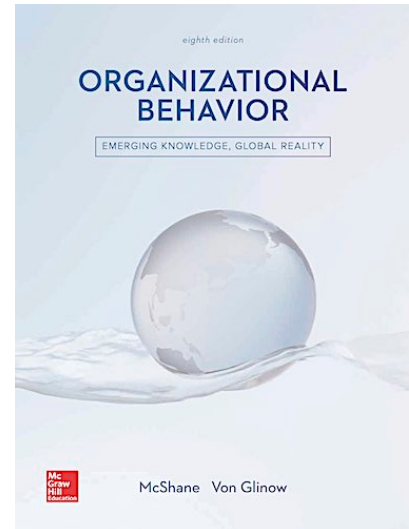# Instructor's Manual to Accompany

Organizational Behavior 8/e

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Chapter 1:

Introduction to the Field of Organizational Behavior

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1 Introduction to the Field of Organizational Behavior

LEARNING OBJECTIVES

After reading this chapter, students should be able to:

1-1 Define organizational behavior and organizations, and discuss the importance of this field of inquiry.

1-2 Debate the organizational opportunities and challenges of technological change, globalization, emerging employment relationships, and workforce diversity.

1-3 Discuss the anchors on which organizational behavior knowledge is based.

1-4 Compare and contrast the four perspectives of organizational effectiveness.

CHAPTER GLOSSARY

corporate social responsibility (CSR) — organizational activities intended to benefit society and the environment beyond the firm's immediate financial interests or legal obligations

deep-level diversity — differences in the psychological characteristics of employees, including personalities, beliefs, values, and attitudes

ethics – the study of moral principles or values that determine whether actions are right or wrong and outcomes are good or bad

evidence-based management — the practice of making decisions and taking actions based on research evidence

globalization — economic, social, and cultural connectivity with people in other parts of the world

high performance work practices (HPWP) — a perspective that holds that effective organizations incorporate several workplace practices that leverage the potential of human capital

human capital — the stock of knowledge, skills, and abilities among employees that provide economic value to the organization

intellectual capital — a company's stock of knowledge, including human capital, structural capital and relationship capital

learning orientation — beliefs and norms that support the acquisition, sharing, and use of knowledge as well as work conditions that nurture these learning processes

open systems — a perspective that holds that organizations depend on the external environment for resources, affect that environment through their output, and consist of internal subsystems that transform inputs into outputs

organizational behavior (OB) — the study of what people think, feel, and do in and around organizations

organizational effectiveness — a broad concept represented by several perspectives, including the organization's fit with the external environment, internal subsystems configuration for high-performance, emphasis on organizational learning, and ability to satisfy the needs of key stakeholders

organizational learning — a perspective that holds that organizational effectiveness depends on the organization's capacity to acquire, share, use, and store valuable knowledge

organizations — croups of people who work interdependently toward some purpose

relationship capital — the value derived from an organization's relationships with customers, suppliers, and others

stakeholders — individuals, organizations, or other entities who affect, or are affected by, the organization's objectives and actions

structural capital — knowledge embedded in an organization's systems and structures.

surface-level diversity — the observable demographic or physiological differences in people, such as their race, ethnicity, gender, age, and physical disabilities

telecommuting — an arrangement whereby, supported by information technology, employees work from home one or more work days per month rather than commute to the office

values — relatively stable, evaluative beliefs that guide a person's preferences for outcomes or courses of action in a variety of situations

work-life balance — the degree to which a person minimizes conflict between work and nonwork demands

CHAPTER SUMMARY BY LEARNING OBJECTIVE

1-1 Define organizational behavior and organizations, and discuss the importance of this field of inquiry.

Organizational behavior is the study of what people think, feel, and do in and around organizations. Organizations are groups of people who work interdependently toward some purpose. OB theories help us to (a) comprehend and predict work events, (b) adopt more accurate personal theories, and (c) influence organizational events. OB knowledge is for everyone, not just managers. OB theories and practices are highly beneficial for an organization's survival and success.

1-2 Debate the organizational opportunities and challenges of technological change, globalization, emerging employment relationships, and increasing workforce diversity.

Technological change has improved efficiency, interactivity, and wellbeing, but it has also been a disruptive force in organizations. Information technology has altered communication patterns and power dynamics at work, and has had effects on our nonwork time, attention span, and techno-stress. Globalization, which refers to various forms of connectivity with people in other parts of the world, has become more intense than ever before because information technology and transportation systems. It has brought more complexity and new ways of working to the workplace, requires additional knowledge and skills. It may be an influence on work intensification, reduced job security, and lessening work–life balance.

An emerging employment relationship trend is the blurring of work and nonwork time, and the associated call for more work–life balance (minimizing conflict between work and nonwork demands). Another employment trend is telecommuting, whereby employees work from home one or more work days per month rather than commute to the office. Telecommuting potentially benefits employees and employers, but there are also disadvantages and its effectiveness depends on the employee, job, and organization. An organization's workforce has both surface-level diversity (observable demographic and other overt differences in people) and deep-level diversity (differences in personalities, beliefs, values, and attitudes). Diversity may improve creativity and decision making, and provide better awareness and response to diverse communities. However, diversity also poses challenges, such as dysfunctional conflict and slower team development.

1-3 Discuss the anchors on which organizational behavior knowledge is based.

The multidisciplinary anchor states that the field should develop from knowledge in other disciplines (e.g., psychology, sociology, economics), not just from its own isolated research base. The systematic research anchor states that OB knowledge should be based on systematic research, consistent with evidence-based management. The contingency anchor states that OB theories generally need to consider that there will be different consequences in different situations. The multiple levels of analysis anchor states that OB topics may be viewed from the individual, team, and organization levels of analysis.

1-4 Compare and contrast the four perspectives of organizational effectiveness.

