ORGANIZATIONAL BEHAVIOR

Unit I - Introduction to organizational behavior

DEFINING ORGANIZATIONAL BEHAVIOUR

Organizational behaviour (often abbreviated as OB) is a field of study that investigates how individuals, groups, and structure affect and are affected by behaviour within organizations. Behaviour refers to what people do in the organization, how they perform, and what their attitudes are. Because the organizations studied are often business organizations, OB is frequently applied to address workplace issues such as absenteeism,turnover, productivity, motivation, working in groups, and job satisfaction. Managers often apply the knowledge gained from OB research to help them manage their organizations more effectively.

An **organization** is a consciously coordinated social unit, made up of a group of people,who work together on common goals on a relatively continuous basis. Manufacturing and service firms are organizations, and so are schools, hospitals, churches, military units,retail stores, police departments, volunteer organizations, start-ups, and local, provincial, and federal government agencies.

Challenges at the Individual Level :

At the individual level, managers and employees need to learn how to work with people who may be different from themselves in a variety of dimensions, including personality, perception, values, and attitudes. This point is illustrated by the employee situation at ICR, where employees have a variety of experiences and come from several

cultures.Individuals also have different levels of job satisfaction and motivation, and these affect how managers manage employees. For instance, some of ICR's employees had drug and alcohol dependencies that affected their motivation and productivity.

More organizations expect employees to be empowered and to take on more responsibility than ever before. This expectation puts demands on both managers and employees. ICR initially created three committees where employees could give input on a variety of issues, but the managers were so busy trying to make sure the company met financial goals that they didn't have time to help the employees work on these committees. Perhaps the greatest challenge facing individuals (and organizations) is how to behave ethically, as the findings from the Gomery Commission, looking into the $250-million sponsorship scandal of the Liberal party, show. At his sentencing hearing, Jean Brault, found guilty of defrauding the government of $1.23 million on contracts his company, Montreal-based Groupaction Marketing, obtained claimed the external pressures he faced led to his actions: "I'm not trying to excuse what I did, but essentially it's the political demands, the demands on me, that led me to take that first step."

Individual Differences:

People enter groups and organizations with certain characteristics that influence their behaviour, the more obvious of these being personality characteristics, perception, values, and attitudes. These characteristics are essentially intact when an individual joins an organization, and for the most part, there is little that those in the organization can do to alter them. Yet they have a very real impact on behaviour. In this light, we look at perception, personality, values, and attitudes, and their impact on individual behaviour.

JOB SATISFACTION:

Employees are increasingly demanding satisfying jobs. less than half of Canadian employees are very satisfied with their jobs. The belief that satisfied employees are more productive than dissatisfied employees has been a basic assumption among managers for years. Although there is evidence that 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. Researchers with strong humanistic values argue that satisfaction is a legitimate objective of an organization. They believe that organizations should be responsible for providing employees with jobs that are challenging and intrinsically rewarding. This chapter's Ethical Dilemma Exercise,questions the extent to which organizations should be responsible for helping individuals achieve balance in their lives.Employers can pay the price when employees are not satisfied with working conditions. Bank tellers at Toronto-Dominion Bank and Canadian Imperial Bank of Commerce in Sudbury, Ontario, voted to join the United Steelworkers of America in 2005.Employees at a Sears Canada department store in Sudbury also pursued the possibility of joining the Steelworkers in 2005. Brian Whalen, a maintenance worker for the store, said that "job satisfaction levels ... have declined dramatically over the past two years." He noted that employees were upset about low hourly wages, a benefits package that was not affordable, and job security.While unionization does not necessarily increase job satisfaction, it does provide a mechanism for employees to have some bargaining power with their employers.

Motivation:

An Angus Reid survey showed that 29 percent of employees do not feel they receive fair or reasonable rewards for the work that they do. To address this concern, discusses the importance of rewards in motivating employees. You may find the discussion of motivation and rewards particularly interesting in Case Incident—How a UPS Manager Cut Turnover, on , where a manager faces the challenges of motivating different types of employees in order to reduce turnover.

