

What is **Organizational Behaviour**?

Refers to the attitudes and behaviours of individuals and groups in organizations.

Management: the art of getting things accomplished in organizations through others. Managers acquire, allocate and utilize physical and human resources to accomplish goals.

Chapter 2

Personality: Relatively stable set of psychological characteristics that influences the way an individual interacts with his or her environment.

Importance of relationship between Personality and ORG BEH

Dispositional approach: Individuals possess stable traits or characteristics that influence their attitudes and behaviours.

Situational approach: Characteristics or organizational setting influences people's attitudes and behaviours. Not based on a person's nature.

Person versus Situation Debate

Interactionist approach: ORG BEH is a function of both personality and situation.

Trait activation theory: Traits lead to certain behaviours only when the situation makes the need for the trait salient. (ex: Somebody who is normally friendly can become aggressive and violent in the right situation).

Strong versus weak situations. Strong situations are where the roles, rules and contingencies are very defined. In a loose situation the roles and rules are weakly defined. Personality matters more in weak situations.

Key concept: *fit*, putting the right person in the right situation.

Five factor Model of personality

Extraversion (social talkative vs. withdrawn shy)

People in jobs that require interpersonal interaction being assertive, energetic, ambitious.

Neuroticism/Emotional Stability (Stable Confident vs. Depressed Anxious)

High emotional stability will have more effective interactions with co-workers.

Agreeableness (Tolerant Cooperative vs. Cold Rude)

Important in jobs that require helping, cooperating, and also involve lots of teamwork.

Conscientiousness (Dependable Responsible vs. Careless Impulsive)

Tendency towards hard work and achievement.

Openness to Experience (Curious original vs. Dull Unimaginative)

Important for jobs that involve learning and creativity.

There is evidence that each BIG 5 is related to job performance and organizational citizenship behaviours.

Best predictors of job performance depend on the occupation.

High conscientiousness predicts performance in all jobs across occupations and is the strongest predictor of a good worker.

Locus of control: A set of beliefs about whether one's behaviour is controlled mainly by external or internal forces.

High External control: Behaviour determined by, Fate, Luck, Powerful People

High Internal Control: Behaviour determined by Self- initiative, personal actions, Free will

People with high Internal control have better job satisfaction.

Self Monitoring: The extent to which people observe and regulate how they appear and behave in social settings and relationships.

High self monitors gravitate to jobs that require a degree of role playing and exercise of their self- presentation skills. They are capable of reading a situation and acting appropriately.

Self esteem: Degree to which a person has a positive self-evaluation.

Behavioural plasticity theory: People w/ low self esteem are more susceptible to external and social influences than those w/ high.

Learning: A relatively permanent change in behaviour potential that occurs due to practice or experience.

Employees learn:

- Practical skills (driving a forklift)
- Intrapersonal skills (time management, dealing w/ stress, etc.)
- Interpersonal skills (interactive skills, teamwork)
- Cultural awareness (social norms of organizations)

Operant Learning: Learning by which the subject learns to operate on the environment to achieve certain consequences. (ex: rats pulling lever to get food). The connection between the behaviour and the consequence that follows. "If I do this, that will happen".

Reinforcement: the process by which stimuli strengthen behaviours. Stimulus that follows some behaviour increases or maintains probability of a behaviour.

Positive reinforcement: The application or **addition** of stimuli that increases or maintains the probability of some behaviour. Positive reinforcers work by their application to a situation.

Negative reinforcement: The **removal** of a stimulus that in turn increases or maintains the probability of some behaviour. If you do something good an unpleasant stimuli is removed.

They are usually unpleasant. (ex: Managers nagging their employees. The only way to stop it is to work hard).

Rewards versus Reinforcers: Rewards such as pay, promotions, benefits, paid vacations. They are not reinforcers because organizations do not make them contingent on specific behaviours that are of interest to the organization. The link between the reward and the behaviour makes it reinforcement.

Organizations often fail to appreciate individual differences in preferences for reinforcers. The reinforcer must be of something of value to the recipient.

Two important sources of reinforcement that managers often ignore:

Performance feedback: Providing Quantitative or Qualitative information on past performances for the purpose of changing or maintaining performance in specific ways.

Social recognition: Informal acknowledgement, attention, praise, approval or genuine appreciation for work well done by an individual or group.

Reinforcement Strategies

To obtain fast acquisition of some response, managers should apply continuous and immediate reinforcement. The reinforcer should be applied every time the behaviour of interest occurs and without delay. Used in situations such as dealing with problem employees, training employees for emergency situations and dealing w/ unsafe work behaviours.

When does one not want to apply continuous and immediate behaviour? Behaviour tends to be persistent (last a long time) when it is learned under conditions of partial or delayed reinforcement.

Techniques to stop certain learning Behaviours.

Extinction: The gradual dissipation of behaviour following the termination of reinforcement. If the behaviour is no longer reinforced it will gradually dissipate.

Punishment: The application of an aversive (unpleasant) stimulus following some behaviour designed to decrease the probability of behaviour.

In negative reinforcement a nasty stimulus is removed following some behaviour increasing the probability of that behaviour. While w/ punishment a nasty stimulus is applied after some behaviour decreasing the probability of that behaviour.

Failures of Punishment:

It does not demonstrate what activities should replace the punished response. Both positive and negative reinforcers specify which behaviours are appropriate.

Punishment only indicates what is not appropriate.

Punishment only temporarily suppresses unwanted behaviour.

Punishment has the tendency to provoke a strong emotional reaction on the part of the punished individual.

Social cognitive theory

Emphasizes the role of cognitive processes in learning and in the regulation of people's behaviour. People learn by observing others and can regulate their own behaviour by thinking about consequences of their actions, setting performance goals, monitoring performance, and rewarding themselves for goal accomplishments.

Human behaviour can be explained through **triadic reciprocal causation** in which *personal* factors and *environmental* factors work together and interact to influence *people's behaviour*. All three impact each other.

Observational learning: The process of observing and imitating the behaviours of others. The reinforcement is self-reinforcement.

Self efficacy beliefs: Beliefs that people have about their ability to successfully perform a task. It is a cognitive belief that can be changed or modified.

Four sources of info lead us to self efficacy beliefs:

- Performance mastery
- Observation
- Verbal Persuasion and Social influence
- Physiological State

Self efficacy beliefs influence:

- Activities people choose to perform
- Effort and persistence devoted to a task
- Affective and stress reactions
- Job performance

Self-Regulation: The use of learning principles to regulate one's own behaviour.

Observing one's behaviour and comparing it to a standard and rewarding oneself when the behaviour meets the standard.

Self regulation involves: collecting self observation data, observing models, setting goals, rehearsing, reinforcing oneself

Discrepancy reduction: reducing the difference between what I do and what I want to be able to do.

Discrepancy production: You produce a discrepancy by finding somebody who is better than you. Find a new standard to work towards once discrepancy reduction has reached its max.

Chapter 3

Perception: The process of interpreting the messages of our senses to provide order and meaning to the environment.

People base their actions on the interpretation of reality that their perceptual system provides



rather than reality itself.

-Three components:

-**Perceiver** (perceptions affected by experience, motivational state, emotional state)
Past experiences lead perceiver to develop expectations. Needs unconsciously influence perceptions as well as emotions such as anger, fear, happiness, etc.

-**Target** that is being perceived

Ambiguous targets are susceptible to interpretations. Perceiver needs to resolve ambiguity. The perceiver does not or cannot use all infer provided by target. A reduction in ambiguity might not be accompanied by greater accuracy.

-**Situational context** in which perception is occurring

Situation can add information about the target. Perception of a target can change in a different situation.

Perceptual defence: The tendency for the perceptual system to defend the perceiver against unpleasant emotions. (“see what we want to see” or “hear what we want to hear”)

Social Identity theory: A theory that states that people form perceptions of themselves based on their personal characteristics and memberships in social categories.

EXHIBIT 3.3
Bruner's model of the perceptual process and an example.

Model	Example
Unfamiliar target encountered	New co-worker
↓	↓
Openness to target cues	Observation; search for information
↓	↓
Familiar cues encountered	Co-worker is Stanford graduate with good grades
↓	↓
Target categorized	Co-worker is "good man" with "great potential"
↓	↓
Cue selectivity	Co-worker's poor performance ignored or distorted
↓	↓
Categorization strengthened	Co-worker is still "good man" with "great potential"

Model of perceptual process

Bruner's model demonstrates three important characteristics of perceptual process:

-Perception is **selective**

Perceivers do not use all available cues.

-Perceptual **constancy**

Tendency for the target to be perceived in the same way over time and across situations.

Expectations that things will remain the same.

-Perceptual **consistency**

Tendency to select, ignore and distort cues so that they fit together to form a homogenous picture of the target

Basic Biases in Perception:

Primary effect: The tendency for a perceiver to rely on early cues or first impressions. First impression is lasting one.

Recency effect: The tendency for a perceiver to rely on recent cues or last impressions. Last impressions count most.

Central traits: Personal characteristics of a target person that are of particular interest to a perceiver.

Implicit personality theories: Personal theories that people have about which personality characteristics go together. ex: people with average intelligence are friendlier or hard working people are honest.

Projection: The tendency for perceivers to attribute their own thoughts and feelings to others.

Stereotyping: The tendency to generalize about people in a certain social category and ignore variations among them.

- We distinguish some category of people
- We assume that individuals in this category have certain traits
- We generalize that all members of that group possess these traits.

Even incorrect stereotypes help us process information about others quickly and effectively.

Attribution: Perceiving causes and motives

Attribution: The process by which causes or motives are assigned to explain people's behaviour.

Dispositional Attributions: Explanations for behaviour based on an actor's personality or intellect.

Situational attributions: Explanations for behaviour based on an actor's external situation or environment.

