

1

What Is Organizational Behavior?

MyManagementLab®

★ **Improve Your Grade!**

When you see this icon ★, visit mymanagementlab.com for activities that are applied, personalized, and offer immediate feedback.

LEARNING OBJECTIVES

After studying this chapter, you should be able to:

1. Define **organizational behavior** (referred to as **OB** throughout the text).
2. Show the value of systematic study to OB.
3. Identify the major behavioral science disciplines that contribute to OB.
4. Demonstrate why few absolutes apply to OB.
5. Identify managers' challenges and opportunities in applying OB concepts.
6. Compare the three levels of analysis in this text's OB model.

★ Chapter Warm-up

If your professor has chosen to assign this, go to the Assignments section of mymanagementlab.com to complete the chapter warm-up.

As you begin your study of this text, you might be wondering, “What is organizational behavior and why does it matter to me?” We get to the definition of organizational behavior, or OB, in a moment, but let’s begin with the end in mind—why OB matters, and what the study of OB offers you.

First, a bit of history. Until the late 1980s, business school curricula emphasized the technical aspects of management, focusing on economics, accounting, finance, and quantitative techniques. Course work in human behavior and people skills received relatively

less attention. Since then, however, business schools have realized the significant role interpersonal skills play in determining a manager's effectiveness. In fact, a survey of over 2,100 CFOs across 20 industries indicated that a lack of interpersonal skills is the top reason why some employees fail to advance.¹

One of the principal applications of OB is toward an improvement in interpersonal skills. Developing managers' interpersonal skills helps organizations attract and keep high-performing employees, which is important since outstanding employees are always in short supply and are costly to replace. But the development of interpersonal skills is not the only reason OB matters. Secondly, from the organizational standpoint, incorporating OB principles can help transform a workplace from good to great, with a positive impact on the bottom line. Companies known as good places to work—such as Genentech, the Boston Consulting Group, Qualcomm, McKinsey & Company, Procter & Gamble, Facebook, and Southwest Airlines²—have been found to generate superior financial performance.³ Third, there are strong associations between the quality of workplace relationships and employee job satisfaction, stress, and turnover. For example, one very large survey of hundreds of workplaces and more than 200,000 respondents showed that social relationships among coworkers and supervisors were strongly related to overall job satisfaction. Positive social relationships also were associated with lower stress at work and lower intentions to quit.⁴ Further research indicates that employees who relate to their managers with supportive dialogue and proactivity find that their ideas are endorsed more often, which improves workplace satisfaction.⁵ Fourth, increasing the OB element in organizations can foster social responsibility awareness. Accordingly, universities have begun to incorporate social entrepreneurship education into their curriculum in order to train future leaders to address social issues within their organizations.⁶ This is especially important because there is a growing need for understanding the means and outcomes of corporate social responsibility, known as CSR.⁷ We discuss CSR more fully in Chapter 3.

We understand that in today's competitive and demanding workplace, managers can't succeed on their technical skills alone. They also have to exhibit good people skills. This text has been written to help both managers and potential managers develop those people skills with the knowledge that understanding human behavior provides. In so doing, we believe you'll also obtain lasting skills and insight about yourself and others.

MANAGEMENT AND ORGANIZATIONAL BEHAVIOR

The roles of a manager—and the necessary skills needed to perform as one—are constantly evolving. More than ever, individuals are placed into management positions without management training or informed experience. According to a large-scale survey, more than 58 percent of managers reported they had not received any training and 25 percent admitted they were not ready to lead others when they were given the role.⁸ Added to that challenge, the demands of the job have increased: the average manager has seven direct reports (five was once the norm), and has less management time to spend with them than before.⁹ Considering that a Gallup poll found organizations chose the wrong candidate for management positions 82 percent of the time,¹⁰ we conclude that the more you can learn about people and how to manage them, the better prepared you will be to *be* that right candidate. OB will help you get there.

Organizational Behavior (OB) Defined

Organizational behavior (OB) is a field of study that investigates the impact individuals, groups, and structure have on behavior within organizations, for the purpose of applying such knowledge toward improving an organization's effectiveness. That's a mouthful, so let's break it down.

OB is a field of study, meaning that it is a distinct area of expertise with a common body of knowledge. What does it study? It studies three determinants of behavior within organizations: individuals, groups, and structure. In addition, OB applies the knowledge gained about individuals, groups, and the effect of structure on behavior in order to make organizations work more effectively.

To sum up our definition, OB is the study of what people do in an organization and the way their behavior affects the organization's performance. Because OB is concerned specifically with employment-related situations, it examines behavior in the context of job satisfaction, absenteeism, employment turnover, productivity, human performance, and management. Although debate exists about the relative importance of each, OB includes these core topics:¹¹

- Motivation
- Leader behavior and power
- Interpersonal communication
- Group structure and processes
- Attitude development and perception
- Change processes
- Conflict and negotiation
- Work design

Organizational behavior

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

Effective versus Successful Managerial Activities

Now that we understand what OB is, we may begin to apply some concepts. Consider the important issue of effective management. What makes one manager more effective than another? To answer the question, Fred Luthans, a prominent OB researcher, and his associates looked at what managers do from a unique perspective.¹² They asked, "Do managers who move up most quickly in an organization do the same activities and with the same emphasis as managers who do the best job?" You might think the answer is yes, but that's not always the case.

