

Chapter One: Effective Managers Understand Organizational Behavior

Chapter Synopsis

This chapter launches the students' study of organizational behavior by providing an overview of management history and the OB field, and by identifying forces that promise to reshape the nature of management. It exposes the how, what, why, and when of organizational behavior, as viewed and practiced by managers. It also identifies the skills and competencies that leaders will need to create the ideal 21st-century work atmosphere, such as intelligence, passion, a strong work ethic, a team orientation, and a genuine concern for people.

Learning Objectives

After completing this chapter, students should be able to:

- **Summarize** key contributions from the evolution of management.
- **Discuss** why it is important to understand organizational behavior.
- **Explain** how systems theory relates to organizational effectiveness.
- **Analyze** the environmental forces affecting today's management practices.
- **Understand** how to frame the study of organizational behavior.

Key Terms

scientific management—A body of literature that emerged during the period 1890–1930 and that reports the ideas and theories of engineers concerned with such problems as job definition, incentive systems, and selection and training.

organizational behavior—Drawing on psychology, sociology, political science, and cultural anthropology, OB is the study of the impact that individuals, groups, and organizational structure and processes have on behavior within organizations.

Systems Theory— A theory stating that an organization is a managed system that changes inputs into outputs.

inputs— Goods and services (raw materials, human resources, energy, etc.) organizations take in and use to create products or services.

outputs— The products and services (smartphones, food, social networking sites, etc.) that organizations create.

power— The ability to get things done in the way one wants them to be done.

globalism— The interdependency of transportation, distribution, communication, and economic networks across international borders.

diversity— Refers to those attributes that make people different from one another

speed of change— Rapid change is found in many areas such as technology, demographics, globalism, and new products and services.

psychological contract— An unwritten agreement between an employee and the organization that specifies what each expects to give to and receive from the other.

technology— Refers to actions, physical and mental, that an individual performs upon some object, person, or problem to change it in some way.

Lecture Outline

The chapter outline is organized to correspond with the PowerPoint slides.
The chapter title slide may be used as a background to introduce the class.
Learning objectives Review the chapter learning objectives. These will be revisited on the last slide of the pack.
Introduction Instructors may want to review the Zappos example at the beginning of the chapter. The Jack Welsh quote shared in the text may also be helpful. <i>“The talents of our people are greatly underestimated, and their skills are underutilized. Our biggest task is to fundamentally redesign our relationship with our employees. The objective is to build a place where people have the freedom to be creative, where they feel a sense of accomplishment—a place that brings out the best in everybody.”</i>
Environmental Forces Reshaping Management Managers must be agile and flexible to help their firms develop and sustain an advantage in an increasingly competitive globalized world. They will need to harness the powers of information technology and human capital to be successful. The competitive forces facing managers are led by technological changes and increasing globalization. The OM Matters feature discusses the evolution of management education. Instructors may want to review this feature and ask students for what they see as the future of business education.

The Origins of Management 1

The formal and modern study of management started around 1900. However, the management process probably first began in the family organization, later expanded to the tribe and community, and finally pervaded the formalized political units such as those found in early Babylonia (5000 B.C.). The Egyptians, Chinese, Greeks, and Romans were all noted in history for major managerial feats such as the building of the pyramids, organizing governments, planning military maneuvers, operating trading companies that traversed the world, and controlling a geographically dispersed empire. However, management as a process was based on trial and error in order to accomplish specific goals, with little or no theory and virtually no sharing of ideas and practices. This lack of sharing slowed the influence of management practices throughout the world.

This trial and error approach to management continued during the Industrial Revolution in England that lasted between 1700 and 1785. As a nation, England changed dramatically from a rural society to the workshop of the world. It was the first nation to successfully make the transition from a rural-agrarian society to an industrial-commercial society. Management of the workshops of England was characterized by an emphasis on efficiency, strict controls, and rigid rules and procedures.

