in one decision can be construed as a favour which requires reciprocation in subsequent decisions)

**What is Political Behaviour?**

- Those activities that influence, or attempt to influence, the distribution of advantages and disadvantages within the organization.
  - Legitimate: normal everyday behaviour
  - Illegitimate: extreme political behaviours that violate the implied rules of the game
  - Difficult to define rules of the game and to draw the line between both

**Types of Political Activity**

- Attacking or blaming others
- Controlling information
- Forming coalitions
- Networking
- Creating obligations
- Managing impressions

**Is Politics Good?**

- The more political employees perceive an organization, the lower their satisfaction.
- Regardless of level in the organization, some people are more politically "astute" than others.
- The politically naive and inept tend to feel continually powerless.

**Why Do We Get Politics? Can't we avoid it?**

- Organizations are made up of groups and individuals who have differing values, goals and interests
- Organizational goals are ambiguous and outcomes are uncertain
- Resources in organizations are limited
- Performance outcomes (and assessments) are not completely clear and objective

**Summary and Implications**

- Power: Influencing others (often against their will)
- Everyone attempts to increase his/her power.
- Power bases: coercion, rewards, legitimate, expert, referent
- People respond differently to various power bases.

- Employees working under coercive managers are unlikely to be committed,
  - and more likely to resist the manager.
- Reward Power: How to build power based on resource dependency
- Empowerment: Costs and benefits
- Coalitions: Minimally winning coalition
- Politics: The effective manager is aware of (and perhaps accepts) the political nature of organizations.
- The more political employees perceive an organization, the lower their satisfaction.

# **Chapter 9**

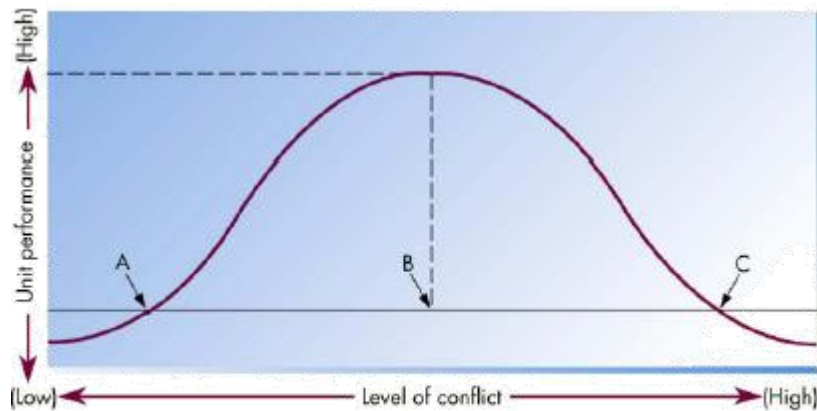
## **Conflict and Negotiation**

## Chapter 9 Conflict and Negotiation

### Conflict

- A process that begins when one party perceives that another party has negatively affected, or is about to negatively affect something that the first party cares about.

### Is Conflict Bad for Performance?



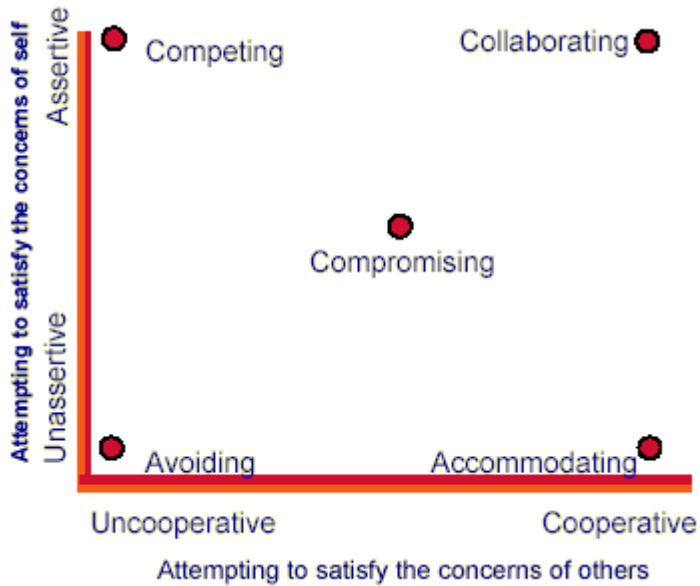
Situation	Level of conflict	Type of conflict	Unit's internal characteristics	Unit performance outcome
A	Low or none	Dysfunctional	Apathetic Stagnant Nonresponsive to change Lack of new ideas	Low
B	Optimal	Functional	Viable Self-critical Innovative	High
C	High	Dysfunctional	Disruptive Chaotic Uncooperative	Low

### Factors that Contribute to Conflict

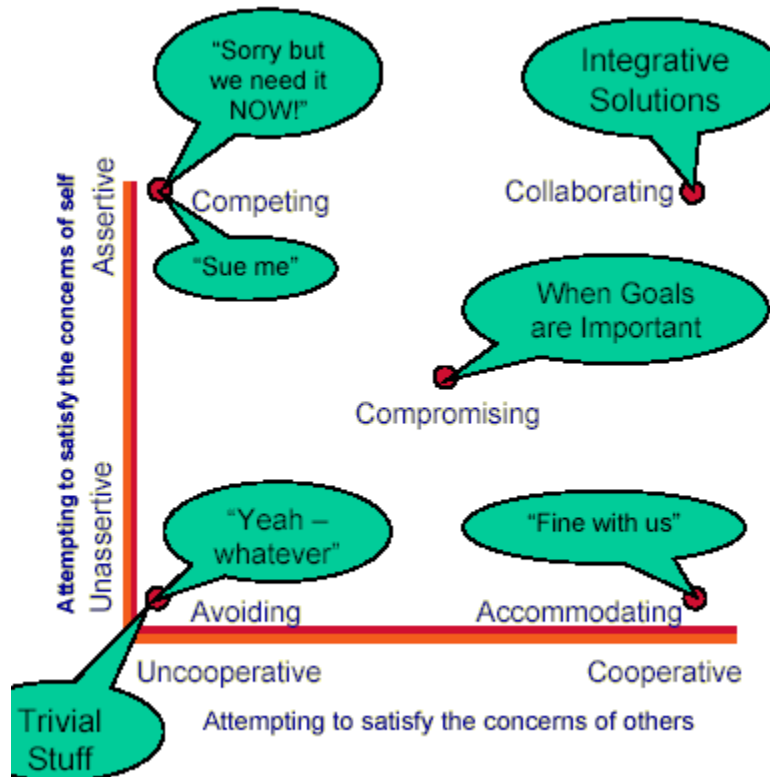
- Size of group
- Specialization of members
- Polarization of group members
- Ambiguity of jurisdictions
- Diversity of goals among groups
  - Class struggle
  - Structural conflict between subunits
- Strong identification of members with sub-groups
- Zero-sum reward systems (when one member's gain is at another's expense)
- Conflict-handling intentions