How much is person (personality) versus situation

Three implicit questions guide our decisions to whether we should attribute behaviour to disposition or situational:

1- Does the person engage in the behaviour regularly and consistently? (consistency cues)

2- Do most people engage in the behaviour or is unique to that person? (Consensus cues)

EXHIBIT 3.4
Cue combinations and resulting attributions.

	Consistency	Consensus	Distinctiveness	Likely Attribution
Roshani	High	Low	Low	Disposition
Mika	High	High	High	Situation
Sam	Low	High	Low	Temporary Situation

3- Does the person engage in the behaviour in many situations or is it distinctive to one situation? (Distinctiveness cues)

This thing is wrong above

Consistency cues: Attribution cues that reflect how consistently a person engages in a behaviour over time.

Consensus cues: Attribution cues that reflect how a person's behaviour compares with that of others.

Distinctiveness cues: Attribution cues that reflect the extent to which a person engages in some behaviour across a variety of situations. Low distinctiveness leads to dispositional attribution. Highly distinctive we assume an aspect of the situation caused the behaviour.

Attribution in action:

- *Roshani* is absent a lot, her co-workers are seldom absent, and she was absent a lot in her previous job.
- *Mika* is absent a lot, her co-workers are also absent a lot, but she was almost never absent in her previous job.
- *Sam* is seldom absent, her co-workers are seldom absent, and she was seldom absent in her previous job.

Biases in attribution:

Fundamental Attribution Error: The tendency to overemphasize dispositional explanations for behaviour at the expense of situational explanations. (ex: I was a good student not the professor was a good teacher)

Actor-Observer affect: The propensity for actors and observers to view the causes of the actor's behaviour differently (actors are prone to attribute much of their own behaviour to situational factors while observers are more likely to invoke dispositional causes)

Self serving bias: The tendency to take credit for successful outcomes and to deny responsibility for failures. (tendency to take credit for successful outcomes and to deny responsibility for failures)

Chapter 4

Value: A broad tendency to prefer certain states of affairs over others.

-What we consider good or bad

-Values are motivational

-Values are very general they are not predictors of behaviour

Traditionalists (1922-1945)

Baby Boomers (1946-1964)

Generation X (1965-1980)

Millennials (1981-2000)

Generation	Percentage of Workforce	Assets in the Workplace	Leadership Style Preferences
<i>Traditionalists</i> Born 1922–1945	8%	Hard working, stable, loyal, thorough, detail-oriented, focused, emotional maturity	Fair, consistent, clear, direct, respectful
<i>Baby Boomers</i> Born 1946–1964	44%	Team perspective, delicate, experienced, knowledgeable, service-oriented	Treat as equals, warm and caring, mission-defined, democratic approach
<i>Generation X</i> Born 1965–1980	34%	Independent, adaptable, creative, techno-literate, willing to challenge the status quo	Direct, competent, genuine, informal, flexible, results-oriented, supportive of learning opportunities
<i>Millennials</i> Born 1981–2000	14% and increasing rapidly	Optimistic, able to multitask, tenacious, technologically savvy, driven to learn and grow, team-oriented, socially responsible	Motivational, collaborative, positive, educational, organized, achievement-oriented, able to coach

Work centrality: Work is valued differently across cultures. People for whom work is a central part of their life.

Hofstede's study: Dutch social scientists Geert Hofstede questioned over 116 000 IBM employees about their work related values.

He discovered four basic dimensions along which work-related values differed across cultures:

Power distance: The extent to which an unequal distribution of power is accepted by society members. High power distance means we expect that executives have high amount of power and it is expected.

Uncertainty Avoidance: The extent to which people are uncomfortable with uncertain and ambiguous situations. Cultures with weak uncertainty avoidance are less concerned with rules, conformity, and security.

Individualism vs collectivism: Individualistic societies stress independence, individual initiative and privacy. Collective cultures favour interdependence and loyalty to family or clan.

Masculinity/ femininity: Masculine cultures clearly differentiate gender roles and support the dominance of men. Feminine cultures accept fluid gender roles, stress sexual equality and stress quality of life.

Long term/short term orientation: Cultures with long term orientation stress persistence, perseverance, thrift and close attention to status differences. Culture with a short term orientation stress personal steadiness and stability, face saving, etc.

Exporting OB theories: organizational behaviour theories, research and practices from North America might not translate well to other societies.

Importing OB theories: Not all practices, research and theories were designed for North America.

Attitudes: A fairly stable evaluative tendency to respond consistently to some specific object situation, person or category of people.

- They involve evaluations directed towards specific targets
- Are far more specific than values

Attitude — —> Behaviour (Attitudes influence our behaviour)

- However attitudes are not always consistent with behaviour.
- Attitudes are a function of what we think and feel.

Belief + Value — —>Attitude—>Behaviour

ex: "my job interferes with my family life"(belief)

"I dislike anything that hurts my family" (value)

"I dislike my job" (attitude)

"I'll search for another job" (behaviour)

Job satisfaction: A collection of attitudes that workers have about their jobs.

Job satisfaction facets: the work itself, compensation, recognition, supervision, benefits, work, organizational policy, working conditions, organizational policy co-workers etc.

Job descriptive Index: Measure of job satisfaction

The Minnesota Satisfaction Questionnaire: Measure of job satisfaction.

What determines job satisfaction?:

Discrepancy theory: A theory that job satisfaction stems from the discrepancy between the job outcomes wanted and the outcomes that are perceived to be obtained.

-All about you, no comparisons to other workers

-Job satisfaction is created when there is low discrepancy between what you get and what you think you deserve is low

Distributive fairness: Fairness that occurs when people receive the outcomes they think they deserve from their job. It involves the distribution of work rewards and resources; individuals want what's fair.

Equity theory: A theory that job satisfaction stems from a comparison of the inputs one invests in a job and the outcomes one receives in comparison with the inputs and outcomes of another person or group.

My outcomes/My Inputs = Other's outcomes/Other's Inputs

Equity theory suggests that outcomes should be tied to individual contributions or inputs. This corresponds to North American culture.

Inputs: Anything that people give up, offer or trade to their organization in exchange for outcomes (time, effort, etc.)

Outcomes: Factors that an organization distributes to employees in exchange for their inputs.

Inequity is a dissatisfying state.

Procedural fairness: Fairness that occurs when the process used to determine work outcomes is seen as reasonable

In allocating outcomes, the following factors contribute to procedural fairness:

-Follows consistent procedures over time and across people

-Uses accurate information and appear unbiased

-Allows two-way communication in the allocation process

-Welcomes appeals of the procedure allocation

Interactional fairness: Fairness that occurs when people feel they have received respectful and informative communication about an outcome.

It is possible for absolutely fair outcomes or procedures to be perceived as unfair when they are inadequately explained.

Disposition: Could your personality contribute to your feelings of job satisfaction? The underlying dispositional view is the idea that some people are predisposed by virtue of their personality to be more or less satisfied despite changes in discrepancy or fairness.

Mood and emotion

Affect: Broad term for feelings that includes emotion and moods.

Emotions: intense often short-lived feelings caused by a particular event

Mood: Less intense, longer lived and more diffuse feelings.

Emotional contagion: Tendency of moods and emotions to spread between people or throughout a group.

Emotional regulation: Requirement for people to conform to certain “display rules” in their behaviour in spite of their true mood or emotions.

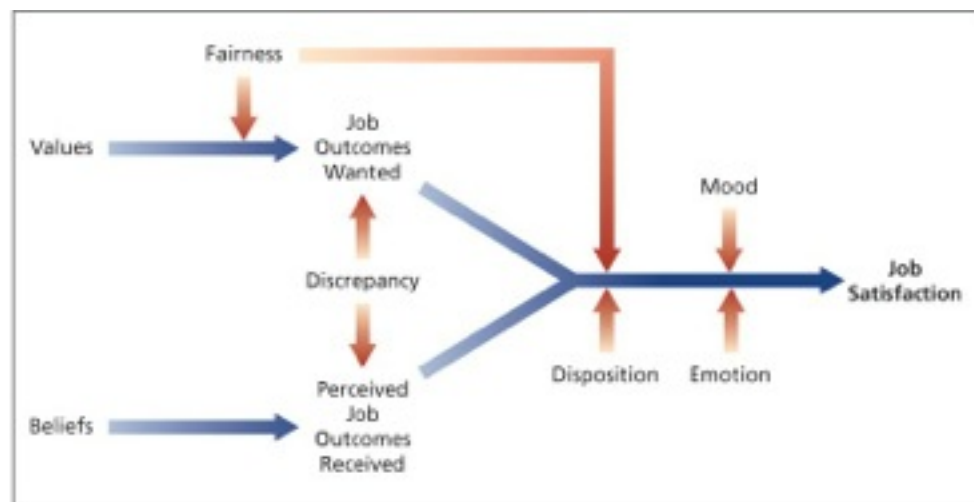
Occupation with high cognitive demand tends to get paid more when the job is also high in emotional labour (ex: a spokesperson)

Occupations with low cognitive demands entail a wage penalty when emotional labour is higher.

Job satisfaction is a function of:

- Dispositional factors
- Discrepancy between the job outcomes a person wants and the outcomes received
- Mood and emotion
- Fairness and equity

EXHIBIT 4.6
How discrepancy, fairness, disposition, mood, and emotion affect job satisfaction.



Some key components to job satisfaction:

- Mentally challenged work: tests employees skills and abilities, work is personal involving and important
- Adequate compensation: Pay and satisfaction are positively related
- Career Opportunities
- People

Consequences of job satisfaction:

-Absence from Work

Less satisfied people are more likely to be absent. Absenteeism is an expensive behaviour

-Turnover

refers to resignation from an organization. Less satisfied workers are more likely to quit

Honeymoon hangover effect: A decrease in job satisfaction often precedes turnover. and those who quit experience a boost in job satisfaction in their new job.