The open systems perspective views organizations as complex organisms that "live" within an external environment, depend on it for resources, then use organizational subsystems to transform those resources into outputs, which are returned to the environment. Organizations receive feedback to maintain a good "fit" with that environment. Fit occurs by adapting to the environment, influencing the environment, or moving to a more favorable environment. Effective transformation processes are efficient, adaptable, and innovative. The organizational learning perspective states that organizations are effective when they find ways to acquire, share, use, and store knowledge. Intellectual capital consists of human capital, structural capital, and relationship capital. Knowledge is retained in the organizational memory; companies also selectively unlearn.

The high-performance work practices (HPWP) perspective identifies a bundle of systems and structures to leverage workforce potential. The most widely identified HPWPs are employee involvement, job autonomy, developing employee competencies, and performance-/skill-based rewards. HPWPs improve organizational effectiveness by building human capital, increasing adaptability, and strengthening employee motivation and attitudes. The stakeholder perspective states that organizations are more effective when they understand, manage, and satisfy stakeholder needs and expectations. Leaders manage the interests of diverse stakeholders by relying on their personal and organizational values for guidance. Ethics and corporate social responsibility (CSR) are natural variations of values-based organizations. CSR consists of organizational activities intended to benefit society and the environment beyond the firm's immediate financial interests or legal obligations.

LECTURE OUTLINE

Slide 1: Introduction to the Field of Organizational Behavior

Slide 2: AB InBev

By applying high performance work practices and other organizational behavior strategies, AB InBev has become one of the world's most successful companies.

Slide 3: Organizational Behavior and Organizations

Organizational behavior (OB)

- Studies what people think, feel, and do in and around organizations

Organizations

- Groups of people who work interdependently toward some purpose
- Collective entities
- Collective sense of purpose

Slide 4: Importance of OB (Personal Benefits)

OB is vital to the organization's survival and success. It is for everyone, not just for "management."

1. Comprehend and predict workplace events
   - Fulfills need to understand environment, reduces anxiety
   - Anticipate future events — get along better, goal achievement

2. Adopt more accurate personal theories
   - OB isn't all common sense.
   - Some common sense knowledge is inaccurate.
   - Personal theories need correction or refinement.

3. Influence organizational events
   - Helps us to work successfully with others, perform our jobs better
   - Employers identify OB knowledge and skills as most important.

Contemporary Developments Facing Organizations

Slide 5: Technological Change

Long history as a disruptive force in organizations (waterwheels, cotton gins, steam engines, microprocessors, etc.)

Effects of technological change
- Higher productivity, but also usually displaces employees and makes entire occupations obsolete
- Alter relationships and patterns of behavior with coworkers, clients, etc
- Improve health and wellbeing

Effects of information technology (email, social media, etc)
- Potential benefits — may give employees a stronger voice through direct communication with executives and broader distribution of their opinions
- Potential problems — less work = nonwork separation, longer hours, reducing their attention spans at work, and increasing techno-stress
- Information technology may eventually change the form of organizations — organizations as networks rather than places to work

Slide 6: Globalization

Economic, social, and cultural connectivity with people in other parts of the world
- Actively participate in other countries and cultures
- Increased globalization due to improved information technology and transportation systems

Effects of Globalization on Organizations
- Expands markets, lower costs, increases knowledge
- Effects on teamwork, diversity, cultural values, leadership, etc.
- Increases competitive pressures, work intensification and requires additional knowledge and skills e.g. global mindset

Slide 7: Emerging Employment Relationships

Employment relationship has been altered by technology, globalization, and other factors — longer hours, less work-life separation.

Work-life balance
- Degree of conflict between work and nonwork demands

Remote work — performing the job away from the employer's physical workplace
- Working at client sites (e.g. repair technicians)
- Telecommuting (teleworking) – working at home rather than commuting to the office

Slide 8: Telecommuting Benefits and Problems

Telecommuting benefits
- Better work-life balance — but requires sufficient work space and privacy at home — undermined by increased family responsibilities on telecommuting days
- Valued work benefit — factor in lower turnover
- Higher productivity — due to lower stress, transferring some commuting time to work time, ability to work when weather prevents office work
- Better for the environment — less pollution, road use
- Lower real estate costs for company

Telecommuting disadvantages
- Less connection with coworkers, more social isolation in general
- Less informal communication that helps career (word-of-mouth information about promotional opportunities)
- Lower team cohesion and a weaker organizational culture

Telecommuting contingencies
- Employee characteristics — higher self-motivation, self-organization, need for autonomy, skill with information technology, and fulfill their social needs outside work
- Jobs characteristics — tasks don't use workplace resources, the work is performed independently from coworkers, task performance is measurable
- Organizational characteristics — rewarding employees for performance not office presence (face time), actions to maintain team cohesion and psychological connectedness with the organization — limit telecommuting days, have special meetings/events, video communication

Slide 9: Increasing Workforce Diversity

Surface-level diversity
- Observable demographic or physiological differences in people (e.g. race, ethnicity, gender, age, physical capabilities)
- Increasing surface-level diversity in many countries

Deep-level diversity
- Differences in the psychological characteristics of employees (e.g. personalities, beliefs, values, and attitudes)
- Example: Differences across age cohorts (e.g. Gen-X, Gen-Y)
- Some deep-level diversity is associated with surface-level diversity (e.g. gender differences in values, attitudes, personality, etc.)

Consequences of diversity – opportunities and challenges
- Teams with high informational diversity (different knowledge and skills) — more creativity, better decisions in complex situations
- Better able to recognize and address community needs
- Diverse teams usually take longer to perform effectively together.
- Higher risk of dysfunctional conflict — less information sharing and morale
- Surface-level and some deep-level diversities are moral/legal imperatives

Slide 10: Organizational Behavior Anchors (1 of 2)

1. Systematic research anchor
- OB knowledge should be based on systematic research.
- Forming research questions, collecting data, and testing hypotheses

Evidence-based management
- Making decisions and taking actions on research evidence
- Scientific method, not fads and personal beliefs that are untested

Why decision makers don't apply evidence-based management
- Bombarded with popular press and nonresearched sources
- OB knowledge is generic — difficult to see relevance to specific situations
- Fads are heavily marketed, so they seem convincing.
- Perceptual errors bias decision maker toward popular and personal theories and to ignore contrary evidence.