### Dimensions of Conflict- Handling Intentions

- **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



### Conflict-Handling Intentions



### Conflict Resolution Techniques at Work

- *Problem solving* Face-to-face meeting of the conflicting parties for the purpose of identifying the problem and resolving it through open discussion.
- *Superordinate goals* Creating a shared goal that cannot be attained without the cooperation of each of the conflicting parties.
- *Expansion of resources* When a conflict is caused by the scarcity of a resource—say, money, promotion opportunities, office space—expansion of the resource can create a win-win solution.
- *Avoidance* Withdrawal from, or suppression of, the conflict.
- *Smoothing* Playing down differences while emphasizing common interests between the conflicting parties.
- *Compromise* Each party to the conflict gives up something of value.
- *Authoritative command* Management uses its formal authority to resolve the conflict and then communicates its desires to the parties involved.
- *Altering the human variable* Using behavioral change techniques such as human relations training to alter attitudes and behaviors that cause conflict.
- *Altering the structural variables* Changing the formal organization structure and the interaction patterns of conflicting parties through job redesign, transfers, creation of coordinating positions, and the like.

### Negotiation

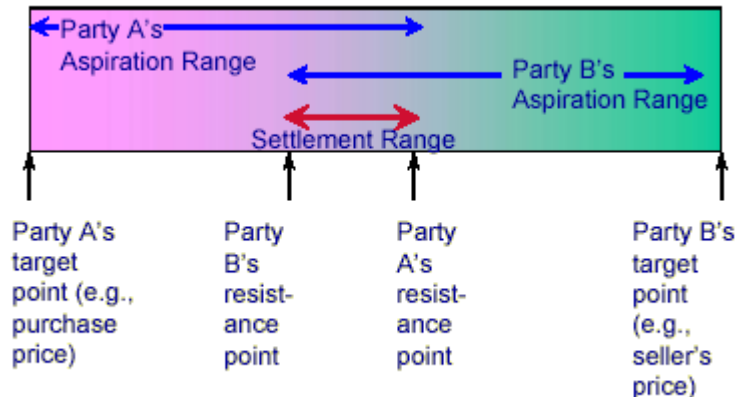
- A process in which two or more parties exchange goods or services and attempt to agree upon the exchange rate for them

### How to Negotiate

- Assess personal goals, consider other's goals, and develop strategy
- Identify target and resistance points

- Target: what one would like to achieve
- Resistance: lowest outcome acceptable
- Identify BATNA
  - *Best Alternative To a Negotiated Agreement*

### Staking Out the Bargaining Zone



### Improving Your Bargaining Position

- Begin with a positive overture
- Address problems, not personalities
- Do not reveal your resistance point
- Pay little attention to initial offers
- Emphasize win-win solutions
- Create an open and trusting climate

### Alcohol Consumption and Negotiations

- Negotiators who had been drinking
  - Were more aggressive and more likely to insult, mislead, and threaten their opponent
  - Were more likely to make mistakes, saying such things as "I propose a start date of 12 weeks . . . no, 4 weeks. I'm sorry, I was confused"
  - Were more likely to focus on irrelevant information or misunderstand the problem
  - Were not aware that alcohol had influenced their performance, when in fact it had
- Sober negotiators
  - Were more likely to look for win-win solutions
  - Did not do well when bargaining against someone who had been drinking, as the drinker tended to be far more aggressive
- More info is in:
  - Schweitzer, M. E., & Kerr, J. L. (2000). "Bargaining under the Influence: The Role of Alcohol in Negotiations." *Academy of Management Executive*, Volume 14, Number 2, 47- 57.

### **Third Party Roles in Negotiations**

- Mediator: a neutral third party who facilitates a negotiated solution by using reasoning, persuasion, and suggestions for alternatives
  - Common in labour-management negotiations and civil court disputes
  - Settlement rate is about 60%
  - Best under moderate levels of conflict
- Arbitrator: has authority to dictate an agreement
  - Voluntary (requested) or compulsory (imposed by law or contract)
- Conciliator: trusted third party who provides an informal communication link between the negotiator and the opponent
  - Used extensively in international, labour, family and community disputes
  - Fact-find, interprets messages, persuade disputants to develop agreements

### **Summary and Implications**

- Conflict can be either constructive or destructive to the functioning of a group.
- An optimal level of conflict:
  - prevents stagnation
  - stimulates creativity
  - releases tension
  - and initiates the seeds for change
- Inadequate or excessive levels of conflict can hinder group effectiveness.
- Don't assume there's one conflict-handling intention that is always best.
- Negotiation is an ongoing activity in groups
- Identify target and resistance points. What is your BATNA?

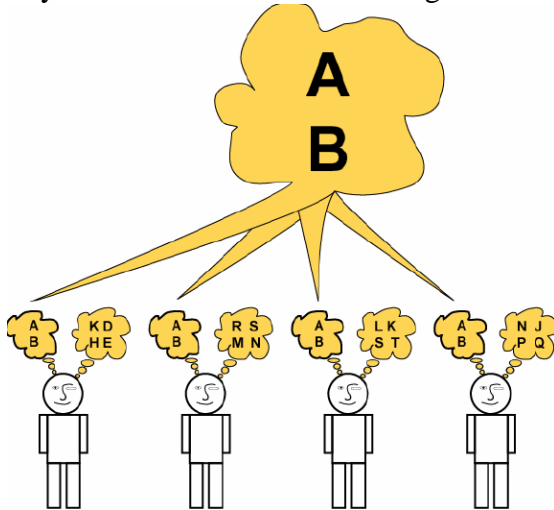
# **Chapter 10**

# **Organizational Culture**

## Chapter 9 Organizational Culture

### What is Organizational Culture?

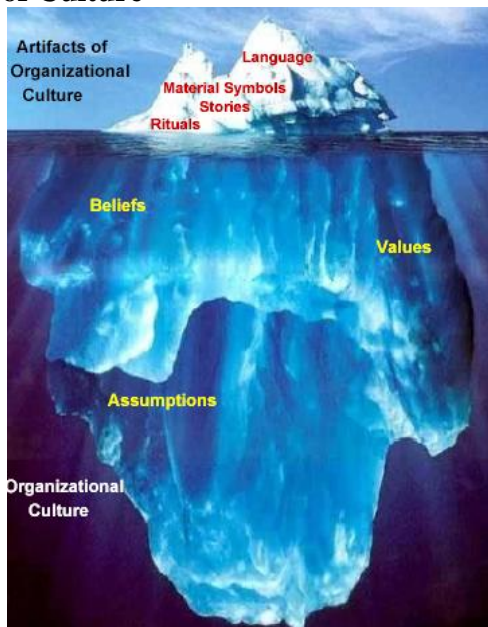
- The pattern of shared values, beliefs and assumptions considered to be the appropriate way to think and act within an organization.