Luthans and his associates studied more than 450 managers. All engaged in four managerial activities:

1. **Traditional management.** Decision making, planning, and controlling.
2. **Communication.** Exchanging routine information and processing paperwork.
3. **Human resources (HR) management.** Motivating, disciplining, managing conflict, staffing, and training.
4. **Networking.** Socializing, politicking, and interacting with outsiders.

The "average" manager spent 32 percent of his or her time in traditional management activities, 29 percent communicating, 20 percent in HR management activities, and 19 percent networking. However, the time and effort different *individual* managers spent

When you see this icon, Global OB issues are being discussed in the paragraph.



on those activities varied a great deal. Among managers who were *successful* (defined in terms of speed of promotion within their organizations), networking made the largest relative contribution to success and HR management activities made the least relative contribution, which is the opposite of the average manager. Indeed, other studies in Australia, Israel, Italy, Japan, and the United States confirm the link between networking, social relationships, and success within an organization.¹³ However, Luthans and associates found that among *effective* managers (defined in terms of quantity and quality of their performance and the satisfaction and commitment of their employees), communication made the largest relative contribution and networking the least. This finding is more in line with the average manager, with the important exception of increased emphasis on communication. The connection between communication and effective managers is clear. Managers who explain their decisions and seek information from colleagues and employees—even if the information turns out to be negative—are the most effective.¹⁴

 **WATCH IT**

If your professor has assigned this, go to the Assignments section of **mymanagementlab.com** to complete the video exercise titled **Herman Miller: Organizational Behavior**.

COMPLEMENTING INTUITION WITH SYSTEMATIC STUDY

Whether you’ve explicitly thought about it before or not, you’ve been “reading” people almost all your life by watching their actions and interpreting what you see, or by trying to predict what people might do under different conditions. The casual approach to reading others can often lead to erroneous predictions, but using a systematic approach can improve your accuracy.

Underlying the systematic approach is the belief that behavior is not random. Rather, we can identify fundamental consistencies underlying the behavior of all individuals and modify them to reflect individual differences. These fundamental consistencies are very important. Why? Because they allow for predictability. Behavior is generally predictable, and the *systematic study* of behavior is a means to making reasonably accurate predictions. When we use the term **systematic study**, we mean looking at relationships, attempting to attribute causes and effects, and basing our conclusions on scientific evidence—that is, on data gathered under controlled conditions and measured, and interpreted, in a rigorous manner.

Evidence-based management (EBM) complements systematic study by basing managerial decisions on the best available scientific evidence. For example, we want doctors to make decisions about patient care based on the latest available evidence, and EBM argues that managers should do the same, thinking more scientifically about management problems. A manager might pose a question, search for the best available evidence, and apply the relevant information to the question or case at hand. You might wonder what manager would not base decisions on evidence, but the vast majority of management decisions are still made “on the fly,” with little to no systematic study of available evidence.¹⁵

Systematic study and EBM add to **intuition**, or those “gut feelings” about what makes others (and ourselves) “tick.” Of course, the things you have come to believe in an unsystematic way are not necessarily incorrect. Jack Welch (former CEO of General

Systematic study

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

Evidence-based management (EBM)

The basing of managerial decisions on the best available scientific evidence.

Intuition

An instinctive feeling not necessarily supported by research.

Electric) noted, “The trick, of course, is to know when to go with your gut.”¹⁶ But if we make *all* decisions with intuition or gut instinct, we’re likely working with incomplete information—like making an investment decision with only half the data about the potential for risk and reward.

Big Data

Data, the foundation of EBM, have been used to evaluate behavior since at least 1749, when the word “statistic” was coined to mean a “description of the state.”¹⁷ Statistics back then were used for purposes of governance, but since the data collection methods were clumsy and simplistic, so were the conclusions. “Big data”—the extensive use of statistical compilation and analysis—didn’t become possible until computers were sophisticated enough to both store and manipulate large amounts of information. The use of big data began with online retailers but has since permeated virtually every business.

CURRENT USAGE No matter how many terabytes of data firms collect or from how many sources, the reasons for data analytics include: *predicting* events, from a book purchase to a spacesuit malfunction; detecting how much *risk* is incurred at any time, from the risk of a fire to that of a loan default; and *preventing* catastrophes large and small, from a plane crash to the overstocking of a product.¹⁸ With big data, U.S. defense contractor BAE Systems protects itself from cyber-attacks, San Francisco’s Bank of the West uses customer data to create tiered pricing systems, and London’s Graze.com analyzes customers’ preferences to select snack samples to send with their orders.¹⁹

NEW TRENDS The use of big data for understanding, helping, and managing people is relatively new but holds promise. In fact, research on 10,000 workers in China, Germany, India, the United Kingdom, and the United States indicated that employees expect the next transformation in the way people work will rely more on technological advancements than on any other factor, such as demographic changes.²⁰

It is good news for the future of business that researchers, the media, and company leaders have identified the potential of data-driven management and decision making. A manager who uses data to define objectives, develop theories of causality, and test those theories can determine which employee activities are relevant to the objectives.²¹ Big data has implications for correcting management assumptions and increasing positive performance outcomes. Increasingly, it is applied toward making effective decisions (Chapter 6) and managing organizational change (Chapter 17). It is quite possible that the best use of big data in managing people will come from OB and psychology research where it might, for instance, even help employees with mental illnesses monitor and change their behavior.²²

LIMITATIONS As technological capabilities for handling big data have increased, so have issues of privacy and appropriate application. This is particularly true when data collection includes surveillance instruments. For instance, an experiment in Brooklyn, New York, has been designed to improve the quality of life for residents, but the researchers will collect potentially intrusive data from infrared cameras, sensors, and smartphone Wi-Fi signals.²³ Through similar methods of surveillance monitoring, a bank call center and a pharmaceutical company found that employees were more productive with more social interaction, so they changed their break time policies so more people took breaks



together. They then saw sales increase and turnover decrease. Bread Winners Café in Dallas, Texas, constantly monitors all employees in the restaurant through surveillance and uses that data to promote or discipline its servers.²⁴ Privacy and application issues abound with these techniques, but abandoning them is not necessarily the fix.