2. Multidisciplinary anchor
- Many OB concepts adopted from other disciplines
  - ➡ e.g. psychology (individual, interpersonal behavior); sociology (team dynamics, power); communications; marketing; information systems, etc.
- OB develops its own theories, but also scans other fields.

Slide 11: Organizational Behavior Anchors (2 of 2)

3. Contingency anchor
- A particular action may have different consequences in different situations – no single solution is best all the time.
- Need to understand and diagnose the situation and select the strategy most appropriate under those conditions

4. Multiple levels of analysis anchor
- Individual – includes characteristics and behaviors as well as thought processes e.g. motivation, perception, and values
- Team (including interpersonal) – looks at the way people interact e.g. team dynamics, decisions, power
- Organizational – how people structure their working relationships and how organizations interact with their environment
- OB topics usually relevant at all three levels of analysis

Slide 12: Organizational Effectiveness

Organizational effectiveness is considered the ultimate dependent variable in OB
- OB theories ultimately try to improve the organization's effectiveness.

Goal attainment: Discredit view of effectiveness — how well organization achieves its stated objectives
- Problem 1: Setting easy goals might produce lower outcomes than competitors or potential.
- Problem 2: Goals might aim the organization in the wrong direction.

Organizational effectiveness best described as a composite of four perspectives
- Open systems: (a) good fit with external environment and (b) efficient/adaptable transformation processes
- Organizational learning: effectively acquire, share, use, store knowledge

- High-performance work practices: develop human capital for more efficient and adaptive internal subsystems
- Stakeholder: satisfy the needs of key stakeholders with values, ethics, and social responsibility

Organizational effectiveness integrates all four perspectives

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Slide 13: Open Systems Perspective (1 of 2)

Organizations are complex systems that "live" within (and depend upon) the external environment

Effective organizations
- Maintain a close "fit" with those changing conditions
- Transform inputs to outputs efficiently and flexibly

Open systems perspective is the foundation on which the other three effectiveness perspectives are built

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Slide 14: Open Systems Perspective (2 of 2, with model)

External environment – organizations depend on the external environment for resources (e.g. raw materials, job applicants, financial resources, etc.)
- Affect the environment through their outputs
- Place demands on how the organization should operate e.g. laws

Internal subsystems – transform outputs into inputs
- E.g. departments, teams, informal groups, information systems, and technological processes
- Transformation processes are effective through: efficiency, adaptability, innovativeness
- Coordination — critical for effective transformation in complex systems

Organization–Environment Fit

To maintain a good "fit" with the environment, effective organizations
1. Adapt to the environment — adaptive firms have a "dynamic capability"
2. Influence the environment — marketing, lobbying, exclusive agreements
3. Move to a more favorable environment

Internal Subsystems Effectiveness – defines effectiveness on how well the organization transforms inputs to outputs
- Organizational efficiency (productivity)
- Coordination is vital in the relationship among internal subsystems

Slide 15: Organizational Learning Perspective

An organization's effectiveness depends on capacity to acquire, share, use, and store valuable knowledge

Need to consider both stock and flow of knowledge
- Stock of knowledge: intellectual capital
- Flow of knowledge: acquisition, sharing, use, storage

Slide 16: Intellectual Capital

Human capital
- Knowledge, skills, and abilities that employees carry around in their heads
- Company's competitive advantage because:
  - ➥ Employees are essential for the organization's survival and success
  - ➥ Employee talents are difficult to find or copy
  - ➥ Employee talents are difficult to replace them with technology

Structural capital
- Knowledge captured and retained in an organization's systems and structures, e.g. documentation, finished products

Relationship capital
- Value from organization's relationships with customers, suppliers, others who provide added mutual value for the organization

Slide 17: Organizational Learning Processes

1. Storing Knowledge — organizational memory

The storage and preservation of intellectual capital

Retain intellectual capital by:
- Keeping knowledgeable employees
- Systematically transferring knowledge to other employees
- Transferring human capital to structural capital

Organizational unlearning – successful companies also unlearn by
- Changing routines and patterns of behavior
- Removing knowledge that no longer adds value

2. Acquiring Knowledge

Bringing knowledge in from the external environment as well as through discovery

Occurs through:
- Individual learning from external environment — training from external sources, observing and reporting environmental change
- Environmental scanning — actively monitoring consumer trends
- Hire skilled staff and buy complementary businesses (grafting)
- Experimentation — new ideas through discovery

3. Sharing Knowledge

Distributing knowledge to others across the organization

Occurs through:
- Structured and informal communication
- Various forms of in-house learning
- Intranets

4. Using Knowledge

Applying knowledge in ways that add value

Knowledge use increase when
- Employees have a mental map of where knowledge is located
- Employees have sufficient prerequisite knowledge
- Employees have sufficient autonomy to try out new knowledge
- Work norms support organizational learning (learning orientation culture)

Slide 18: High-Performance Work Practices (HPWPs)

Effective organizations incorporate several workplace practices that enhance human capital

Four HPWPs recognized in most studies:
1. Employee involvement
2. Job autonomy
    ➡ Involvement and autonomy strengthen employee motivation, improve decision making, organizational responsiveness, and commitment to change – together often take the form of self-directed teams
3. Competence development
    ➡ Recruit and select people with relevant skills, knowledge, values and other personal characteristics
    ➡ Invest in employee training and development
4. Performance/skill-based rewards
    ➡ Link performance and skill development to financial and nonfinancial rewards valued by employees

Note: These individually improve human capital, but best when bundled together

HPWPs improve organizational effectiveness by:
- Developing employee skills and knowledge (human capital), which directly improve individual behavior and performance
- Adapting better to rapidly changing environments — employees are better at performing diverse tasks in unfamiliar situations
- Strengthening employee motivation and positive attitudes toward the employer through reciprocity of employer's investment in employees

HPWP limitations
- Provides an incomplete picture of organizational effectiveness
- Gaps are mostly filled by the stakeholder perspective

Slide 19: Corporate Social Responsibility at MTN

At MTN Group, Africa's largest mobile (cell) phone company, employees help the community and environment through the company's award-winning "21 Days of Y'ello Care" program. This photo shows MTN employees during a recent Y'ello Care event installing solar panels at rural schools in Rwanda.