### Henry Mintzberg on Culture

- “Culture is the soul of the organization — the beliefs and values, and how they are manifested. I think of the structure as the skeleton, and as the flesh and blood. And culture is the soul that holds the thing together and gives it life force.”

### Levels of Culture



### **Culture – The Metaphor**

- Organizations as collections of tribes
  - Tribal symbols, rituals, myths, and language
  - Brotherhood/solidarity; “us” against “them”
  - Tribal warfare (turf wars)
  - Rites of passage
    - e.g., achievement of a certain skill level, surviving some unpleasant aspect of the job
- Edgar Schein:
  - “Good managers must work from an anthropological model”
  - “Leaders should be conscious of culture otherwise it will manage them.”
- Alien encounters (visitors) heighten awareness of culture

### **Some Important Dimensions of Organizational Culture**

- Innovation and risk-taking
  - The degree to which employees are encouraged to be innovative and take risks.
- Attention to detail
  - The degree to which employees are expected to exhibit precision, analysis, and attention to detail.
- Outcome orientation
  - The degree to which management focuses on results or outcomes rather than on technique and process.
- People orientation
  - The degree to which management decisions take into consideration the effect of outcomes on people within the organization.
- Team orientation
  - The degree to which work activities are organized around teams rather than individuals.
- Aggressiveness
  - The degree to which people are aggressive and competitive rather than easygoing.
- Stability
  - The degree to which organizational activities emphasize maintaining the status quo in contrast to growth.

### **What are Organizational Cultures Good For?**

- Social glue
  - Helps to hold an organization together by providing appropriate standards for what employees should say or do.
- Defines boundaries for appropriate behavior
- Conveys a sense of identity for organization members.
- Facilitates commitment to something larger than one’s individual self-interest.
- Enhances social system stability.
- Serves as a “sense-making” and control mechanism
- Much more efficient than more formal means of behavioral control.

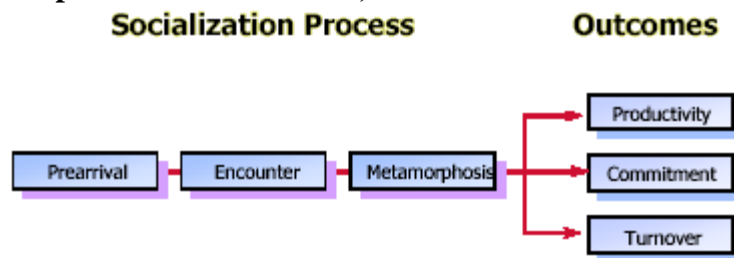
### Downsides of Organizational Culture

- Culture as a Barrier to Change
  - When organization is undergoing change, culture may impede change
- Culture as a Barrier to Diversity
  - Strong cultures put considerable pressure on employees to conform
- Culture as a Barrier to Mergers and Acquisitions
  - Merging the cultures of two organizations can be difficult, if not impossible

### Do Organizations Have Uniform Cultures?

- Often they do not, but some elements are shared, and they form the core values or dominant (primary) values that are accepted throughout the organization.
  - Dominant culture
    - Expresses the core values that are shared by a majority of the organization's members.
  - Subcultures
    - Tend to develop in large organizations to reflect common problems, situations, or experiences.

### People Come and Go – So, How is Culture Maintained?



### Martin's Learning Model of Socialization

- •Recurrent exposure -> Learning
- •Socialization proceeds faster and is more extensive in strong organizational cultures.
- •Socialization proceeds slower in culturally diverse organizations.
- •High turnover can extinguish a culture!

### Entry Socialization Options

- Formal vs. Informal
  - E.g., formal training programs vs learning from coworkers
- Individual vs. Collective
  - E.g., on the job vs boot camp
- Fixed vs. Variable
  - E.g., fixed schedule with stages vs advancement when one is “ready”
- Serial vs. Random
  - E.g., role models training the newcomer vs no role models assigned
- Investiture vs. Divestiture
  - Confirming views and qualifications of newcomer vs stripping away characteristics

**Summary and Implications**

- Good managers need to work from an anthropological model.
- Organizations are collections of tribes.
- Most parts of an organization's culture are 'below the surface.'
- Cultural assumptions affect employee performance and satisfaction (and their impact is greater in strong cultures).
- Culture is retained through socialization – new members learn the organization's practices and assumptions.
- Strong cultures persist longer.
  - This makes strong cultures difficult for managers to change.
- Culture is also retained through selection decisions.
  - Hiring individuals whose values are aligned with those of the organization.
- Culture is a cheaper and more effective way of coordinating action in organizations than alternative means (rules, coercion, commands).

# **Chapter 11**

# **Leadership**

## Chapter 10 Leadership

### Leadership

- The ability to influence a group toward the achievement of goals.
- Often rests on voluntary submission of followers
  - Why do followers follow?
    - Three types of legitimacy: tradition, charisma, and rational-legal
- Leadership as supervision
  - What makes good leaders?
- Leadership as vision setting
  - Where do we go to?

### Leadership as Supervision

- Three general questions
  - Are there particular traits that all leaders have, making them different from nonleaders?
  - Are there particular behaviours that make for better leaders?
  - How much impact does the situation have on leaders?

### Trait Theories

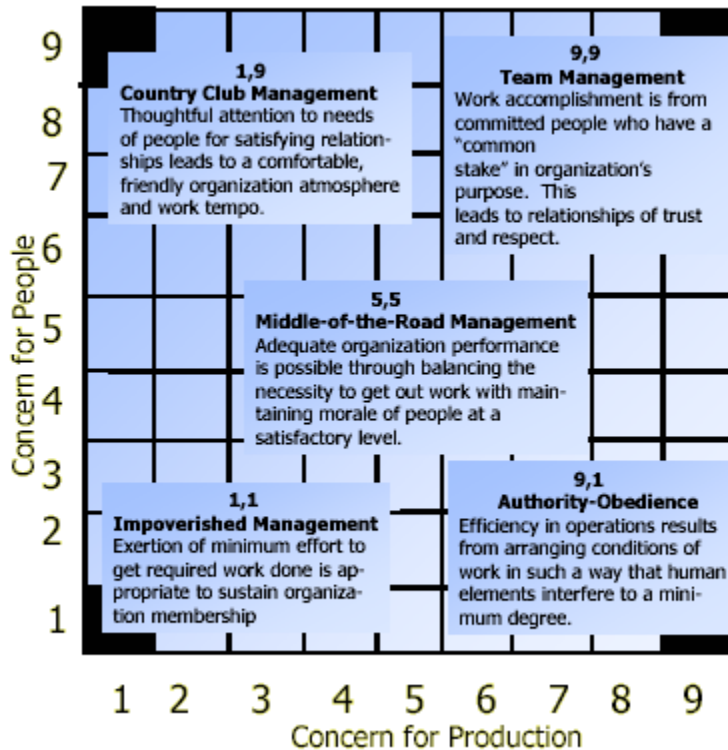
- Trait: characteristics of the person
  - Physical Characteristics
  - Abilities
  - Personality Traits
- Are men or women better leaders?
  - Only humans and chimpanzees, among all the animals living on earth, share a similar tendency for uniting behind the one chief male of the land.
  - By comparison, bonobos (the second-closest species relatives of man) show deference to an alpha or top-ranking female
- Traits consistently associated with leadership
  - Ambition and energy
  - The desire to lead
  - Honesty and integrity
  - Self-confidence
  - Intelligence
  - Job-relevant knowledge

