

CHAPTER 1 ORGANIZATIONAL BEHAVIOUR AND MANAGEMENT

CHAPTER LEARNING OBJECTIVES

After reading Chapter 1, students should be able to:

- LO1.1 Define *organizations* and describe their basic characteristics.
- LO1.2 Explain the concept of *organizational behaviour* and describe the goals of the field.
- LO1.3 Define *management* and describe what managers do to accomplish goals.
- LO1.4 Contrast the *classical viewpoint* of management with that advocated by the *human relations movement*.
- LO1.5 Describe the *contingency approach* to management.
- LO1.6 Explain what managers do — their roles, activities, agendas for action, and thought processes.
- LO1.7 Describe the four contemporary management concerns facing organizations and how organizational behaviour can help organizations understand and manage these concerns.

CHAPTER OUTLINE AND TEACHING NOTES

This first chapter introduces several basic concepts that provide students with a frame of reference upon which to integrate the more complex topics to come. It is useful to spend some time explaining just what organizational behaviour is, since students may have some difficulty in grasping the meaning of this wholly qualitative term. It is also helpful to explain the differences and relations between organizational behaviour and human resources management.

What Are Organizations?

Organizations are social inventions for accomplishing common goals through group effort. There are three important elements of this definition highlighted in the chapter.

Social inventions

There is a fundamental requirement for a coordinated presence of people which is the essential characteristic of organizations as social inventions. *The field of organizational behaviour is about understanding people and managing them to work effectively.*

Goal Accomplishment

The reason organizations exist is to achieve goals. Survival is the overriding goal of all organizations. *The field of organizational behaviour is concerned with how organizations can survive and adapt to change.*

Group Effort

Individuals who function in an organization must be coordinated to achieve goals efficiently. This coordination is accomplished through group effort. *The field of organizational behaviour is concerned with how to get people to practise effective teamwork.*

What Is Organizational Behaviour?

Organizational behaviour refers to the attitudes and behaviours of individuals and groups in organizations. The field of organizational behaviour involves the systematic study of these attitudes and behaviours.

Human resources management refers to programs, practices, and systems to acquire, develop, motivate, and retain employees in organizations. Common examples of human resources practices are recruitment and selection, compensation, and training and development. Students should be informed of how human resources management is different from organizational behaviour and how knowledge of organizational behaviour will help them understand the use and effectiveness of human resource practices as organizational behaviour provides the theoretical basis for understanding human resources management.

Why Study Organizational Behaviour?

There are three good reasons to study organizational behaviour.

Organizational Behaviour Is Interesting

We see the subject matter every day, although we may not understand it completely. Organizational behaviour is interesting because it is about people and human nature.

Organizational Behaviour Is Important

Organizational behaviour is important to managers, employees, and consumers and understanding it can make us more effective managers, employees, or consumers and improve organizational effectiveness and efficiency.

Organizational Behaviour Makes a Difference

Effective management and organizational behaviour can provide an organization with a competitive advantage. Today, the main factor that differentiates organizations is their workforce or human capital and the most successful organizations are those that effectively manage their employees. The main factor that differentiates organizations is their workforce and *human capital* or the knowledge, skills, and abilities embodied in an organization's employees which is strongly and positively related to organizational performance and is a key determinant of firm performance competitiveness and success. In addition to human capital, the development of *social capital* or the social resources

that individuals obtain from participation in a social structure is also important for individuals and organizations.

Furthermore, there is increasing evidence that management practices and organizational behaviour not only influence employee attitudes and behaviour, but also have an effect on an organization's effectiveness. Research shows that the best companies to work for are also among the best performing companies. Thus, organizational behaviour makes a difference in terms of good management and organizational performance and competitiveness.

How Much Do You Know about Organizational Behaviour?

Students often make the erroneous assumption that much of organizational behaviour can be explained by common sense. The problem with this assumption is that what is common sense to one person may not be to another. This suggests that common sense is no substitute for the systematic study of organizational behaviour. Management practice should be based on informed opinion and systematic study, not common sense. Some discussion of the material in the Appendix can help to show how the systematic study of organizational behaviour can improve management decision making and practice. Students can begin to understand these concepts and the importance of systematic study by answering the six questions in the textbook and seeing how easy it is to make up answers that are both true and false.

Goals of Organizational Behaviour

There are three goals of organizational behaviour.

Predicting Organizational Behaviour

Predicting the behaviour of others is an essential requirement of everyday life. Although some prediction about future behaviour in organizations is possible because of the very regularity of much behaviour, its accuracy requires systematic study. Through systematic study, the field of organizational behaviour provides a scientific foundation that helps improve predictions of organizational events.

Explaining Organizational Behaviour

A second goal of organizational behaviour is to explain events in organizations and why they occur. It is usually more difficult to explain a behaviour than to predict it, since a given behaviour may have multiple causes, and the reasons people do things tend to change over time and circumstances. The ability to understand behaviour is a necessary prerequisite for effectively managing it.

Managing Organizational Behaviour

Management is defined as the art of getting things accomplished in organizations through others. If behaviour can be predicted and explained, it can often be managed. If prediction and explanation constitute analysis, then management constitutes action. Responding to the information gathered through prediction and explanation helps to influence organizational behaviour. A number of technologies or interventions have been

developed in a conscious attempt to make practical much of the information learned in the field. Future chapters will introduce many of these interventions to students, including pay systems and job enrichment. Students should understand that a systematic understanding of behavioural science and organizational behaviour can improve management practice and decision making. This then leads into a discussion of evidence-based management.

Evidence-based management involves translating principles based on the best scientific evidence into organizational practices. By using evidence-based management, managers can make decisions based on the best available scientific evidence from social science and organizational research, rather than personal preference and unsystematic experience. The use of evidence-based management is more likely to result in the attainment of organizational goals, including those affecting employees, stockholders, and the public in general.

Understanding how to predict, explain, and manage behaviour is a prerequisite to accomplishing two basic managerial tasks — analysis and action. To help students understand the practical and applied use of organizational behaviour in organizations, discuss the You Be the Manager feature, *The Cost of a Minimum Wage Hike*. This is a good example that most students will be able to relate to about how the goals of organizational behaviour are relevant for understanding the effects of organizational actions on employee attitudes and behaviours.

Early Prescriptions Concerning Management

There are two basic phases in the pursuit of the “correct” way to manage an organization to achieve its goal. Experts often call these the classical view and bureaucracy and the human relations view.

The Classical View and Bureaucracy

A brief history on the evolution of management thought and background material on the classical view of management and bureaucracy will be helpful for students who have not had a previous course in management. A discussion of the work of Henri Fayol, Frederick Taylor, and Max Weber allows students to see that management practice was not, and should not, be static in a dynamic and changing environment.

The *classical viewpoint* advocated high specialization of labour, intensive coordination, and centralized decision making. *Scientific management* is Frederick Taylor’s system for using research to determine the optimum degree of specialization and standardization of work tasks. *Bureaucracy* is Max Weber’s ideal type of organization that included a strict chain of command, detailed rules, high specialization, centralized power, and selection and promotion based on technical competence. When describing these aspects of the classical viewpoint make sure students realize the conflict of interest between managers and employees and then you can begin to discuss the human relations movement and its critique of bureaucracy.

The Human Relations Movement and a Critique of Bureaucracy

The human relations movement and the Hawthorne studies allow a smooth transition to the following section where the contingency approach to management is examined. By the 1920s, criticism of the scientific approach was growing, focusing on the basic assumptions underlying scientific principles and lack of attention to motivation and human needs. The human relations view emphasized favourable treatment of employees instead of focusing solely on their output or performance.

The human relations approach is generally considered to have started with the *Hawthorne Studies* conducted at the Hawthorne plant of Western Electric in the 1920s and 1930s that illustrated how psychological and social processes affect productivity and work adjustment. It was discovered that the most powerful incentive for increased production was not the physical working conditions, but resulted from what came to be known as the Hawthorne effect, whereby workers felt important and appreciated when they received attention and recognition. Later studies in the plant's relay assembly room were conducted to test the effect of other working conditions on output. The results of the studies upset the traditional concepts of industrial efficiency and discovered that worker productivity increased when they felt someone was interested in them.

After World War II, researchers and theorists such as Chris Argyris, Alvin Gouldner, and Rensis Likert took up the theme of the Hawthorne studies. The *human relations movement* was a critique of classical management and bureaucracy that advocated management styles that were more participative and oriented toward employee needs. The critique of bureaucracy addressed a number of specific problems that were incompatible with human needs for growth and can lead to employee alienation from the organization and its clients, resistance to change, restriction of performance, and losing sight of the overall goals of the organization. The human relations advocates called for more flexible systems of management and the design of more interesting jobs as well as open communication, employee participation in decision making, and less rigid, more decentralized forms of control.

Contemporary Management — The Contingency Approach

The concept of contingencies is important for students to understand. An essential fact is that organizations are complex entities, and accordingly, there are no simple principles that can be applied in all situations. However, what happens in organizations depends on certain critical factors. These critical factors are called *contingencies*. This *contingency approach* to management recognizes that there is no one best way to manage, and that an appropriate management style depends on the demands of the situation. The textbook will use a contingency framework to discuss the subject. Management approaches need to be tailored to fit the situation.

What Do Managers Do?