-Performance

The most important satisfaction facet for stimulating performance is the content of the work itself. The link between job satisfaction is higher in less routine jobs.

Organizational Citizenship behaviour: Voluntary, informal behaviour that contributes to overall organizational effectiveness.

Job satisfaction contributes tremendously to OCB. OCB is going above and beyond to make the organization a better place. The individual is not required to do so.

-It is voluntary

-It is spontaneous

-The behaviour contributes to the organizations effectiveness

-The behaviour is unlikely to be explicitly picked up and rewarded by the performance evaluation system

If you feel you are being treated fairly you are more likely to commit to OCB

Progression of withdrawal: There is a progression of withdrawal in response to job dissatisfaction. The first withdrawal response is withholding OCB.

-Customer satisfaction and profit

What is Organizational Commitment?

Organizational commitment: An attitude that reflects the strength of the linkage between an employee and an organization.

There are three very different types of organizational commitment:

Affective commitment: Commitment based on identification and involvement with an organization.

Continuance Commitment: Commitment based on the costs that would be incurred in leaving an organization.

Normative commitment: Commitment based on ideology or a feeling of obligation to an organization.

Chapter 5

Motivation: The extent to which persistent effort is directed toward a goal.

Characteristics of Motivation:

- Effort
- Persistence
- Direction
- Goals

Intrinsic Motivation: Motivation that stems from the direct relationship between the worker and the task. Usually is self-applied.

Extrinsic Motivation: Motivation that stems from the work environment external to the task. Usually is applied by others.

Evidence shows that the availability of extrinsic motivators can reduce the intrinsic motivation stemming from the task itself.

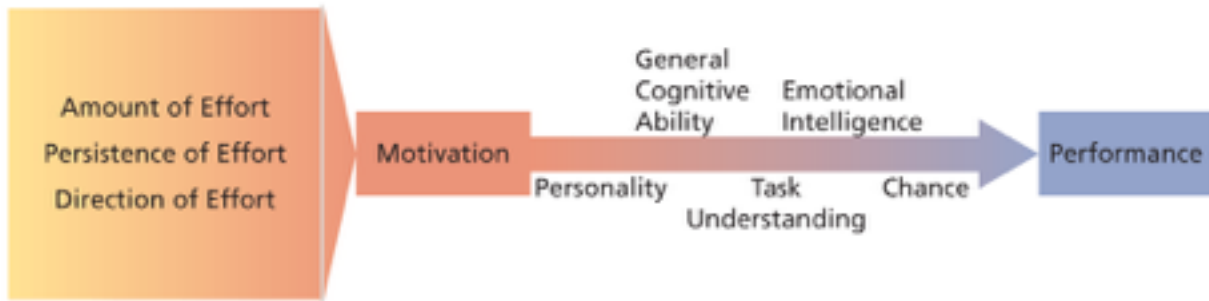
Self-Determination theory: A theory of motivation that considers whether people's motivation is autonomous or controlled.

Autonomous motivation: When people are self motivated by intrinsic factors.

Controlled motivation: When people are motivated to obtain a desired consequence or extrinsic reward.

Performance: The extent to which an organizational member contributes to achieving the objectives of an organization.

General cognitive ability (intelligence): A person's basic info-processing capacities and cognitive resources.



Emotional Intelligence: The ability to understand and manage one’s own and other’s feelings and emotions. Four branch model of emotional intelligence.

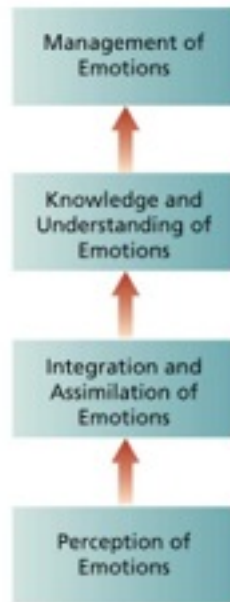


Exhibit 5.2
Salovey and Mayer’s model of emotional intelligence.

Source: Based on Mayer, J. D., Caruso, D.R., & Salovey, P. (2000). Emotional intelligence meets traditional standards for an intelligence. *Intelligence*, 27, 267–298; Salovey, P., & Mayer, J. D. (1990). Emotional intelligence. *Imagination, Cognition and Personality*, 9, 185–211.

It is possible for performance to be low even though a person is highly motivated. In addition to personality, poor performance can be due to a poor understanding of the task, luck or chance factors. High motivation will not result in high performance if they lack cognitive ability, EI intelligence or do not understand the task.

Need theories: Motivation theories that specify the kinds of needs people have and the conditions under which they will be motivated to satisfy these needs in a way that contributes to performance.

Maslow's Hierarchy of needs: A 5 level hierarchical need theory of motivation that specifies that the lowest level unsatisfied need has greatest motivating potential.

Alderfers ERG theory: A three level hierarchical need theory of motivation (existence, relatedness, growth) that allows for movement up and down hierarchy.

McClelland's theory of needs: A **nonhierarchical** need theory of motivation that outlines the conditions under which certain needs result in particular patterns of motivation. Needs reflect relatively stable personality characteristics. Concerned with the specific behavioural consequences of three needs.

Need for achievement: A strong desire to perform challenging tasks well. personal responsibility, tendency to set moderately difficult goals, a desire for feedback.

Need for affiliation: A strong desire to establish and maintain friendly, compatible interpersonal relationships. People with high affiliation have an ability to learn social networking quickly and a tendency to communicate w/ other frequently, prefer to avoid conflict and competition.

Need for power (control): A strong desire to influence other's making a significant impact or impression. they seek out social settings in which they can be influential. power can be used to serve the power seeker, other people. or the organization.

McClelland predicts that people will be motivated to seek out and perform well in jobs that match their needs.

The most effective managers have a low need for affiliation and a high need for power and the ability to direct the power for the organization.

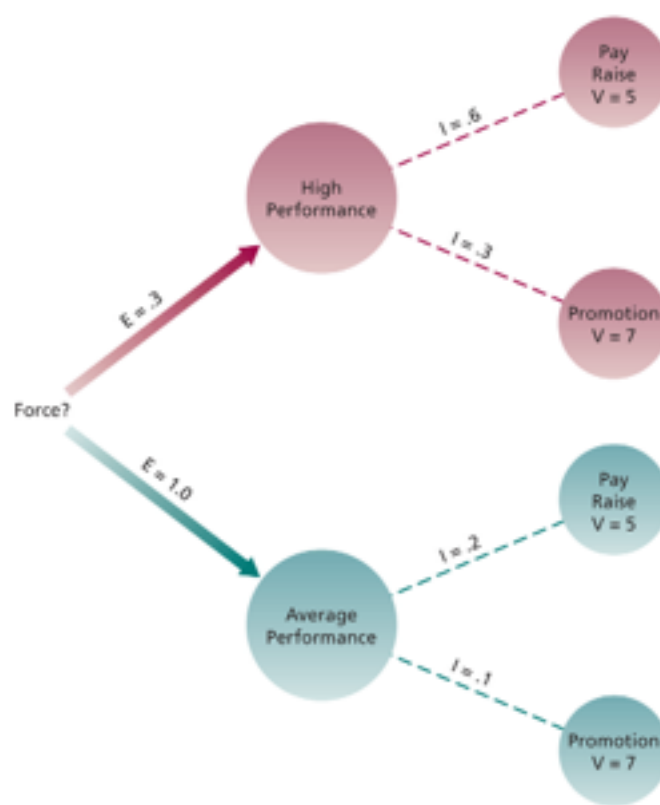
Process theories: Motivation theories that specify the details of how motivation occurs.

Expectancy theory: A process that states that motivation is determined by the outcomes that people expect to occur as a result of their actions on the job. **(not necessary to know)**

Outcomes: Consequences that follow work behaviour.

Instrumentality: The probability that a particular first-level outcome will be followed by a particular second level outcome.

EXHIBIT 5.5
 Expectancy model for
 Tony Angelas
 (E = Expectancy,
 I = Instrumentality,
 V = Valence).



Valence: The expected value of work outcomes: the extent to which they are attractive or unattractive.

Expectancy: the probability that a particular first level outcome can be achieved.

Force: the effort directed toward a first level outcome.

Equity theory: A process that states that motivation stems from a comparison of the inputs one invests in a job and the outcomes one receives in comparison with the inputs and outcomes of another person or group.

When workers' perceive equity they experience job satisfaction; when they perceive inequity, they experience job dissatisfaction.

Motivation stems from a comparison of the inputs one invests in a job and the outcomes one receives in comparison with the inputs and outcomes of another person or group. Individuals are motivated to maintain an equitable exchange relationship.

Tactics for reducing inequity: Perceptually distort one's own inputs or outcomes, perceptually distort the inputs or outcomes of the comparison person or group. Choose another comparison person or group. Alter one's inputs or outcomes. Leave the exchange relationship.

Goal setting theory: A process theory that states that goals are motivational when they are specific, challenging, when organizational members are committed to them, and when feedback about progress toward goal attainment is provided.

Goal: The object or aim of an action.

What type of goals are motivational?:

Goal specificity

Goal challenge

Goal commitment

Goal feedback (accurate, specific, credible, timely)

Goals are motivational because they:

- Direct attention toward goal relevant activities
- Lead to greater effort
- Increase and prolong persistence
- Lead to the discovery and use of task relevant strategies for goal attainment



EXHIBIT 5.6
The mechanisms of goal setting.

Source: Locke, E.A., & Latham, G.P. (2002). Building a practically useful theory of goal setting and task motivation. *American Psychologist*, 57, 705-717.