### Behavioural Theories of Leadership

- Main Proposition: Specific behaviours differentiate leaders from nonleaders
- E.g., People orientation is an important behaviour of leaders
- Important consequence:
  - Leadership can be taught
- Main types of behaviour explored:
  - Initiating Structure
    - (e.g., task-orientation, work-orientation, production-orientation)

- Consideration
  - (employee needs and concerns)
- Examples
  - Ohio Studies, Michigan Studies, Managerial Grid

### The Managerial Grid



### Contingency or Situational Leadership Theories

- These theories stress the importance of the context for leadership
  - Fiedler Contingency Model
  - Hersey and Blanchard's Situational Theory
  - Path-Goal Theory

### Fiedler Contingency Model

- Effective group performance depends upon the proper match between the leader's style and the degree to which the situation gives control to the leader
  - If situation gives moderate control to the leader and things are moderately clear, relationship orientation ("style") works best
  - If situation gives high or low control to leader and things are either chaotic or very clear, task orientation ("style") works best

### Path-Goal Guidelines to Be An Effective Leader

- Determine the outcomes subordinates want
  - e.g., good pay, job security, interesting work, and autonomy to do one's job, etc.
- Reward individuals with their desired outcomes when they perform well

- Be clear with expectations
  - Let individuals know what they need to do to receive rewards (the path to the goal)
  - Remove barriers that prevent high performance
  - Express confidence that individuals have the ability to perform well

### **Path-Goal: Leadership Styles**

- Directive: informs subordinates of expectations, gives guidance, and shows how to do tasks
  - Works best when tasks are ambiguous and stressful
- Supportive: friendly and approachable, shows concern for status, well-being and needs of subordinates
  - Works best when tasks are structured
- Participative: consults with subordinates, solicits suggestions, takes suggestions into consideration
  - Works best when employees have a strong locus of control
- Achievement oriented: sets challenging goals, expects subordinates to perform at highest level, continuously seeks improvement in performance, and has confidence in highest motivations of employees
  - Works best when tasks are ambiguously structured

### **Summary of Supervisory Theories of Leadership**

- Trait: Characteristics of the person affect leadership
  - Personality Traits
  - Social Traits
  - Physical Characteristics
- Behaviour: Behaviour of the person affects leadership
  - Concern for people vs. production
  - Leadership can be taught
- Situational or Contingency: conditions affect leadership.
  - Knowledge of the situation and the needs of the employees are important in determining style

### **Leadership as Vision Setting**

- Core questions:
  - What shall we do?
  - How can we attain our goals?
  - How can we maintain our vision?
  - How can renew ourselves?

### **Charismatic Leaders**

- Leaders who develop special leader-follower relationships and inspire their followers in extraordinary ways
- Key Characteristics
  - Sacred. Displays an aura of supernatural energy.

- The non-routine (Ausseralltaeglich). Signals that things are not at all “business as usual”.
- Vision and articulation. Has a vision-- expressed as an idealized goal;
- Personal risk. Willing to take on high personal risk, incur high costs, and engage in self-sacrifice to achieve the vision.
- Unconventional behaviour. Engages in behaviours that are perceived as novel and counter to norms.

### **Transactional and Transformational Leaders**

- Transactional Leaders (Bureaucratic)
  - Leaders who guide or motivate their followers in the direction of established goals by clarifying role and task requirements
  - Leadership that gets power by doing whatever will get more followers.
    - Contingent Reward: Contracts exchange of rewards for effort, promises rewards for good performance, recognizes accomplishments.
    - Management by Exception: Watches and searches for deviations from rules and standards, takes corrective action. Intervenes only if standards are not met.
    - Laissez-Faire Leader: Abdicates responsibilities, avoids making decisions.
- Transformational Leaders (Charismatic)
  - Leaders who inspire their followers to transcend their own self-interests for the good of the organization and who shift people and systems to new and higher-level performance patterns
  - Leadership that unites followers via a vision
    - Charisma: Provides vision and sense of mission, instils pride, gains respect and trust.
    - Inspiration: Communicates high expectations, uses symbols to focus efforts, and expresses important purposes in simple ways.
    - Intellectual Stimulation: Promotes intelligence, rationality, and careful problem-solving.
    - Individualized Consideration: Gives personal attention, treats each employee individually, coaches, advises.

### **Summary and Implications**

- Leadership plays a central part in understanding group behaviour
- Leadership as Supervision
  - Trait theories
  - Behavioural theories
  - Situational theories
- Leadership as Vision-Setting
  - Transformational Leaders
  - Charismatic Leaders
- Leadership is not value free

# **Chapter 12**

## **Decision Making and Creativity**

## **Chapter 11**

### **Decision Making and Creativity**

#### **Creativity and Decision Making -- Road Map**

- • Creativity
  - Eureka Farm
- • Decision Making
  - Rational Decision Making
  - Natural Decision Making
  - Group-Level Decision Making

#### **Creativity**

- • The process of creating products, ideas, or procedures that are novel or original, and are potentially relevant or useful to an organization
- • Analogies
  - Facilitate creativity
  - An analogy is a comparison between two things. Analogies are often used to introduce new concepts, by comparing them to something familiar. E.g., “the brain works like a computer”
  - Be aware of misleading analogies. E.g., “Why eliminate nuclear arms? Wouldn’t you protect your house against burglars?”