Organizational behaviour is not only useful to aspiring managers. A good understanding is useful to consumers or anyone else who has to interact with organizations to get things

done. This section examines what managers actually do, using research studies as a source.

Managerial Roles

Henry Mintzberg conducted an in-depth study of the behaviour of managers and found a rather complex set of roles played by managers. The relative importance of these roles will vary with management level and organizational technology.

Interpersonal Roles. Interpersonal roles were those that were used to establish and maintain interpersonal relations. These included the *figurehead role*, *leadership role*, and *liaison role*.

Informational Roles. Informational roles were concerned with various ways the manager receives and transmits information. Roles in this group included the *monitor role*, *disseminator role*, and *spokesperson role*.

Decisional Roles. Decisional roles deal with managerial decision-making and include the *entrepreneur role*, the *disturbance handler role*, the *resource allocation role*, and the *negotiator role*.

Managerial Activities

Fred Luthans, Richard Hodgetts, and Stuart Rosenkrantz studied the behaviour of a large number of managers and have compiled data on what managers actually do with their time. The four basic activities were:

Routine communication. Formal sending and receiving of information.

Traditional management. Planning, decision making, and controlling.

Networking. Interacting with people outside the organization and informal socializing and politicking with insiders.

Human resource management. Motivating and reinforcing, disciplining and punishing, managing conflict, staffing, and training and developing employees.

One of the interesting findings of this research was how emphasis on these various activities correlated with managerial success. Networking proved most critical for moving up the ranks of the organization quickly. Human resource management proved most critical for unit effectiveness and employee satisfaction and commitment.

Managerial Agendas

John Kotter has also studied the behaviours of successful general managers and found a strong pattern of similarities that he grouped into the categories of agenda setting, networking, and agenda implementation.

Agenda Setting. The managers all gradually developed agendas of what they wanted to accomplish for the organization. These agendas were almost always informal and unwritten, and they were much more concerned with “people issues” and less numerical than most formal strategic plans.

Networking. The managers established a wide formal and informal network of key people both inside and outside of their organizations. This network provided managers with information and established cooperative relationships relevant to their agendas.

Agenda Implementation. The managers used networks to implement the agendas. They would go anywhere in the network for help – up or down, in or out of the organization.

The theme that runs through Kotter’s findings is the high degree of informal interaction and concern with people issues that were necessary for the managers to achieve their agendas.

Managerial Minds

Other researchers have examined how managers think. Herbert Simon and Darnel Isenberg stress the role of intuition in good management. Intuition is problem identification and solving based on systematic education and experiences that enable managers to locate problems within a network of previously acquired information.

International Managers

The style with which managers do what they do and the emphasis given to various activities will vary greatly across cultures because of cross-cultural variations in values that affect both managers’ and employees’ expectations about interpersonal interaction. Geert Hofstede has done pioneering work on cross-cultural differences in values and how these differences promote contrasts in the general role that managers play across cultures. National culture is one of the most important contingency variables in organizational behaviour. The appropriateness of various leadership styles, motivation techniques, and communication methods depends on where one is in the world.

Some Contemporary Management Concerns

To conclude the first chapter, we thought it appropriate to discuss contemporary concerns such as diversity, employee health and well-being, talent management and employee engagement, and corporate social responsibility. This material can be used to emphasize that organizational behaviour can be used as a tool for the challenges facing organizations today and for future issues that students will face in their careers. When discussing each of these issues, ask students what organizational behaviour has to do with them followed by a discussion of the relevance and role of organizational behaviour for managing each of the management concerns.

Diversity — Local and Global

Several factors are influencing the demographics of the North American workforce. As a result, both the labour force and customers are becoming increasingly culturally diverse.

More women are entering the workforce, as are visible minorities, aboriginal people, and persons with disabilities. Diversity of age is also a factor. Diversity is also coming to the fore as many organizations realize that they have not treated certain segments of the population fairly in many aspects of employment and that organizations have to be able to get the best from everyone in order to be truly competitive. Both legal and social pressures have contributed to this awareness.

Multinational expansion, strategic alliances, and joint ventures between global partners are also bringing people into contact with their counterparts in organizations in other cultures as never before. Thus, managers must be able to manage these issues effectively for organizations to benefit from the considerable opportunities that a diverse workforce affords.

What does diversity have to do with organizational behaviour?

Organizational behaviour has long been concerned with stereotypes, conflict, cooperation, and teamwork. These are just some of the factors that managers must manage effectively for organizations to benefit from the considerable opportunities that a diverse workforce affords. Let students know that they will learn more about workforce diversity in Chapter 3 and cultural differences in values in Chapter 4.

Employee Health and Well-Being

Employees are facing increasing concerns over job security, increasing job demands, and work-related stress that have contributed to a deterioration of their physical and psychological health and well-being. Employees have become disengaged, disillusioned, and are suffering from physical and mental sicknesses. Absenteeism and employee turnover in Canadian organizations are also on the rise. Although there is no one definitive cause, increasing stress levels and poorly designed jobs are major contributors. There has also been increasing awareness of mental health in the workplace and the increasing cost of mental illness in terms of absenteeism and lost productivity. As a result, organizations have begun to focus on employee physical and mental health by creating more positive work environments.

What does a positive work environment and employee health and well-being have to do with organizational behaviour?

Organizational behaviour is concerned with creating positive work environments that contribute to employee health and wellness. Psychologically healthy workplaces focus on employee health and well-being while enhancing organizational performance. According to the American Psychological Association for Organizational Excellence, the practices that help to create a healthy and productive work environment include employee involvement, health and safety, employee growth and development, work-life balance, and employee recognition. Communication is also important and is the foundation for the five psychologically healthy workplace practices.

Another good example is a spiritual workplace or workplace spirituality. *Workplace spirituality* refers to workplaces that provide employees with meaning, purpose, a sense of community, and a connection to others. It is important that students understand that

workplace spirituality is not about religion in the workplace but rather, providing employees with a meaningful work-life that is aligned with their values, provides them with interesting work, meaning and a sense of purpose, feeling that they belong to and are part of a caring and supportive community, and a sense of connection to their work and others.

Another important contributor to employee health and well-being is positive organizational behaviour. *Positive organizational behaviour* (POB) is the study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement. The psychological capacities are known as psychological capital (PsyCap). *Psychological capital* refers to an individual's positive psychological state of development that is characterized by self-efficacy, optimism, hope, and resilience. Self-efficacy refers to one's confidence to take on and put in the necessary effort to succeed at challenging tasks; optimism involves making internal attributions about positive events in the present and future and external attributions about negative events; hope refers to persevering toward one's goals, and when necessary making changes and using multiple pathways to achieve one's goals; and resilience refers to one's ability to bounce back or rebound from adversity and setbacks to attain success.

It is important for students to understand that each of the components of PsyCap are states or positive work-related psychological resources that can be changed, modified, and developed. In other words, they are not fixed, stable, or static personality traits. Along these lines, there is evidence that PsyCap interventions (PCI) that focus on enhancing each of the components of PsyCap are effective for developing employees' PsyCap. Thus, one way for organizations to improve employee health and well-being is to develop their PsyCap.

Talent Management and Employee Engagement

A major challenge facing organizations today is talent management. A survey of senior executives from all over the world found that talent was ranked as the second most critical challenge just behind business growth. *Talent management* refers to an organization's processes for attracting, developing, retaining, and deploying people with the required skills to meet current and future business needs. The ability of organizations to attract and retain talent has become especially critical for organizations that are struggling to find the employees they need to compete and survive. The shortage of skilled labour is expected to get even worse in the coming years as the baby boomers begin to retire.

Organizations have also become increasingly concerned about employee engagement. *Work engagement* is a positive work-related state of mind that is characterized by vigour, dedication, and absorption. Only one-third of workers are engaged and yet engaged workers have more positive work attitudes and higher job performance, and engagement is considered to be key to an organization's success and competitiveness and it can have a significant impact on productivity, customer satisfaction, profitability, innovation, and quality.

What does organizational behaviour have to do with talent management and employee engagement?

Organizational behaviour can help organizations make important changes in the workplace and provides the means for organizations to be designed and managed in ways that optimize talent attraction, development, engagement, retention, and performance. This topic can generate some lively discussion in the classroom as students discuss some of the reasons why they have accepted or would accept a job as well as the reasons why they have been engaged or disengaged in a job. In addition, they can complete the work engagement experiential exercise to find out how engaged they have been in a current or previous job or how engaged they are as a student. This can then lead into a discussion of the management practices of the best companies to work for in Canada (Exhibit 1.1) and how organizational behaviour can be useful for dealing with the challenge of talent management and employee engagement. You might ask students to review the practices in Exhibit 1.1 and discuss how each practice would influence their decision to join an organization and if it would have an effect on their work engagement.

Corporate Social Responsibility

Corporate social responsibility refers to an organization taking responsibility for the impact of its decisions and actions on its stakeholders. It has to do with an organization's overall impact on society at large and extends beyond the interests of shareholders to the interests and needs of employees and the community in which it operates. CSR that involves practices aimed at the local community, the environment, and consumers is known as *external CSR*. Practices and activities that are focused on the internal workforce are known as *internal CSR*. CSR involves a variety of issues that range from community involvement, environmental protection, safe products, ethical marketing, employee diversity, safe working environments, and local and global labour practices. Ultimately, CSR has to do with how an organization performs its core functions of producing goods and providing services and that it does so in a socially responsible way.