An understanding of deeper OB issues can help find the productive balance. These big data tactics and others might yield results—and research indicates that, in fact, electronic performance monitoring does increase task performance and citizenship behavior (helping behaviors towards others), at least in the short term. But critics point out that after Frederick Taylor introduced surveillance analytics in 1911 to increase productivity through monitoring and feedback controls, his management control techniques were surpassed by Alfred Sloan's greater success with management outcomes, achieved by providing meaningful work to employees.²⁵

We are not advising you to throw intuition out the window. In dealing with people, leaders often rely on hunches, and sometimes the outcomes are excellent. At other times, human tendencies get in the way. What we are advising is to use evidence as much as possible to inform your intuition and experience. The prudent use of big data, along with an understanding of human behavioral tendencies, can contribute to sound decision making and ease natural biases. That is the promise of OB.

DISCIPLINES THAT CONTRIBUTE TO THE OB FIELD

OB is an applied behavioral science built on contributions from a number of behavioral disciplines, mainly psychology and social psychology, sociology, and anthropology. Psychology's contributions have been principally at the individual or micro-level of analysis, while the other disciplines have contributed to our understanding of macro concepts such as group processes and organization. Exhibit 1-1 is an overview of the major contributions to the study of OB.

Psychology

Psychology

The science that seeks to measure, explain, and sometimes change the behavior of humans and other animals.

Psychology seeks to measure, explain, and sometimes change the behavior of humans and other animals. Contributors to the knowledge of OB are learning theorists, personality theorists, counseling psychologists, and, most important, industrial and organizational psychologists.

Early industrial and organizational psychologists studied the problems of fatigue, boredom, and other working conditions that could impede efficient work performance. More recently, their contributions have expanded to include learning, perception, personality, emotions, training, leadership effectiveness, needs and motivational forces, job satisfaction, decision-making processes, performance appraisals, attitude measurement, employee-selection techniques, work design, and job stress.

Social Psychology

Social psychology

An area of psychology that blends concepts from psychology and sociology to focus on the influence of people on one another.

Social psychology, generally considered a branch of psychology, blends concepts from both psychology and sociology to focus on people's influence on one another. One major study area is *change*—how to implement it and how to reduce barriers to its acceptance. Social psychologists also contribute to measuring, understanding, and changing attitudes; identifying communication patterns; and building trust. Finally, they have made important contributions to our study of group behavior, power, and conflict.

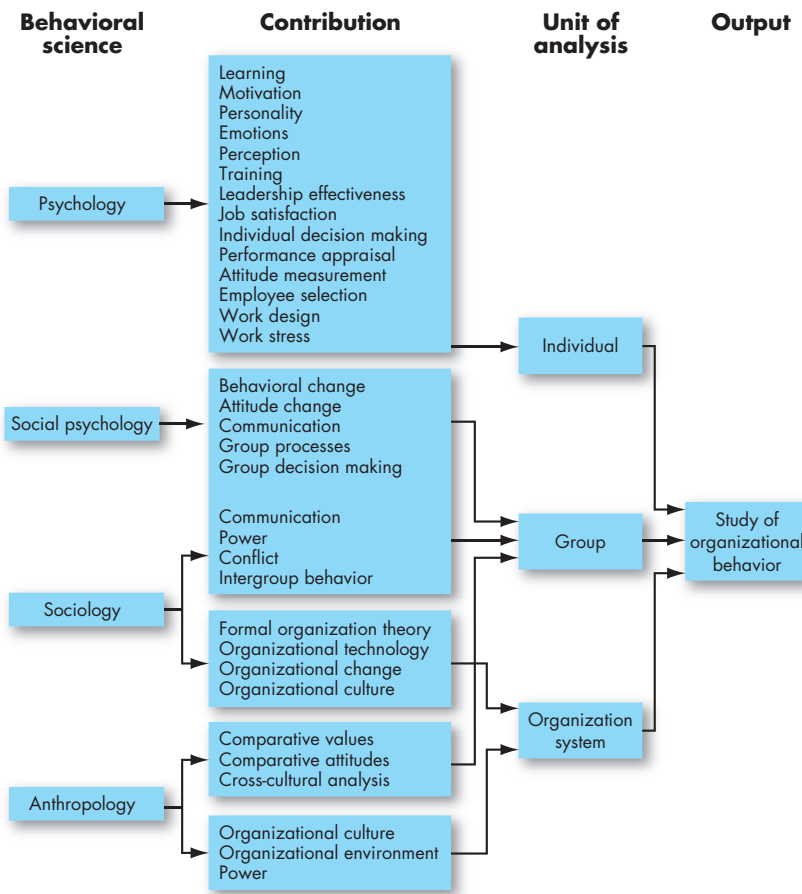


EXHIBIT 1-1
Toward an OB
Discipline

Sociology

While psychology focuses on the individual, **sociology** studies people in relation to their social environment or culture. Sociologists have contributed to OB through their study of group behaviors in organizations, particularly formal and complex organizations. Perhaps most importantly, sociologists have studied organizational culture, formal organization theory and structure, organizational technology, communications, power, and conflict.