Slide 20: Stakeholder Perspective

Stakeholders: any entity who affects or is affected by the organization's objectives and actions e.g. employees, shareholders, suppliers, unions, government, etc.

Organizations are more effective when they understand, manage, and satisfy stakeholder needs and expectations

Personalizes the open-systems perspective
- Identifies specific people and social entities in the environment
- Stakeholder relations are dynamic i.e. can be negotiated, managed

Challenges with understanding, managing, and satisfying stakeholder interests
- Stakeholders have conflicting interests
- Firms have limited resources to satisfy all stakeholders

Stakeholder priorities depend on:
- Stakeholder's power and urgency for action
- Stakeholder's legitimate claim to organizational resources
- How executives perceive the organization's environment
- Organization's culture
- Personal values of the corporate board and CEO

Slide 21: Stakeholders: Values and Ethics

Personal values influence how corporate boards and CEOs allocate organizational resources

Values
- Relatively stable, evaluative beliefs that guide our preferences for outcomes or courses of action in various situations
- Shared values – similar values held by groups of people

Ethics
- Study of moral principles/values, determine whether actions are right/wrong and outcomes are good or bad
- Rely on ethical values to determine "the right thing to do"

Slide 22: Stakeholders and CSR

Stakeholder perspective includes corporate social responsibility (CSR)
- Benefit society and the environment beyond the firm's immediate financial interests or legal obligations
- Organization's contract with society—serve stakeholders beyond shareholders and customers

Triple-bottom-line philosophy
- Economic – survive and be profitable
- Society – maintain or improve conditions
- Environment – become "greener"

Slide 23: Integrative Model of OB

Individual inputs and processes influence individual outcomes which have a direct effect on the organization's effectiveness

Team inputs influence team processes which then affect team performance and other outcomes

Team processes and outcomes affect individual processes and outcomes

Organizational inputs and processes have macro-level influence on both teams and individuals

SOLUTIONS TO CRITICAL THINKING QUESTIONS

1. **A friend suggests that organizational behavior courses are useful only to people who will enter management careers. Discuss the accuracy of your friend's statement.**

   This chapter begins by saying that this book is about people working in organizations. Undoubtedly, many individuals will specialize in a distinct field of study and enter careers other than management. However, they too will be members in work organizations. As such, the three main reasons for studying organizational behavior (understanding, predicting, influencing) will benefit them as well. You may think of this technical knowledge/ skills as providing "what" you need to know and be able to do to be successful in your chosen field. On the other hand, OB knowledge benefits everyone by addressing the people issues needed to apply technical knowledge and skills. Knowledge of OB provides valuable knowledge of "how" to address these people issues when applying accounting, marketing, engineering and other ideas in organizational settings. Ultimately, an individual's career success is largely determined by his or her ability to understand and apply concepts in motivation, communication, team dynamics and other OB topics.

2. **A young student from the United States is interested in doing international business across China, India, Brazil, and Russia. Discuss how the knowledge of OB can be useful to the student.**

   The study of OB is for anyone who works in an organization. If a student from USA is interested in doing international business across the emerging economies, Brazil, Russia, China and India, s/he will need to work as an individual, in groups and teams or in an organization with those from the other countries. In either case, s/he needs to understand how people think, feel, and do in and around organizations. The study of OB looks at employee behavior, decisions, perceptions and emotional responses at multiple levels, individual, teams and organizations; as well as how organizations interact with the external environment. Thus, knowledge acquired by study of OB can provide the student an understanding of these aspects of organizations and behavior and thus help in getting things done while doing international business.

3. **Look through the list of chapters in this textbook, and discuss how globalization could influence each organizational behavior topic.**

   This is an open-ended question which could be used as an exercise activity with subsequent class discussion. The main objective is to help students understand how globalization has profound implications for behavior in organizations.

   Here are some of the topics linked to globalization. Students will certainly identify others:

- Teams
- Employee motivation
- Perception
- Values
- Communication
- Stress
- Communicating in organizational settings
- Interpersonal conflict
- Leadership
- Organizational change

4. **What does *evidence-based management* mean? Describe situations you have heard about in which companies have practiced evidence-based management, as well as situations in which companies have relied on fads that lacked sufficient evidence of their worth.**

   There are two parts to this question. The first requires students to define "evidence-based management." The second part asks students to provide an example of fads that lacked evidence, but which companies relied on in the past. Answers to the second part will vary based on individual student experiences.

   A sample answer to the first part of the question "evidence-based management" may include the following:

   Evidence-based management is the idea that management decisions and initiatives should be based on the systematic research anchor to ensure effective implantation. In other words, we should manage the workplace based on sound evidence gathered as a result of systematic research. This involves using knowledge flowing from the process of forming research questions, systematically collecting data, and testing hypotheses against those data. Applying evidence-based management would prevent corporate leaders from embracing fads and relying on their pet beliefs before finding out if they actually work.

5. **"Organizational theories should follow the contingency approach." Comment on the accuracy of this statement.**

   OB theories must be simple, yet accurate. Although simplicity calls for universal theories, accuracy usually requires the contingency approach because most human behavior is too complex to understand sufficiently through universal (i.e., one best way) theories. Contingency theories are more refined because they recognize that environmental and personal characteristics moderate most cause-effect relationships. In other words, while it would be preferable to use universal theories for the sake of simplicity, we often must rely on contingency theories to sufficiently understand and predict organizational behavior.