Enhancing goal commitment:

-Participation: sometimes participation in goal setting increases performance. ex: when a climate of distrust exists between management and employees or when participation provides information that assists in the establishment of fair, realistic goals.

-Rewards

-Supportiveness: management must show desire to assist employees.

Managers should set specific and challenging goals and provide ongoing feedback to employees so they can compare their performance with the goal. The performance impact of specific challenging goals is stronger for simpler jobs than for complicated.

Goal orientation: An individual's preferences in achievement situations

Learning goal orientation: A preference to learn new things and develop competence in an activity by acquiring new skills and mastering new situations.

Performance prove goal orientation: A preference to obtain favourable judgements about the outcome of one's performance.

Performance avoid-goal orientation: A preference to avoid negative judgements about the outcomes of one's performance

Distal goal: Long term or end goal

Proximal goal: short term goal or sub goal.

Chapter 6

Motivators:

Money is effective as a motivator.

Expectancy theory: if pay can satisfy a variety of needs it should be highly valent and it should be a good motivator to the extent that it is clearly tied to performance.

Financial incentives and pay for performance plans have been found to increase performance and lower turnover. Pay may be one of the most important motivators.

Job design: The structure, content, and configuration of a person's work tasks and roles. Most employees are motivated by challenging, stimulating, meaningful work.

-It is an attempt to capitalize on intrinsic motivation

Traditional views of job design: (early not very motivating views of work)

-Specialization is the key to efficient productivity

-Extreme division of labour and specialization as well as careful standardization and regulation of work activities and rest pauses

Job scope: The breadth and depth of a job.

Breadth: The number of different activities performed on a job.

Depth: The degree of a discretion or control a worker has over how work task are performed.

Job rotation: Rotating employees to different tasks and jobs in an organization.

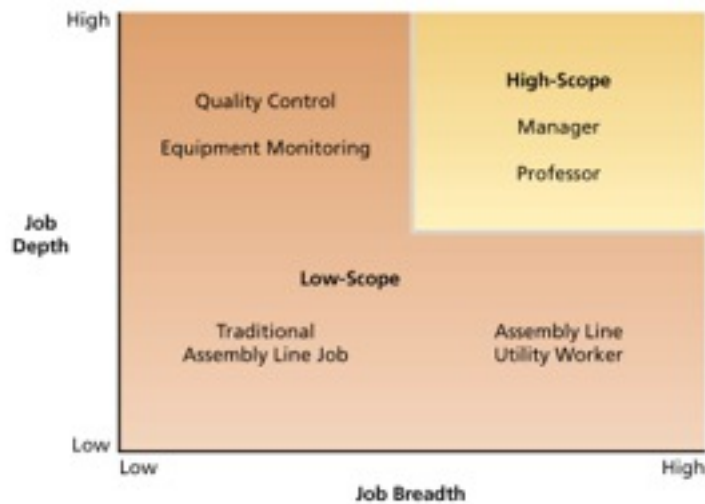


Exhibit 6.4
Job scope as a function of job depth and job breadth.

The motivation theories suggest that high scope jobs provide more intrinsic motivation than low scope jobs.

Job Characteristics model proposes that there are several “core” job characteristics that have certain psychological impact on workers. In turn, psychological states induced by the nature of the job bear to certain outcomes that are relevant to the worker and organization.

5 core job characteristics:

Skill variety: The opportunity to do a variety of job activities using various skills and talents.

Autonomy: The freedom to schedule one’s own work activities and decide work procedures.

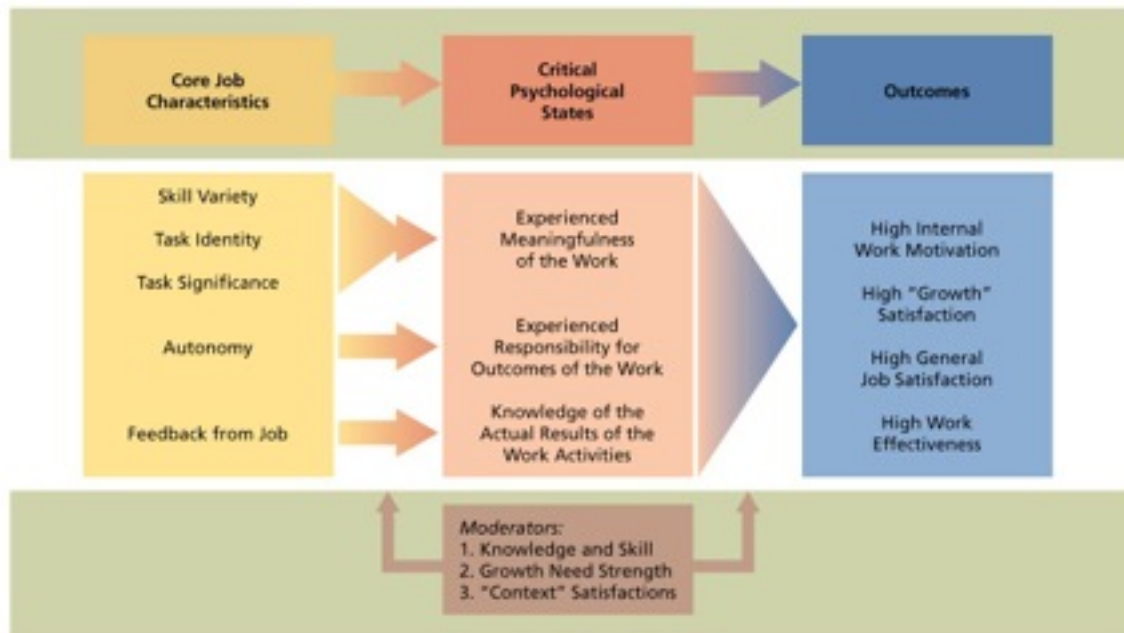
Task significance: The impact that a job has on other people.

Task identity: The extent to which a job involves doing a complete piece of work from beginning to end.

Feedback: Information about the effectiveness of one’s work performance.

Exhibit 6.5
The Job Characteristics Model.

Source: Hackman, J. R., & Oldham, G. R. (1980). *Work redesign*. Reading, MA: Addison-Wesley. Copyright © 1980 by Addison-Wesley Publishing Company. Figure 4.6. Reprinted with permission of the publisher.



Job diagnostic survey (JDS): Questionnaires to measure the core job characteristics. How much of each core characteristic is actually in each job? How motivating are certain jobs? Is the job motivating or are the people not motivated?

Critical psychological states: How you feel will determine how motivated you are.

- Experience meaningfulness of work
- Experience responsibility from outcomes of the work
- Knowledge of the actual results (not a lot of research support)

Outcomes:

- High intrinsic motivation
- High growth satisfaction
- High general job satisfaction
- High work effectiveness

People who are highly motivated will not always perform well.

Growth need strength: The extent to which people desire to achieve higher order need satisfaction by performing their jobs.

-Needs that go well beyond simple basic requirements such as respect, appreciation, etc.

Job enrichment: The design of jobs to enhance intrinsic motivation, quality of working life and job involvement.

-Take a job and find ways to make it better

-A way to enhance intrinsic motivation of workers

How to enrich a job? ex:

-Combining tasks

-Forming work teams

-Making feedback more direct

-Reducing supervision

-Establishing internal client relationships

-Establishing external client relationships

Potential problems w/ job enrichment

-Poor diagnosis

-Lack of desire or skill

-Demand for rewards

-Union resistance

-Supervisory resistance

Management by objectives (MBO): An elaborate, systematic, ongoing program designed to facilitate goal establishment, goal accomplishment

Job involvement: A cognitive state of psychological identification with one's job and the importance of work to one's own self image.

-Core job characteristics are positively related to job involvement

-Employee who are more involved in their job have higher job satisfaction and are less likely to leave.

Job enlargement: Increasing job breadth by giving employees more tasks at the same level to perform but leaving other core characteristics unchanged.

Work design characteristics: Attributes of the task, job and social and organizational environment.

Prosocial motivation: The desire to expend effort to benefit other people.

Relational architecture of jobs: The structural properties of work that shape employees' opportunities to connect and interact with other people.

Management by Objectives: An elaborate, systematic, ongoing program designed to facilitate goal establishment, goal accomplishment and employee development.

Alternative Working schedules as motivators for a diverse workforce:

Flex time: An alternative work schedule in which arrival and departure times are flexible.

Compressed workweek: An alternative work schedule in which employees work fewer than the normal five days a week but still put in a normal number of hours per week.

job sharing: An alternative work schedule in which two part-time employees divide the work of a full time job.

Work sharing: Reducing the number of hours employees work to avoid layoffs when there is a reduction in normal business activity.

Telecommunicating: A system by which employees are able to work at home but stay in touch with their offices through the use of communications technology.

Chapter 7

Group: Two or more people interacting interdependently to achieve a common goal. Groups exert influence on us.

Formal work groups: groups that are established by organizations to facilitate the achievement of organizational goals. Most commonly manager and employees.

Informal groups: groups that emerge naturally in response to the common interests of organizational members. Not sanctioned by an organization. Can either help or hurt an organization, depending on their norms for behaviour.

Typical stages of group development:

Forming: Group members try to orient themselves by “testing” the waters. Situation is often ambiguous and group members are aware of the dependency on each other.

Storming: Conflict often emerges at this stage. Confrontation and criticism occur as members determine whether they will go along with the way the group is developing. Setting out roles and responsibilities

Norming: Members resolve the issue that provoked the storming, and they develop social consensus. Compromise is often necessary. Norms are agreed on and the group becomes more cohesive.

Performing: The group devotes its energies toward task accomplishment. Achievement, creativity, and mutual assistance are prominent.

Adjourning: Rites and rituals that affirm the group’s previous successful development are common. Members often exhibit emotional support for each other.