What does corporate social responsibility have to do with organizational behaviour?

It is important to emphasize to students that many CSR issues have to do with organizational behaviour such as an organization's treatment of employees, management practices such as managing diversity, work-family balance, and employment equity. Organizations that rank high on CSR are good employers because of the way they treat their employees and because of their management practices that promote employee well-being. In addition, green programs require changes in employees' attitudes and behaviours.

It might be worthwhile to ask students how important CSR is for them when choosing to work for an organization. Along these lines, you might note that an organization's CSR has implications for the recruitment and retention of employees and that an increasing number of workers want to work for organizations that are environmentally friendly and rank high on CSR. To consider this in more detail, have students complete the experiential exercise on corporate social responsibility.

Summary and Road Map

To conclude the chapter and the first class, you can provide students with a road map of the structure of the rest of the textbook and the course using the model of organizational behaviour (Exhibit 1.6, page 28). In addition to pointing out the topics and chapters to be covered in the course and the text, students should know that organizational behaviour involves three levels of analysis: the individual level (Part Two), the group level (Part Three), and the organizational level (Part Four). The model of organizational behaviour also shows that the factors in each level influence individual and group attitudes and behaviours, each level influences the factors and processes at the other levels, and all three levels of organizational behaviour as well as individual and group attitudes and behaviours influence organizational performance.

TEACHING TIPS

If the majority of your students are taking a full business program or a number of management courses, it might be useful in discussing Chapter 1 to highlight how organizational behaviour is related to their other courses. That is, what is the function of OB in your particular curriculum, and how does it differ from other management courses? (We like to distinguish OB from basic behavioural science, introduction to management, and human resource management. We also point out relevant similarities and interfaces.) This brief exercise indicates to students that you understand the program that they are taking, and it gives them a better idea of just what to expect from your OB course in particular.

The brief vignette about Maplewave that begins Chapter 1 can be used to illustrate some of the subject matter that will be covered in the course. Have your students generate a list of possible reasons why the company received the American Psychological Association's (APA) Psychologically Healthy Workplace Award and has been named one of the best places to work in Atlantic Canada. Many of the reasons and implications they offer will be relevant to subsequent chapters of the text (for example organizational culture, employee recognition and rewards, work-life balance, health and wellness, motivation, compensation, and communication). Briefly discuss their ideas and point out how these topics will be covered in greater detail later in the course. This is a good way to illustrate the broad domain of organizational behaviour and its role in making an organization a great place to work and a success.

SAMPLE ANSWERS TO DISCUSSION QUESTIONS

1. *Consider absence from work as an example of organizational behaviour. What are some of the factors that might predict who is likely to be absent from work? How might you explain absence from work? What are some techniques that organizations use to manage absence? Now do the same for turnover as an example of organizational behaviour.*

Both reactions to the job, such as job satisfaction, and personal factors, such as age, gender, or family commitments, might predict absence from work and turnover. For example, less satisfied workers and younger workers are absent more frequently than those who are more satisfied or older. Explaining such relationships is more complicated. Some dissatisfied workers may be absent to look for another job, while others may stay home to recuperate from job-related stress. Similarly, younger workers may be absent because they occupy less rewarding, lower status roles, or because they encounter more non-work attractions than older workers. To manage absence, organizations use a variety of strategies including (1) not paying for absent days; (2) giving prizes to those with good attendance records; or (3) using sanctioning programs with visits from company nurses. Such strategies should be effective to the extent that they correspond to the *reasons* for the absence. Some of the reasons for turnover are discussed in Chapter 4 such as job satisfaction and organizational commitment. You might inform students that the relationship between job satisfaction and turnover is far from perfect and ask them to explain why and what this means in terms of techniques to reduce turnover. You might also ask students to explain why satisfied people sometimes quit their jobs or dissatisfied people do not quit. These issues are discussed in more detail in Chapter 4. Besides increasing job satisfaction and organizational commitment, organizations can also use realistic job previews (see Chapter 8) to reduce turnover.

2. *To demonstrate that you grasp the idea of contingencies in organizational behaviour, consider how closely managers should supervise the work of their employees. What are some factors on which closeness of supervision might be contingent?*

Closeness of supervision should be contingent on factors such as employee experience, trustworthiness, need for independence, and the importance of the project in question. Close supervision is indicated for employees with little experience, those who have not proven their trustworthiness, and those who are dependent. Looser supervision is indicated for those who are experienced, trustworthy, and independent. As project importance increases, some increase in supervision might be provided to preclude costly errors, but this itself is contingent on the other factors mentioned.

3. *Use the contingency approach to describe a task or an organizational department where a more classical management style might be effective. Then do the same for a task or department where the human relations style would be effective.*

The contingency approach theorizes that different conditions and situations require the application of different management techniques. Advocates of this approach say that there are no universal truths, concepts, or principles that can be applied under all conditions. A more classical style of management may be more appropriate for a professional football coach, where discipline, execution, and technical precision are of paramount importance. A human relations style may be more appropriate for the coach of a figure skater, where expression and artistry may be more important.

4. *Describe how management practices and organizational behaviour can help organizations deal with the contemporary management concerns discussed in the chapter. In other words, what are some of the things that organizations can do to*

(a) manage local and global diversity, (b) improve employee health and well-being, (c) facilitate the management of talent and employee engagement, and (d) promote corporate social responsibility.

Organizational behaviour offers many possible solutions to address each of the contemporary management concerns. For example, an awareness of cultural differences and stereotypes can improve the management of *local and global diversity*. Diversity training programs can be especially effective. Understanding how the effectiveness of leadership styles and motivational practices might vary across cultures is also important. Organizations can create a more positive work environment and improve employee health and well-being by creating a psychologically healthy workplace that includes employee involvement, health and safety, employee growth and development, work-life balance, employee recognition, and communication. Employee health and well-being can also be improved by creating a more spiritual workplace that provides employees with interesting work that gives them meaning and a feeling of purpose, and by providing them with opportunities for growth and development. Organizations can also develop programs based on positive organizational behaviour that develop employees' PsyCap through the use of PsyCap interventions (PCI) that focus on enhancing each of the components of PsyCap. Some of the practices from organizational behaviour that can improve talent management and employee engagement can be found in Exhibit 1.1, which lists some of the management practices of the best companies to work for in Canada, such as flexible work schedules, incentive compensation, extensive training and development programs, and employee recognition and reward programs to mention just a few. Organizations can use OB practices to communicate to employees the importance of CSR and to recognize and reward employees for socially responsible behaviours such as volunteer work in the community and initiatives that make the organization more environmentally friendly. Management practices and organizational behaviour are key to creating an organization that ranks high on CSR.

5. *What is the meaning of human capital, social capital, and psychological capital and what do they have to do with organizational behaviour? Describe how human capital, social capital, and each of the components of psychological capital can help you in your studies and in your career.*

Human capital refers to the knowledge, skills, and abilities (KSAs) embodied in an organization's employees and includes employees' education, training, and experience. Social capital refers to the social resources that individuals obtain from participation in a social structure. Psychological capital refers to an individual's positive psychological state of development that is characterized by self-efficacy, optimism, hope, and resilience. Self-efficacy refers to one's confidence to take on and put in the necessary effort to succeed at challenging tasks; optimism involves making internal attributions about positive events in the present and future and external attributions about negative events; hope refers to persevering toward one's goals, and when necessary making changes and using multiple pathways to achieve one's goals; and resilience refers to one's ability to bounce back or rebound from adversity and setbacks to attain success. Human and social capital are important because they influence an individual's job performance. PsyCap is important because it is related to various aspects of

organizational behaviour including more positive employee attitudes, behaviours, and job performance as well as employee well-being and lower anxiety, stress, and turnover intentions. Remind students that each of the components of PsyCap are states or positive work-related psychological resources that can be changed, modified, and developed and they are not fixed, stable, or static personality traits and that both human and social capital can be developed and improved over time students should describe and understand that if they and employees have higher human and social capital, self-efficacy, optimism, hope, and resilience they will do better in their studies and jobs and very likely will get higher grades, have better job performance, and more successful careers. Thus, it is worth the effort to learn about human and social capital and each component of psychological capital and how they can be developed and improved.

ADDITIONAL DISCUSSION QUESTIONS AND ANSWERS

1. *What are your goals in studying organizational behaviour? What practical advantages might this study have for you?*

Students might report a diverse set of goals, ranging from completing a required course, to understanding others, to being more effective managers. They are less likely to cite being a more effective consumer or employee, and these possibilities can be called to their attention. Practical advantages can almost always be grouped into the three categories of improved prediction, explanation, or management of behaviour. When the practical advantage of managing behaviour is mentioned, the importance of prediction and understanding should also be underlined.

2. *Describe the assumptions about organizational behaviour that are reflected in television shows, such as situation comedies and police dramas. How accurate are these portrayals? Do they influence our thinking about what occurs in organizations?*

It is fairly safe to say that TV portrayals of work and behaviour in organizations are biased and/or often inaccurate. For one thing, many shows consciously downplay the working life of their characters. This means that the impact of work on individuals is also deemphasized. Secondly, the broad range of jobs in our society is not portrayed on TV. One finds few blue-collar workers, but many detectives, doctors, lawyers, and police officers. These jobs are not typical in the demands they make on workers nor in the rewards they provide to their incumbents. Finally, TV emphasizes the *personality* of job holders and discounts the tremendous influence of the occupational role itself. Often, the job is just a convenient setting for an interesting character. Television may contribute substantially to inaccurate occupational stereotypes and to the expectations young people develop about certain kinds of jobs.