A new industrial era began in the United States around the time of the Civil War. There was a dramatic expansion of mechanical industries such as the railroad. In addition, large industrial manufacturing complexes employed hundreds of thousands of workers and grew in importance. Attempts to better plan, organize, lead, and control the work of employees in these complexes led managers to discuss and write about their ideas and managerial problems in engineering journals.

The Origins of Management 2

In 1886, an engineer named Frederick W. Taylor presented a paper titled “The Engineer as an Economist” at a national meeting of engineers. This paper and others prepared by Taylor expressed his philosophy of scientific management.

Henri Fayol, a French industrialist, presented what is considered the first comprehensive statement of a general theory of management. First published in France in 1916, Fayol’s *Administration Industrielle et Générale* was largely ignored in the United States until it was translated into English in 1949.

Why Study Organizational Behavior? 1

Understanding the behavior of people in organizations—productivity, teamwork, work-life balance, job stress, and career progression—are top concerns of all managers and leaders. People make the difference.

Based on the fact that organizational behavior (OB) has evolved from multiple disciplines, we will use the following definition of OB throughout this book:

Drawing on psychology, sociology, political science, and cultural anthropology, OB is the study of the impact that individuals, groups, and organizational structure and processes have on behavior within organizations.

Why Study Organizational Behavior? 2

This multidisciplinary view of organizational behavior illustrates a number of points.

First, OB is a way of thinking. Behavior is viewed as operating at individual, group, and organizational levels. This approach suggests that when studying OB, we must identify clearly the level of analysis being used—individual, group, and/or organizational.

Second, OB is multidisciplinary. This means that it utilizes principles, models, theories, and methods from other disciplines. The study of OB is not a discipline or a generally accepted science with an established theoretical foundation. It is a field that only now is beginning to grow and develop in stature and impact.

Third, there is a distinctly humanistic orientation within organizational behavior. People and their attitudes, perceptions, learning capacities, feelings, and goals are of major importance to the organization. *Fourth, the field of OB is performance-oriented.* Why is performance low or high? How can efficiency and effectiveness be enhanced? Can training increase on-the-job performance? Practicing managers face these important issues. *Fifth, the scientific method is used to study OB variables and relationships.* As the scientific method has been used in conducting research on organizational behavior, a set of principles and guidelines on what constitutes good research has emerged.

Finally, the field is application oriented. It is concerned with providing useful answers to questions that arise in the context of managing organizations.

Exhibit 1.1 Contributions to the Study of OB

The Exhibit offers a framework and overview of the multiple disciplines that have contributed to the study of OB and the application of OB principles in organizational settings.

Leaders and Organizational Behavior

Changes occurring within and outside of institutions present major challenges to leaders, managers, and administrators in organizations. Terms such as social responsibility, cultural diversity, ethics, global competitiveness, social networking, and reengineering are used freely by experts and non-experts. Each of these concepts reinforces the fact that leaders are being asked to perform effectively in a changing world.

Another challenge that leaders face is the increased emphasis that consumers are placing on value. The trend among consumers is to consider the total value of a product or service. Today, more than ever, customers expect organizations to be responsive to their needs, to provide prompt service and delivery, and to produce top quality goods or services at the best price possible. Along with an increasingly diverse workforce and demanding customers, leaders must contend with changes in both domestic and global markets and competition. The global market expects easy access to high-quality products and services at a competitive price. Leaders are being asked to establish and manage effective employee teams, departments, or organizations that can respond and compete globally.

The Hawthorne Studies 1

Trade unions rebelled against Taylor's scientific management principles

Mary Parker Follet promoted participatory decision making and decentralization

Industry wanted evidence that focusing on people produces higher productivity

Harvard University conducted studies

From 1900 to 1930, Taylor's concept of scientific management dominated thought about management. His approach focused on maximizing worker output. However, Taylor's emphasis on output and efficiency didn't address employees' needs, leading some trade unions to resist implementation of scientific management principles. Mary Parker Follett was opposed to Taylor's lack of specific attention to human needs and relationships in the workplace. She was one of the first management theorists to promote participatory decision making and decentralization. Her view emphasized individual and group needs. The human element was the focus of Follett's view about how to manage. However, she failed to produce empirical evidence to support her views. Industry leaders wanted concrete evidence that focusing on human resources would result in higher productivity. The Hawthorne studies, though flawed, provoked many managers and academics to focus on employees' needs, attitudes, and behaviors.