Sociology
The study of people in relation to their social environment or culture.

Anthropology

Anthropology is the study of societies in order to learn about human beings and their activities. Anthropologists' work on cultures and environments has helped us understand differences in fundamental values, attitudes, and behavior among people in different countries and within different organizations. Much of our current understanding of organizational culture, organizational climate, and differences among national cultures is a result of the work of anthropologists or those using their methods.

Anthropology
The study of societies to learn about human beings and their activities.

THERE ARE FEW ABSOLUTES IN OB

Laws in the physical sciences—chemistry, astronomy, physics—are consistent and apply in a wide range of situations. They allow scientists to generalize about the pull of gravity or to be confident about sending astronauts into space to repair satellites. Human beings are complex, and few, if any, simple and universal principles explain human behavior. Because we

are not alike, our ability to make simple, accurate, and sweeping generalizations about ourselves is limited. Two people often act very differently in the same situation, and the same person's behavior changes in different situations. For instance, not everyone is motivated by money, and people may behave differently at a religious service than they do at a party.

This doesn't mean, of course, that we can't offer reasonably accurate explanations of human behavior or make valid predictions. It does mean that OB concepts must reflect situational, or contingency, conditions. We can say x leads to y , but only under conditions specified in z —the **contingency variables**. The science of OB was developed by applying general concepts to a particular situation, person, or group. For example, OB scholars would avoid stating that everyone likes complex and challenging work (a general concept). Why? Because not everyone wants a challenging job. Some people prefer routine over varied work, or simple over complex tasks. A job attractive to one person may be unattractive to another; its appeal is contingent on the person who holds it. Often, we find both general effects (money does have some ability to motivate most of us) and contingencies (some of us are more motivated by money than others, and some situations are more about money than others). We best understand OB when we realize how both (general effects and the contingencies that affect them) often guide behavior.

Contingency variables

Situational factors or variables that moderate the relationship between two or more variables.

CHALLENGES AND OPPORTUNITIES FOR OB

Understanding organizational behavior has never been more important for managers. Take a quick look at the dramatic changes in organizations. The typical employee is getting older; the workforce is becoming increasingly diverse; and global competition requires employees to become more flexible and cope with rapid change.

As a result of these changes and others, employment options have adapted to include new opportunities for workers. Exhibit 1-2 details some of the types of options individuals may find offered to them by organizations or for which they would like to negotiate. Under each heading in the exhibit, you will find a grouping of options from which to choose—or combine. For instance, at one point in your career you may find yourself employed full time in an office in a localized, nonunion setting with a salary and bonus compensation package, while at another point you may wish to negotiate for a flextime, virtual position and choose to work from overseas for a combination of salary and extra paid time off.

In short, today's challenges bring opportunities for managers to use OB concepts. In this section, we review some—but not nearly all—of the critical developing issues confronting managers for which OB offers solutions or, at least, meaningful insights toward solutions.

Continuing Globalization



Organizations are no longer constrained by national borders. Samsung, the largest South Korean business conglomerate, sells most of its products to organizations in other countries; Burger King is owned by a Brazilian firm; and McDonald's sells hamburgers in 118 countries on 6 continents. Even Apple—arguably the U.S. company with the strongest U.S. identity—employs twice as many workers outside the United States as it does inside the country. And all major automobile makers now manufacture cars outside their borders; Honda builds cars in Ohio, Ford in Brazil, Volkswagen in Mexico, and both Mercedes and BMW in the United States and South Africa. The world has become a global village. In the process, the manager's job has changed. Effective managers anticipate and adapt their approaches to the global issues we discuss next.