Punctuated equilibrium model: A model of group development that describes how groups with deadlines are affected by their first meetings and crucial midpoint transitions.

Phase 1: critical first meeting. setting the agenda for what will happen in the remained of this phase. Group gathers info but makes very little visible progress.

Midpoint transition: a midpoint change. Transition marks a change in the group's approach. How the group manages the change is critical for the group to show progress. The transition crystallizes group's activities in phase 2

Phase 2: rush to task completion. Decisions and approaches adopted at the midpoint get played out. Reveals burst of activity and final meeting.

Advice for managing teams:

Prepare carefully for first meeting, do not look for radical process in phase 1, manage the midpoint transition carefully, be sure that adequate resources are available, resist deadline changes.

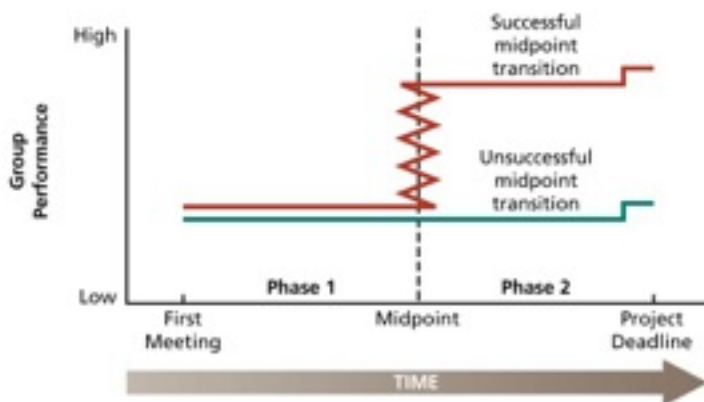


Exhibit 7.2
The punctuated equilibrium model of group development for two groups.

Group structure and consequences:

Group size: Most groups usually have between 3 and 20 members.

Size and satisfaction: Members of larger groups report more dissatisfaction with other group members. Less interaction between members. Larger groups might prompt more conflict. In larger groups individuals identify less easily with the success and accomplishments of the group.

Size and performance: The performance depends on the exact task that the group needs to accomplish and how we define good performance.

Additive tasks: in which group performance is dependent on the sum of the performance of the individual group members.

Disjunctive tasks: Tasks in which group performance is dependent on the performance of the best group member. As group size increases the probability of including a strong member goes up.

Conjunctive tasks: Tasks in which a group performance is limited by the performance of the poorest group. As group size increases the probability of including a weak link in the group goes up.

Process losses: Group performance difficulties stemming from the problems of motivating and coordinating larger groups.

For additive and disjunctive tasks, larger groups might perform better up to a point but at increasing costs to the efficiency of individual members.

Actual performance = Potential performance - Process losses

Diversity of group membership: Diverse groups have a more difficult time communicating effectively and becoming cohesive. Once they do develop, more and less diverse groups perform equally.

Norms: Collective expectations that members of social units have regarding the behaviour of each other. Codes of conduct that specify the standard against which we evaluate appropriateness of behaviour. Most normative influence is unconscious.

Why do norms develop?: They provide predictability to behaviour. Consistency provides psychological security. Less deviation is accepted for norms that concern more important behaviours.

Shared attitudes of a group for the basis of norms. Norms are collectively held expectations depending on two or more people from their existence.

Typical norms:

-Dress norms

-Reward allocation norms

-equity

-equality

-Reciprocity

-Social responsibility

-Performance norms

Roles: Roles are positions in a group that have a set of expected behaviours attached to them. Represent packages of norms that apply to specific group members.

Assigned roles: formally prescribed by organization as a means of dividing labour and responsibility to facilitate task achievement

Emergent roles: roles that develop naturally to meet social/emotional needs of group members or to assist in formal job accomplishment.

Role ambiguity: Lack of clarity of job goals or methods.

Role conflict: A condition of being faced with incompatible role expectations.

Intrasender role conflict: A single role sender provides incompatible role expectations to a role occupant,

Intersender role conflict: Two or more role senders provide a role occupant with incompatible expectations.

Interrole conflict: Several roles held by a role occupant involve incompatible expectations.

Person-role conflict: Role demands call for behaviour that is incompatible with the personality or skills of a role occupant.

Status: The rank, social, position, or prestige accorded to group members.

Group cohesiveness: The degree to which a group is attractive to its members.

Factors that influence group cohesiveness:

Threat and competition: External threat to the survival of the group cohesiveness. Honest competition with another group can also promote cohesiveness.

success: Groups become more cohesive when they successfully accomplish some important goal. Cohesiveness will decrease after failure

member diversity: Groups that are diverse in terms of gender, age, and race can have a harder time becoming more homogenous. If a group is in agreement about how to accomplish a task, its success will often outweigh the problems.

group size: Larger groups have a more difficult time becoming and staying cohesive

toughness of initiation: Groups that are tough to get into tend to be more attractive than those that are easier to join.

There is more participation in cohesive groups in terms of lower voluntary turnover and absenteeism and a high degree of communication within the group.

Highly cohesive groups are able to induce greater conformity to group norms. Cohesive groups react to deviants by increasing the amount of communication directed at these individuals. Groups can apply pressure to deviants to get them to comply with group norms.

In highly cohesive groups, the productivity of individual group members is similar to other members; in less cohesive groups, there is more variation in productivity. Highly cohesive groups tend to be more or less productive than less cohesive groups.

If groups have productivity norms, more cohesive groups should be better able to enforce them. If cohesive groups accept organizational norms for productivity, they should be highly productive.

Cohesiveness is more likely to pay off when the task requires more interdependence.

- Cohesive groups are successful in accomplishing what they wish to accomplish.
- Group cohesiveness on interdependent tasks should contribute to high productivity when there is a good labour relations climate.
- If the climate is marked by tension and disagreement, cohesive groups may pursue goals that result in low productivity.

Social loafing: The tendency to withhold physical or intellectual effort when performing a group task.

Social loafing has two forms:

Free rider effect: People lower their effort to get a free ride at the expense of their fellow group members.

The sucker effect: People lower their effort because of the feeling that others are free riding.

Ways to counteract social loafing?:

Make individual performance more visible
Make sure the work is interesting
Increase feelings of indispensability
Increase performance feedback
Reward group performance

Collective efficacy: Shared beliefs that a team can successfully perform a give task.

Self managed work teams: Work groups that have the opportunity to do challenging work under reduced supervision.

Composition of self managed teams:

- Stability
- Size
- Expertise
- Diversity

Supporting self managed teams:

- Training
- Technical training
- Social skills
- Language skills
- Business training
- Rewards
- Management

Cross functional teams: Work groups that bring people with different functional specialties together to better invent design, or deliver a product or service.

Principles for effectiveness:

- Composition
- Superordinate goals:** Attractive outcomes that can only be achieved by collaboration.
- Physical proximity
- Autonomy
- Rules and procedures
- Leadership

Shared mental models: Team members share identical information about how they should interact and what their task is.

Virtual teams: Work groups that use technology to communicate and collaborate across time, space and organizational boundaries.

Chapter 8

What is **Organizational Culture**? Organizational Culture consists of shared beliefs, values and assumptions that exist in an organization.

Can be thought of as an organization's style, atmosphere or personality.

These shared beliefs and values and assumptions determine the norms that develop and the patterns of behaviour that emerge from these norms

Culture—>Norms—>Behaviour

It can have a strong impact on organizational performance and employee satisfaction.

An organization can also have **subcultures** which are smaller cultures that develop within a larger organizational culture.

Effective organizations develop an overarching culture to manage differences between subcultures.

A **Strong Culture** is an organizational culture with intense and pervasive beliefs, values and assumptions. A strong culture provides great consensus concerning what an organization stands for. Strong cultures are associated with greater success and effectiveness.

In **Weak culture**, beliefs, values and assumptions are less strongly ingrained or less widely shared across the organization.

Assets of a strong culture:

- Coordination**: Overarching values and assumptions of strong cultures can facilitate communication and coordination.
- Conflict Resolution**: Sharing core values is a powerful mechanism that helps resolve conflicts
- Financial Success**: Strong cultures contribute to financial success and organizational effectiveness when the culture supports the mission, strategy and goals of the organization

Liabilities of Strong Cultures:

- Resistance to change**: Strong culture can prove resistant to change and ability to innovate
- Culture clash**: Can mix badly when a merger or acquisition pushes two together under same banner
- Pathology**: Some strong culture can threaten organizational effectiveness because they are in some sense pathological.

