

CHAPTER 1
WHAT IS OB?

STUDY QUESTIONS:

- What is OB?
- What are the challenges for OB in the 21st century?
- How does OB make sense of behaviour?
- What are some of the challenges and opportunities that managers face in today's workplace?
- What are the three levels of analysis in our OB model? Are they related? If so, how?
- Why is job satisfaction an important consideration for OB?
- What are effectiveness and efficiency, and how are they related to OB?
- What is empowerment?
- What does it mean to say OB takes a contingency approach in its analysis of behaviour?

Skills for the New Workplace

- What is the "Competing Values Framework"?
- What kinds of skills does the Competing Values Framework suggest are useful for individuals to have?
- How do these skills link up with the activities and needs of today's organizations?

OVERVIEW:

- **Defining OB**
 - ◆ **What do we mean by Organization?**
 - ◆ **OB is for Everyone**
 - ◆ **The Importance of Interpersonal Skills**
- **Today's Challenges in the Canadian Workplace**
 - ◆ **Challenges at the Individual Level**
 - **Individual Differences**
 - **Job Satisfaction**
 - **Motivation**
 - **Empowerment**
 - **Behaving Ethically**
 - ◆ **Challenges at the Organizational Level**
 - **The Use of Temporary (Contingent) Employees**
 - **Improving Quality and Productivity**
 - **Developing Effective Employees**
 - **Putting People First**
 - **Helping Employees with Work-Life Balance**
 - **Creating a Positive Work Environment**
 - **Global Competition**
 - **Managing and Working in a Multicultural World**
- **OB: Making Sense of Behaviour in Organizations**
 - ◆ **The Building Blocks of OB**
 - **Psychology**
 - **Social Psychology**
 - **Sociology**
 - **Anthropology**
 - ◆ **The Rigour of OB**
 - **OB Looks at Consistencies**
 - **OB Looks Beyond Common Sense**
 - **OB has Few Absolutes**
 - **OB Takes a Contingency Approach**
 - ◆ **OB in Summary**

KEY TERMS:

Contingency approach - An approach taken by OB that considers behaviour within the context in which it occurs.

Effectiveness – The achievement of goals.

Efficiency - The ratio of effective work output to the input required to produce the work.

Empowerment - Giving employees responsibility for what they do.

Ethics - The study of moral values or principles that guide our behaviour; it informs us whether actions are right or wrong.

Evidence-based management (EBM) - Basing managerial decisions on the best available scientific evidence.

Intuition - A gut feeling not necessarily supported by research.

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.

Organizational behaviour - 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.

Organizational citizenship behaviour (OCB) - Discretionary behaviour that is not part of an employee's formal job requirements but that nevertheless promotes the effective functioning of the organization.

Positive organizational scholarship - An area of OB research that concerns how organizations develop human strength, foster vitality and resilience, and unlock potential.

Productivity - A performance measure including effectiveness and efficiency.

Systematic study - Looking at relationships, attempting to attribute causes and effects, and drawing conclusions based on scientific evidence.

Workforce diversity - The mix of people in organizations in terms of gender, race, ethnicity, disability, sexual preference, age, and demographic characteristics such as education and socio-economic status.

CHAPTER SUMMARY:

A. Defining Organizational Behaviour

- Organizational behaviour is a field of study that investigates the impact that individuals, groups, and structure have on behaviour within organizations; its purpose is to apply such knowledge toward improving an organization's effectiveness.
- OB is concerned with the study of what people do in an organization and how that behaviour affects the performance of the organization.
- OB includes the topics of motivation, leadership, power, interpersonal communication, group structure and processes, learning, attitude development and perception, change processes, conflict, work design, and work stress.
- Why Do We 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, at least some of the time
 - Some of you may want to be managers or entrepreneurs

1. What Do We Mean by Organization?

- A consciously coordinated social unit composed of a group of people, which functions on a relatively continuous basis to achieve a common goal or set of goals.
- Manufacturing and service firms are organizations, and so are schools, hospitals, churches, military units, retail stores, police departments, volunteer organizations, start-ups, and local, state and federal government agencies.
- Organizations can be located in the public sector or the private sector, they can be unionized or not, they can be publicly traded or they can be privately held.
- If organizations are publicly traded, senior managers typically are responsible to a board of directors, which may or may not take an active role in the how the firm is run.
- If the firm is privately held, it may be run by the owners or the managers report to the owners.
- Firms can also operate in the for-profit or the non-profit sector.
- All of these facts, taken as a whole, should suggest that when one thinks of an organization, the likelihood that it is a "typical" organization is small.