6. **After hearing a seminar on organizational learning, a mining company executive argues that this perspective is relevant to software and other knowledge businesses, but it ignores the fact that mining companies cannot rely on knowledge alone to stay in business. They also need physical capital (such as extracting and ore-processing equipment) and land (where the minerals are located). In fact, these two may be more important than what employees carry around in their heads. Evaluate the mining executive's comments.**

   Some executives still view land and capital as a company's most valuable assets. They give lip service to the idea that "People are our most valued assets" but still don't understand that land and capital have little value without people. For instance, this mining company would not have found land with ore deposits unless it had the knowledge to find those minerals. It could not operate the equipment to extract and refine the ore unless it had enough knowledge.

   The executive's comment that companies cannot remain in business with only knowledge is incorrect. On the contrary, some of the wealthiest organizations (including many software companies and consulting firms) have few physical assets. Many firms have sold their headquarters and other buildings because their competitive advantage—their source of wealth—is found in knowledge. Mining companies are also outsourcing several aspects of physical assets. Their ships and rail cars are often owned by others. The digging equipment is leased or owned by companies that specialize in drilling. The major oil companies today are mainly in the knowledge business—prospecting for minerals or marketing what others have found and extracted.

   This question also suggests a subtle misunderstanding by the executive about organizational learning. Although much corporate knowledge resides in the brains of its employees (called human capital), it also resides in the organization's systems and structures (known as structural capital).

7. **It is said that the CEO and other corporate leaders are keepers of the organization's memory. Please discuss this.**

   The organization's so called "memory" is knowledge gleaned through the storage and preservation of intellectual capital but it also includes knowledge held by key employees. Some of that knowledge is explicit knowledge that core members can access easily, but some of that knowledge is not easily documented, and is called "tacit" knowledge. We believe that knowledge (widely known or tacit) can be transferred through systems, processes, people—which is tantamount to sharing of best practices. However, when those learnings cease to provide any value proposition to the organization, "unlearning" needs to occur. This is essentially a process whereby people, structures, systems, processes erase the knowledge that no longer is a value add to the firm. So replacing

dysfunctional policies (i.e., time clocks for knowledge workers engaged in globally distributed work; removing dress codes and other etiquette formalities are examples of erasing old processes that no longer work in our globalized world.

8. **A common refrain among executives is "People are our most important asset." Relate this statement to any two of the four perspectives of organizational effectiveness presented in this chapter. Does this statement apply better to some perspectives than to others? Why or why not?**

   This is an open discussion question because the statement can relate to all four perspectives of organizational effectiveness.

   Open systems — This is probably the least focused on employees of the four perspectives. People represent the internal subsystems of organizations, so are vital in that respect. Some employees are also "boundary spanners" in that they link the organization to the external environment.

   Organizational learning — This perspective views employees as reasonably important because they hold a large portion of intellectual capital (human capital and possibly some forms of relationship capital). People bring knowledge into the organization and are largely responsible for sharing that knowledge. Knowledge use is also ultimately a human endeavor.

   High performance work practices — This is arguably the perspective that views people (employees) as the most critical resource. HPWPs embrace the human capital model; they consider employees as a competitive advantage. HPWPs are practices to leverage or unleash the competitive advantage potential of employees.

   Stakeholder — Employees are one type of stakeholder, so the statement applies to this perspective. It recognizes that employees have a vested interest in the organization and its actions.

9. **Corporate social responsibility is one of the hottest issues in corporate boardrooms these days, partly because it is becoming increasingly important to employees and other stakeholders. In your opinion, why have stakeholders given CSR more attention recently? Does abiding by CSR standards potentially cause companies to have conflicting objectives with some stakeholders in some situations?**

   These questions are open to speculation and debate. Many will suggest that CSR has become more important because of global warming, loss of habitat, and other highly visible indicators of problems. In addition, a few might argue that increasing wealth allows society to raise the bar on companies by demanding that they contribute more to society. Still others might suggest that globalization has brought developed world companies closer to people in poverty and countries in need of better health standards.

   Students may state that corporate scandals have raised CSR as a priority. Other reasons include the preference of stakeholders wanting to be associated with organizations that are deemed socially responsible. This preference has not gone unnoticed in corporate boardrooms. A growing number of companies are equating social responsibility with increased profitability. As a result, they are changing the way they do business. They reason that CSR can be leveraged as a competitive advantage in the market.

   Regarding the conflicting objectives, many students would agree. After all, the textbook states that companies can't satisfy all stakeholders because there are limited resources and stakeholders have conflicting goals. But some corporate leaders have suggested that there is less conflict then assumed. They particularly believe that satisfying communities and the environment ultimately satisfies the needs of shareholders and employees.

CASE STUDY: ANCOL CORP.

Case Synopsis

This case describes the activities of Paul Sims after he became manager at Ancol Corp.'s plant in Lexington, Kentucky. To build trust between management and employees, he removed the time clocks that kept track of employee work hours. Although employees appreciated this freedom to work without a time clock, some abused this privilege by showing up late and leaving early. This affected plant productivity. Supervisors spent more time counseling those who had attendance problems and filling out letters of reprimand. The letters, along with supervisors' poor interpersonal skills, worsened relations. Another supervisor was added to cope with the additional work. After nine months, Sims agreed with union officials to reinstate the time clocks. Later, at a meeting of other Ancol managers, Sims learned that a similar situation had occurred at another plant a few years earlier.

[NOTE: This case is a variation of an incident described in R. Daft, *Organizational Theory*, 3rd ed. (St. Paul, MN: West, 1989), pp. 16-17.]