Empowerment:

At the same time that managers are being held responsible for employee satisfaction and happiness, they are also being asked to share more of their power. If you read any popular business magazine nowadays, you will find that managers are referred to as "coaches," "advisers," "sponsors," or "facilitators," rather than "bosses." Employees' responsibilities are increasing too. In many organizations, employees have become "associates" or "teammates." Decision making is being pushed down to the operating level, where employees are being given the freedom to make choices about schedules, procedures, and solving work-related problems. What is happening is that managers are empowering employees. Empowerment means managers are putting employees in charge of what they do. In the process, managers are learning how to give up control, and employees are learning how to take responsibility for their work and make appropriate decisions. The roles for both managers and employees are changing, often without much guidance on how to perform these new roles. How widespread are these changes in the workplace? While we have no specific Canadian data, a survey by the American Management Association of

1040 executives found that 46 percent of their companies were still using a hierarchical structure, but 31percent defined their companies as empowered. OB in the Workplace looks at how WestJet Airlines empowers its employees.

MANAGEMENT FUNCTIONS AND RELEVANCE TO ORGANIZATIONAL BEHAVIOR:

Originally identified by Henri Fayol as five elements, there are now four commonly accepted functions of management that encompass these necessary skills: planning, organizing, leading, and controlling.1 Consider what each of these functions entails, as well as how each may look in action.

Planning

One main role of a manager is creating a plan to meet company goals and objectives. This involves allocating employee resources and delegating responsibilities, as well as setting realistic timelines and standards for completion. Planning requires those in management roles to continuously check on team progress in order to make small adjustments when necessary, while still maintaining a clear picture of a company's larger aims and goals.

Much of one's planning function consists of working independently to determine what responsibilities must be given to which employees, setting priority levels for certain tasks, and creating timelines. However,

communication also plays an important role. For example, managers deal with planning when they meet with company leadership to discuss short and long-term goals, and when they communicate the specifics of a new project to their team or check-in periodically to ensure individual objectives are being met on time.

Organizing

Along with planning, a manager's organizational skills can help to ensure a company or departmental unit runs smoothly. From establishing internal processes and structures to knowing which employees or teams are best suited for specific tasks, keeping everyone and everything organized throughout daily operations are important functions of management.

Organization isn't just about delegating tasks efficiently and making sure employees have what they need to accomplish their tasks, however. Managers also need to be able to reorganize in response to new challenges. This could come into practice in the form of slightly adjusting the timeline for a project or re-allocating tasks from one team to another. Or, it could mean significantly altering a team's internal structure and roles in response to company growth.

Leading

Managers should be comfortable and confident commanding their team members' daily tasks as well as during periods of significant

change or challenge. This involves projecting a strong sense of direction and leadership when setting goals and communicating new processes, products and services, or internal policy.

Leadership can manifest itself in a number of ways, including recognizing when employees need an extra boost of reinforcement and praise to handling conflicts between team members fairly and decisively. Often, managers may function as leaders even during small personal interactions by modeling supportive, encouraging, and motivational qualities.

Controlling

To ensure all of the above functions are working toward the success of a company, managers should consistently monitor employee performance, quality of work, and the efficiency and reliability of completed projects. Control (and quality control) in management is about making sure the ultimate goals of the business are being adequately met, as well as making any necessary changes when they aren't.

How to Develop Key Management Skills

While some of the above functions of management can extend logically from experience and skills developed in entry-level positions, formal training and education may provide advantages. For instance, pursuing a business management degree can offer the opportunity to study

management philosophies and best practices in order to help one prepare to pursue management positions following graduation.

Developing an OB model:

A model is an abstraction of reality, a simplified representation of some real-world phenomenon.

Basic OB Model

*Organization Systems level

*Group level

*Individual level

It proposes that there are three levels of analysis in OB and that, as we move from the individual level to the organization system level, we add systematically to our understanding of behavior in organizations. The three basic levels are analogous to building blocks; each level is constructed on 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 behavior.

The Dependent Variables

A dependent variable is the key factor that you want to explain or predict and that is affected by some other factor. What are the primary dependent variables in OB? Scholars have historically tended to emphasize productivity, absenteeism, turnover, and job satisfaction.

More recently, a fifth variable—organizational citizenship— has been added to this list. Let's briefly review each of these variables to ensure that we understand what they mean and why they've achieved their level of distinction.

Productivity

An organization is productive if it achieves its goals and does so by transferring inputs to outputs at the lowest cost. As such, productivity implies a concern for both effectiveness and efficiency.

A hospital is effective when it successfully meets the needs of its clientele. It is efficient when it can do so at a low cost. If a hospital manages to achieve higher output by reducing the average number of days a patient is confined to the bed or by increasing the number of staff-patient contacts per day that is productive efficiency.

Popular measures of organizational efficiency include return on investment, profit per dollar of sales, and output per hour of labor. We can also look at productivity from the perspective of the individual employee.