2. OB Is for Everyone

Notes:

- As employees are asked to move beyond their traditional function of providing labour and play a more proactive role in achieving organizational success, the roles of managers and employees are becoming blurred in many organizations.
- Managers are increasingly asking employees to share in their decision-making processes rather than simply follow orders. Therefore, organizational behaviour is not just for employees or managers.
- OB applies equally well to all situations in which you interact with others: on the basketball court, at the grocery store, in school, or in church.

3. The Importance of Interpersonal Skills

- In today's increasingly competitive and demanding workplace, individuals need to have good people skills.
- Managers may get by on their technical skills for a while, but leadership and communication skills affect career success.

B. Today's Challenges in the Canadian Workplace

Notes:

- Understanding organizational behaviour has never been more important for managers and employees as the Canadian workplace advances in the twenty-first century.
- The workplace that both employees and managers face today is different in some fairly fundamental ways from the workplace that we faced 20 years ago.
- Some of those challenges include loss of respect, changing expectations, sharing power, managing in a changing and competitive environment, globalization, and workplace diversity.

1. Challenges at the Individual Level

- Individual Differences
 - People in workplaces differ according to personality characteristics, perception, values, and attitudes. All of these have a very real impact on behaviour.
- Job Satisfaction
 - Overall job satisfaction in the Canadian workplace is relatively high.
 - The belief that satisfied employees are more productive than dissatisfied employees has been a basic assumption among managers for years.

- Although some evidence questions that causal relationship, it can be argued that society should be concerned not only with the *quantity* of life—that is, with concerns such as higher productivity and material acquisitions—but also with its *quality*.

Job satisfaction is also of concern because it is negatively related to absenteeism and turnover, which cost organizations considerable amounts of money annually.

- Motivation

- In an Angus Reid survey, 29 percent of employees responded that they do not feel they receive fair or reasonable rewards for the work that they do.

- Empowerment

- Empowerment means managers are putting employees in charge of what they do.
- The roles for both managers and employees are changing, often without much guidance on how to perform these new roles.
 - Managers are having to learn how to give up control, and employees are having to learn how to take responsibility for their work and make appropriate decisions.

- Behaving Ethically

- In an organizational world characterized by cutbacks, expectations of increasing worker productivity, and tough competition in the marketplace, it's not altogether surprising that many employees feel pressured to cut corners, break rules, and engage in other forms of questionable practices.
- The recent Enron scandal illustrated how casually some people treat the subject of ethics. Enron executives creatively changed how they reported their profits and losses.
- Ethics is the study of moral values or principles that guide our behaviour, and inform us whether actions are right or wrong. Ethical principles help us “do the right thing.”

2. Challenges at the Group Level

- Working with Others

- Few people work entirely alone, and some organizations make widespread use of teams.
- Therefore, most individuals interact with others during the workday.
- This can lead to a need for greater interpersonal skills.

- Workforce Diversity
 - The workplace is also made up of people from a variety of different backgrounds.
 - Thus learning how to work with people from different cultures has become more important.