The Hawthorne Studies 2

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The Harvard researchers learned that economic rewards did not totally explain worker behavior. Workers were observant, complied with norms, and respected the informal social structure of their group. The researchers also learned that social pressures could restrict output. Interviews conducted years after the Hawthorne studies with a small number of actual study participants and a reanalysis of data raised doubts about a number of the original conclusions. The conclusion that supportive managers helped boost productivity is considered incorrect by critics. Instead, the fear of job loss during the Great Depression and managerial discipline, not the practices of supportive managers, are considered responsible for the higher rate of productivity in the relay assembly test room experiments. Despite the criticism, the Hawthorne studies are still considered the major impetus behind the emphasis on understanding and dealing with human resources.

EXHIBIT 1.2 The Basic Elements of a System

In systems theory, the organizations are seen as one element of a number of elements that act interdependently. The flow of inputs and outputs is the basic starting point in describing the organization. In the simplest terms, the organization takes resources (inputs) from the larger system (environment), processes these resources, and returns them in changed form (output). Exhibit 1.2 displays the fundamental elements of the organization as a system.

Systems Theory

Systems theory suggests that an organization is a managed system that changes inputs into outputs. It enables managers to describe the behavior of organizations both internally and externally. Internally, you can see how and why people within organizations perform their individual and group tasks. Externally, you can relate the transactions of organizations with other organizations and institutions. All organizations acquire resources from the outside environment of which they are a part and, in turn, provide goods and services demanded by the larger environment. Managers must deal simultaneously with the internal and external aspects of organizational behavior. This essentially complex process can be simplified, for analytical purposes, by employing the basic concepts of systems theory.

Ways to Improve Effectiveness

The concept of organizational effectiveness presented in this book relies on systems theory. Two main conclusions suggested by systems theory are: (1) effectiveness criteria must reflect the entire input-process-output cycle, not simply output, and (2) effectiveness criteria must reflect the interrelationships between the organization and its outside environment. The slide features the eight points listed in the OB in Action box.

Quality- An Organizational Perspective

J. M. Juran and W. Edwards Deming, in 1950, were prophets without recognition in their own country, the United States. These two Americans were pioneers in quality and emphasized the importance of quality long before it was popular to do so. Deming is the most recognized guru of statistical quality control (SQC). He is the namesake of Japan's most prestigious quality award, the Deming Prize, created in 1951. Juran is best known for his concept of total quality control (TQC). This is the application of quality principles to all company programs, including satisfying internal customers. In 1954 Juran first described his method in Japan. He became an important inspiration to the Japanese because he applied quality to everyone from the top of the firm to the clerical staff.

Time-Based Criteria

Productivity reflects the relationship between inputs and output.

Efficiency is defined as the ratio of outputs to inputs. Among the measures of efficiency are rate of return on capital or assets, unit cost, scrap and waste, downtime, occupancy rates, and cost per patient, per student, or per client. Satisfaction and morale are similar terms referring to the extent to which the organization meets the needs of employees. We use the term satisfaction to refer to this criterion. Adaptiveness is the extent to which the organization can and does respond to internal and external changes. Development measures the ability of the organization to increase its capacity to deal with environmental demands. An organization must invest in itself to increase its chances of survival in the long run.

Environmental Forces Reshaping Management Practice

A number of forces are reshaping the nature of managing within organizations.

Organizations that have recognized these forces are working to channel their managerial

talents to accomplish goals by using their knowledge about each of six major forces.