Suggested Answers to Discussion Questions

1. **Discuss the consequences of the time clock removal on Ancol's effectiveness as an organization using any two of the perspectives of organizational effectiveness.**

   Open Systems Perspective: The Ancol case nicely illustrates the problems facing organizations from an open systems perspective. The open systems view states that organizations are comprised of interdependent parts. We certainly see that here with the removal of time clocks. In particular, we see how removing time clocks leads to a string of unexpected consequences. In this case, removing the time clocks resulted in more work for supervisors. It also affected work activities in payroll and, eventually, posed a new set of problems for labor union leaders. Supervisors now had to use disciplinary counseling skills which many of them lacked. Although students might suggest that lack of counseling training is a problem here, notice that there is no mention that it was a problem before. It is possible in a unionized environment with process-oriented technology, that control systems are in place which minimize the need for supervisors to discipline employees. For example, time clocks control employee attendance behavior or, at least, provide fact-based information. The main point, however, is that one action (removing time clocks) ripples through to other subsystems in the organization, as predicted by the open systems anchor.

   SUGGESTION: Instructors might indicate at the outset of the case that this is a problem of organizations as systems. Student might then be asked to document the interdependencies. Each discussion group is asked to illustrate the events at Ancol from a systems perspective. The results are fascinating. Typically, some groups will diagram the systems model. Their drawing reveals the subsystems in the case, such as employees, supervisors, control systems (time clock), and management. It may also show inputs (such as Paul Sims's entry), outputs (lower productivity), and feedback from the environment (union grievances).

   Other student groups might try to diagram the relationships that affect each other, such as a series of interrelated lines among the subsystems within the organization. A third type of drawing illustrates the cause-effect relationships in a time sequence. This typically starts with the poor relations, then removing the time clock, then initially increasing morale but also increasing absenteeism, and so on. This temporal image should reveal the complexity of events in the case. For example, poor relations was not the only cause of the removed time clocks. Paul Sims's entry to the organization and his knowledge from the seminar also contribute to this action. (Instructors might notice how this is a classic example of garbage can decision making—a problem, solution, decision maker, and situation collide to form a decision.

   This case also illustrates poor organizational learning. The end of the case describes how Sims attended an operations meeting at Ancol's headquarters in Cincinnati, where he learned that Ancol's plant in Portland, Oregon had a similar experience six or seven years earlier. This illustrates the "silos of knowledge" problem that exists in

large organizations. If Sims had known about the earlier incident, he might have avoided the action of removing time locks, or might have taken steps to correct anticipated problems.

Organizational Learning Perspective: This case illustrates the problems facing organizations from an open systems view. The open systems view states that organizations are comprised of interdependent parts. We certainly see that here with the removal of time clocks. In particular, we see how removing time clocks leads to a string of unexpected consequences. In this case, removing the time clocks resulted in more work for supervisors. It also affected work activities in payroll and, eventually, posed a new set of problems for labor union leaders. Supervisors now had to use disciplinary counseling skills which many of them lacked. Although students might suggest that lack of counseling training is a problem here, notice that there is no mention that it was a problem before. It is possible in a unionized environment with process-oriented technology, that control systems are in place which minimize the need for supervisors to discipline employees. For example, time clocks control employee attendance behavior or, at least, provide fact-based information. The main point, however, is that one action (removing time clocks) ripples through to other subsystems in the organization, as predicted by the open systems anchor.

2. **What changes should occur to minimize the likelihood of these problems in the future?**

One answer to this question is to help people at Ancol recognize that organizations are open systems with interdependent parts. In other words, they need to be sensitive to the fact that changes in one part of the work unit affects other parts of the work unit, as we saw at this Ancol plant.

The second change is to apply knowledge management practices so that what was previously learned about removing time clocks would be more quickly and readily known throughout the organization. The end of the case describes how Sims attended an operations meeting at Ancol's headquarters, where he learned that another Ancol plant had a similar experience six or seven years earlier. This illustrates the "silos of knowledge" problem that exists in large organizations. If Sims had known about the earlier incident, he might have avoided the action of removing time locks, or might have taken steps to correct anticipated problems. Students should discuss ways that organizations such as Ancol can improve knowledge sharing.

For example, the organization-wide meeting that Sims attended seems to help share knowledge among plant managers, albeit somewhat too late in this case. Alternatively, perhaps the company could leverage the benefits of Intranet technology to help employees and managers share experiences more fully. Even through an integrated email system, Sims could have asked other managers if removing time clocks has been tried before, and with what consequences. Notice that knowledge sharing requires a culture of open communication and information sharing, not just the technology to make this possible.

WEB EXERCISE: DIAGNOSING ORGANIZATIONAL STAKEHOLDERS

Purpose

This exercise is designed to help students understand how stakeholders influence organizations as part of the open systems anchor.

Materials

Students need to select a company and, prior to class, retrieve and analyze publicly available information over the past year or two about that company. This may include annual reports, which are usually found on the websites of publicly-traded companies. Where possible, students should also scan full-text newspaper and magazine databases for articles published over the previous year about the company.

Instructions

The instructor may have students work alone or in groups for this activity. Students will select a company and will investigate the relevance and influence of various stakeholder groups on the organization. Stakeholders will be identified from annual reports, newspaper articles, website statements, and other available sources. Stakeholders should be ranked ordered in terms of their perceived importance to the organization. Students should be prepared to present or discuss their organization's rank ordering of stakeholders, including evidence for this rank ordering.

Discussion Questions

1. What are the main reasons certain stakeholders are more important than others for this organization?

2. On the basis of your knowledge of the organization's environmental situation, is this rank order of stakeholders in the organization's best interest, or should other specific stakeholders be given higher priority?

3. What societal groups, if any, are not mentioned as stakeholders by the organization? Does this lack of reference to these unmentioned groups make sense?

Comments for Instructors

In this era of web savvy students, this activity fits nicely into student preferences. It allows students to collect information in ways that they have become familiar, yet requires them to engage in active learning by searching for information and critical thinking by evaluating the information they find.