3. Challenges at the Organizational Level

- Canadian businesses face many challenges in the twenty-first century. Their ability to be as productive as US businesses is constantly questioned. The need to develop effective employees and to manage human resource issues such as absenteeism and turnover is critical. Meanwhile businesses face wider competition because of the global economy. Many companies have expanded their operations overseas, which means they have to learn how to manage people from different cultures.
- The Use of Contemporary (Contingent) Employees
 - Downsizing has eliminated millions of “permanent” jobs, and the number of openings for nonpermanent workers has increased.
 - Because contingent employees lack the security and stability that permanent employees have, they don’t always identify with the organization or display the commitment of other employees.
- Improving Quality and Productivity
 - Increased competition is forcing managers to reduce costs, enhance the quality of their products and services, and improve productivity.
 - Productivity: A performance measure including effectiveness and efficiency
 - Effectiveness: Achievement of goals
 - Efficiency: The ratio of effective work output to the input required to produce the work.
- Developing Effective Employees
 - One of the major challenges facing organizations in the twenty-first century is how to manage their human resources effectively. The issues include absenteeism, turnover, and organizational citizenship.
 - Organizational citizenship behaviour: Discretionary behaviour that is not part of an employee’s formal job requirements, but which is helpful to the organization.

- Successful organizations need employees who will go beyond their usual job duties, providing performance that is beyond expectations.
- Putting People First
 - Professor Jeffery Pfeffer of Stanford’s Graduate School of Business emphasizes the need to “put people first” in considering organizational objectives. This strategy will not only generate a committed workforce, but will also significantly affect the bottom line.
 - Pfeffer explains that people will work harder when they feel they have “more control and say in their work. *OB in Action: Practices of Successful Organizations* outlines the practices that successful “people first” organizations use to encourage their employees to work harder, smarter, and more responsibly.
- Helping Employees with Work-Life Balance
 - Employees are increasingly complaining that the line between work and nonwork time has become blurred, creating personal conflicts and stress.
 - Recent studies suggest that employees want jobs that give them flexibility in their work schedules so they can better manage work-life conflicts.
- Creating a Positive Work Environment
 - Instead of responding to competitive pressures by “turning up the heat,” some organizations are trying to realize a competitive advantage by fostering a positive work environment.
 - A real growth area in OB research has been **positive organizational scholarship**, which focuses on how organizations develop human strengths, foster vitality and resilience, and unlock potential.
- Global Competition
 - In recent years, Canadian businesses have faced tough competition from the United States, Europe, Japan, and even China, as well as from other companies within our borders.
 - To survive, they have had to reduce costs, increase productivity, and improve quality.
- Managing and Working in a Multicultural World
 - As multinational corporations develop operations worldwide, as companies develop joint ventures with foreign partners, and as workers increasingly pursue job opportunities across national

borders, managers and employees must become capable of working with people from different cultures.

C. OB: Making Sense of Behaviour in Organizations

Notes:

1. The Building Blocks of OB

- A variety of disciplines have contributed to the study of OB (see Exhibit 1-2 Toward an OB Discipline).
 - Psychology
 - Psychology is the science that seeks to measure, explain, and sometimes change the behaviour of humans and other animals. Psychologists concern themselves with studying and attempting to understand individual behaviour.
 - Social Psychology
 - Social psychology is an area within psychology, but it blends concepts from psychology and sociology. It focuses on the influence of people on one another.
 - Sociology
 - Psychologists focus on the individual, whereas sociologists study the social system in which individuals fill their roles. That is, sociology studies people in relation to other human beings.
 - Anthropology
 - Anthropology is the study of societies to learn about human beings and their activities. Anthropologists' work on cultures and environments, for instance, has helped us understand differences in fundamental values, attitudes, and behaviour between people in different countries and within different organizations.

2. The Rigour of OB

- OB Looks at Consistencies
 - What is common about behaviour, and helps predictability?
 - Certainly there are differences among individuals. Placed in similar situations, all people don't act exactly alike. However, there are certain fundamental consistencies underlying the behaviour of all individuals that can be identified and then modified to reflect individual differences.
- OB Looks Beyond Common Sense
 - Systematic study, based on scientific evidence.

- OB looks at relationships, attempting to attribute causes and effects and drawing conclusions based on scientific evidence. This means data are gathered under controlled conditions, and measured and interpreted in a reasonably rigorous manner, rather than relying on common sense
- OB Has Few Absolutes
 - There are few simple and universal principles that explain organizational behaviour.
 - Human beings are very complex. They are not alike, which limits the ability to make simple, accurate, and sweeping generalizations.
- OB Takes a Contingency Approach
 - OB considers behaviour in context.
 - OB concepts must reflect situational or contingency conditions, and hence predictions about human behaviour are at best probabilistic, not absolute.
 - That is, X is likely to lead to Y, but only under conditions specified in Z (the contingency variables).
 - The point-counterpoint debates at the end of each chapter underscore the fact that there is significant disagreement about many of the concepts in this developing field.