The first force at work is the power of human resources. The way managers and employees work, think, and behave exerts a major influence on the overall effectiveness and success of an organization. Over the next several years as baby boomers (those born between 1946 and 1964) retire, organizations of all types will be facing a shrinking pool of skilled job candidates and a shortage of technically skilled workers. Some of the key human resource challenges will be in the areas of recruiting skilled talent, training and developing employees, transferring knowledge from senior to junior employees through mentoring, and retaining high performing employees as job opportunities become more prevalent.

Globalism Must be Understood and Leveraged

To compete effectively in the 21st century, globalism must be understood and leveraged. Globalism is characterized by networks that interconnect countries, institutions, and people. Of the largest 25 global corporations in terms of market value in 2020, 14 are from the United States, 5 from China, 2 from Germany, and one each from Saudi Arabia, Japan, the Netherlands, and South Korea. As a result of global integration, the growth rate of world trade has increased faster than that of world gross domestic product. That is, the trading of goods and services among nations has been increasing faster than the actual world production of goods. To survive the fast-paced changes in the global world, firms must make not only capital investments but also investments in people. How well a firm recruits, selects, retains, and motivates a skilled workforce will have a major impact on its ability to compete in the more globally interdependent world.

The Speed of Change

Elements of change include almost instantaneous communication and computation. Technology is facilitating online connectivity through such social networking sites as Facebook, Twitter, and LinkedIn that has resulted in the shrinking of space and distance. Intangible value of all kinds, such as services or products that “go viral” and reach millions of potential users, is growing at a rapid speed. The modern manager is going to have to be adaptable to such rapid change.

The worker–employer psychological contract is another force that is changing. The most admired employers believe that openness, integrity, providing opportunities, and supporting the growth and development of their employees are top priorities. They believe this is an unwritten contract they have with their people. Employees believe that employers must be honest, open, and fair and also be willing to give employees a larger say in their jobs. Employees also want organizations to pay more attention to their family commitments and their physical and mental health.

The Six Forces Reshaping Management Practice

The six forces reshaping management practice—the power of human resources, globalism, diversity, the speed of change, a new worker–employer psychological contract, and technology—offer challenges to managers. Resisting the reality of these forces will likely lead to unnecessary conflict, reduced managerial and non-managerial performance, and lost opportunities. In managerial terms, failing to cope and deal with these forces will likely result in job dissatisfaction, poor morale, reduced commitment, lower work quality, burnout, poor judgment, and a host of unhealthy consequences. The slide recreates exhibit 1.3 in list form.

EXHIBIT 1.4 Framework for Studying Organizational Behavior

Exhibit 1.4 illustrates the flow of chapters in this book and presents a perspective on how to frame the study of organizational behavior and management within organizations. The book is divided into five parts: the field of organizational behavior; understanding and managing individual behavior; group behavior and interpersonal influence; organizational processes; and organizational design, change, and innovation.

Understanding and Managing Individual Behavior

Because organizational performance depends on individual performance, managers must have more than a passing knowledge of the determinants of individual performance.

Motivation and ability to work interact to determine performance. Motivation theory attempts to explain and predict how the behavior of individuals is aroused, started, sustained, and stopped.

Management can use rewards (or punishment) to increase performance by present employees. Management also can use rewards to attract skilled employees to join the organization.

Many companies' and managers' reputations have been damaged through misbehavior. Such damaging behaviors and actions need to be prevented whenever possible.

Stress is an important result of the interaction between the job and the individual. Stress in this context is a state of imbalance within an individual that often manifests itself in such symptoms as insomnia, excessive perspiration, nervousness, and irritability. Whether stress is positive or negative depends on the individual's tolerance level.

Group Behavior and Interpersonal Influence 1

Interpersonal influence and group behavior are also powerful forces affecting organizational performance.

Groups form because of managerial action, and also because of individual efforts.

Managers create work groups to carry out assigned jobs and tasks. Such groups, created by managerial decisions, are termed formal groups.

Groups also form as a consequence of employees' actions. Such groups, termed informal groups, develop around common interests and friendships.