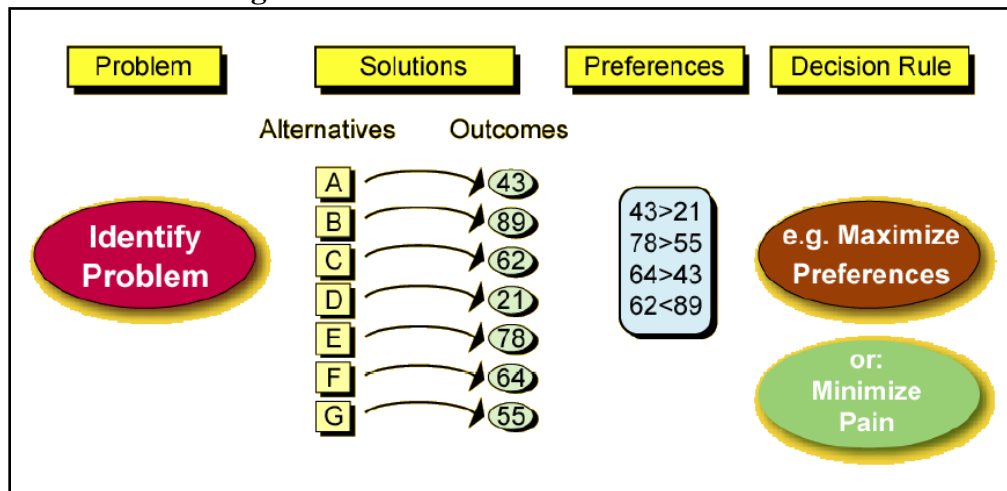
#### **Creativity is Blocked in these Situations:**

- • Expected evaluation
  - especially when this leads to over-focusing on how work is going to be evaluated
- • Surveillance
  - being watched
- • External motivators
  - and lack of intrinsic motivation
- • Competition with peers
- • Constrained choice
  - too many limits on how to do the work
- • Confirmation biases

#### **Organizational Factors Affecting Creativity**

- • Challenge
- • Freedom
  - E.g., autonomy to determine the process
- • Resources
- • Work-Group Features
  - E.g., diversity, sharing excitement
- • Supervisory Encouragement
- • Organizational Support
  - Rewards, information sharing, collaboration

## Rational Decision Making



- Steps:
  - Define the Problem
  - Identify the Decision Criteria
  - Allocate Weights to the Criteria
  - Develop the Alternatives
  - Assess and Evaluate the Outcomes
  - Select the Best Alternative

### Rational Decision Making Example: Buying a Used Car

- Problem: Need a new used car
- Criteria (and weights):
  - Looks (7), is metric (8), fits budget (10), comfort (7), size (6)
- Develop alternatives (e.g., from classified ads)
- Evaluate the alternatives:
 

	7	8	10	7	6	
	Looks	Is Metric	Fits Budget	Comfort	Size	Wt Sum
97 Accord	70	100	60	60	70	2730
95 Tercel	50	100	90	40	80	2810
96 Taurus	70	0	80	70	90	2320

  - e.g.,  $Tercel = 7*50 + 8*100 + 10*90 + 7*40 + 6*80 = 2810$
- Select the best alternative: Tercel

### Assumptions of the Rational Decision- Making Model

- Problem Clarity
  - The problem is clear and unambiguous
- Known Options
  - The decision-maker can identify all relevant criteria and viable alternatives
- Clear Preferences
  - Rationality assumes that the criteria and alternatives can be ranked and weighted
- Stable Preferences
  - Specific decision criteria are constant and the weights assigned to them are stable over time
- No Time or Cost Constraints

- Full information is available because there are no time or cost constraints
- • Maximum Payoff
  - The choice alternative will yield the highest perceived value

### **Most Decisions are Not Rational: Natural Decision Making**

- • Who poses the problems?
  - Someone with a lot of influence, with a hidden agenda, with a lot of money, with a lot of support, articulate actors, problem instigators...
- • Which problems should we pick first to decide on?
  - Most decision makers tend to pick the visible problems first (even if they are unimportant)
- • Who presents the solutions?
  - Peddlers of solutions (e.g., IT people offer computer systems as the primary solution, arms manufacturers offer war as the primary solution), simple-minded solutions often win..
- • How much information processing capacity do individuals and organizations have?
  - Span of attention, issue attention cycles,..
- • What decision making rules are used?
  - Maximize profits? Minimize pain? How do we find minima and maxima?

### **The ‘Bounded Rationality’ Approach**

- • Herbert Simon, Richard Cyert, James G. March
- • Assumption: Decision-makers are intendedly rational, but sometimes fail
- • Bounded Rationality
  - Limitations on one’s ability to interpret, process, and act on information
- • Sequential Attention
  - The tendency to operate on goals sequentially rather than simultaneously
- • Satisfying
  - Identifying a solution that is “good enough”, instead of the ‘best’ solution.
- • “Economists mostly ignored bounded rationality and continued counting the angels on the heads of neoclassical pins” (H. Simon)

### **Heuristics or Judgment Shortcuts**

- • Framing:
  - The selective use of perspective
- • Statistical Regression to the Mean:
  - Failure to recognize that performances tend towards the average, rather than extremes
- • Availability Heuristic:
  - The tendency of people to base their judgments on information readily available to them
- • Representative Heuristic:
  - The tendency to assess the likelihood of an occurrence by trying to match it with a preexisting category (e.g., taking the story of a successful person as indication of high chances of success)

- Ignoring the Base Rate:
  - Ignoring the statistical likelihood of an event when making a decision (e.g., people believing they can beat the odds, and ignoring that the odds are, for the most part, not in their favor)
- Escalation of Commitment:
  - An increased commitment to a previous decision in spite of negative information

### Group versus Individual Decision Making: Which is better for..

- **Accuracy:** Group Decisions
- **Speed:** Individual Decisions
- **Creativity:** Group Decisions
- **Acceptance:** Group Decisions
- **Efficiency:** Individual Decisions

### Group Decision Making: Garbage Can Decision Processes



- Problems
- Solutions
- Participants
- Occasions to make decisions (garbage cans)

### Groupthink

- What it is:
  - Phenomenon in which the norm for consensus overrides the realistic appraisal of alternative courses of action
- Symptoms
  - Illusion of invulnerability
  - Assumption of morality
  - Resistance, if encountered, is 'rationalized away', e.g., that opponents are stupid or cowards.
  - Peer pressure

- Minimized doubts
- Illusion of unanimity (abstention is seen as approval – e.g., the 40% of US electorate that did not vote)

### **Groupshift**

- • What it is:
  - Initial positions of individual members of a group are exaggerated toward a more extreme position (e.g., hooliganism)
- • It's a Special Case of Groupthink
  - A risk seeking form of groupthink
- • Main Causes
  - Interaction creates familiarization among group members -> more risk taking
  - Group interaction encourages individuals to take risks
  - Group diffuses responsibility

### **Group Decision-Making Techniques**

- • Interacting Groups
  - Talk face to face in a group
- • Brainstorming
  - Overcoming pressures for conformity
- • Nominal Group Technique
  - Restricts interpersonal communication and facilitates independent thinking
- • Electronic Meeting
  - Nominal technique using computers
  - More anonymity and faster

### **Nominal Group**

- Technique
- • Members meet as a group but, before any discussion takes place, each member independently writes down his or her ideas on the problem.
- • After this silent period, each member takes turns presenting one idea at a time to the group. No discussion takes place until all ideas have been recorded.
- • The group then discusses the ideas for clarity and evaluates them.
- • Each group member silently and independently rank-orders the ideas. The idea with the highest aggregate ranking determines the final decision.