3. *Management is the art of getting things accomplished in organizations through others. Given this definition, what are some factors that make management a difficult, or at least a challenging, occupation?*

Challenges come about as a result of changes in the domestic and international world. Specific challenges include increased global competition, the emergence of new technologies, the added challenge of diversity, changing employee expectations, and

societal pressures regarding ethical behaviour. Organizational success requires effective management.

4. *What is corporate social responsibility (CSR) and what does it have to do with organizational behaviour? Explain how an understanding of organizational behaviour can help organizations become more socially responsible?*

Corporate social responsibility refers to an organization taking responsibility for the impact of its decisions and actions on its stakeholders and an organization's overall impact on society at large. CSR has a great deal to do with organizational behaviour including how an organization treats its employees, the management of diversity, work-family balance, employment equity, issues of fairness, and employee well-being. Organizations that rank high on CSR are good employers because of the way they treat their employees and because their management practices promote the well-being of employees. CSR has implications for an organization's reputation and financial performance and an increasing number of organizations are placing greater emphasis on CSR initiatives. An understanding of OB can help organizations become more socially responsible because it involves changing management practices as well as employees' attitudes and behaviours. This has implications for learning, communication, rewards and recognition, motivation, values, and leadership, to name just a few OB areas. As indicated in the chapter, at Fairmont Hotels and Resorts employees volunteer to be on "green teams" that meet monthly to brainstorm environmental initiatives. The company also recognizes and rewards employees for their efforts. The program has had a positive effect on employee engagement and motivation and employees are proud to be working for an environmentally responsible organization. It is also worth noting that an organization's CSR has implications for the recruitment and retention of employees and talent management as an increasing number of workers want to work for organizations that are environmentally friendly and rank high on CSR.

5. *Why do studies of managerial behaviour reveal the importance of networking? What about human resource management? Explain the differences between these two behaviours and their importance for success.*

When you examine what managers actually do, and the amount of time they spend with people, the role of networking and human resource management and their importance becomes evident. Networking consists of interacting with people outside of the organization and informal socializing and politicking with insiders. Networking has been found to be critical for moving up the ranks of the organization quickly. Human resource management involves motivating and reinforcing, disciplining and punishing, managing conflict, staffing, and training and developing employees. It is associated with unit effectiveness and employee satisfaction and commitment. Thus, both networking and human resource management are important managerial activities and both are associated with success; however, the meaning of success is what differs (i.e., moving up quickly for networking, and unit effectiveness and positive employee attitudes for human resource management).

6. *What are some of the demands that increased workforce diversity and increased global operations make on managers? What are some of the opportunities that these trends offer to managers?*

Challenges that come about as a result of changes in international operations and because of a diverse workplace both here and abroad challenge managers who must be able to cope with these changes. The ability to communicate in other languages and the ability to understand and accept subtle cultural differences are among the things that managers must be able to do. Managers who are able to successfully compete in this environment will experience greater career opportunities and the rewards that come with them.

7. *What is the meaning of workplace spirituality and how is it different from religion in the workplace? What does an organization have to do to become a spiritual workplace? Would you want to work in a spiritual workplace? Explain your answer.*

Workplace spirituality refers to a workplace that provides employees with meaning, purpose, a sense of community, and a connection to others. Make sure that students understand that workplace spirituality is not about religion in the workplace and that it has nothing to do with religion at work. Some students might have difficulty understanding the difference. Therefore, it is important to emphasize that this has to do with creating a positive work environment that provides employees with meaning and a sense of purpose. Some students might wonder why this matters. You might ask them if they would want to work in an organization that provides them with interesting work, opportunities for growth and development, meaningful relationships with others, and part of a caring and supportive community. Most students will probably see these things as good to have and you can tell them that these are the makings of a spiritual workplace. It might be interesting to hear from any students who would not want to work in such a workplace and to explain why. This might further help to emphasize that a spiritual workplace is not the same as a religious workplace.

EXTRA DISCUSSION QUESTIONS

1. Discuss how the goals of the field of organizational behaviour are related to the managerial tasks of analysis and action.
2. Why is survival a goal of virtually all organizations?
3. Discuss the following statement: Organizational behaviour technologies should not be developed to control the behaviour of individuals in organizations.
4. What does the term *contingency* mean? Why are contingencies so central to an understanding of how organizations function?
5. Why is it important to study organizational behaviour?
6. Discuss how organizational behaviour can influence the competitiveness and success of an organization.
7. Discuss some of the contemporary concerns of management and the role of organizational behaviour in the successful management of these concerns.
8. Discuss the importance of human capital, social capital, and psychological capital for organizations and employees.

SAMPLE ANSWER TO ON-THE-JOB CHALLENGE QUESTION: PAY TO WORK OR PAY TO QUIT?

What do you think about Zappos and Amazon's pay-to-quit programs? Using an organizational behaviour perspective, what effect do you think it would have on employees' attitudes and behaviour? Discuss the program in terms of the goals of organizational behaviour. In other words, what can be predicted, how can you explain it, and what is being managed? Does a pay-to-quit program make sense in terms of any of the contemporary management concerns discussed in the chapter? Do you think it is a good idea for organizations to have pay-to-quit programs? Explain your answer.

Most students will probably have never heard of such a policy and will probably be very interested in discussing it and understanding why an organization would do this. Try to make this a fun exercise as it does have the potential to get students interested and even excited about engaging in a discussion about it. You might begin by first asking students for a show of hands with respect to the opening line of the questions, "What would you do if your employer offered you \$2000 to quit? Would you stay or would you take the money and run? Assuming there will be some students who would take the money and others will not, ask them to explain why they would or would not quit. Some might choose to stay because they need the money. However, some more interesting answers might centre around how they feel about their job and employer. That is, some students might leave because they are not satisfied with the job or committed to the employer while others might stay because they like the job and have strong organization commitment. This can then lead to a discussion of the reasons why people quit and their motivation and needs (e.g., money or extrinsic rewards or growth and opportunity/intrinsic rewards). Students should then try to explain and understand why Amazon and Zappos offer employees money to quit. Students should then see that from an organization's perspective, it is a way to ensure that the people they hire have similar values to the organization and really want to stay and be part of the organization. It is also worth mentioning that it is also an effective tool for making sure that the only people to stay will be happy and committed employees who will be less likely to quit thereby saving the company thousands of dollars as a result of lower turnover. Thus, from an organizational behaviour perspective, the policy probably has a positive effect on employee attitudes, behaviour, and retention. In terms of the goals of organizational behaviour, the organization is able to predict what employees will do (most will stay), explain their behaviour (they will stay because they have decided they want to and it is more valuable to them the \$2000; if they leave then they are not right for the organization), and ultimately manage organizational behaviour because only those employees who are a good fit will choose to remain with the organization and therefore they ensure that they are getting the best employees for the organization. In terms of the contemporary management concerns, this is likely to be an effective strategy for talent management and employee engagement. Finally, have a vote to determine if the majority or minority of the class like the idea of pay-to-quit programs and if they think other

organizations should do the same. Have them take the perspective of an employee and an organization in deciding on whether pay-to-quit programs are a good idea.

TEACHING NOTES FOR *GOOD JOB, BAD JOB* EXPERIENTIAL EXERCISE

This exercise is essentially self-explanatory. It makes a good “ice breaker,” and unlike some ice breakers, it is clearly tied to the content of the course. Note that it could also be used as an introduction to job satisfaction in conjunction with Chapter 4.

For the debriefing, you may want to address the following issues in addition to those noted in the exercise:

1. Is a good job simply the opposite of a bad job, or are there qualitative differences between the two?
2. Although it is possible to list dozens of good and bad qualities, are there any more basic and general dimensions being tapped here? One might be the distinction between intrinsic job qualities (e.g., interesting work) and extrinsic job qualities (e.g., high pay).
3. To what extent can good job aspects compensate or make up for bad job aspects? Can a nice boss make up for boring work?
4. What accounts for the fact that a good job for one person could be a bad job for another? (This is a good opportunity to preview need patterns and individual differences.)
5. Is there a tendency toward social desirability in the response to this exercise? That is, do people tend to describe good and bad jobs in a way that they think might elicit approval from others? (This is probably less likely when students reflect on jobs they have actually held versus giving abstract opinions about good and bad jobs in general.)

TEACHING NOTES FOR *OB IN THE NEWS* EXPERIENTIAL EXERCISE

This exercise is meant to serve a number of purposes. For starters, it demonstrates to students that management and OB is pervasive in our world and that there are frequent examples of it in the news. A second purpose is for students to make connections between the events and information described in the article and organizational behaviour. At a more advanced level, this exercise is designed for students to learn how an understanding of organizational behaviour can help them understand the world in a new and more informed manner. Thus, the questions for this exercise require students to examine the article through the lens of OB and begin to see things in a new and more informed light.

Finally, this exercise provides students a way to apply the material in the chapter to an actual event or story that they have chosen to focus on. Thus, by using their article and answering the questions they can better understand what organizations are and what organizational behaviour is about; why organizational behaviour is important and how it makes a difference; the goals of organizational behaviour; and what contemporary management concerns are facing organizations.