Group Behavior and Interpersonal Influence 2

Power is the ability to get someone to do something you want to be done or to make things happen in the way you want them to happen. Managers derive power from both organizational and individual sources.

Organizational Processes

Certain behavioral processes give life to an organization. When these processes do not function well, problems can arise.

The communication process links the people within the organization. Information integrates the activities of the organization with the demands of the environment.

The quality of decision making in an organization depends on selecting proper goals and identifying means for achieving them. With good integration of behavioral and structural factors, management can increase the probability that high-quality decisions will be made.

Leaders exist within all organizations. They may be found in formal groups, but they also may be found in informal groups. Leaders may be managers or nonmanagers. The importance of effective leadership for obtaining individual, group, and organizational performance is so critical that it has stimulated a great deal of effort to determine the causes of such leadership.

Organizational Structure

To work effectively in organizations, managers must have a clear understanding of the organizational structure. Viewing an organization chart on a piece of paper or framed on a wall, one sees only a configuration of positions, job duties, and lines of authority among the parts of an organization. However, organizational structures can be far more complex.

Organizational Change and Innovation

Receiving feedback from employees about their jobs, feelings, attitudes, preferences, and impressions is invaluable. The feedback can be used to make specific modifications in financial packages, social and interpersonal opportunities, skill development, and job characteristics. Feedback from trusted sources can result in noticeable changes and improvement.

In Review

Review progress against objectives.

Summary of Key Points

- The key to an organization's success is the institution's human resources. Organizations need human resources that work hard, think creativity, and perform excellently. Rewarding, encouraging, and nurturing the human resources in a timely and meaningful manner is what is required.
- A number of contributing disciplines stand out, such as psychology, sociology, and cultural anthropology.

- The behavior of employees is the key to achieving effectiveness. People behave in many predictable and unpredictable ways. Each person has a unique behavioral pattern. Managers must observe, respond to, and cope with the array of behavior patterns displayed by employees.
- The “effect” is the behavior or reaction of a person who is being observed. Individuals who are being observed are likely to react in a non-routine way because they are being watched or are part of an experiment..
- Systems theory is used to integrate organizational effectiveness and time. Two main conclusions of systems theory are: (1) effectiveness criteria (e.g., productivity, quality, adaptiveness) must reflect the entire input, process, output cycle, and (2) effectiveness criteria must reflect the interrelationships between the organization and its outside environment. The organization is simply an element or part of a larger system, the environment.
- Employers and employees enter into psychological contracts. The employer believes that no worker is guaranteed a lifelong job or pay raise. If the worker’s performance is good and profit is earned, then employment continues and pay raises are provided. Employees today believe that employers should be honest, concerned about their families, and interested in their overall health. These assumptions are the basis of the *new* psychological contract

Review and Discussion Questions

1. Describe some of the innovative management practices that managers like Tony Hsieh of Zappos use to be successful.

Ans: Hsieh believes in treating employees and customers well; compared to many businesses that place most of their focus on the customer. A major goal of Zappos is to treat its employees and customers with integrity, honesty, and commitment. Hsieh encourages employees to develop themselves by checking out books stored at the company, post questions to the “Ask Anything” newsletter, make suggestions to improve how things get done, and contribute to Zappos’ fun and sometimes zany work environment.

2. What are the key principles of scientific management?

Ans: Frederick W. Taylor’s major thesis was that maximum good for society could come only through the cooperation of management and labor in the application of scientific methods. He stated that the principles of management were to:

- Develop a science for each element of an employee’s work, which replaces the old rule-of-thumb method.
- Scientifically select and then train, teach, and develop the worker, whereas in the past a worker chose the work to do and was self-trained.
- Heartily cooperate with each other to ensure that all work was done in accordance with the principles of science.
- Strive for an almost equal division of work and responsibility between management and

nonmanagers.

3. What knowledge about human behavior in the workplace was discovered during the Hawthorne studies?

Ans: The Hawthorne studies demonstrated that factors other than economic rewards influenced performance in the workplace. A variety of psychological and social factors affected performance as well. These included being made to feel important, responding to group norms, and social pressures induced by informal social structures.