## Evaluating Group Effectiveness

Effectiveness Criteria	Type of Group			
	Interacting	Brainstorming	Nominal	Electronic
Number of ideas	Low	Moderate	High	High
Quality of ideas	Low	Moderate	High	High
Social pressure	High	Low	Moderate	Low
Money costs	Low	Low	Low	High
Speed	Moderate	Moderate	Moderate	High
Task orientation	Low	High	High	High
Potential for interpersonal conflict	High	Low	Moderate	Low
Feelings of accomplishment	High to low	High	High	High
Commitment to solution	High	Not applicable	Moderate	Moderate
Develops group cohesiveness	High	High	Moderate	Low

Source: Based on J.K. Mumighan, "Group Decision Making: What Strategies Should You Use?" *Management Review*, February 1981, p. 61.

### Summary and Implications

- Creativity
  - Organizations can manage creativity
  - Analogies can help to produce creative ideas
  - Be aware of confirmation biases
- Individual decision making
  - Rational decision making is an ideal form of decision making, but it relies on many unrealistic assumptions.
  - Strive for rational decision making, but be aware that most likely it will not be rational.
  - Pay attention to where your decision making process departs from the rational ideal.
  - What can managers do to improve their decision making?
    - Analyze the situation.
    - Be aware of biases.
    - Don't assume that your specific decision style is appropriate for every job.
    - Use creativity-stimulation techniques.
- Group decision making
  - Group decision making is superior to individual decision making with respect to accuracy, creativity, and creating acceptance. But it is inferior with respect to speed.
  - Be aware of the garbage can dynamics of most group decision making processes
  - Use group decision making techniques to avoid group think and group shift.

# **Chapter 13**

# **Organizational Structure**

## Chapter 12

### Organizational Structure

- What Is an Organizational Structure?
  - Organizational structure refers to how job tasks are formally divided, grouped, and coordinated. It also captures the degree of complexity, formalization, and centralization in the organization.

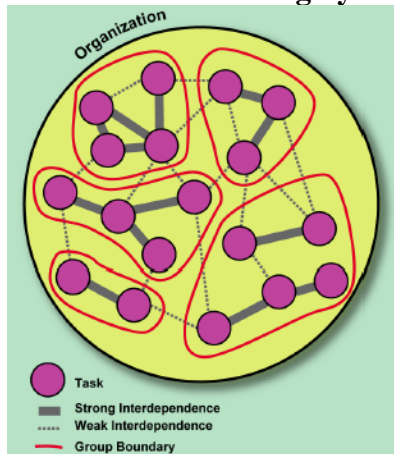
#### Breakdown

- Departmentalization: Structural Types and Coordination Costs
- Dimensions of Structures
  - Work Specialization
  - Span of Control
  - Centralization vs. Decentralization
  - Formalization
- Finding the “Right” Structure (A Contingency Approach)

#### Departmentalization

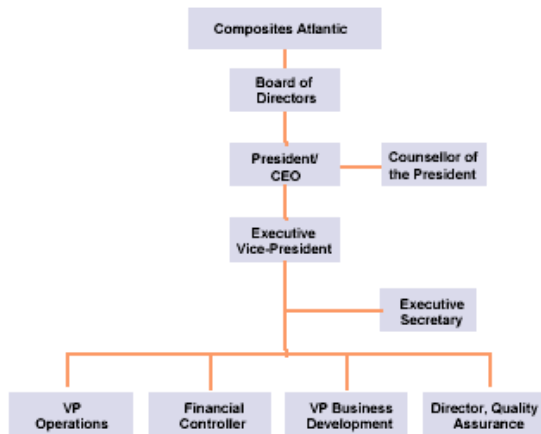
- The basis on which jobs are grouped together
- Types
  - Functional
  - Product
  - Geographic
  - Process
  - Customer
  - Mixed (Hybrid)
  - Matrix

#### Departmentalization: Pooling by Interdependency



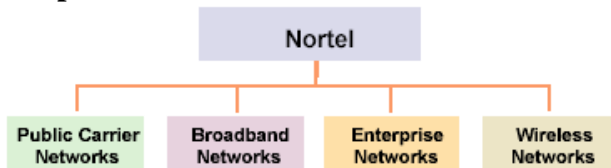
- Main Idea: Pooling by *interdependency*
- Put interdependent activities into the same organizational subunit to reduce coordination costs

## Functional Departmentalization



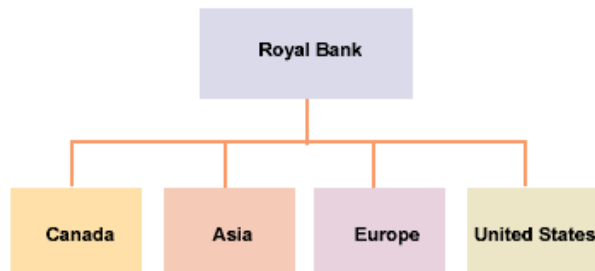
- 
- Pooling... similar activities

## Product Departmentalization



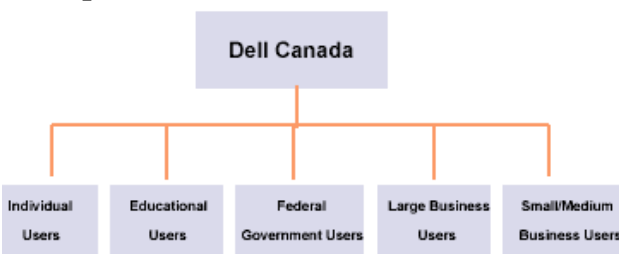
- 
- Pooling... activities by their output

## Geographic Departmentalization



- 
- Pooling... activities by location

## Customer Departmentalization



- 
- Pooling... activities by customer

## Matrix Organization

- Attempts to accommodate interdependencies of two dimensions

- E.g., product focus and geographical focus
- Breaks the “unity of command principle”
  - Employees have two bosses
- Strengths
  - facilitates coordination when there are many activities
  - more communication
  - efficient allocation of specialists
- Disadvantages
  - power struggles, confusion, stress