From this exercise students should not only learn the material in Chapter 1, but they should also come to understand that learning about organizational behaviour can improve their understanding and interpretation of everyday stories and events that they read and hear about in the news.

TEACHING NOTES FOR *HOW ENGAGED ARE YOU?* EXPERIENTIAL EXERCISE

This exercise is designed for students to learn about their student and/or work engagement and to consider the factors that might be influencing it as well as the various outcomes of their level of student or work engagement. Note that you can also have students complete or revisit this exercise when you cover Chapter 13 (Conflict and Stress). In particular, the exercise will work well with the section, *The Job Demands-Resources Model and Work Engagement*. You might therefore focus more on various job demands and resources that might be influencing their student and/or work engagement and what the outcomes are or were in a past job in terms of burnout, stress, job attitudes, and health and well-being. Have students try to identify specific job demands and resources that might be affecting their student and/or work engagement. In addition, ask them what changes might be made to job demands and resources to improve their student and/or work engagement and outcomes.

Students should be asked to complete the UWES work engagement scale developed by Wilmar B. Schaufeli, Marisa Salanova, Vicente González-Romá, and Arnold B. Bakker prior to class. They can score and interpret their results by following the directions provided in the text on page 33. Given the link between work engagement and job performance and well-being, students are likely to be very interested in their score and what it means as a student as well as an employee.

Work engagement is a positive work-related state of mind that is characterized by vigour, dedication, and absorption. Vigour is characterized by high levels of energy and mental resilience while working, the willingness to invest effort into one's work, and persistence even in the face of difficulties. Dedication is characterized by a sense of significance, enthusiasm, inspiration, pride, and challenge. Absorption is characterized by being fully concentrated and deeply engrossed in one's work to such a degree that time passes quickly and one has difficulties detaching oneself from work. The average score of a sample of undergraduate students on each dimension was as follows: Vigour, 3.30; Dedication 4.41; and Absorption, 3.37. The average score of a sample of employees was as follows: Vigour, 3.82; Dedication 3.74; and Absorption, 3.53.

Students can obtain their scores on each of the three dimensions of work engagement (vigour, dedication, and absorption) by calculating the average of the items for each dimension as indicated below. To obtain their overall engagement score, calculate the average of responses to all 17 questions.

Vigour: Add 1, 4, 7, 10, 13, and 16 and divide by 6.

Dedication: Add 2, 5, 8, 11, and 14 and divide by 5.

Absorption: Add 3, 6, 9, 12, 15, and 17 and divide by 6.

Overall engagement score: Add all 17 items and divide by 17.

To help students understand the meaning of work and student engagement and their results, class discussion might revolve around the following issues:

1. What is work engagement? What is student engagement? What does it mean to be an engaged employee and student? What does it mean to be a disengaged employee and student?
2. How is work and student engagement relevant for organizational behaviour?
3. How might your student engagement influence your grades? How can work engagement influence employees' job attitudes, behaviours, and job performance?
4. How might your work and student engagement influence your stress, health and well-being?
5. Is it important for people to know about their student and work engagement?
6. What can people do to change their student and work engagement?

In terms of the discussion questions provided in the text, you might proceed as follows. Have students form a small group with several other members of the class and discuss the following questions. Each group might then present their group results and answers for class discussion. You might first decide if students should focus on work or student engagement or both.

1. Students should compare their scores on each work engagement dimension. Which dimension is highest and which is lowest? Ask them to also compare their results to the study findings reported in the text on page 33 in which the average score of a sample of undergraduate students was as follows: Vigour, 3.30; Dedication 4.41; and Absorption, 3.37. The average score of a sample of employees was as follows: Vigour, 3.82; Dedication 3.74; and Absorption, 3.53. Do students score higher or lower than these averages? Ask them to try and explain what their scores say about their own work or student engagement.
2. Students should present their scores on each dimension of work and/or student engagement as well as their overall work engagement score to the rest of the group. Have each group indicate the range of group members' scores on each dimension and overall work and/or student engagement? Each group should indicate what

dimensions group members have high and low scores on and the average overall work and/or student engagement score in their group?

3. Students should explain why they think some group members have a low or high work and/or student engagement score. They should consider the factors they think account for low and high engagement scores. Why do some group members have higher student and/or work engagement scores than others? What are the things that predict student and work engagement levels? With respect to student engagement, the groups might consider the courses they are taking, how many courses they are taking, course assignments, and the course instructors. If they completed the scale for work engagement, they might consider factors such as the type of job each group member has, the type of tasks they perform, and the amount of autonomy and control they have in their job and how they perform their work. Students should try to explain and understand why some group members have higher student and/or work engagement scores than others?
4. Now students should consider and discuss any effects that their level of student and/or work engagement might be having on their attitudes, behaviour, and performance. If they completed the scale for student engagement, they should consider their attitudes toward their program and grades. If they completed the scale for work engagement, they should consider their job attitudes and job performance. Among the members in their group, students should be able to determine if students with higher student and/or work engagement scores have more positive attitudes and performance.
5. Ask the groups what they have learned about themselves as a student and/or an employee and what the implications are for their attitudes, grades, and performance.
6. Finally, once students have learned about their own student and/or work engagement and considered its predictors and outcomes, ask them to explain how knowledge of their student and work engagement can help them as a student and as an employee. Also ask them to come up with things they might do to become a more engaged student and employee and what the potential consequences are of being a more engaged student and employee. Make sure students understand how organizational behaviour can help organizations to have more engaged employees and the implications of this for employees and organizations.

TEACHING NOTES FOR CORPORATE SOCIAL RESPONSIBILITY EXPERIENTIAL EXERCISE

The purpose of this exercise is for students to begin thinking more seriously about corporate social responsibility and the extent to which an organization they have worked for or currently work for is socially responsible. The scale measures an organization's context-specific actions and policies designed to enhance the welfare of various stakeholder groups by accounting for the triple bottom line of economic, social, and environmental performance. The scale consists of six dimensions that correspond to CSR toward six stakeholder groups: Community-oriented CSR, Natural environment-oriented CSR, Employee-oriented CSR, Supplier-oriented CSR, Customer-oriented CSR, and Shareholder-oriented CSR. Research of the development of the scale found that CStR

scores were positively related to organizational pride, organizational identification, job satisfaction, and organizational commitment.

Students should complete the scale before coming to class and obtain their score on each dimension of the CStR as follows:

Community-oriented CSR: Add 1, 2, 3, 4, 5, 6, and 7 and divide by 7.

Natural environment-oriented CSR: Add 8, 9, 10, 11, 12, 13, and 14 and divide by 7.

Employee-oriented CSR: Add 15, 16, 17, 18, 19, 20, and 21 and divide by 7.

Supplier-oriented CSR: Add 22, 23, 24, 25, and 26 and divide by 5.

Customer-oriented CSR: Add 27, 28, 29, 30, and 31 and divide by 5.

Shareholder-oriented CSR: Add 32, 33, 34, and 35 and divide by 4.

Total CSR: Add all 35 items and divide by 35.

The exercise can be done in small groups or the instructor can discuss the questions as part of a class discussion of CSR. The discussion for each of the questions might proceed as follows:

1. Students should review their scores on each dimension and determine what dimensions their organization scores particularly high or low on. As a group or class, look for any trends with regard to those dimensions that are particularly high or low. Try to determine if there are some dimensions that organizations seem to do best and worst on.
2. Try to see if some students have organizations that excel at CSR and have very high scores and if some organizations do very poorly and have very low scores. How are these organizations different?
3. Students should consider how their organization's CSR might be influencing their attitudes. In particular, students should think about their pride towards their organization as well as their organizational identification, job satisfaction, and organizational commitment. Look for any possible relationships between CSR and these attitudes. In particular, do students with higher CSR scores have more positive job attitudes?
4. Have students think about how this exercise has informed them about their organization and the extent to which they now know something about their organization that they did not know before or had not thought about. Next, students should consider what their organization can do to improve their CSR, what dimensions in particular should they focus on, and where to they need to improve. What are some of possible implications of making such improvements?
5. To conclude the discussion, ask students to consider how knowledge of corporate social responsibility can be a factor in their search for employment and in their career. Have they ever thought about CSR when looking for a job and will they now consider

if when applying for and accepting a job? Ask students if CSR should be something they consider when searching for employment and accepting a job offer.

ADDITIONAL EXPERIENTIAL EXERCISE: OB ON TV

The purpose of this exercise is to explore the portrayal of organizational behaviour on television. Most experts on the function of TV as a communication medium agree on two points. First, although TV may present an inaccurate or distorted view of many specific events, the overall content of TV programming does accurately reflect the general values and concerns of society. Second, TV has the power to shape the attitudes and expectations of viewers. If this is so, we should pay some attention to the portrayal of work and organizational behaviour on TV.