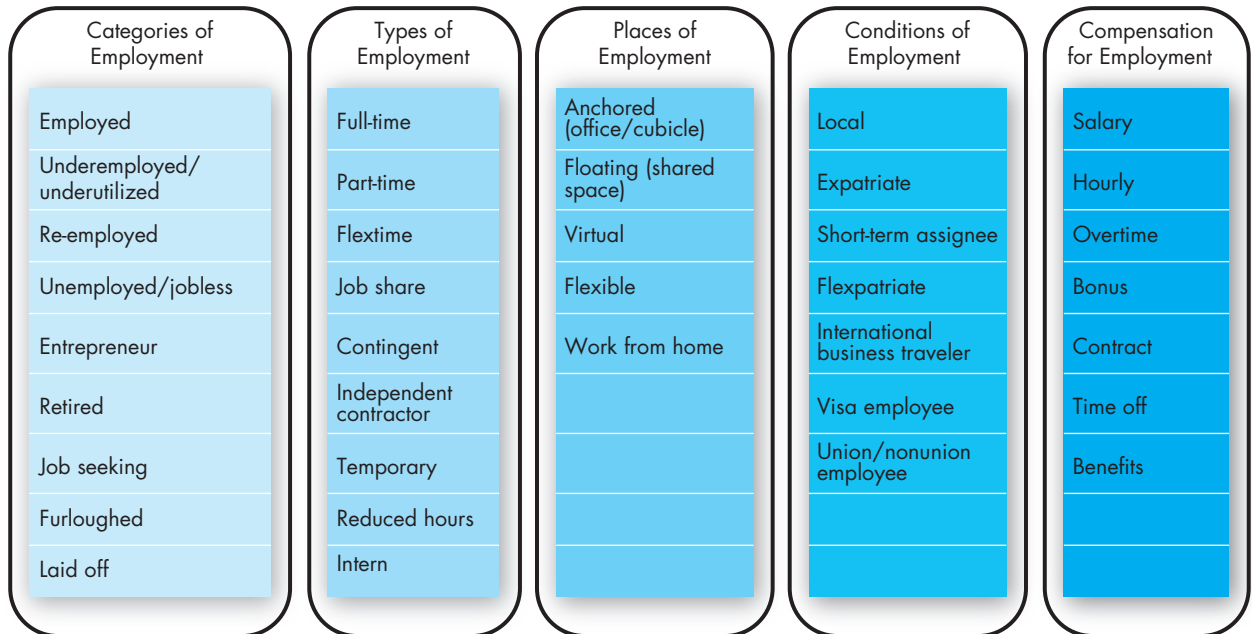


EXHIBIT 1-2
Employment Options

Sources: J.R. Anderson Jr., et al., "Action Items: 42 Trends Affecting Benefits, Compensation, Training, Staffing and Technology," *HR Magazine* (January 2013) p. 33; M. Dewhurst, B. Hancock, and D. Ellsworth, "Redesigning Knowledge Work," *Harvard Business Review* (January-February 2013), 58-64; E. Fraenheim, "Creating a New Contingent Culture," *Workforce Management* (August 2012), 34-39; N. Koeppe, "State Job Aid Takes Pressure off Germany," *The Wall Street Journal* (February 1, 2013), p. A8; and M. A. Shaffer, M. L. Kraimer, Y.-P. Chen, and M.C. Bolino, "Choices, Challenges, and Career Consequences of Global Work Experiences: A Review and Future Agenda," *Journal of Management* (July 2012), 1282-1327.

WORKING WITH PEOPLE FROM DIFFERENT CULTURES In your own country or on foreign assignment, you'll find yourself working with bosses, peers, and other employees born and raised in different cultures. What motivates you may not motivate them. Or your communication style may be straightforward and open, which others may find uncomfortable and threatening. To work effectively with people from different cultures, you need to understand how their culture and background have shaped them and how to adapt your management style to fit any differences.

ADAPTING TO DIFFERING CULTURAL AND REGULATORY NORMS To be effective, managers need to know the cultural norms of the workforce in each country where they do business. For instance, in some countries a large percentage of the workforce enjoys long holidays. There are national and local regulations to consider, too. Managers of subsidiaries abroad need to be aware of the unique financial and legal regulations applying to "guest companies" or else risk violating them. Violations can have implications for their operations in that country and also for political relations between countries. Managers also need to be cognizant of differences in regulations for competitors in that country; many times, understanding the laws can lead to success or failure. For example, knowing local banking laws allowed one multinational firm—the Bank of China—to seize control of a storied (and very valuable) London building, Grosvenor House, from under the nose



of the owner, the Indian hotel group Sahara. Management at Sahara contended that the loan default that led to the seizure was a misunderstanding regarding one of their other properties in New York.²⁶ Globalization can get complicated.

Workforce Demographics

The workforce has always adapted to variations in the economy, longevity, birth rates, socioeconomic conditions, and other changes that have a widespread impact. People adapt to survive, and OB studies the way those adaptations affect individuals' behavior. For instance, even though the 2008 global recession ended years ago, some trends from those years are continuing: many people who have been long unemployed have left the workforce,²⁷ while others have cobbled together several part-time jobs²⁸ or settled for on-demand work.²⁹ Further options that have been particularly popular for younger educated workers have included obtaining specialized industry training after college,³⁰ accepting full-time jobs that are lower-level,³¹ and starting their own companies.³² As students of OB, we can investigate what factors lead employees to make various choices and how their experiences affect their perceptions of their workplaces. In turn, this can help us predict organizational outcomes.



Longevity and birth rates have also changed the dynamics in organizations. Global longevity rates have increased by six years in a very short time (since 1990),³³ while birth rates are decreasing for many developed countries; trends that together indicate a lasting shift toward an older workforce. OB research can help explain what this means for employee attitudes, organizational culture, leadership, structure, and communication. Finally, socioeconomic shifts have a profound effect on workforce demographics. For example, the days when women stayed home because it was expected are just a memory in some cultures, while in others, women face significant barriers to entry into the workforce. We are interested in how these women fare in the workplace, and how their conditions can be improved. This is just one illustration of how cultural and socioeconomic changes affect the workplace, but it is one of many. We discuss how OB can provide understanding and insight on workforce issues throughout this text.

Workforce Diversity

Workforce diversity

The concept that organizations are becoming more heterogeneous in terms of gender, age, race, ethnicity, sexual orientation, and other characteristics.