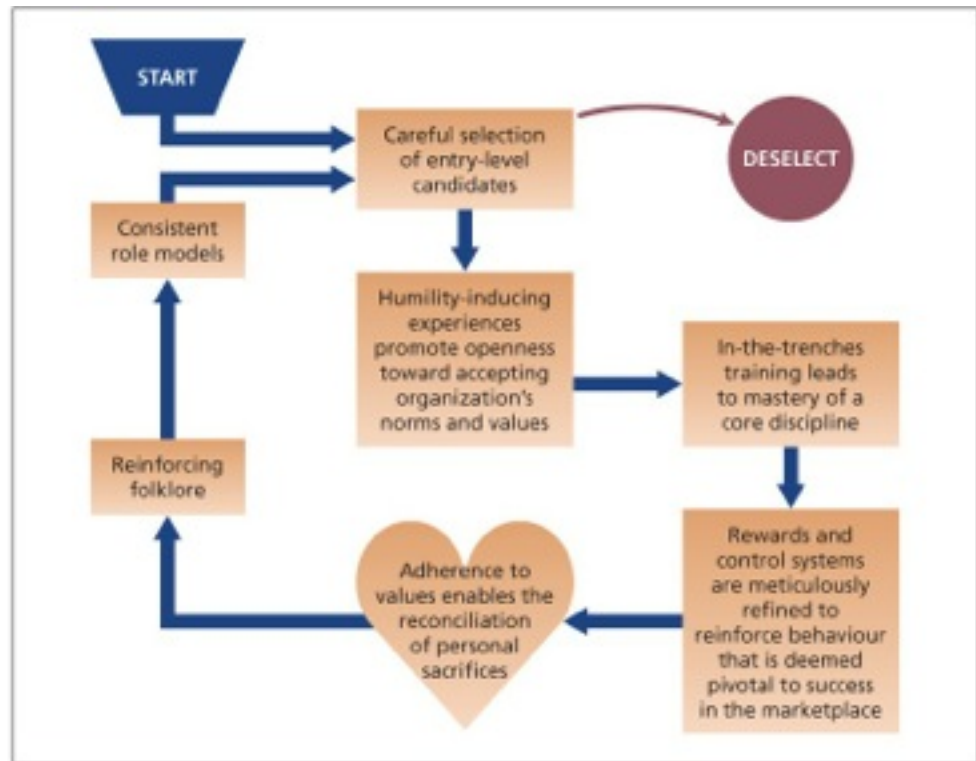
Two key factors that contribute to foundation and continuation:

- The founder's role: Reflect the values of organization's founder
- Socialization: Individuals can learn the culture's beliefs, values and assumptions

Socialization steps in strong culture:

- 1-Selecting employees
- 2-Debasement and Hazing
- 3-Training in the trenches
- 4-Reward and Promotion
- 5-Exposure to Core Culture
- 6-Organizational Folklore
- 7-Role Model

EXHIBIT 8.8
Socialization steps in strong cultures.
Source: The Regents of the University of California. (1985). Reprinted from the *California Management Review*, 27(2) by permission of The Regents.



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Diagnosing a culture: To grasp a culture is to examine the symbols, ritual and stories that characterize the organization's way of life

Symbols: Strong indicators of corporate culture. Some executives are skilled at using symbols consciously to reinforce cultural values.

Rituals: Rites, rituals and ceremonies convey the essence of a culture and can include parites, award events, employee night, etc.

Stories: Folklore of organizations. Stories about pas Organizational events

Chapter 9

Leadership: The influence that a particular individual exerts on the goal achievement of others in an organizational context.

Effective leadership exerts influence in a way that achieves organization goals by enhancing the productivity, innovation, satisfaction and commitment of workforce.

Strategic leadership: Leadership that involves the ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organization

Strategic leaders are open and honest in their interactions with organization's stakeholders and they focus on the future.

Formal leadership: Individuals with titles such as manager, executive, supervisor and department head occupy formal or assigned leadership roles.

They are expected to influence others and they are given specific authority to direct employees. Some managers and supervisors fail to exert any influence on others.

Informal leadership: Individuals might also emerge to occupy informal leadership roles. No formal authority. Rely on being well liked or being perceived as highly skilled to exert influence.

Trait theory of leadership (are leaders born or made):

Leadership depends on the personal qualities or traits of the leader. Based on assumption that those who become leaders and do a good job possess a special set of traits that distinguish them from the mass of followers.

Traits associated with leadership effectiveness:

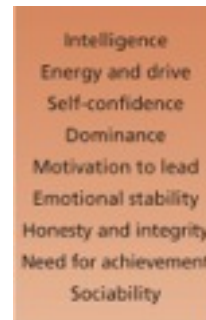


EXHIBIT 9.1
Traits associated
with leadership
effectiveness.

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All of the “Big Five” dimensions of personality are related to leadership emergence and success. Of the big five, extraversion and conscientiousness are the most consistent predictors of leadership effectiveness.

Intelligence is related to leadership effectiveness however the relationship is lower than previously thought.

The relationship between traits and leadership effectiveness is stronger for affective and relational measures of effectiveness than for performance related measures.

The trait approach has limitations:

- Difficult to determine whether traits make the leader or whether the opportunity for leadership produces traits
- Does not tell us what leaders do to influence others successfully
- Does not take into account the situational context
- Can lead to bias and discrimination when evaluating a leader’s effectiveness

-Traits alone are not sufficient for successful leadership

-Traits are only a precondition for certain actions that a leader must take in order to be successful

-Leader behaviours have a greater impact on leadership effectiveness than leader traits

The behaviour of leaders

Most involved systematic study of leadership at Ohio State in 1940s:

Consideration: the extent to which a leader is approachable and shows concern and respect for employees.

Initiating structure: the degree to which a leader concentrates on group goal attainment.

Consequences of two factors:

Both contribute positively depending on the context. Initiating structure is slightly more strongly related to leader job performance and group performance.

Employees under a high degree of pressure due to deadlines, unclear tasks, or external threat, initiating structure increases satisfaction and performance.

When the task is intrinsically satisfying, the need for high consideration and high structure is generally reduced.

When the goals and methods of performing the job are very clear and certain, consideration should promote employee satisfaction while structure should promote dissatisfaction.

When employees lack knowledge as how to perform a job, or the job itself has vague goals or methods, consideration becomes less important, while initiating structure takes additional importance.

The effects of consideration and initiating structure depend on characteristics of the task, the employee and the setting in which work is performed,

Situational theories of leadership:

The situation refers to the setting in which influence attempts occur.

Leadership is that the effectiveness of a leadership style is contingent on the setting.

House's Path-Goal: Concerned with the situations under which various leader behaviours are most effective.

The most important activities of leaders are those that clarify the paths to various goals of interest to employees. The opportunity to achieve such goals should promote job satisfaction, leader acceptance and high effort.

The effective leader forms a connection between employee goals and organizational goals.

To achieve job satisfaction and leader acceptance, leader behaviour must be perceived as immediately satisfying or as leading to future satisfaction.

To promote employee effort, leaders must make rewards dependent on performance and ensure that employees have a clear picture of how they can achieve these rewards.

Path goal theory is concerned with 4 behaviours:

- Directive behaviour
- Supportive behaviour
- Participative behaviour
- Achievement oriented behaviour

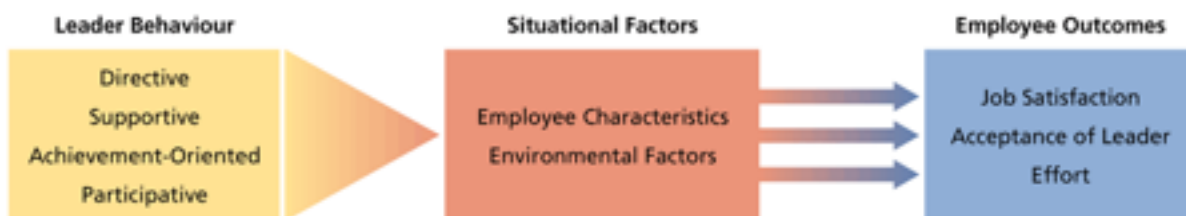


EXHIBIT 9.3
The Path-Goal Theory of leadership.

Source: From Journal of Contemporary Business, 3(4), 89. Reprinted by permission.

Employee characteristics:

- High need achievers should work well under achievement oriented leadership
- Employees who prefer to be told what to do respond best to directive leadership
- When employees have low task abilities, they will appreciate directive leadership

Environmental factors:

- When tasks are clear and routine, directive leadership is redundant.
- When tasks are challenging but ambiguous, directive and participative leadership is effective
- When a job is frustrating or dissatisfying, supportive leadership is most effective.

Employee involvement in Participation:

Participative leadership means involving employees in making work related decisions.

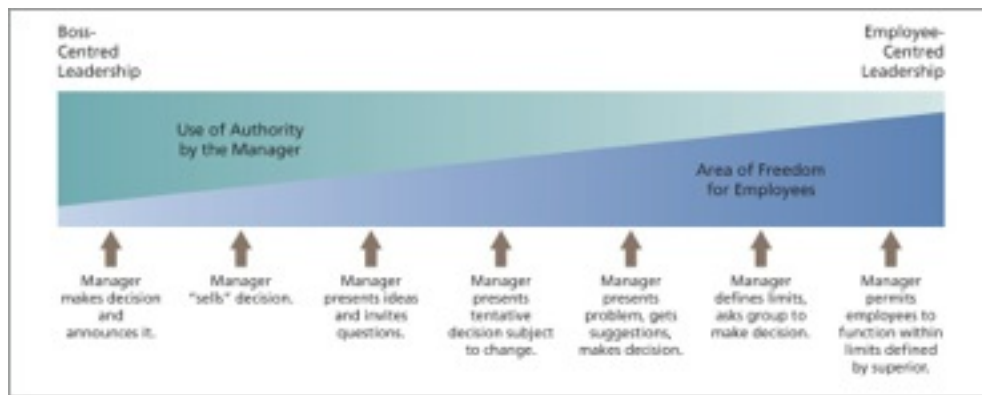


EXHIBIT 9.4

Employee participation in decision making can vary.

Source: An exhibit from Tannenbaum, R., & Schmidt, W.H. (1958, March/April). "How to choose a leadership pattern." Printed by permission of the Harvard Business Review. Copyright © 1958 by the President and Fellows of Harvard College; all rights reserved.

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Advantages of participation as a leadership technique:

- Motivation:** Participation can permit employees to contribute to the establishment of work goals and how to accomplish them. Can increase intrinsic motivation.
- Quality:** Empowers employees to take direct action and solve problems. Two heads are better than one.
- Acceptance:** Participation can increase the employees acceptance of decisions.

Potential problems of participative leadership:

-Time and energy: Participation requires specific behaviours on the part of the leader that use time and energy

-Loss of power: Some leaders feel that participative style will reduce their power and influence

-Lack of receptivity or knowledge: Employees might not be receptive to participation when the leader is not trusted. Employees might lack knowledge to contribute effectively

Transactional leadership: Leadership that is based on straightforward exchange between the leader and the followers

It involves:

-Contingent on reward behaviour

-Management by exception: leadership taking corrective action on the basis of the results of leader-follower transactions.