Prepare this exercise before its assigned class:

1. Choose a prime-time TV show that interests you. (This means a show that airs between 8 p.m. and 10 p.m. in your viewing area. If your schedule prohibits this, choose another time.) The show in question could be a comedy, a drama, or a documentary. Your instructor may give you more specific instructions about what to watch.
2. On a piece of paper, list the name of the program and its date and time of broadcast. Write the answers to the following questions during or immediately following the broadcast:
 - a. What industry is the primary focus of the program? Use the following list to categorize your answer: agriculture; mining; construction; manufacturing; transportation; communication; wholesale trade; retail trade; finance; service; public administration. (Examples of service industries include hotel, health, law, education, newspaper, entertainment, and private investigation. Examples of public administration include justice, police work, and national security.)
 - b. What industries or occupations are of secondary focus in the program?
 - c. What exact job categories or occupational roles do the main characters in the program play? Use this list to categorize your answers: managerial; clerical; professional; sales; service; craftsperson; machine operator; labourer; law enforcement, military personnel; customer/patient/client; homemaker.
 - d. Write several paragraphs describing how organizational life is portrayed in the program. For example, is it fun or boring? Does it involve conflict or cooperation? Are people treated fairly? Do they seem motivated? Is work life stressful?
 - e. What aspects of the TV portrayal of organizational behaviour do you think were realistic? Which were unrealistic?
3. Be prepared to discuss your findings in class. Your instructor will have some research information about how organizational life has actually been portrayed on TV over the years.

Source: Inspired by the research of Leah Vande Berg and Nick Trujillo, as reported in Vande Berg, L., & Trujillo, N. (1989). *Organizational life on television*. Copyright © 1989. Ablex Publishing. Reproduced with permission of ABC-CLIO, LLC.

TEACHING NOTES FOR EXPERIENTIAL EXERCISE: OB ON TV

The purpose of this exercise is to get students to reflect on the factors that influence their views of organizational life. One element of popular culture, television, plays a role in this influence. The exercise is meant to be assigned a week in advance of its class discussion if possible. Variations might involve developing additional questions for students to consider or assigning certain regularly-scheduled shows in a systematic way for comparison and contrast purposes. Given at least a week's notice, almost all students will be able to devote a half an hour or an hour to this assignment. For some student populations, you might be sensitive to the unlikely but not impossible lack of access to the program. Encourage the students to do the assignment actively rather than working from memory of some familiar series.

Leah Van de Berg and Nick Trujillo conducted a comprehensive study of the portrayal of organizational life on U.S. television in the 1980's (*Organizational Life on Television*, Ablex Publishing, 1989). They used quantitative content analysis and qualitative textual analysis of both printed descriptions of TV programming and actual videotapes of TV shows. Here are some of their findings which may be somewhat less valid today:

1. In terms of industrial sector, the service and public administration industries dominate prime time TV. Among these, police work, national security, and private detective services are most prominent. Work in these domains is featured much more frequently than its actual base rate in the population. On the other hand, manufacturing, agriculture, mining, and construction are greatly underrepresented on TV.
2. In terms of jobs, major characters are most often professionals, service workers, or managers with fairly high positions.
3. With the exception of lawbreakers and managers making a one-shot appearance, the portrayal of all job groups on TV is more positive than negative.
4. Prime time TV stresses hard work, cooperation, and creativity in organizations. People are stressed over products or profits. The best laid plans often are messed up. Personal and professional life are hard to separate.
5. Prime time TV fails to illustrate the economic role of organizations. It also fails to cover the need for organizational change and the conditions under which organizations are instruments of domination. The dullness of much organizational life is not portrayed on TV.

In debriefing the class, you might wish to have them consider the extent to which the portrayal of organizational life on television creates realistic or unrealistic expectations about work. In this regard, note that this exercise would also work nicely in conjunction with Chapter 8 (Social Influence, Socialization, and Organizational Culture see section on Unrealistic Expectations and the Psychological Contract as well as the section on Realistic Job Previews).

Finally, you might find a clip of prime-time organizational behaviour to show in class when discussing this exercise.

TEACHING NOTES FOR MAYFIELD DEPARTMENT STORES CASE INCIDENT

This case incident can be used to introduce students to some of the major issues and theories in organizational behaviour. The first question is designed to flesh out various topics in organizational behaviour. The second question is designed to apply the goals of organizational behaviour. The third question is designed to demonstrate how organizational behaviour can be used to develop interventions (to manage organizational behaviour) that can have a positive effect on employee attitudes and behaviours. Before discussing the questions, you might first pique student interest by asking some general questions such as what they think about the incident; what do they think about the incentive program and is it a good way to attract, motivate, engage, and retain employees? Why wasn't the program more effective and what if anything would have made it more effective? And what if any effect would such a program have on their job attitudes and behaviours?

1. *What does this case have to do with organizational behaviour? What are some of the key issues that are relevant to understanding and managing organizational behaviour?*

This question is designed to get students to think about some of the major topics in organizational behaviour. Simply ask students what the case incident has to do with organizational behaviour. Relevant topics that are clearly noted in the case incident include: motivation, engagement, performance, retention, and rewards. In general, the case incident is a good example of what organizational behaviour is all about: the attitudes and behaviours of individuals and groups in organizations and the effect of organizational practices on employee attitudes and behaviours. Of course, this is a good example of how things can go wrong when an organization lacks a clear understanding of organizational behaviour. This leads to the next question which is meant to show how a good understanding of the goals of organizational behaviour can lead to more effective programs for improving employee attitudes and behaviours.

2. *Use the three goals of organizational behaviour (prediction, explanation, and management) to explain what happened at Mayfield Department Stores. What are they trying to predict and explain, and what are they trying to manage?*

This question can be used to describe the importance and goals of organizational behaviour. First, in terms of prediction, the company wants to be able to predict employee attraction, motivation, engagement, and retention. They expect that these factors will be improved and more positive as a result of the new incentive program. As for explanation, although it is important to be able to explain why the incentive program will have an effect on employee attitudes and behaviours, the company does not really have an explanation for why it expects the incentive program to improve employee attitudes and behaviours. The company simply believes that the program will increase the number of job applicants and improve employee motivation and work engagement and retain staff. In terms of management, the incentive program represents an attempt to manage employee attitudes and behaviours. In other words, the incentive program is an example of management to increase the number of job applicants and improve employee motivation and work engagement and retain staff. However, an understanding of organizational behaviour can provide an explanation for why the intervention was not very effective. This is an opportunity to introduce some theories of organizational behaviour to your class.

First, you can introduce need theories. From a need theory perspective, the motivational effects of the program are limited. This is because the reward may not be something that will fulfill the needs of all of the employees. It might be motivational for those employees who like to travel, and in particular, would like to go to Mexico. For employees who are not interested in a trip to Mexico or don't like to travel, the program will not be motivational.

Second, you can introduce goal setting theory. In terms of goal setting, there are no clear goals. Employees only know that if their department has the highest sales for at least one month, they will have a chance to win a trip. However, it is not clear what "highest" actually means in terms of sales figures. Thus, from a goal setting perspective, the program does not provide employees with specific goals or any goals for that matter. What is required is some idea of what "high" means in terms of sales so that each department can set individual and department goals.

Third, you can introduce expectancy theory. From an expectancy theory perspective, it is unlikely that the program will motivate sales staff and improve sales. This is evident by looking at each component of the theory. First, it is not clear if employees will have a high expectancy that they can achieve a high level of sales. This is because it is unclear exactly what "high" actually means in terms of a sales figure, and more importantly, the focus is on department sales. Thus, while an individual might be able to improve his or her sales, it might not make a difference if the department as a whole does not perform at a high level. Furthermore, there are factors beyond employees' control that will also impact sales such as the economy and the type of goods in their department. Some departments will have higher sales regardless of anything an employee does. The instrumentality component will also be low. That is, the probability that high sales will result in the trip to Mexico is relatively low. This is because department sales must be higher than the other departments to be entered into the draw (thus an improvement in sales might not be enough if other departments do even better), and even if you do have

the highest sales and are entered into the draw, you have a relatively low chance of winning the trip to Mexico because only three names will be drawn. Thus, there is a low probability that high sales will result in a trip to Mexico. Finally, the valence of a trip to Mexico might not be attractive to all employees. To the extent it is not attractive they are unlikely to be motivated to improve their sales. This combined with the low instrumentality and low expectancy, means that the program is not likely to improve motivation or sales performance.

Fourth, you can introduce equity theory. In terms of equity theory, the program is not likely to be motivational. To begin with, because the basis of the program is department sales, all members of a department will or will not have their names entered into the draw regardless of individual performance or inputs. To make matters worse, only three people can win the trip and winning has no connection to one's actual inputs. As a result, many employees are likely to experience inequity. In fact, given that only three employees will win, there will be many more employees who perceive inequity given that every employee who does not win is likely to question the inputs of those who do win and perceive their own inputs as similar if not greater. Thus, from an equity theory perspective, the program is not likely to be motivational or to improve sales and might actually make things worse. Individual employees will see no merit in increasing their own inputs and might actually lower them.

Finally, following a discussion of equity theory you can introduce the topic of fairness and explain the meaning of distributive and procedural fairness and the role they play in the case incident given that the employees are likely to perceive the incentive program and its outcomes as unfair and this is likely to lead to job dissatisfaction and turnover.

Thus, organizational behaviour helps to explain why the incentive program was not very effective, and why after four months many employees began to complain about the program and many of the new hires decided to quit as well as some employees who had been with the company for years. Organizational behaviour also explains why after six months, sales began to drop and almost all the new hires quit. As noted in the exit interviews, many employees complained that they did not think the program was fair and they felt that they had been misled about the chance to win a trip to Mexico.

In summary, organizational behaviour helps to explain why the incentive program was not an effective way to increase the number of job applicants and improve employee motivation and work engagement and retain staff.