4. Why does the field of organizational behavior draw on so many different disciplines?

Ans: OB is the study of the impact that individuals, groups, and organizational structure and processes have on behavior within organizations. These areas cross multiple areas and as such require the understanding of multiple disciplines.

5. How would you determine whether a large public hospital in your city (community or region) is effective?

Ans: Student answers will vary. Sample answer: As with any other service organization, the effectiveness of a hospital can be measured by examining key indicators:

(1) Long term—What is the hospital's mission and how well does it seem to be meeting the expectations established by the mission?

(2) Intermediate term—How effectively is the hospital adapting to the changing needs/demands of the environment? E.g., is market share slipping? Has the hospital worked effectively with insurance companies? Another intermediate term issue would relate to the hospital's development. Does it have a responsible, effective management group on board? Is it working to develop new programs? To work with the community? To train employees to handle new problems, equipment, etc.? Is it investing in new equipment and ensuring that the medical staff maintains excellent skills?

(3) Short-term—How productive is the hospital? E.g., how many beds, on average, are filled? How efficient is the hospital? E.g., how long does the admissions process take? What is the average length of stay for patients with particular problems? How satisfied is staff? What is the turnover rate? Can we attract and keep the people we need? Have we been engaged in costly labor disputes?

6. In today's fast-paced, global, and technological environment, it is important for an organization of any size to be adaptive. How do firms like Facebook, Google, and Apple adapt?

Ans: Adaptiveness refers to the extent to which the organization can and does respond to internal and external changes. The adaptiveness challenge here is to identify the cause of the problem, invest as necessary to make mid-course corrections, and to set the business up for longer-term survival.

7. What abilities will managers need in order to be successful in the 21st century? Which of these abilities do you have now? How do you plan to acquire the others?

Ans: The abilities that managers and leaders will need in the 21st century include: people-sensitive, astute, flexible, quick and agile, multi-lingual, knowledgeable about technology and the law, entrepreneurial, intelligent, passionate, having a strong work ethic, a team orientation, a genuine concern for people. The skills that students currently have, and their plans to achieve them, will vary.

8. The psychological contract between workers and employers specifies what each expects to give and receive from the other. What can you offer an employer, and what do you expect in return?

Ans: Student answers will vary, especially as they relate to what they can offer an employer. The most admired employers typically offer employees openness, integrity, opportunities, and support for growth and development. Most employees want an employer that is honest, open, fair, and willing to give workers a larger say in their jobs. They also want employers to pay more attention to their family situations and their physical and mental health.

9. As a manager, what type of quality improvement results should you strive for to achieve success over both the short and long run?

Ans: Managers should strive for such things as more satisfied customers, a more involved workforce, better-designed products, creating goodwill in the communities in which the organization operates, and more creative approaches to solving problems.

10. What are five things that you, as a manager, can do to lead the way to higher levels of effectiveness?

Ans: Student answers may vary, but should include all or most of the following: (a) Provide opportunities for training and continuous learning. (b) Share information with employees. (c) Encourage cross-development partnerships. (d) Link compensation to performance. (e) Avoid layoffs. (f) Be a supportive role model. (g) Respect employee differences. (h) Be a good listener.

EXERCISE 1.1 INITIAL VIEW OF ORGANIZATIONAL BEHAVIOR

Purpose

To test the impact of your course in organizational behavior on the perspectives of students concerning their assumptions and understanding of organizational behavior.

The Exercise in Class

Every individual possesses some particular assumptions and viewpoints about relevant topics on organizational behavior such as whether leaders are born or made, whether people are generally motivated by money or the work itself, and whether people seek or resist change. However, it's often found that exposure to knowledge, theory, and research concerning these and other OB topics can alter an individual's viewpoints. This exercise provides an opportunity to measure the impact of your course in organizational behavior on your students in this regard.