3. OB in Summary

- OB considers the multiple levels in an organization: individual, group, and organizational.
- OB is built from the wisdom and research of multiple disciplines, including psychology, sociology, social psychology, and anthropology.
- OB takes a systematic approach to the study of organizational phenomena. It is research based.
- OB takes a contingency approach to the consideration of organizational phenomena. Recommendations depend on the situation.

D. Summary and Implications

1. What is organizational behaviour?

OB is a field of study that investigates the impact that individuals, groups, and structure have on behaviour within an organization.

2. What challenges do managers and employees face in today's workplace?

OB focuses on a number of challenges at the individual, group, and organizational levels: improving productivity, reducing absenteeism

Notes:

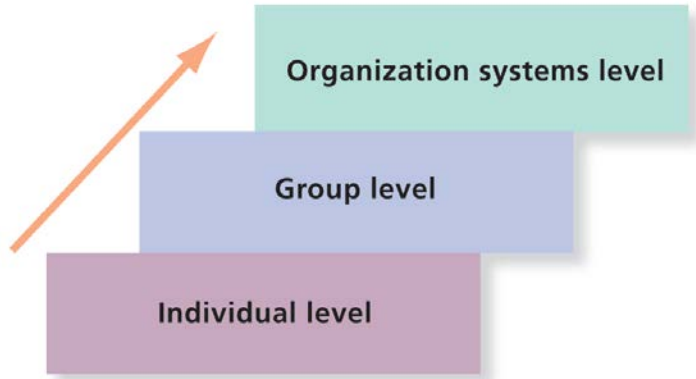
and turnover, working with others, and increasing employee job satisfaction and organizational commitment.

3. Isn't organizational behaviour common sense? Or just like psychology?

OB uses systematic study to improve predictions of behaviour.