One of the most important challenges for organizations is **workforce diversity**, a trend by which organizations are becoming more heterogeneous in terms of employees' gender, age, race, ethnicity, sexual orientation, and other characteristics. Managing this diversity is a global concern. Though we have more to say about it in the next chapter, suffice it to say here that diversity presents great opportunities and poses challenging questions for managers and employees. How can we leverage differences within groups for competitive advantage? Should we treat all employees alike? Should we recognize individual and cultural differences? What are the legal requirements in each country? Does increasing diversity even matter? It is important to address the spoken and unspoken concerns of organizations today.

Social Media

As we discuss in Chapter 11, social media in the business world is here to stay. Despite its pervasiveness, many organizations continue to struggle with employees' use of social media in the workplace. For instance, in February 2015, a Texas pizzeria fired an employee

before her first day of work because she tweeted unflattering comments about her future job. In December 2014, Nordstrom fired an Oregon employee who had posted a personal Facebook comment seeming to advocate violence against white police officers.³⁴ These examples show that social media is a difficult issue for today's managers, presenting both a challenge and an opportunity for OB. For instance, how much should HR look into a candidate's social media presence? Should a hiring manager read the candidate's Twitter feeds, or just do a quick perusal of his or her Facebook profile? Managers need to adopt policies designed to protect employees and their organizations with balance and understanding.

Once employees are on the job, many organizations have policies about accessing social media at work—when, where, and for what purposes. But what about the impact of social media on employee well-being? One recent study found that subjects who woke up in a positive mood and then accessed Facebook frequently found their mood worsened during the day. Moreover, subjects who checked Facebook frequently over a two-week period reported a decreased level of satisfaction with their lives.³⁵ Managers—and OB—are trying to increase employee satisfaction, and therefore improve and enhance positive organizational outcomes. We discuss these issues further in Chapters 3 and 4.

Employee Well-Being at Work

One of the biggest challenges to maintaining employee well-being is the reality that many workers never get away from the virtual workplace. While communication technology allows many technical and professional employees to do their work at home, in their cars, or on the beach in Tahiti, it also means many feel like they're not part of a team. "The sense of belonging is very challenging for virtual workers, who seem to be all alone out in cyberland," said Ellen Raineri of Kaplan University, and many can relate to this feeling.³⁶ Another challenge is that organizations are asking employees to put in longer hours. According to one recent study, one in four employees shows signs of burnout, and two in three report high stress levels and fatigue.³⁷ This may actually be an underestimate because workers report maintaining "always on" access for their managers through e-mail and texting. Finally, employee well-being is challenged by heavy outside commitments. Millions of single-parent employees and employees with dependent parents face significant challenges in balancing work and family responsibilities, for instance.

As you'll see in later chapters, the field of OB offers a number of suggestions to guide managers in designing workplaces and jobs that can help employees deal with work–life conflicts.

Positive Work Environment

A growing area in OB research is **positive organizational scholarship** (POS; also called *positive organizational behavior*), which studies how organizations develop human strengths, foster vitality and resilience, and unlock potential. Researchers in this area say too much of OB research and management practice has been targeted toward identifying what's wrong with organizations and their employees. In response, they try to study what's *good* about them.³⁸ Some key subjects in positive OB research are engagement, hope, optimism, and resilience in the face of strain. Researchers hope to help practitioners create positive work environments for employees.

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

Although positive organizational scholarship does not deny the value of the negative (such as critical feedback), it does challenge researchers to look at OB through a new lens and pushes organizations to make use of employees' strengths rather than dwell on their limitations. One aspect of a positive work environment is the organization's culture, the topic of Chapter 16. Organizational culture influences employee behavior so strongly that organizations have employed "culture officers" to shape and preserve the company's personality.³⁹

Ethical Behavior

In an organizational world characterized by cutbacks, expectations of increasing productivity, and tough competition; it's not surprising many employees feel pressured to cut corners, break rules, and engage in other questionable practices. Increasingly they face **ethical dilemmas and ethical choices** in which they are required to identify right and wrong conduct. Should they "blow the whistle" if they uncover illegal activities in their companies? Do they follow orders with which they don't personally agree? Should they "play politics" to advance their careers?

What constitutes good ethical behavior has never been clearly defined and, in recent years, the line differentiating right from wrong has blurred. We see people all around us engaging in unethical practices—elected officials pad expense accounts or take bribes; corporate executives inflate profits to cash in lucrative stock options; and university administrators look the other way when winning coaches encourage scholarship athletes to take easy courses or even, in the recent case at the University of North Carolina–Chapel Hill, sham courses with fake grades.⁴⁰ When caught, we see people give excuses such as "Everyone does it" or "You have to seize every advantage."

Today's manager must create an ethically healthy climate for employees in which they can do their work productively with minimal ambiguity about right and wrong behaviors. Companies that promote a strong ethical mission, encourage employees to behave with integrity, and provide strong leadership can influence employee decisions to behave ethically.⁴¹ Classroom training sessions in ethics have also proven helpful in maintaining a higher level of awareness of the implications of employee choices as long as the training sessions are given on an ongoing basis.⁴² In upcoming chapters, we discuss the actions managers can take to create an ethically healthy climate and help employees sort through ambiguous situations.

COMING ATTRACTIONS: DEVELOPING AN OB MODEL

We conclude this chapter by presenting a general model that defines the field of OB and stakes out its parameters, concepts, and relationships. By studying the model, you will have a good picture of how the topics in this text can inform your approach to management issues and opportunities.