In conducting this activity, it is useful to:

1. Have students complete the exercise after completing Chapter 1 and mark their responses on a separate sheet of paper. Collect their response sheets. Ask them to avoid writing their responses in their books, because knowing their first-round responses will bias their responses at the end of the semester.
2. Have students again complete the questionnaire after finishing Chapter 16, writing their responses on a sheet of paper. Once they have completed the exercise, return the initial response sheet.
3. Ask students to compare their two sets of responses by:
 - A. Calculating difference scores. For each question pair, subtract the smaller number response from the larger one. A three is the largest possible difference score per item.
 - B. Sum the difference scores for a total score. Possible total scores range from) (the student's opinions remained unchanged on each of the survey's 20 items) to 60. Scores above 20 indicate a substantial overall change in opinion.
4. In post-exercise discussion:
 - A. First, determine via a show of hands the range of total difference scores (to determine overall the degree to which student assumptions about organizational behavior have changed).
 - B. Then focus on identifying those items on which students tended to substantially change their viewpoint by the end of the semester. This can be done by quickly going through the 20 difference score of 2 or more on each item. Focus discussion on identifying and examining possible reasons for changed perspectives on particular items.
 - C. Wrap up the discussion by asking students: Over the course of the semester, did you learn anything that surprised you? Of the knowledge you've gained, what do you believe will be the most valuable in terms of its use to you in your future careers in the workplace?

CASE 1.1: REI TELLS EMPLOYEES TO GO OUTSIDE

1. How does REI leverage its social and environmental stewardship to attract and retain top employees?

Ans: REI's culture of environmental stewardship and desire for lifelong employees is communicated through their web presence. Their merchandise also supports an outdoor life, and many options have limited their ecological impact, communicating and reinforcing the underlying culture. The case specifically presents the Yay Days as a means to celebrate REI's outdoor value and provide the employees themselves to endorse the company and the benefit of working (and shopping) there.

2. Explain how REI uses social media to communicate its organizational culture to employees, co-op members, and potential new hires.

Ans: "Membership" produces an instant rebate opportunity and an avenue for targeting marketing. The concept of membership also sets the organization apart as, beyond being a discount program, communicates an underlying set of values. The case communicates the strength of the organizations' e-commerce abilities. This presence also serves to communicate values. Employee postings, such as those associated with Yay Days also serve to communicate culture.

3. Why does giving "Yay Days" to employees help support REI's overall business strategies?

Ans: This additional paid time off allows staffers to reconnect with the outdoors in an effort to gain the knowledge they can share with REI customers. And sharing their “Yay Day” experiences on social media helps employees provide REI with great marketing exposure to attract more job seekers and potential customers to the company and its employee-friendly culture.

Lecture Ideas

1. To encourage students to think about the forces affecting the nature of managerial work, ask them to discuss the topic of globalization. What can students do now, during their academic careers, to prepare for the likelihood that they will be engaged in international business? How is the global economy affecting curriculums and the way that college education is delivered? Is it true that English is the international language of business, and if it is, does that mean that speaking another language is really not necessary?
2. Ask students to identify a problem that seems to occur in different types of organizations. Then ask them to develop a strategy for studying, and perhaps solving that problem, using the methods of scientific inquiry. Emphasize clear problem definition, developing hypotheses, identification of dependent and independent variables, and design of the study—including sample selection, research method, and selection of an appropriate method for study. (Appendix A provides an overview of quantitative and qualitative research techniques).
3. The text suggests that the key to an organization's success lies in its human resources. Ask students to discuss the implications of viewing people as resources. How does this perspective differ from the view of employees as “labor cost?” Then, using an example of managerial experience with which some of your students might be familiar (e.g. manager of a fast food restaurant, small clothing store, house painting crew, etc.), ask them to identify managerial practices and policies that indicate whether management views employees as a resource or a cost (e.g., active employee development programs, excessive use of part-time workers, layoffs, tuition reimbursement). Encourage students to discuss the implications of these practices on employee performance and commitment.
4. One way to clarify the components of the systems theory model and the impact of the external environment on organizations is to apply the concepts to a particular example:
 - A. Use a manufacturing business (e.g., Ford, Apple) or a service business (GEICO, a local non-profit organization) to illustrate the systems theory concepts explained in the chapter.
 - B. Select a nationally prominent manager with whom students are familiar and place the key managerial functions in the context of the particular manager.
 - C. Select a visible industry (e.g., automobile, computer, construction industries, fast food industry, drug industry) and discuss how the industry's characteristics affect an organization.