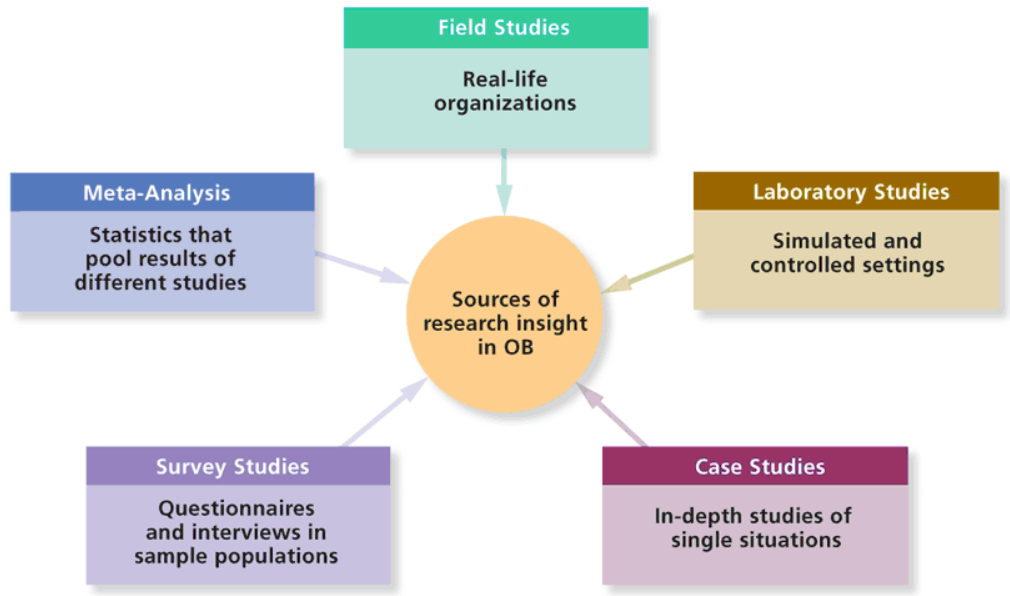
EXHIBITS

EXHIBIT 1-1 Basic OB Model



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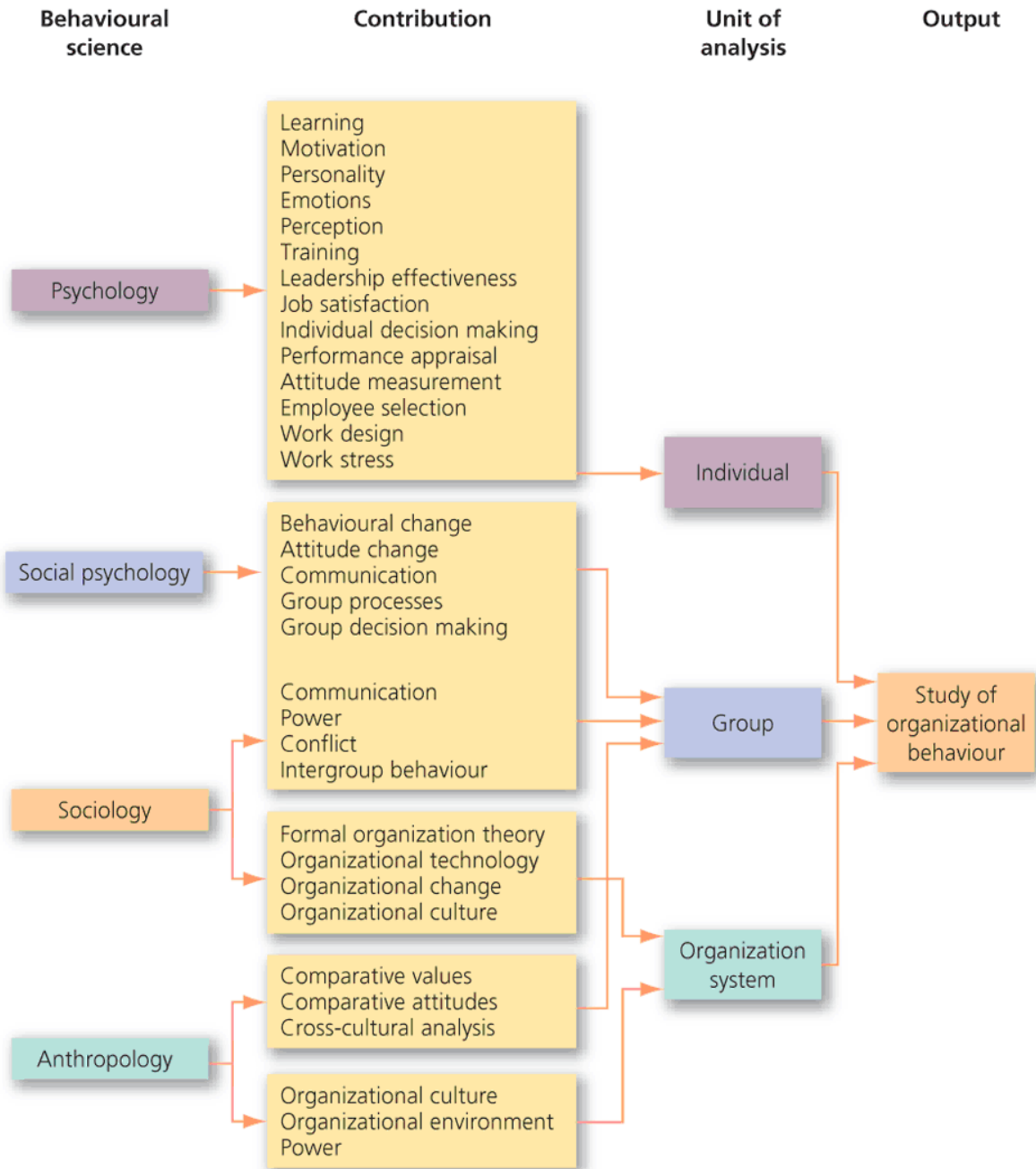
EXHIBIT 1-3 Research Methods in OB



Source: J. R. Schermerhorn, J. G. Hunt, and R. N. Osborn, *Organizational Behavior*, 9th Edition, 2005, p. 4. Copyright © 2005 John Wiley & Sons, Inc. Used with permission of John Wiley & Sons, Inc.