Overview

A **model** is an abstraction of reality, a simplified representation of some real-world phenomenon. Exhibit 1-3 presents the skeleton of our OB model. It proposes three types of variables (inputs, processes, and outcomes) at three levels of analysis (individual, group, and organizational). In the chapters to follow, we proceed from the individual level

Ethical dilemmas and ethical choices

Situations in which individuals are required to define right and wrong conduct.

Model

An abstraction of reality, a simplified representation of some real-world phenomenon.

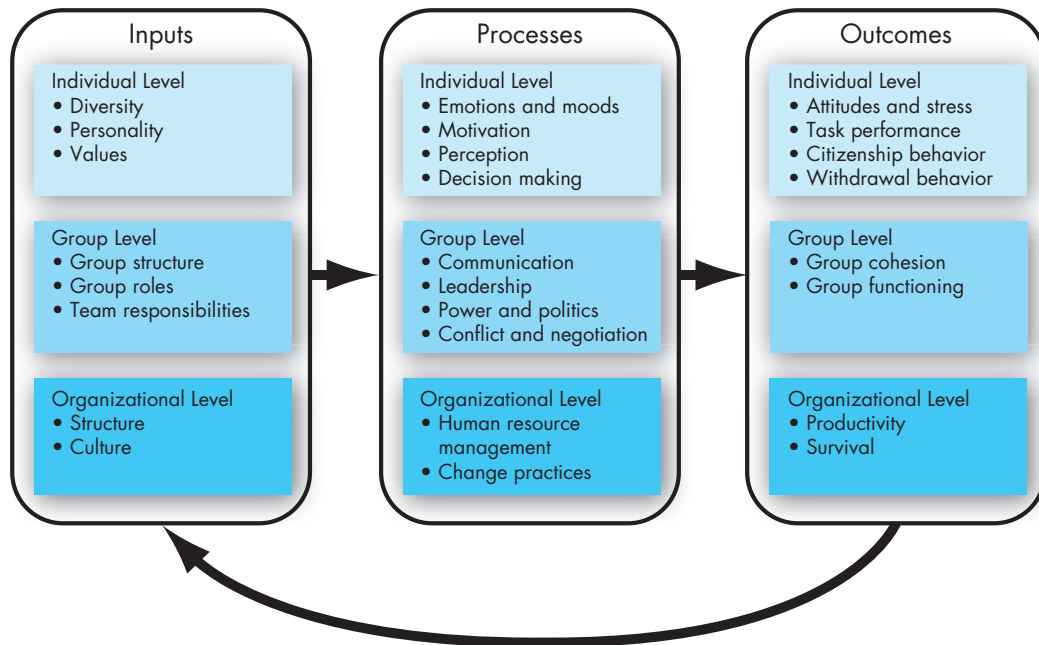


EXHIBIT 1-3
A Basic OB Model

(Chapters 2 through 8) to group behavior (Chapters 9 through 14) to the organizational system (Chapters 15 through 17). The model illustrates that inputs lead to processes, which lead to outcomes; we discuss interrelationships at each level of analysis. Notice that the model also shows that outcomes can influence inputs in the future, which highlights the broad-reaching effect OB initiatives can have on an organization's future.

Inputs

Inputs are the variables like personality, group structure, and organizational culture that lead to processes. These variables set the stage for what will occur in an organization later. Many are determined in advance of the employment relationship. For example, individual diversity characteristics, personality, and values are shaped by a combination of an individual's genetic inheritance and childhood environment. Group structure, roles, and team responsibilities are typically assigned immediately before or after a group is formed. Finally, organizational structure and culture are usually the result of years of development and change as the organization adapts to its environment and builds up customs and norms.

Inputs

Variables like personality, group structure, and organizational culture that lead to processes.

Processes

If inputs are like the nouns in OB, processes are like verbs. **Processes** are actions that individuals, groups, and organizations engage in as a result of inputs and that lead to certain outcomes. At the individual level, processes include emotions and moods, motivation, perception, and decision making. At the group level, they include communication, leadership, power and politics, and conflict and negotiation. Finally, at the organizational level, processes include HR management and change practices.

Processes

Actions that individuals, groups, and organizations engage in as a result of inputs and that lead to certain outcomes.

Outcomes

Outcomes

Key factors that are affected by some other variables.

Outcomes are the key variables that you want to explain or predict, and that are affected by some other variables. What are the primary outcomes in OB? Scholars have emphasized individual-level outcomes, such as attitudes and stress, task performance, citizenship behavior, and withdrawal. At the group level, cohesion and functioning are the dependent variables. Finally, at the organizational level, we look at overall productivity and survival. Because these outcomes are covered in all the chapters, we briefly discuss each so you can understand the goal of OB.

Attitudes

Evaluative statements or judgments concerning objects, people, or events.

ATTITUDES AND STRESS As we discuss in depth in Chapter 3, employee **attitudes** are the evaluations employees make, ranging from positive to negative, about objects, people, or events. For example, the statement “I really think my job is great” is a positive job attitude, while “My job is boring and tedious” is a negative job attitude. **Stress** is an unpleasant psychological condition that occurs in response to environmental pressures.

Stress

An unpleasant psychological process that occurs in response to environmental pressures.

Some people might think influencing employee attitudes and stress is purely soft stuff and not the business of serious managers, but as you will learn, attitudes often have behavioral consequences that directly relate to organizational effectiveness. Ample evidence shows that employees who are more satisfied and treated fairly are more willing to engage in the above-and-beyond citizenship behavior that is so vital in the contemporary business environment.