3. *Why do you think the program was not very effective? What might be a more effective program for attracting, motivating, engaging, and retaining employees? Use the goals of organizational behaviour to describe a more effective program.*

As indicated above, the program was not very effective for a number of reasons as suggested by several theories of motivation as well as perceptions of fairness. A more effective program would be one that corrects in the problems associated with the program the company implemented. In other words, the program would be more effective simply by adhering to the theories of work motivation. In terms of the valence of second-level

outcomes of expectancy theory, the incentive should be something that would be appealing and highly valent to all employees. This may or may not be a trip to Mexico. Second, there should be specific and challenging goals for sales levels per department. This might be based on each department's prior sales in order not to disadvantage those departments whose sales are always lower as a function of the items they sell. This would also ensure that the expectancy component of expectancy theory is high. Third, the instrumentality component of expectancy theory should be high such that there is a high probability that the attainment of the sales goal (first-level outcome) will result in the second-level outcome. Finally, since sales are made at the department level and communication and coordination among co-workers is important, the program should focus on department sales rather than individual sales. This would avoid infighting and conflict among co-workers within a department and encourage teamwork. Thus, if a department achieves their goal, then all members of the department are entitled to the prize not just a select few. The best way to ensure equity and fairness is for all members of the department with the highest sales to receive the prize and not just a select few that are randomly chosen. With this program, we can predict an increase the number of job applicants who apply for a job, an improvement in employee motivation and work engagement, and an increase in the ability to retain staff for longer periods of time. Thus, the use of organizational behaviour helps to predict, explain, and manage employee attraction, motivation, engagement, and retention.

ADDITIONAL CASE INCIDENT: MY MOTHER'S VISIT

Last year, George was preparing for his mother's first visit to Canada. George had immigrated to Canada from Haiti six years earlier. His dream was for his mother to come to Canada to meet his new family and live with them. He had been working hard and saving money for many years to pay for his mother's airfare. Finally, everything was coming together. His mother's flight was booked, and a big celebration was planned to mark her arrival. George had arranged to leave work at lunchtime to pick his mother up at the airport and take her to his house, where the guests would be waiting. He had spent months planning the celebration and making the arrangements.

However, when the big day arrived, George's boss handed him an assignment and told him he was not to leave until it was completed. When George described his plans, his boss cut him off and reminded him that the organization depended on employees to do whatever it took to get the job done: "No excuses, George. You are not to leave until the job is done!" George had to arrange for a taxi to pick up his mother, and her welcome celebration took place without him. George did not get home until late in the evening. The guests had left, and his mother had gone to bed. George wondered why the assignment could not have waited until the next day, or why one of his co-workers couldn't have done it.

1. What does this incident tell you about management and organizational behaviour at George's organization?

2. How can organizational behaviour help to predict and explain the behaviour of George and his boss? What advice would you give to George and his boss in terms of managing organizational behaviour in the future?
3. What does this incident tell you about management and organizational behaviour?

TEACHING NOTES FOR *MY MOTHER'S VISIT* CASE INCIDENT

1. *What does this incident tell you about management and organizational behaviour at George's organization?*

This question is designed to get students to think about some of the major topics in organizational behaviour. For example, what type of personality does the boss have? Why does he behave the way he does? Perhaps he has a high need for power and uses his power for personal gain (personal power manager, Chapter 12). Other personality characteristics to consider might be Type A Behaviour Pattern (Chapter 13), low agreeableness (Chapter 2), or Machiavellianism (Chapter 12). The discussion could also focus on perception. You might ask students what their perception is of George's boss, and then introduce topics such as perceptions of trust and perceived organizational support (Chapter 3) and fairness (Chapter 4). You can also discuss the leadership style of George's boss and introduce leader behaviours such as directive, supportive, participative, reward, punishment, and leader-member exchange theory (Chapter 9). A discussion of culture can focus on what it must be like to work in George's organization (Chapter 8). This might involve some discussion of Powell's description of an abusive organization as well as the notion of pathological cultures (Chapter 8). The meaning of power can also be introduced (Chapter 12) by describing how George is dependent on his boss for his job as well the bases of power (Chapter 12) that his boss can use to influence George's behaviour (e.g., legitimate, reward, and coercive).

With respect to the material in Chapter 1, you might ask students to think about the management style of George's organization. Is the organization more like the classical view and bureaucracy or the human relations movement? Based on the behaviour of George's boss, it would seem that this is a good example of a bureaucracy with a strict chain of command, detailed rules, regulations, and procedures ensuring that the job gets done, and the centralization of power with management. Clearly, George's boss is not showing the kind of participative management and concern toward employee needs that is characteristic of the human relations movement. Ask students to describe what George's boss might have done if the human relations movement was the dominant approach to management in the organization and then consider the impact of the two approaches to management on employee attitudes and behaviour.

2. *How can organizational behaviour help to predict and explain the behaviour of George and his boss? What advice would you give to George and his boss in terms of managing organizational behaviour in the future?*

This question can be used to describe the importance and goals of organizational behaviour. For example, George is likely to form negative attitudes toward his boss and organization as a result of this experience. The incident could lower his perceptions of organizational support as well as his job satisfaction and organizational commitment, and

might also influence his behaviour. For example, he might consider quitting his job; he might decide to be absent the next time he needs time off work; he might refrain from organizational citizenship behaviours; and/or his performance might decline. In terms of the goals of organizational behaviour, George should be able to predict his boss's future behaviour in similar circumstances. He might see him as uncaring and unlikely to consider his needs. To manage the situation, George might avoid future incidents by scheduling non-work events like his mother's arrival at a time when his boss cannot force him to stay at work (e.g., on a Sunday or in the evening); he might find a backup at work who can cover for him; or perhaps he can make arrangements with his boss in advance and complete any work prior to the day he must be absent from work, assuming that his boss will cooperate. From the organization's perspective, they should realize that the kind of behaviour displayed by George's boss could have a negative effect on employees' attitudes and behaviour, and ultimately, on the organization itself. Such behaviour could result in a high rate of turnover when the labour market becomes more favourable and a high rate of absenteeism. To ensure that employees have positive attitudes and choose to remain in the organization, the organization should implement work-family programs so employees have more flexible work schedules and should also provide support to employees to help them meet their family-related needs and obligations. More understanding of employees' needs and a more participative leadership style on the part of George's boss would also be a good idea. LMX theory of leadership which is discussed in Chapter 9 might be worth noting.

3. *What does this incident tell you about management and organizational behaviour?* This question provides a good opportunity to discuss the importance of management and organizational behaviour and how it affects employees and organizations. The case incident helps to demonstrate different approaches to management (classical vs. human relations movement) and how different approaches and practices can impact employee attitudes and behaviours. You might ask students to think about how the incident described in the case might influence George's future attitudes and behaviours - how it might cause his commitment to the organization to decline, lower his performance, and perhaps increase his absenteeism (next time he is probably likely to just not come to work), and his likelihood of quitting. You can relate the incident to several issues in the chapter such as why study organizational behaviour, the goals of organizational behaviour, what managers do (discuss George's boss in terms of managerial roles and activities), and contemporary management concerns (especially creating a positive work environment and employee health and well-being, talent management and employee engagement, and CSR). You might also relate the case to how organizational behaviour not only makes organizations great places to work, but also makes them more successful. Finally, you can point out the importance of various topics in organizational behaviour such as leadership, communication, culture, power, and stress (i.e., work-family conflict).

TEACHING NOTES FOR ARGAMASSA CONSTRUCTION MATERIALS CASE STUDY

The questions for this case focus on the goals of organizational behaviour and managerial roles and activities. The case also illustrates a number of other issues and topics in

organizational behaviour that can also be discussed with this case including: trust and perceived organizational support (Chapter 3); fairness perceptions and equity theory (Chapter 4); motivation theories (Chapter 5), pay and performance (Chapter 6), psychological contracts and organizational culture (Chapter 8), and leadership (Chapter 9). This case serves as a good way to begin a course on organizational behaviour as it shows the importance and goals of organizational behaviour.

1. *Explain the relevance and importance of organizational behaviour for the issues described in the case and the problems at Argamassa. What are the main issues, and what do they have to do with organizational behaviour?*

This case deals with a number of issues that have to do with organizational behaviour and serve to introduce students to many topics that will be covered in other chapters of the text. You can see in this case examples of employee attitudes and behaviours (e.g., job satisfaction, job performance, turnover), motivation and motivational theories (e.g., need theory, equity theory), the role of compensation (pay and benefits), the influence of organizational culture, leadership behaviours and its effect on employees and the organization, as well as some more specific topics such as trust, perceived organizational support, and the psychological contract. You can refer to these topics and let students know their importance to the case and when they will be learning more about them in the course. At a more general level, this case shows how organizational behaviour not only has implications for employee attitudes, behaviour, and performance, but also for the success and effectiveness of organizations. The treatment of employees in terms of the reductions in their benefits and their relationship with management had a negative effect on their attitudes and behaviour and this led to further problems and losses for the organization. Thus, this case is a great example of how organizational behaviour can make a company thanks to the fair and equitable treatment of employees, the positive organizational culture, as well as the leadership of the organization that led to the company's initial success.