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EXHIBIT 1-2 Toward an OB Discipline



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EXHIBIT 1-5 The Fundamentals of OB

OB considers the multiple levels in an organization: individual, group, and organizational.

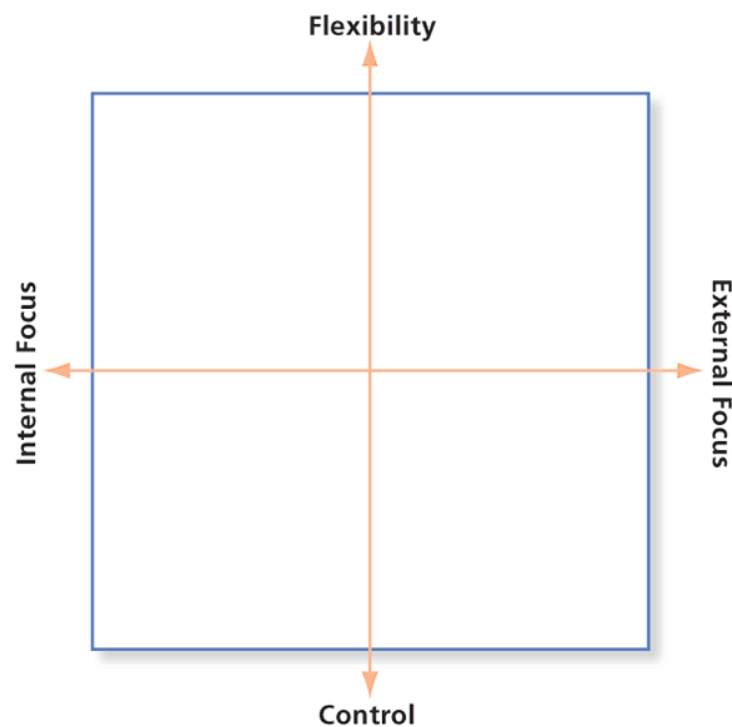
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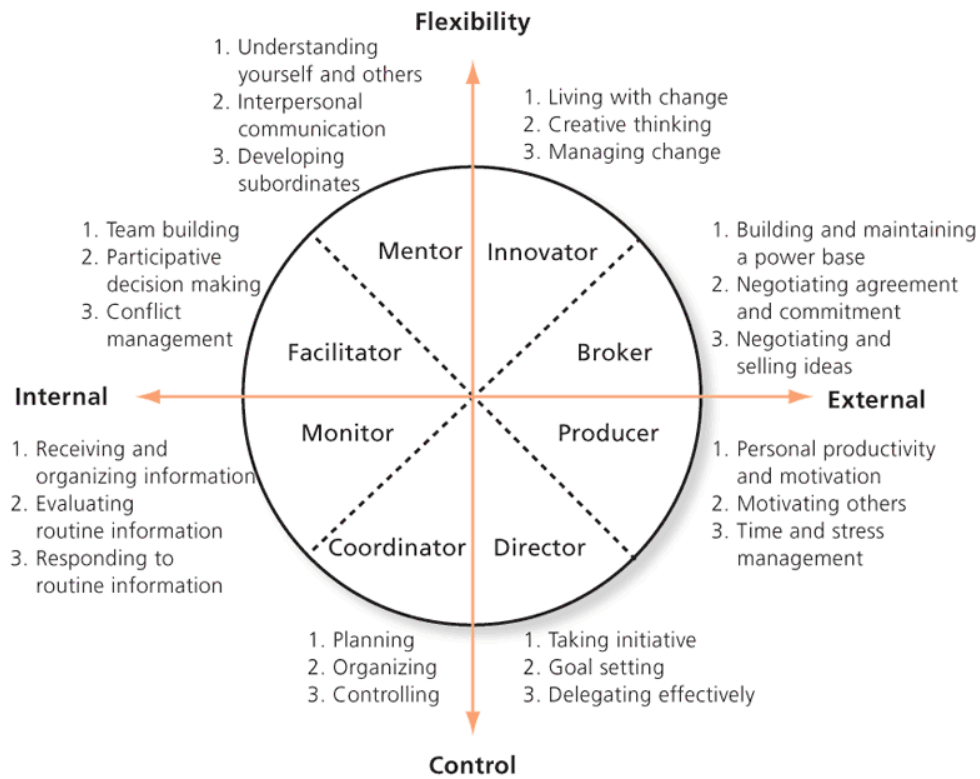
EXHIBIT 1-6 Competing Values Framework