Organizations in service industries also need to include "attention to customer needs and requirements" in assessing their effectiveness. Why? Because, there is a clear chain of cause-and-effect running from employee attitudes and behavior to customer attitudes and behavior to an organization's revenues and profits. Sears, in fact, has carefully documented this chain. The company's management found that a 5% improvement in employee attitudes leads to a 1.3 % increase in customer satisfaction, which in turn translates into a 0.5 %

improvement in revenue growth. More specifically, Sears found that by training employees to improve the employee—customer interaction, it was able to improve customer satisfaction by 4% over a 12-month period, which generated an estimated $200 million in additional revenues.

DIVERSITY:

Diversity refers to the ways in which people are similar or different from each other. It may be defined by any characteristic that varies within a particular work unit such as gender, race, age, education, tenure, or functional background (such as being an engineer versus being an accountant). Even though diversity may occur with respect to any characteristic, our focus will be on diversity with respect to demographic, relatively stable, and visible characteristics: specifically gender, race, age, religion, physical abilities, and sexual orientation. Understanding how these characteristics shape organizational behavior is important. While many organizations publicly rave about the benefits of diversity, many find it challenging to manage diversity effectively. This is evidenced by the number of complaints filed with the Equal Employment Opportunity Commission (EEOC) regarding discrimination. In the United States, the Age Discrimination Act of 1975 and Title VII of the Civil Rights Act of 1964 outlaw discrimination based on age, gender, race, national origin, or religion. The 1990 Americans with Disabilities Act prohibits discrimination of otherwise capable employees based on physical or mental disabilities. In 2008, over 95,000 individuals filed a complaint claiming that they were discriminated based on these protected characteristics. Of course, this number represents only the most extreme instances in which victims must have received visibly discriminatory treatment to justify filing a complaint. It is reasonable to

assume that many instances of discrimination go unreported because they are more subtle and employees may not even be aware of inconsistencies such as pay discrimination. Before the passing of antidiscrimination laws in the United States, many forms of discrimination were socially acceptable. This acceptance of certain discrimination practices is more likely to be seen in countries without similar employment laws. It seems that there is room for improvement when it comes to benefiting from diversity, understanding its pitfalls, and creating a work environment where people feel appreciated for their contributions regardless of who they are.

Benefits of Diversity:

What is the business case for diversity? Having a diverse workforce and managing it effectively have the potential to bring about a number of benefits to organizations.

IMPLEMENTING DIVERSITY STRATEGIES:

Best practice experience suggests at least five crucial steps when implementing a successful and lasting diversity strategy. These are listed below:

1. Involve the entire top management team

The senior leadership must be involved and visible throughout the whole diversity project. Visionary speeches have little impact alone. The CEO and other senior leaders should be visible at workshops, training programmes and during Q&A sessions on diversity.An

important first step in showing the way is also to implement diversity at top management level.

2. Adapt the organisational structure

The organisational structure must support the diversity effort. This can be done by creating a diversity office and appointing a Chief Diversity Officer (CDO). If the organisational structure supports the diversity offers, it is more likely to be taken seriously across the whole business.

3. Communicate about the initiative on continuous basis

Communicating about why diversity is crucial for the success of your business is highly important. The communication must be plentiful and include variety of channels such as social media, newsletters, intranet, seminars, meetings, posters and so on.

4. Create a formal project plan

Create a formal project plan to support the diversity strategy with measurable objectives that is integrated with the rest of the company's strategic objectives and operations.

During the years, various research has shown that if such project is not carefully planned in advance using tested and robust processes, critical elements will not receive the proper attention.

Such project plans should take into consideration the length of time taken to cultivate a mind-set that acknowledges that diversity is part of

the overall strategy. The project should also include a performance evaluation programme that functions as an accountability mechanism.

5. Change all HR initiatives to include diversity

A company should consider how it can reach a wider talent pool by initiatives such as: INcluding diversity in HR.

GLOBAL IMPLICATIONS:

Global Implications of Organizational Behavior -

Today, large companies often operate in the global marketplace. This means they are doing business in various countries. While this allows companies to have a higher earning potential, it also opens them up to many problems. Problems can arise simply because of the cultural differences between countries. A company has to ensure the workers they hire in other countries feel at ease with the company's operation procedures. In this chapter, you will learn about the different considerations that need to be made and the different aspects of culture that can affect a global business. Some of the things you will learn about include:

Job satisfaction

Managerial functions

Management characteristics

Cultural conflicts

Global setting

Social loafing