Transformational leadership: leadership that provides followers with a new vision that instills true commitment. Transformational leaders change the beliefs and attitudes of followers to correspond with a new vision and motivates them to achieve.

Four key dimensions of transformational leaders:

-Intellectual stimulation

-Individualized consideration

-Inspirational motivation

-Charisma (most effective)

Transformational leadership is strongly related to follower motivation and satisfaction, leader performance, leader effectiveness and individual, group and organization performance. Most consistent predictor of effective leadership.

The best leaders are both transactional and transformational

Chapter 12

Ethics: systematic thinking about the moral consequences of decisions.

Moral consequences can be framed in terms of potential for harm to any stakeholders in the decision.

Stakeholders are people inside or outside of an organization who have the potential to be affected by organizational decisions.

EXHIBIT 12.6
Issues covered in
corporate codes of
ethics.

Source: Global corporate ethics prac-
tices: A developing consensus (Report
Number 8-1243-99-88), Ronald E.
Sorenson, The Conference Board, Inc.
www.conference-board.org

	Employees	Suppliers/ Vendors	Joint Venture Partners
Bribery/improper payments	92%	45%	27%
Conflict of interest	92	37	26
Security of proprietary information	92	30	25
Receiving gifts	90	46	25
Discrimination/equal opportunity	86	25	22
Giving gifts	84	48	26
Environment	78	27	24
Sexual harassment	78	22	17
Antitrust	76	27	23
Workplace safety	71	20	18
Political activities	71	11	13
Community relations	62	8	13
Confidentiality of personal information	52	11	11
Human rights	50	14	17
Employee privacy	48	8	10
Whistle-blowing	46	10	10
Substance abuse	42	12	12
Nepotism	28	5	8
Child labour	15	8	7

Ethical issues are often occupationally specific. There are common themes that run through ethical issues that managers face.

Common themes:

- Honest communication
- Fair treatment
- Special consideration
- Fair competition
- Responsibility to organization
- Corporate social responsibility
- Respect for Law

Causes of unethical behaviour?:

-Gain: the role of temptation, anticipation of healthy reinforcement of following an unethical course of action especially if no punishment is expected. compensation systems designed around very large rewards.

-Role conflict: many ethical dilemmas are actually forms of role conflict that get resolved in an unethical way

-Strong organizational identification: Strong identification with organization can lead employees to engage in unethical activities to help organization. choices out of loyalty

-Competition: Stiff competition for scarce resources can stimulate unethical behaviour

-Personality: Cynical and those with external locus of control are less tuned in to ethical matters. People with high need for personal power may be prone to make unethical decisions.

-Organizational and industry culture: Aspects of an organization's culture can influence ethics. Conduct of peers and superiors can strongly influence ethical behaviour. Rewarding unethical behaviour can result in the development of an unethical culture.

Whistleblowing: when a current or former organizational member discloses illegitimate practices to some person or organization that may be able to take action to correct these practices.

Sexual harassment: form of unethical behaviour that stems in part from the abuse of power and perpetuation of a gender power imbalance.

Manager who use their position, reward, or coercive power to request sexual favours.

Guidelines for employing ethical guidelines:

- Identify the stakeholders that will be affected by any decision
- Identify the costs and benefits of various decision alternatives to these stakeholders
- Consider the relevant moral expectations that surround a particular decision
- Be familiar with common ethical dilemmas that decision makers face in your organizational role or profession.
- Discuss ethical matters with decision stakeholders and others.
- Convert your ethical judgements into appropriate action

Training and educations in ethics is also important and has positive impact on ethical attitudes.

Chapter 11

What is decision making: The process of developing a commitment to some course of action.
Three things are noteworthy about decision making:

- Involves a choice among several action alternatives
- It is a process
- Involves a commitment of resources

Also can be seen as problem solving. A problem exists when a gap is perceived between some existing state and some desired state

Well structured problems:

-A problem for which the existing state is clear, the desired state is clear and how to get from one state to another is fairly obvious.

A **program** is a standardizes way of solving a program

Programs short circuit decision making process by enabling the decision maker to go directly from problem identification to solution.

Programs are only as good as the decision making process that led to the adoption of the program in the first place.

Ill structured problems:

A problem for which the existing and desired states are unclear and the method of getting to the desired state is unknown.

They are unique and unusual and have the tendency to be complex and have a high degree of uncertainty.

They can not be solved with programmed decisions.

In OB we only deal with ill structured programs. Decision makers must resort to non-programmed decision making.

A rational decision maker might use a model that involves a sequence of steps that are followed when making a decision.

The rational decision maker process:



Perfect rationality: a decision strategy that is completely informed, perfectly logical, and oriented toward economic gain.

The prototype for perfect rationality is the economic person who:

- Can gather info without cost and is completely informed
- is perfectly logical
- Has only one criterion for decision making: economic gain

Bounded rationality: Herbert Simon recognized that the rational characteristics of economic person does not exist in a real decision maker.

Managers use bounded rationality rather than perfect.

It is a decision strategy that relies on limited info and that reflects time constraints and political considerations that act as bounds to rationality.

Framing: the aspects of the presentation of info about a problem that are assumed by decision makers.

Cognitive Biases: tendencies to acquire and process information in a particular way that is prone to error

Bounded rationality can lead to the following difficulties:

- Perceptual defence
- Problem defined in terms of functional speciality
- Problem defined in terms of solution
- Problem diagnosed in terms of symptoms

Too much information can also damage the quality of decisions.

Information overload: the reception of more information than is necessary to make effective decisions.

Sometimes, decision makers do not acquire enough information to make a good decision.

Confirmation bias: the tendency to seek out info that conforms to one's own definition of or solution to a problem.

People have a cognitive bias to value advice for which they have paid over free advice of equal quality.

Perfectly rational decision makers exhibits **maximization**— The choice of the decision alternative with greatest expected value.

Under bounded rationality all of the alternative solutions and the probabilities of success are not all known therefore it is always a "best guess".

Decision makers often overestimate the odds of complex chains of events occurring. Large samples warrant more confidence than small samples.

People are poor at revising estimates of probabilities and values as they acquire additional information.

Anchoring effect: Illustrates that decision makers do not adjust their estimates enough from some initial estimate that serves as an anchor.

Satisficing: the decision maker establishes an adequate level of acceptability for a solution to a problem and then screens solutions until he or she finds one that exceeds this level.

Choosing between decision alternatives often involves an element of risk. When people view a problem as a choice between losses, they tend to make risk decisions.

When people frame the alternatives as a choice between gains they tend to make conservative decisions.

Decision makers are often dependent on others to implement their decisions, and it might be difficult to anticipate their ability or motivation to do so.

Cross functional teams can help prevent these kinds of implementation problems.

Justification: People are overconfident about the adequacy of their decisions. Substantial dissonance can be aroused when a decision turns out to be faulty.

Sunk costs: permanent losses of resources incurred as the result of a decision. Since these resources have been lost (sunk) due to past decision they should not enter into further decisions.

Escalation of commitment: the tendency to invest additional resources in an apparently failing course of action.

Reasons for escalation of commitment:

- Dissonance reduction (ignoring negative side)
- Social norm for consistent behaviour
- Motivation to not appear wasteful
- The way the problem is framed
- Personality, moods, and emotions

Preventing escalation of commitment:

-Encourage continuous experimentation with reframing the problems. Shift the frame to saving rather than spending

-Set specific goals for the project in advance that must be met if more resources are to be invested.

-Place more emphasis in evaluating managers on how they made decisions and less on outcomes

-Separate initial and subsequent decision making

Groups are more prone than individuals to escalate commitment.

Hindsight: the tendency to review the decision-making process that was used to find what was done right or wrong. While it can be useful it often reflects a cognitive bias.

Tendency to assume after the fact “we knew all along”.

Effect of emotion and mood affect decision making:

-People in a positive (negative) mood tend to remember positive (negative) information and vice versa.

-People in a positive (negative) mood tend to evaluate objects, people, and events more positively (negatively)

-People in a good mood tend to overestimate the likelihood that good events will occur People in bad do the opposite

-People in a negative mood are prone to approach decisions in a more deliberate, systematic, detailed way.

-Positive mood promotes more creative, intuitive decision making.

Perfect rational decision making versus bounded rationality:

EXHIBIT 11.2
Perfectly rational decision making contrasted with bounded rationality.

Stage	Perfect Rationality	Bounded Rationality
Problem Identification	Easy, accurate perception of gaps that constitute problems	Perceptual defence; jump to solutions; attention to symptoms rather than problems; mood affects memory
Information Search	Free; fast; right amount obtained	Slow; costly; reliance on flawed memory; obtain too little or too much
Development of Alternative Solutions	Can conceive of all	Not all known
Evaluation of Alternative Solutions	Ultimate value of each known; probability of each known; only criterion is economic gain	Potential ignorance of or miscalculation of values and probabilities; criteria include political factors; affected by mood
Solution Choice	Maximizes	Satisfices
Solution Implementation	Considered in evaluation of alternatives	May be difficult owing to reliance on others
Solution Evaluation	Objective, according to previous steps	May involve justification, escalation to recover sunk costs, faulty hindsight

Group decision making:

Why use groups?

-Decision quality: more vigilant, more ideas, evaluate ideas better

-Decision acceptance and commitment: A group decision will be more acceptable to those involved

-Diffusion of responsibility: The ability of group members to share the burden of the negative consequences of a poor decision.