Source: Adapted from K. Cameron and R. E. Quinn, *Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework* (Reading, MA: Addison Wesley Longman, 1999).

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EXHIBIT 1-7 Skills for Mastery in the New Workplace



Source: R. E. Quinn, *Beyond Rational Management* (San Francisco: Jossey-Bass, 1988), p. 86.

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TEXTBOOK ANSWERS TO REVIEW QUESTIONS (p.26)

1. *Define organizational behaviour.*

Organizational behaviour studies 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. OB is best understood as a tool in the skills repertoire of both employees and managers.

2. *What is an organization? Is the family unit an organization? Explain.*

An organization is 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. Toyota is an organization. Greenpeace is an organization. A sorority is an organization. Technically, the family unit is an organization. OB research, however, has tended to focus on formal, work-related organizations.

3. *"Behaviour is generally predictable, so there is no need to formally study OB." Do you agree or disagree with this statement? Why?*

A better statement might be that, given situational variables, human behaviour is predictable with some probability of certainty. Although OB represents substantial progress in predicting behaviour, it cannot yet consistently and perfectly predict behaviour. There are many questions that remain unanswered. There is also some research that is inconsistent and even controversial. Recent trends in research, however, have made tremendous gains in knowledge.

4. *What are some of the challenges and opportunities that managers face in today's workplace?*

The workplace that both employees and managers face today differs in some fairly fundamental ways from the workplace that we faced 20 years ago. Some of the challenges facing today's workplace include work-life balance, sharing power, managing in a changing and competitive environment, globalization, temporary (contingency) workers, and workplace diversity.

5. *What are the three levels of analysis in our OB model? Are they related? If so, how?*

The OB model proposes that there are three levels of analysis in OB, and that as we move from the individual level, through the group level, to the organization-systems level, we add systematically to our understanding of behaviour in organizations. The three basic levels are analogous to building blocks; each level is constructed upon the previous level. Group concepts grow out of the foundation laid in the individual section; we overlay structural constraints on the individual and group in order to arrive at organizational behaviour.

6. *Why is job satisfaction an important consideration for OB?*

Some researchers argue that satisfaction is a legitimate objective of an organization, which should provide employees with jobs that are challenging and intrinsically rewarding. Job satisfaction is a concern because it is negatively related to absenteeism and turnover, which cost organizations considerable amounts of money annually.

7. *What are effectiveness and efficiency, and how are they related to OB?*

Productivity is a performance measure including both effectiveness and efficiency. The first is the achievement of goals; the second is the ratio of output to input required to achieve goals. Goals are part of OB motivational models. As we will see in chapters 5 and 6, motivation theories and practices are directly related to both effectiveness and efficiency.

8. *What does it mean to say OB takes a contingency approach in its analysis of behaviour?*

OB looks at the situation, and recognizes that in different situations, different ways to behave may be more appropriate. For example, there is no one right way to lead, much depends on such things as the needs of the followers. A contingency approach to OB is preferred because we are unable to

make unequivocal statements that can explain and predict the behaviour of every individual in every situation. There are individual differences as well as group and organizational variables that moderate the "if X, then Y" statement. The contingency approach should lead to more accurate, though complex, predictions and explanations of behaviour.