Task performance

The combination of effectiveness and efficiency at doing core job tasks.

TASK PERFORMANCE The combination of effectiveness and efficiency at doing your core job tasks is a reflection of your level of **task performance**. If we think about the job of a factory worker, task performance could be measured by the number and quality of products produced in an hour. The task performance measurement of a teacher would be the level of education that students obtain. The task performance measurement of consultants might be the timeliness and quality of the presentations they offer to the client. All these types of performance relate to the core duties and responsibilities of a job and are often directly related to the functions listed on a formal job description.

Organizational citizenship behavior (OCB)

Discretionary behavior that contributes to the psychological and social environment of the workplace.

ORGANIZATIONAL CITIZENSHIP BEHAVIOR (OCB) The discretionary behavior that is not part of an employee’s formal job requirements, and that contributes to the psychological and social environment of the workplace, is called **organizational citizenship behavior (OCB)**, or simply citizenship behavior. Successful organizations have employees who do more than their usual job duties—who provide performance *beyond* expectations. Organizations want and need employees who make positive contributions that aren’t in any job description, and evidence indicates organizations that have such employees outperform those that don’t. As a result, OB is concerned with citizenship behavior as an outcome variable.

Withdrawal behavior

The set of actions employees take to separate themselves from the organization.

WITHDRAWAL BEHAVIOR We’ve already mentioned behavior that goes above and beyond task requirements, but what about behavior that in some way is below task requirements? **Withdrawal behavior** is the set of actions that employees take to separate themselves from the organization. There are many forms of withdrawal, ranging from showing up late or failing to attend meetings to absenteeism and turnover. Employee withdrawal can have a very negative effect on an organization.

GROUP COHESION Although many outcomes in our model can be conceptualized as individual-level phenomena, some relate to the way groups operate. **Group cohesion** is the extent to which members of a group support and validate one another at work. In other words, a cohesive group is one that sticks together. When employees trust one another, seek common goals, and work together to achieve these common ends, the group is cohesive; when employees are divided among themselves in terms of what they want to achieve and have little loyalty to one another, the group is not cohesive. We can apply OB concepts toward group cohesion.

GROUP FUNCTIONING In the same way that positive job attitudes can be associated with higher levels of task performance, group cohesion should lead to positive group functioning. **Group functioning** refers to the quantity and quality of a group's work output. In the same way that the performance of a sports team is more than the sum of each individual player's performance, group functioning in work organizations is more than the sum of individual task performances.

PRODUCTIVITY The highest level of analysis in OB is the organization as a whole. An organization is productive if it achieves its goals by transforming inputs into outputs at the lowest cost. Thus **productivity** requires both **effectiveness** and **efficiency**.

A business firm is *effective* when it attains its sales or market share goals, but its productivity also depends on achieving those goals *efficiently*. Popular measures of organizational efficiency include return on investment, profit per dollar of sales, and output per hour of labor.

Service organizations must include customer needs and requirements in assessing their effectiveness. Why? Because a clear chain of cause and effect runs from employee attitudes and behavior to customer attitudes and profitability. For example, a recent study of six hotels in China indicated that negative employee attitudes decreased customer satisfaction and ultimately harmed the organization's profitability.⁴³

SURVIVAL The final outcome we consider is **organizational survival**, which is simply evidence that the organization is able to exist and grow over the long term. The survival of an organization depends not just on how productive the organization is, but also on how well it fits with its environment. A company that is very productively making goods and services of little value to the market is unlikely to survive for long, so survival also relies on perceiving the market successfully, making good decisions about how and when to pursue opportunities, and successfully managing change to adapt to new business conditions.

SUMMARY

Managers need to develop their interpersonal, or people, skills to be effective in their jobs. OB investigates the impact that individuals, groups, and structure have on behavior within an organization, and then applies that knowledge to make organizations work more effectively.

IMPLICATIONS FOR MANAGERS

- Resist the inclination to rely on generalizations; some provide valid insights into human behavior, but many are erroneous. Get to know the person, and understand the context.

Group cohesion

The extent to which members of a group support and validate one another while at work.

Group functioning

The quantity and quality of a group's work output.

Productivity

The combination of the effectiveness and efficiency of an organization.

Effectiveness

The degree to which an organization meets the needs of its clientele or customers.

Efficiency

The degree to which an organization can achieve its ends at a low cost.



Organizational survival

The degree to which an organization is able to exist and grow over the long term.

- Use metrics rather than hunches to explain cause-and-effect relationships.
- Work on your interpersonal skills to increase your leadership potential.
- Improve your technical skills and conceptual skills through training and staying current with OB trends like big data.
- OB can improve your employees' work quality and productivity by showing you how to empower your employees, design and implement change programs, improve customer service, and help your employees balance work–life conflicts.



★ PERSONAL INVENTORY ASSESSMENTS

Multicultural Awareness Scale

Any study of organizational behavior (OB) starts with knowledge of yourself. As one step, take this PIA to determine your multicultural awareness.

MyManagementLab®

Go to [mymanagementlab.com](https://www.mymanagementlab.com) for auto-graded writing questions as well as the following assisted-graded writing questions:

- I-1.** How do you think an understanding of organizational behavior (OB) might contribute to your ability to manage others effectively?
- I-2. MyManagementLab Only**—comprehensive writing assignment for this chapter.