Most instructors will use this activity as a take-home exercise or assignment. However, for those with in-class computer labs (or wireless internet and student laptops), this can be a fun challenge in a one-hour exercise. As long as students understand the concept of stakeholders and perhaps the instructor has confirmed the availability of annual reports and other valuable information for several companies, the in-class version of this activity can prove to be an exciting challenge for students.

There are several places and ways for students to collect stakeholder information for a specific company. Most of the information can be found on the company's website, but Google and other search engines might assist by identifying relevant articles in newspapers and magazines. In schools where students have access to several full-text databases, the instructor may need to specify whether students should use these sources.

Along with searching and identifying relevant information about stakeholders, this assignment requires students to rank order the importance of these stakeholders. Instructors should expect students to justify their rank ordering, thereby providing a higher-order level of learning in the process.

CLASS EXERCISE: IT ALL MAKES SENSE?

Purpose

This exercise is designed to help students comprehend how organizational behavior knowledge can help them understand life in organizations.

Instructions

Students are asked to read each of the statements and circle whether the statement is true or false, in their opinion. The class will consider the answers to each question and discuss the implications for studying organizational behavior. After reviewing these statements, the instructor will provide information about the most appropriate answer. (This exercise may also be conducted as a team activity, whereby students answer these questions in teams rather than alone.)

Comments for Instructors

This exercise addresses the point that common sense isn't always correct. Of course, some students will be counter-intuitive in anticipation that these are "trick" questions. We have included some true statements to complicate the exercise. By reviewing each statement, you can help students to see that organizational behavior systematically studies these issues and helps us to correct or clarify popular misperceptions.

Here are the ten statements with their correct answers and references to their discussion in the textbook.

1. **A happy worker is a productive worker.**

   TRUE. To be more accurate, the answer is "true, to some extent." This is one of those "truths" that students will probably answer correctly and many OB instructors will answer incorrectly because they rely on old organizational behavior research. The latest research indicates that job satisfaction has a moderately strong association with job performance (a correlation of around .30). For details, see Chapter 4 on workplace emotions and attitudes.

2. **A decision maker's effectiveness increases with the number of choices or alternatives available to him or her.**

   FALSE. At some point when the number of alternatives increases, the decision maker becomes less efficient and effective in choosing among those alternatives (see Chapter 7). When the number of alternatives is very large, decision makers reduce their motivation to decide such that they avoid thinking about the decision at all! The main reason is that decision makers are able and motivated to process a finite amount of information. As the number of alternatives increases, decision makers are faced with dramatically more information to consider, because each choice has several bits of information about factors to consider. One could argue that having very few choices is also less effective, but this would be true only if the environment offers many choices and the alternatives available to the decision maker are not among the best ones.

3. **Organizations are more effective when they minimize conflict among employees.**

   FALSE. Actually, the correct answer is in a state of flux. The dominant OB research indicates that constructive (task-oriented) conflict is often beneficial (such as in decision making) whereas relationship conflict has negative consequences. But research now concludes that even constructive conflict can be a problem because it generates relationship conflict (i.e. difficult to separate them). We discuss this topic in Chapter 11.

4. **Employees have more power with many close friends than with many acquaintances.**

   FALSE. Social network research reports that people with many "weak ties" (many acquaintances) tend to have more career success and related outcomes in their lives than those with mainly strong ties (close friends). The main reason is that weak ties provide less redundant social capital. Acquaintances gives us unique information (expert power), unique connections and opportunities (referent power), wider visibility, and so forth. Close friends tend to

give us information faster and give us more opportunities, but these resources tend to be similar across our close friends. See Chapter 10 for details.

5. **Companies are more successful when they have strong corporate cultures.**

FALSE. As with so many organizational behavior concepts, the more precise answer is "it depends." Chapter 14 explains that there is a weak relationship between corporate culture strength and organizational performance. Three reasons are offered. First, a strong culture can be a problem when the values are inconsistent with the organization's environment. Second, a very strong culture can blind employees from seeing other perspectives. Third, a very strong culture suppresses dissenting values that may be important in the future as the environment changes.

6. **Employees perform better without stress.**

FALSE. As we learn in Chapter 4, some level of stress is essential for life. We need a certain level of stress to energize us. The problem is that we sometimes (or often) experience stress beyond this beneficial level.

7. **The best way to change people and organizations is by pinpointing the source of their current problems.**

FALSE. This statement refers to the dominant model of problem solving and organizational change, namely, to identify the problem before looking for solutions. In contrast, emerging knowledge suggests that a positive rather than problem-focused approach may be more effective in many or most circumstances. We discuss this first in Chapter 5 under the topic of strengths-based coaching and feedback. Research indicates that focussing on an employee's weaknesses (problems) creates defensiveness to such an extend that its undermines any potential benefits of such a Discussion. In Chapter 15, we introduce the approach to organizational change called appreciative inquiry. According to this model, dwelling on problems can bog down the change process and degenerate into political quagmires. Instead, change agents need to focus the group on its potential and positive elements.

8. **Female leaders involve employees in decisions to a greater degree than do male leaders.**

TRUE. There is lot of debate about whether men and women lead differently. As we learn at the end of Chapter 12, men and women are mostly similar in their leadership styles. But there is one exception: female leaders involve employees in decisions to a greater degree than do male leaders. Of course, some female leaders are not participative, and some male leaders are very participative. But generally, female leaders are more participative.

9. **The best decisions are made without emotion.**

FALSE. The truth is, all decisions involve emotion and require emotion. Without emotion, people are unable to recognize problems and opportunities, and are unable to make choices. As explained in Chapter 7 (and noted in Chapters 3, 4, and 5), people form emotionally anchored preferences before they consciously think about the issue. Indeed, our "awareness" of a problem or opportunity is an emotional reaction to sensory information. Although our rational thought process can evaluate information, those conclusions must be processed by our emotional center(s) in order to make a choice. An important point here is that emotions are an inherent and essential part of human behavior. This is different from "getting emotional," which occurs when emotions are so strong that they influence our actions without conscious control.