### Matrix Structure for a Faculty of Business Administration

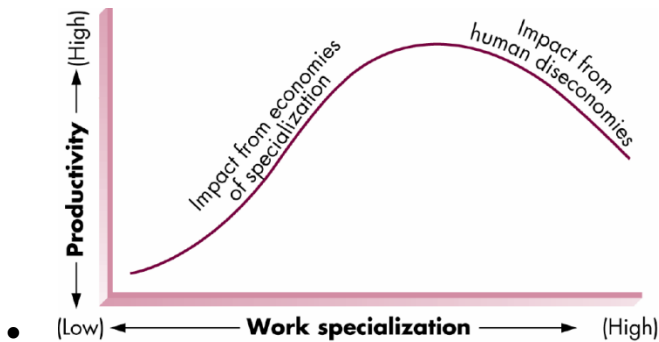
Academic departments \ Programs	Under graduate	Master's	Ph.D.	Research	Executive Development	Community Service
Accounting						
Administrative studies						
Finance						
Information and decision sciences						
Marketing						
Organizational behaviour						
Quantitative methods						

### A Last Word on Organization Designs

- Many organizations are structurally non-homogenous. This means that in some parts they might have one structural design, and in another, they use a different design.
  - E.g., the R&D unit might have a functional structure (grouped by specialty), while the marketing department might have a divisional structure (grouped by markets).

### Work Specialization

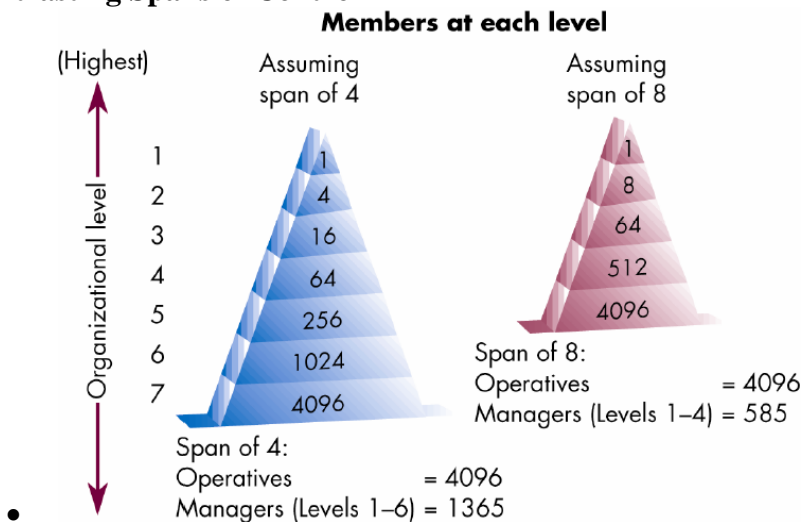
- Work Specialization
  - The degree to which tasks in the organization are subdivided into separate, simple jobs
  - Also known as “division of labour”
  - Benefits (“Economies of Specialization”)
- Efficiency
  - Less retooling
  - Learning
  - Easier to train employees
  - Downsides (“Diseconomies of Specialization”)
- Boredom, stress, low productivity, high turnover, increased absenteeism



### Span of Control

- Number of subordinates of a position
- Normative definition: Number of subordinates that can be efficiently and effectively managed
- Small span
  - Expensive, more managers
  - Makes vertical communication more complicated
  - Encourages tight supervision and discourages autonomy
- Larger span
  - Empowers workers
  - Speeds up decisions
  - If too large can lead to information overload of superior

### Contrasting Spans of Control



### Centralization and Decentralization

- The degree to which decisions are concentrated at the top
- (centralization) or pushed to lower levels (decentralization)
- There is currently a strong trend toward decentralization

## Formalization

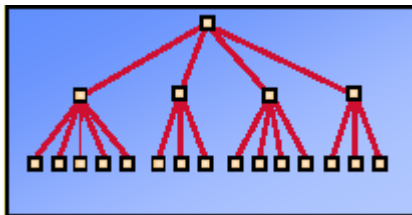
- Formalization is the degree to which work is governed by written rules and job descriptions
- Purpose of formalization:
  - Standardizing and controlling work.
- Outcomes of Formalization:
  - High formalization means employees have little discretion
  - Low formalization means employees have more freedom

## Which Structure is “Right” when?

- When would you use...
  - High or low formalization?
  - High or low centralization?
  - Larger or smaller span of control?
  - High or low work specialization?

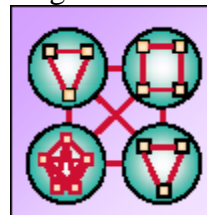
## Let’s Focus on only Two Basic Types: Mechanistic versus Organic Structures

### The Mechanistic Model



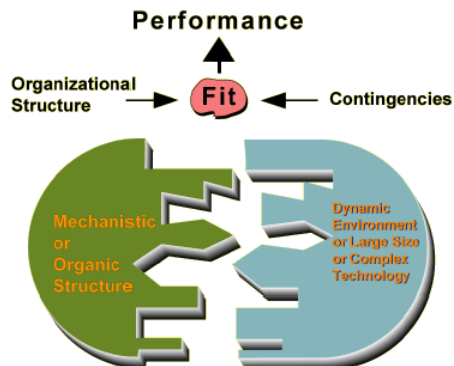
- High specialization
- Rigid departmentalization
- Clear chain of command
- Narrow spans of control
- Centralization
- High formalization

### The Organic Model



- Cross-functional teams
- Cross-hierarchical teams
- Free flow of information
- Wide spans of control
- Decentralization
- Low formalization

## A Contingency Model of Organizational Structures: Determinants and Outcomes of Structures



### **The Right Structure for the Right Situation**

- Strategy
  - Innovation (use organic structure), cost minimization (use mechanistic structures), and imitation (use mix of both).
- Organization Size
  - Large organization: Use mechanistic structure, but for very large organizations, use mix of both
- Corner store → Organic structure
- Mid-size manufacturing company → Mechanistic structure
- Big multinational → Use both
- Technology
  - Assembly lines: use mechanistic structures
  - Complex technology: use organic structures
- Environment
  - Scarce resources → organic structure
  - Dynamic environment → organic structure
  - Complex environment → organic structure

### **Summary and Implications**

- An organization's structure determines how people behave in the organization.
- Structural designs can help to reduce coordination costs.
- Structural characteristics like work specialization, span of control, formalization, and centralization affect behaviour and can be adjusted to improve performance.
- When structural designs match environmental constraints, the organization performs better.

# **Chapter 14**

# **Organizational Change**

## Chapter 14

### Organizational Change

#### Some Types of Change

- Unplanned Change
  - E.g., change as a result of accidents.
- Planned Change
  - Change activities that are intentional and goal oriented.
- First-Order Change
  - Linear and continuous and incremental.
- Second-Order Change
  - Change that is multidimensional, multilevel, discontinuous, and radical.