2. *Describe employee attitudes, behaviour, and performance at the following time periods: (a) 2003 to 2008; (b) after Giuntini's cutbacks in 2009; and (c) by the end of 2010. How, when, and why did employees' attitudes, behaviour, and performance change?*

One of the interesting things about the case is how employees' attitudes, behaviour, and performance change over a period of time. It is therefore important to discuss these changes and in particular, what caused them. This of course can also be related to the section in the text on the goals of organizational behaviour which is the focus of the next question.

As indicated in the case, in the early years employees at Argamassa were treated respectfully and Giuntini knew most by name. Giuntini helped employees build homes and lent them money for motorcycle purchases. Employees appreciated Giuntini's help in many areas of their lives. In addition, Argamassa employees were paid a higher wage than others in the industry. The company's anniversaries and

Christmas were celebrated with gifts and prizes which as stated in the case, went a long way with employees. Benefits included lunch and groceries which went beyond what most firms provided their employees. As a result, employees had positive attitudes, they were motivated, and retention was high. During this period the company did very well. Sales increased by 86 percent in 2005 and another 48 percent in 2006.

However, the company's rapid growth ground to a halt in 2007. At this time Giuntini solicited the help of his old friend Eduardo Santiago who began as plant manager in March 2008. After Santiago made a number of changes such as reorganizing divisions and appointing new competent managers, things began to improve. But then Giuntini decided to increase prices at the same time as two new entrants joined the market with reduced prices. As a result, sales dropped by 10 percent. When it looked as though the company might again be heading toward serious financial trouble in 2009, Giuntini implemented harsh cutbacks. He reduced employee benefits to just above the minimum required by law; he stopped paying for lunches and groceries which were a large part of the reason why some employees chose to work at Argamassa. He also ended a policy of salary advances and reduced Christmas bonuses and gifts. The workers accepted these cuts because they were promised that their benefits would return when profits improved and they trusted Giuntini.

The cost reductions seemed to have worked as the company's profitability started to recover by the first quarter of 2010. However, instead of reinstating the firm's generous benefits, money was spent on new trucks and on a new product line. It is at this point where we see a major shift in employees' attitudes and behaviours as they became disgruntled. As noted at the beginning of the case, Santiago disagreed with the cost-cutting strategy and that the changes made by Giuntini created an adversarial environment between management and labour.

As a result, by the end of 2010 the company was headed towards another loss and a toxic relationship had developed between labour and management. This is where we see the changes in employees' attitudes and behaviour. They were taking longer to do their jobs and they were less productive. Some employees were doing poor work so that they could work late and receive overtime pay as compensation for their slashed benefits (this is of course a very good example of equity theory in action). Some employees quit and those who replaced them immediately adopted the bad habits of other employees. In addition to the low morale in production, sales reps began to dedicate more of their time to other companies' products and as a result sales growth dropped. To make matters worse, Giuntini decided to cut the snack budget for the transportation team again which had been reinstated when things had improved after the first round of cost cutting.

Thus, we can see a drastic decline in employee morale, behaviour, and performance that stemmed from the failure to reinstate the cuts to their benefits. As described

below, this can be partly explained in terms of trust perceptions, perceived organizational support, psychological contract breach, and equity theory.

3. *Using the goals of organizational behaviour, discuss the impact of Giuntini's cutbacks on employees and the relationship between labour and management. In other words, predict and explain the effects of the cutbacks and describe what you would do to manage them.*

The goals of organizational behaviour include predicting organizational behaviour, explaining organizational behaviour, and managing organizational behaviour. The goals of organizational behaviour help us to predict and explain the effect of the cutbacks on employees' attitudes and behaviour. In terms of prediction, it is important to point out that it was not the initial cutbacks that caused the problems because the employees trusted Giuntini and he promised to reinstate them once the profits returned. It was the failure to live up to this promise that led to the decline in employee attitudes and behaviour. Thus, he should have been able to predict (and in fact it seems that Santiago who was against the cuts did predict the problems that resulted) that by cutting the benefits and not reinstating them it would cause employees to become disgruntled, decrease morale, and result in lower motivation and performance and higher turnover. In terms of explanation, we can first discuss this in general terms in that employees had benefits taken away from them that they were accustomed to receiving for their membership and work in the organization and had over a period of years come to expect them. This created a toxic relationship and adversarial environment between management and labour which hurt employee morale and performance and resulted in an increase in turnover. From here we can use some concepts from organizational behaviour that are covered in later chapters of the text. For example, failure to follow through on the promise to reinstate the benefits probably resulted in a loss of trust toward Giuntini and the organization and a decline in perceived organization support (Chapter 3). It probably also resulted in a breach of the psychological contract (Chapter 8). And in terms of theory, we can focus on equity theory as employees were expected to devote the same inputs into their work and but receive less outcomes than they had previously. The case even provides an example of how some employees tried to adjust their inequity by doing poor work so that can work overtime and thereby increase their outcomes. Thus, we can explain what happened using concepts and theories from organizational behaviour. In terms of managing organizational behaviour, Giuntini was so focused on cost cutting that he lost sight of the importance of management which is defined in the text as the art of getting things accomplished in organizations through others and the importance of human resources for goal accomplishment. Thus, Giuntini should have focused on the importance of maintaining a positive and fair culture and relationship with employees and ensuring that they were treated fairly in order to maintain positive attitudes, high motivation, and a high level of performance. By failing to take these things into account he failed to properly manage organizational behaviour.

4. *Consider Leandro Giuntini's performance in terms of managerial roles and activities. What roles and activities does he engage in, and how effective is he in performing them? What roles and activities does he need to do more or less of and why?*

As the case indicates, Giuntini is noted for having his hands in everything and for micromanaging. The case also notes that his managerial style is demanding and almost every decision must pass through him. He calculates raw material purchases, defines optimum delivery routes, sets production schedules, and organizes marketing efforts. He manages all technical tasks and also serves as the general director of the company. Thus, in terms of managerial roles we can see evidence of decisional roles (which deals with decision making and we can see examples of entrepreneur, disturbance handler, resource allocator, and negotiator). We also see evidence of the interpersonal roles (expected behaviours that have to do with establishing and maintaining interpersonal relationships). Early in the case Giuntini has established very positive relationships with employees and created a supportive and caring work environment and culture which of course turns sour following the cost cutting and failure to reinstate employee benefits. Most evident here is the leadership role but Giuntini is also the company's figurehead and must also perform the liaison role. We see some but not as much evidence of the informational roles (the ways managers receive and transmit information). Overall, it seems that he is very good in the decisional role but could improve in the interpersonal role given that he has created a poor and adversarial relationship with employees that is hurting the company.

In terms of managerial activities, Giuntini focuses primarily on traditional management (planning, decision making, and controlling) but he is also involved in human resource management (motivating and reinforcing, disciplining and punishing etc.). We see some evidence of routine communication (sending and receiving information, handling of paperwork) and not too much evidence of networking although he seems to know people in the industry outside of the organization. Overall, he seems most effective in traditional management and can probably improve in human resource management activities as he has failed to adequately motivate and reward employee behaviours that are critical for high levels of employee performance. The fact that he did do this effectively early in the case shows that he has the capability to be effective in human resource management activities.

5. *Do you think Santiago's plan to turn things around will be successful? What changes would you recommend for returning the company to profitability and why?*

Santiago realizes that Argamassa's problems have little to do with costs and that the root cause was that he and Giuntini were doing the same job. His plan is to increase sales but not by cost-cutting which has already been tried and has not worked. His plan to achieve sales growth is by focusing on the marketing and commercial division and by finding ways to acquire new customers. The second part of his plan to turn things around and of particular relevance to organizational behaviour, is to revive employee morale by rebuilding the company's positive culture. His plan is to do more to engage employees in the company and show that management really does care. In effect, what he plans to do follows from the answer to question #3 about the

management of organizational behaviour and focusing more on the treatment and relationship with employees. However, Santiago believed that his plan would only work if Giuntini took a step back from the plant and gave him complete freedom to implement it.

It should be clear to students that if he can return the organization to its original employee-friendly positive culture by treating employees fairly and providing the same degree of support before the cost cutting, then employee morale, attitudes, motivation, and performance is likely to improve and so should company profits. Thus, the company's culture and leadership are key to returning the company to profitability.

Epilogue

The two friends met for dinner and Santiago told Giuntini what he believed to be the problem and his plan to turn things around. Santiago believed he could change the company's direction but only if Giuntini took a big step back from the plant and gave him freedom to implement his strategy. To his surprise, Giuntini agreed with his assessment of the problem and the changes required and told him that he is the one who can make it happen and that he wants him to take charge of the Argamassa brand and the operation of the main plant. He even said he will move his office to the city centre to give Santiago some space to breathe. Once in charge, Santiago focused on understanding the situation from the employees' perspective and had interviews with workers from all levels. This not only informed him of their views but it also showed employees that management really does care. Among other things, Santiago started teaching English classes during lunch. He set up computers in a plant room, and he learned employee's names. The company offered to pay for technology courses for employees who were interested. The situation began to rapidly improve. He also involved employees in the selection of a new production manager and hired the one that employees preferred. Santiago continued to build relationships with employees and was able to connect with them. Within a year, the changes were a resounding success. Sales increased and drove overall revenues up by 34.4 percent. Employee morale increased and productivity was up by 42 percent. The company sponsored a number of scholarships for employees and all the important benefits that had been cut were returned. Turnover was almost non-existent. In the words of Santiago, "Employees came again to love Argamassa and really aligned themselves with the company's strategies –staying at Argamassa was well worth the fight."