To demonstrate the influence of the goal approach on much of OB theory (and practice), use strategic planning as an example. The foundation of this fast-growing field is the assumption that organizational effectiveness requires a well developed and implemented network hierarchy of goals, objectives, and strategies—all ultimately designed to achieve an organization's mission. Bring to class a copy of your college or university's mission statement, and, if possible, the formal plan. In a classroom discussion, get students to relate the mission and the plan to their everyday experiences. If no mission or plan exists or can be obtained, ask students what that implies. What do they *think* a written mission statement would say if it existed? What do they *think* the three to five-year plan and goals might be?

5. Survey the class to see how many were born and/or raised in a different nation. Then have them informally give their impressions of the US from the perspective of the country from which they came. Ask if it has changed since arriving in America.
6. Survey the class and see where the students are from, then have a class discussion of the geographically-influenced diversity within the U.S. in terms of manners, mores, values, attitudes, and language. How does this impact organizations and how they are managed?

Project and Class Speaker Ideas

1. Globalization affects the way American businesses do business and the way they select and manage employees. Divide the class into groups of three or four, and then assign each group a different country to investigate. Ask students to research answers to the following questions:
 - What is the "business language" in this country?
 - The currency?
 - What does this country do to invite or discourage foreign companies from doing business there?
 - How much is the average worker paid?
 - How does the country's standard of living compare with that in the U.S.?
 - What labor laws or common managerial practices are significantly different or similar to the U.S.?
 - How do this country's citizens view work and wealth?
 - What cultural norms influence negotiations and/or the way people deal with conflict?
 - Who is likely to be a manager?
 - What are the roles of men, women, and children?

During the next class period, ask the questions and let each group informally answer for its country. Afterward, ask the entire group to reflect on the implications this information has for their educational/career plans.

2. Invite a faculty member who is noted for his or her work in organizational behavior research to talk to your class about the nuts and bolts of conducting research in organizations today. The speaker could discuss the types of research being conducted in businesses today, how a researcher gains entry into an organization, and the challenges of applied research (the problems of conducting a controlled experiment in an environment in which the researcher exercises little control).
3. One way to increase students' understanding of the dynamics of the external environment (specifically its diverse and multi-dimensional impact on an organization) is to assign them the task of conducting an environmental profile of a particular organization. Each group of four to five students can select a particular business and conduct research on the company and its environment, and in particular, examine how the environment influences the organization and how the organization monitors and adapts to environmental change. Groups can prepare a written organization-environmental profile and/or present their findings to the class.
4. How does an organization measure its adaptiveness (a critical effectiveness criteria given the increasing rate of change in many external environments)? Have your students answer this question as a homework assignment, selecting a company (a local business or one that students can research) and identifying and suggesting a number of adaptiveness measures. Then, compare and contrast the students' lists in class discussion, developing via class vote a "top ten" list of the best measures.
5. To enhance understanding of quality and its application in different organizations, ask student teams to develop a quality index for an organization—possibly your own school. Using the college or university offers many advantages, including these:
 - A. Students have a common base of experience and real knowledge of the organization;
 - B. Defining terms such as "customer," "product," "service," and "process" can be challenging and may highlight conflicting managerial philosophies;
 - C. The discussion will almost certainly lead to a recognition of income and profit, of competing resource claims, of managing competitively in a nonprofit environment, and of environmental pressures on the organization.
6. Increasingly, there are wonderful films from many nations. You could have students view some films and then report back to class on their impressions of that culture as seen through the eyes of the filmmaker.