#### Which Forces Cause Organizational Change?

Force	Examples
Nature of the work force	<ul style="list-style-type: none"> <li>• More cultural diversity</li> <li>• Increase in professionals</li> <li>• Many new entrants with inadequate skills</li> </ul>
Technology	<ul style="list-style-type: none"> <li>• More computers and automation</li> <li>• TQM programs</li> <li>• Reengineering programs</li> </ul>
Economic shocks	<ul style="list-style-type: none"> <li>• Security market crashes</li> <li>• Interest rate fluctuations</li> <li>• Foreign currency fluctuations</li> </ul>
Competition	<ul style="list-style-type: none"> <li>• Global competitors</li> <li>• Mergers and consolidations</li> <li>• Growth of specialty retailers</li> </ul>
Social trends	<ul style="list-style-type: none"> <li>• Increase in college/university attendance</li> <li>• Delayed marriages by young people</li> </ul>
World politics	<ul style="list-style-type: none"> <li>• Increase in divorce rate</li> <li>• Collapse of Soviet Union</li> <li>• Terrorism</li> <li>• NAFTA</li> </ul>
Organizational Learning	<ul style="list-style-type: none"> <li>• Unit cost per airplane produced</li> <li>• R&amp;D – Innovation, Patents</li> <li>• Rule change in organizations</li> </ul>

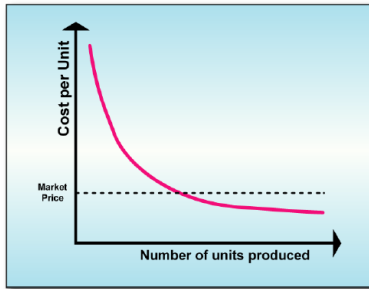
#### Resistance to Change

- Sources of Individual Resistance to Change
  - Selective information processing
  - Habit
  - Fear of the unknown
- Sources of Organizational Resistance to Change
  - Threat to established resource allocations; entitlements
  - Threat to established power relationships
  - Structural inertia (formal structures, external pressures)

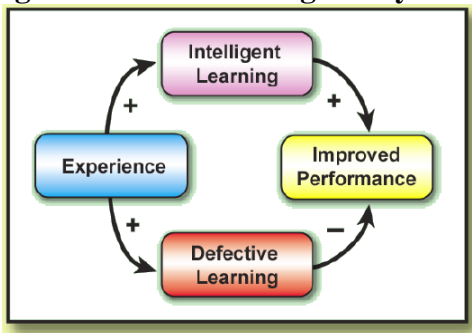
- Entanglement
- Defective Organizational Learning

### An Important Process of Change: Organizational Learning

- Basic Idea:
  - Organizations learn (from their own experiences and experiences of others) and thereby improve their performance



### Does Organizational Learning Always Lead to Improved Performance?

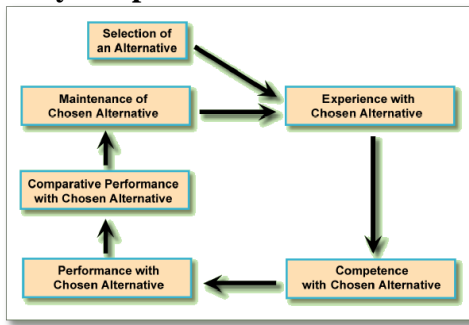


- Note: The lower loop is where the ‘meat’ of organizational learning research is!

### When Learning Goes Wrong

- Defective Learning (“Roadblocks”)
  - “I am my position.”
    - When I over-identify with my position, I can’t imagine change.
  - “It’s someone else’s fault”
    - When you blame others, you limit the search for causes.
  - Lack of attention to past and future. “Myopia”
    - When you ignore experiences made in the past, you inhibit learning.
    - Focus on ‘here and now’ prevents that distant alternatives are explored.
  - The parable of the boiled frog
  - COMPETENCY TRAPS

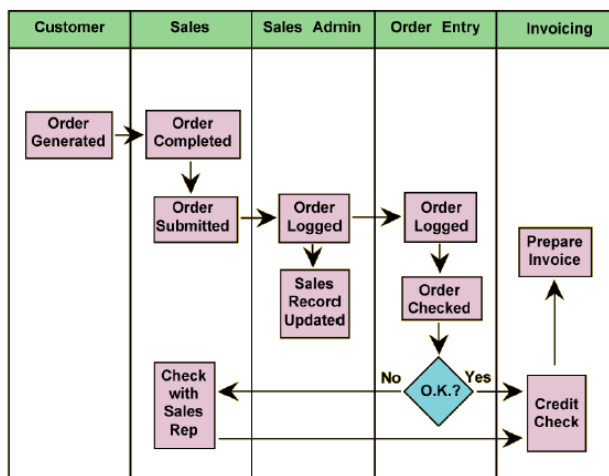
## Competency Traps



## Change is often resisted – How do we introduce change?

- Common Change Methods
  - TQM and Continuous Improvement Processes
  - Re-engineering Work Processes
  - Lewin's three step change process

## TQM and BPR Both Focus on Business Processes



## Total Quality Management

- Philosophy of management that's driven by the constant attainment of customer satisfaction through the continuous improvement of all organizational processes
  - seeks to reduce variability in output, resulting in lower costs and higher quality
- Intense focus on the customer
- Concern for continuous improvement
- Improvement in the quality of everything the organization does
- Accurate measurement
- Empowerment of employees

## Why TQM Sometimes Fails

- TQM is mostly a local improvement. It does not at all guarantee that global optima are found.
- Some firms were not performing TQM, just calling it that

- Some firms did not provide adequate training
- Some firms did not appreciate the complexity of changes involved

### Elements of Reengineering

- Identifying an organization's distinctive competencies
- Assessing core processes
- Pretend that you start from scratch
- Reduce the number of handovers between different stages
- Reorganizing horizontally by process

### Re-engineering versus TQM

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• TQM</li> <li>• Incremental improvements</li> <li>• Bottom-up participative decision making</li> </ul> | <ul style="list-style-type: none"> <li>• Re-engineering</li> <li>• Quantum leaps in performance</li> <li>• Driven by top management</li> </ul> |
|--|--|

### Lewin's Three-Step Change Model



- Unfreezing: Getting ready for change
  - Minimizing resistance
  - Question existing structures/ arouse dissatisfaction
  - Get people involved (on all levels)
- Moving: Making the change
  - Formulate goals and plans
  - Institute smaller, acceptable changes that reinforce and support change
  - Change people; tasks; structure; technology
  - Communicate and keep communication channels open
- Refreezing: Stabilizing the change
  - Establish rewards that reinforce new situation
  - Establish formal structures,
  - Monitor results, make constructive modifications
  - Encode changes in technology

### Unfreezing the Status Quo