10. **If employees feel they are paid unfairly, then nothing other than changing their pay will reduce their feelings of injustice.**

FALSE. When it comes to money, people tend to play interesting mind games to avoid feeling overreward inequity. Students will read in Chapter 5 that underpaid (underrewarded) employees might reduce the injustice by working less, taking nonmonetary resources, changing the comparison other, or leaving the field (such as quitting). This question also needs to consider that "injustice" is affected just as much by procedures as by distribution. Thus, injustice might be reduced by allowing appeals, ensuring the decision maker considers all information, ensuring that the underrewarded employees is treated with respect, and ensuring that he/she is given an opportunity to stated his/her views (voice).

SELF-ASSESSMENT 1.1: ARE YOU A GOOD TELECOMMUTER?

Overview and Instructions

Teleworking (also known as telecommuting) has become one of the fastest-growing developments in the workplace. With advanced computer and telecommunications systems, knowledge workers can now perform their work at home or another location away from their usual office. But effective teleworking requires more than technology. Some people are better than others that surviving and succeeding in teleworking arrangements.

This instrument is designed to help you to identify your 'telework disposition', that is, the degree to which your needs, values, and competencies are compatible with teleworking arrangements. This scale does not cover every personal characteristics related to effective teleworking, but it measures three of the most important dispositions. Also, please keep in mind that this scale only considers your personal characteristics. Other factors, such as organizational, family, technological systems support must also be taken into account.

Feedback for the Telecommuting Scale

Some people thrive in teleworking arrangements, whereas others discover that it is neither a satisfying nor productive work environment for them. This scale assesses three personal dispositions that are identified in the literature as characteristics of effective teleworkers: (a) high company alignment, (b) low social needs at work and (c) independent initiative.

Company alignment

Company alignment estimates the extent to which you follow company procedures and have values congruent with company values. The greater the alignment, the more likely that you can abide by company practices while working alone and with direct supervision. While some deviation from company practices may be appropriate, teleworkers need to agree with company values and provide work that is consistent with company expectations most of the time. Scores on this scale range from 4 to 20.

Score	Interpretation
15 to 20 points	High company alignment
9 to 14 points	Moderate company alignment
4 to 8 points	Low company alignment

Low social needs at work

People with a high score on this subscale do not rely on co-workers to satisfy their social needs. Successful teleworkers tend to score higher on this subscale (i.e. have lower social needs at work) because teleworking offers less opportunity for social interaction with co-workers than when working in an office setting each day. Scores on this scale range from 4 to 20.

Score	Interpretation
15 to 20 points	High score (low social need at work)
9 to 14 points	Moderate score (medium social need at work)
4 to 8 points	Low score (high social need at work)

Independent initiative

One of the most important characteristics of successful teleworkers is that they are able to set their own work goals and maintain a productive work schedule without direct supervision. People who score higher on this subscale tend to have a higher degree of independent initiative. Scores on this scale range from 6 to 30.

Score	Interpretation
15 to 20 points	High company alignment
9 to 14 points	Moderate company alignment
4 to 8 points	Low company alignment

MCGRAW-HILL CONNECT®: ORGANIZATIONAL LEARNING AT PIXAR

Type of Activity

Case Study

Activity Summary

Pixar is a world famous animation studio that has produced blockbuster hits such as Toy Story, Finding Nemo, and Monsters Inc. However, their success is no accident. Lasting market success is built on the effective internal management of people and resources. This activity will provide a brief look at how Pixar effectively utilizes important organizational behavior practices to help foster their success.

Activity Learning Objective(s)

01-02 Compare and contrast the four current perspectives of organizational effectiveness

Concept Review

Organizational effectiveness is considered the ultimate dependent variable in organizational behavior. Organizational effectiveness is based on four perspectives: open systems, organizational learning, high-performance work practices, and stakeholders. Organizations are effective when they have a good fit with their external environment, are learning organizations, have efficient and adaptive internal subsystems, and satisfy the needs of key stakeholders.

MCGRAW-HILL CONNECT®: ANCHORS OF OB

Type of Activity
Drag and Drop

Activity Summary
In this activity, read the hints for each of the generic anchors on the left. Then drag the item to match the appropriate anchor theory on the right.

Activity Learning Objective(s)
01-04 Discuss the anchors on which organizational behavior knowledge is based.

Concept Review
Technological change, globalization, emerging employment relationships, and increasing workforce diversity are just a few of the societal changes that make organizational behavior knowledge more useful than ever before. To understand these and other topics, the field of organizational behavior relies on a set of basic beliefs or knowledge structures (see Exhibit 1.3 in the textbook). These conceptual anchors represent the principles on which OB knowledge is developed and refined.

MCGRAW-HILL CONNECT®: ORGANIZATIONAL CULTURE AT ZAPPOS

Type of Activity
Video Case

Activity Summary
Organizational behavior is the study of what people think, feel, and do in and around organizations. As you might imagine, studying the vast range of possible thoughts, feelings, and actions is an enormous undertaking, especially since every individual is unique. This makes the field of organizational behavior an exciting one that is constantly developing. As you watch this short video of one organization, Zappos.com, see if you can identify what makes the workers do what they do. Then see if your observations match what you've studied in your textbook.

Activity Learning Objective(s)
01-01 Define organizational behavior and organizations, and discuss the importance of this field of inquiry.

01-02 Compare and contrast the four current perspectives of organizational effectiveness.

Concept Review
The field of organizational behavior provides valuable knowledge to individuals and companies on how to be successful. Organizational effectiveness can be viewed through a variety of frameworks, including the open systems perspective, the organizational learning perspective, the high-performance work practices perspective, and the stakeholders perspective. Each perspective sheds a slightly different light on how organizations deal with their environments and coordinate the complex internal network of employees and other resources.