The research shows that groups perform better when:

- The group members differ in relevant skills and abilities, as long as they do not differ so much that conflict occurs.
- Some division of labour can occur.
- Memory for facts is an important issue.
- Individual judgments can be combined by weighting them to reflect the expertise of the various members.

Disadvantages of Group decision Making:

Time: Groups seldom work quickly or efficiently compared with individuals due to process losses. Time problem increases with group size.

Conflict: Participants in group decisions may have their own personal axes to grind or their own resources to protect.

Domination: When meetings are dominated by a single individual or a small coalition the advantages of group decision making will not be realized.

Groupthink: Capacity for group pressure to damage the mental efficiency, reality, testing, and moral judgement of decision making groups.

- Factors that can cause groupthink include:
 - High group cohesiveness.
 - Strong identification with the group.
 - Concern for approval from the group.
 - Isolation of the group from other sources of information.
 - The promotion of a particular decision by the group leader (this appears to be the strongest cause).

Groupthink symptoms:

Illusion of Invulnerability: Members are overconfident and willing to assume great risks.

Rationalization: Problems and counterarguments that members cannot ignore are “rationalized away”

Illusion of Morality: The decisions the group adopts are not only perceived as sensible, they are also perceived as morally correct.

Stereotypes of Outsiders: Group constructs unfavourable stereotypes of those outside the group who are targets of their decisions

Pressure for Conformity: Members pressure each other to fall in line and conform with the group’s view

Self censorship: Members convince themselves to avoid voicing opinions contrary to the group.

Illusion of Unanimity: Members perceive that unanimous support exists for their chose course of action.

Mind guards: Group members may adopt the role of protecting the group from information that goes against its decisions.

EXHIBIT 11.4
The dynamics of risky and conservative shifts for two groups.



Strategies to prevent groupthink:

- Leaders must avoid exerting undue pressure for a particular decision outcome and concentrate on good decision processes.
- Leaders should establish norms that encourage and even reward responsible dissent.
- Outside experts should be brought in from time to time to challenge the group's views.

Risky shift: Tendency for groups to make riskier decisions than the average risk initially advocated by their individual members.

Conservative shift: the tendency for groups to make less risky decisions than the average risk initially advocated by their individual members.

- Two main factors explain the occurrence of risky and conservative shifts:
 - Group discussion generates ideas and arguments that individual members have not considered before.
 - Group members try to present themselves as basically similar to other members but "even better."

Chapter 13

Interpersonal conflict: is a process that occurs when one person, group, or organizational subunit frustrates the goal attainment of another.

Conflict often involves antagonistic attitudes and behaviours

A number of factors contribute to organizational conflict:

-Group identification and intergroup bias: Identification with a particular group or class of people

-Interdependence: when individuals or subunits are mutually dependent on each other to accomplish their own goals

-Differences in power, status, and culture:

- **Power:** If dependence is not mutual, but one way, the potential for conflict increases.
- **Status:** Status differences provide little impetus for conflict when people of lower status are dependent on those of higher status.
- **Culture:** When two or more very different cultures develop in an organization, the clash in beliefs and values can result in overt conflict.

-Ambiguity: Ambiguous goals, jurisdictions, or performance criteria can lead to conflict

-Scarce Resources: Conflict often surfaces in the process of power jockeying

Types of conflict

Relationship conflict: concerns interpersonal tensions among individuals that have to do with their relationship per se, not the task at hand (personality clashes)

Task conflict: concerns disagreements about the nature of work to be done. Differences of opinion about goals or technical matters

Process conflict: involves disagreements about how work should be organized and accomplished. Disagreement about, responsibility, authority, resource allocation, and who does what.

Note not all conflict is bad. A healthy dose of productive conflict is good sometimes.

Conflict dynamics

- Conflict often begins with “winning” as the conflict becomes more important than a good solution
 - The parties conceal info from each other or distort it
 - Each side becomes more cohesive. Contact w/ the opposite party is discouraged.
 - The opposite party is negatively stereotyped and the image of one’s own position is boosted
- More aggressive people who are skilled at engaging in conflict may emerge as leaders

Modes of managing conflict

Depends on how assertive or cooperative you are

Exhibit 13.1

Approaches to managing organizational conflict.

Source: Taken from Thomas, K. W. (1992). Conflict and negotiation processes in organizations. In M. D. Dunnette & L. M. Hough (Eds.), *Handbook of industrial and organizational psychology*. (2nd ed., vol. 3). Palo Alto, CA: Consulting Psychologists Press.



Avoiding: non assertive and non collaborative. Can provide short term stress reduction but does not really change situation. Effectiveness is limited. Might be a sensible response when the issue is trivial or info is lacking.

Accommodation: one cooperates w/ other party while no assertion one’s own interests. If it is seen as a sign of weakness it does not bode well for future interactions (“giving in”). An effective strategy when you are wrong or the issue is more important than the party.

Competing: maximizes assertiveness for your own position and minimizes cooperative responses (non collaborative). Conflict is framed in strict win-lose terms. Effective when you have a lot of power or are sure of your facts.

Compromise: Intermediate levels of assertiveness and cooperation. Does not result in most creative response to conflict. Sensible reaction to conflict stemming from scarce resources and is a good fallback position if other strategies fail.

Collaboration: Maximizes assertiveness and cooperation. To secure an integrative agreement that fully satisfies interest of both parties (win-win resolution). Works best when conflict is not intense and parties can benefit from one another.

Third party involvement

Mediation: when a neutral third party helps to facilitate a negotiated agreement. Will do things that aid the process atmosphere or content of negotiation. has a successful track record.

Arbitration: when a third party is given authority to dictate the terms of settlement. When negotiation has broken down

conventional arbitration: the arbitrator can choose any outcomes

final offer arbitration: each party makes a final offer and the arbitrator choose on of them

Is all conflict bad?

CONFLICT—> CHANGE—> ADAPTATION—> SURVIVAL

Conflict can promote change when it brings into consideration new ideas, each party monitors the other's performance more carefully, it signals that a redistribution of power is necessary.

Conflict stimulation: strategy of increasing conflict to motivate change.

A model of Stress in Organizations

Stress is a leading cause of worker disability. Stress costs organizations billions of dollars each year.

Exhibit 13.3
Model of a stress episode.



More interesting is the fact that the individual personality often determines the extent to which a potential stressor becomes a real stressor and actually induces stress.

Stressors: environmental events or conditions that have the potential to induce stress. personality often determines the extent to which a potential stressor becomes a real stressor.

Stress: a psychological reaction to the demands inherent in a stressor that has the potential to make a person feel tense or anxious. Not intrinsically bad as moderate levels can provide levels of simulation.

Stress reactions: behavioural, psychological, and psychological consequences of stress.

Personality can affect both the extent to which potential stressors are perceived as stressful and the type of stress reactions that occur.

Three key personality traits:

-Locus of control: external are more likely to feel anxious in the face of potential stressors. Internals likely to confront stressors directly.

-Type A behaviour pattern: aggressiveness, ambitiousness, competitiveness, hostility, impatience, and sense of time urgency. Type A report heavier workload, longer hours. Type B do not exhibit these extreme characteristics. Type A individuals are likely to exhibit adverse psychological reactions in response to stress. Type A people encounter more stressful situations. Major component is **hostility and repressed anger**

-Negative affectivity: propensity to view the world, including oneself and other people, in a negative light. People w/ high NA report more stressors in the work environment and feel more subjective stress.

Executive and Managerial Stressors:

Role overload: occurs when one must perform too many tasks in too short a time period.

Heavy Responsibility: A manager's work has extremely important consequences for the organization and its members. Executives are responsible for future of others and this has potential to induce stress

Operative level Stressors:

Poor physical working conditions: operative level employees are more likely to be exposed to physically unpleasant and even dangerous working conditions.

Poor job design: Jobs that are too simple or not challenging enough. Monotony and boredom. Job scope can be a stressor at level that are either too low or high.

Boundary role stressors:

Boundary roles: positions in which organizational members are required to interact with members of other organization or with the public. People who straddle imaginary boundary between the org. and its environment.

Burnout: a syndrome made up of emotional exhaustion, cynicism and low self-efficacy.

The burnout engagement Continuum



- Burnout follows a process that begins with emotional exhaustion that leads to cynicism and depersonalization followed by feelings of low self-efficacy and low personal accomplishment.
- It is most common among people who entered their jobs with especially high ideals.
- Gender and personality are also related to burnout.

Women are more likely to report emotional exhaustion. Men are more likely to report depersonalization.

Work engagement: a positive work related state of mind that is characterized by vigor, dedication, and absorption.

Vigor: involves high levels of energy and mental resilience at work

Dedication: being strongly involved in your work and experiencing a sense of significance, enthusiasm and challenge

Absorption: refers to being fully concentrated on and engrossed in your work

General stressors

- Interpersonal conflict
- Work family conflict
- Job insecurity and change
- Role ambiguity
- Sexual harassment



EXHIBIT 13.6

Sources of stress at various points in the organization.

Reactions to Organizational Stress

Behavioural reactions: overt activities that the stressed individual uses in an attempt to cope w/ stress. Problem solving, seeking social support, performance changes, withdrawal, use of addictive substances.

Psychological reactions: primarily involves emotions and thought processes rather than overt behaviour. Most common reaction is defence mechanisms.

Defence mechanisms: are psychological attempts to reduce the anxiety associated w/ stress.

ex: Rationalization, Projection, Displacement, Reaction formation, Compensation

defence mechanisms can be useful occasionally to temporarily reduce anxiety, but not as a chronic reaction to stress. Defence mechanisms offer short term release but the problem remains unsolved and stress might increase.

Physiological reactions:

The accumulation of stress into burnout has been particularly implicated in cardiovascular problems.

Can be fixed with:

- Job redesign
- Family friendly human resource policies
- Stress management programs
- Work life balance, fitness and wellness programs

