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CHAPTER 1

What Is Organizational Behaviour?

An organization decides it will hire people with few skills and job experience. What challenges might its managers face?

1 What is organizational behaviour?

2 Isn't organizational behaviour common sense? Or just like psychology?

3 How does knowing about organizational behaviour make work and life more understandable?

4 What challenges do managers and employees face in the workplace of the twenty-first century?

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Winnipeg-based Inner City Renovation (ICR) does renovation and construction work on rundown inner city residential and commercial buildings, with the aim of revitalizing the area.[1] As part of its mission, the company employs and trains low-income residents of the inner city. ICR is a for-profit company that was created by five not-for-profit joint venture partners: North End Housing Project (NEHP), Winnipeg Partners in Housing (WPH), Spence Neighbourhood Association (SNA), West Broadway Development Corporation (WBDC), and Community Ownership Solutions (COS). ICR has completed over 50 residential and commercial projects since opening its doors in August 2002.

Because ICR hires a number of employees who have few skills and little job experience, managers must teach the employees how to perform the role of employee. Managers must also teach employees about teamwork and leadership while working side by side with them on construction projects. Can a company like ICR survive as well as a company not as committed to social values?

The challenges that the managers at ICR face in running a successful organization and getting people to work well together illustrate several concepts you will find as you study the field of organizational behaviour. Let's take a look, then, at what organizational behaviour is.

DEFINING ORGANIZATIONAL BEHAVIOUR

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

1 What is organizational behaviour?

organizational behaviour A field of study that investigates the impact of individuals, groups, and structure on behaviour within organizations; the aim is to apply such knowledge toward improving organizational effectiveness.

OB IS FOR EVERYONE

* Why do some people do well in organizational settings while others have difficulty?

* Do you know what a "typical" organization looks like?

* Does job satisfaction really make a difference?

* Are you ready to assume more responsibility at work?

* What people-related challenges have you noticed in the workplace?

* Why should you care about understanding other people?

3

OB Is for Everyone

> * *Why do some people do well in organizational settings while others have difficulty?*

It may seem natural to think that the study of OB is for leaders and managers of organizations. After all, they often set the agenda for everyone else. However, OB is for everyone. For instance, many employees have informal leadership roles. They are often expected to move beyond simply providing labour to playing a more proactive role in achieving organizational success. As well, managers are increasingly asking employees to share in their decision-making processes rather than simply follow orders. For instance, employees in some retail stores can make decisions about when to accept returned items on their own, without involving the manager. Thus, in many organizations, the roles of managers and employees have become blurred.[2]

Inner City Renovation
www.mts.net/~icri/

OB is not just for managers and employees. Entrepreneurs and self-employed individuals may not act as managers, but they certainly interact with other individuals and organizations as part of their work. In fact, much of OB is relevant beyond the workplace.

OB applies equally well to all situations in which you interact with others. In fact, OB is relevant anywhere that people come together and share experiences, work on goals, or meet to solve problems. The study of OB can shed light on the interactions among family members, the voluntary group that comes together to do something about reviving the downtown area, students working as a team on a class project, the parents

What is organizational behaviour? It's a field of study that focuses on three levels of behaviour in organizations. One level is the individual, such as the Wal-Mart greeter handing out smiley balloons. Another level is the group, such as the three employees of Praxair, a distributor of bottled industrial gases, who meet to discuss their work. The third level is structure, which is depicted here by employees working in cubicles at Bloomberg, a financial media company.

who sit on the board of their child's daycare centre, or even the members of a lunchtime pickup basketball team. Throughout the textbook, a feature called *OB in the Street* will help you understand these broader connections.

What Do We Mean by Organization?

An **organization** is a consciously coordinated social unit, made up of a group of people, who work together on common goals on a relatively continuous basis. Manufacturing and service firms are organizations, and so are schools, hospitals, churches, military units, retail stores, police departments, volunteer organizations, start-ups, and local, provincial, and federal government agencies. Inner City Renovation, which we discussed in the opening vignette, is a for-profit organization, but its partners are nonprofit organizations. Thus, when we say "organization" throughout this textbook, we are referring not only to large manufacturing firms but also to small mom-and-pop stores, as well as to the variety of other forms of organization that exist. Small businesses make up a significant part of the economy.[3] Businesses that employ no more than 20 people are responsible for about one-quarter of all Canadian jobs. Small businesses employing 50 or fewer people make up 24 percent of Canada's gross national product. Microbusinesses (companies with 5 or fewer employees managed by an owner/operator, often as sole proprietorships) account for about 8 percent of the employment in this country.

> ✳ *Do you know what a "typical" organization looks like?*

The examples in this textbook present various organizations so that you gain a better understanding of the many types that exist. Though you might not have considered this before, the college or university you attend is every bit as much a "real" organization as is Hudson's Bay Company or Air Canada or the Toronto Raptors. A small, for-profit organization that hires people with limited skills to renovate and build in the inner city of Winnipeg is as much a real organization as is London, Ontario-based EllisDon, one of North America's largest construction companies. Therefore, the theories we cover should be considered in light of the variety of organizations you may encounter. We try to point out instances where the theory may be less applicable (or especially applicable) to a particular type of organization. For the most part, however, you should expect that the discussions in this textbook apply across the broad spectrum of organizations. Throughout, we highlight applications to a variety of organizations in our feature *OB in the Workplace.*

OB: MAKING SENSE OF BEHAVIOUR IN ORGANIZATIONS

> The managers at Inner City Renovation (ICR) quickly noticed that some of their employees had special challenges, such as their unemployment rates, their inconsistent job records, and their low education levels.[4] Managers interviewed employees about their career interests and their needs for skill development. In addition, employees have had one-on-one meetings with the ICR president and the employee support worker. Interviews and meetings are ways to collect data about employee behaviour. While ICR managers are not researchers, they understand the need for doing some research on their employees. How is OB research carried out, and in what situations does it apply?
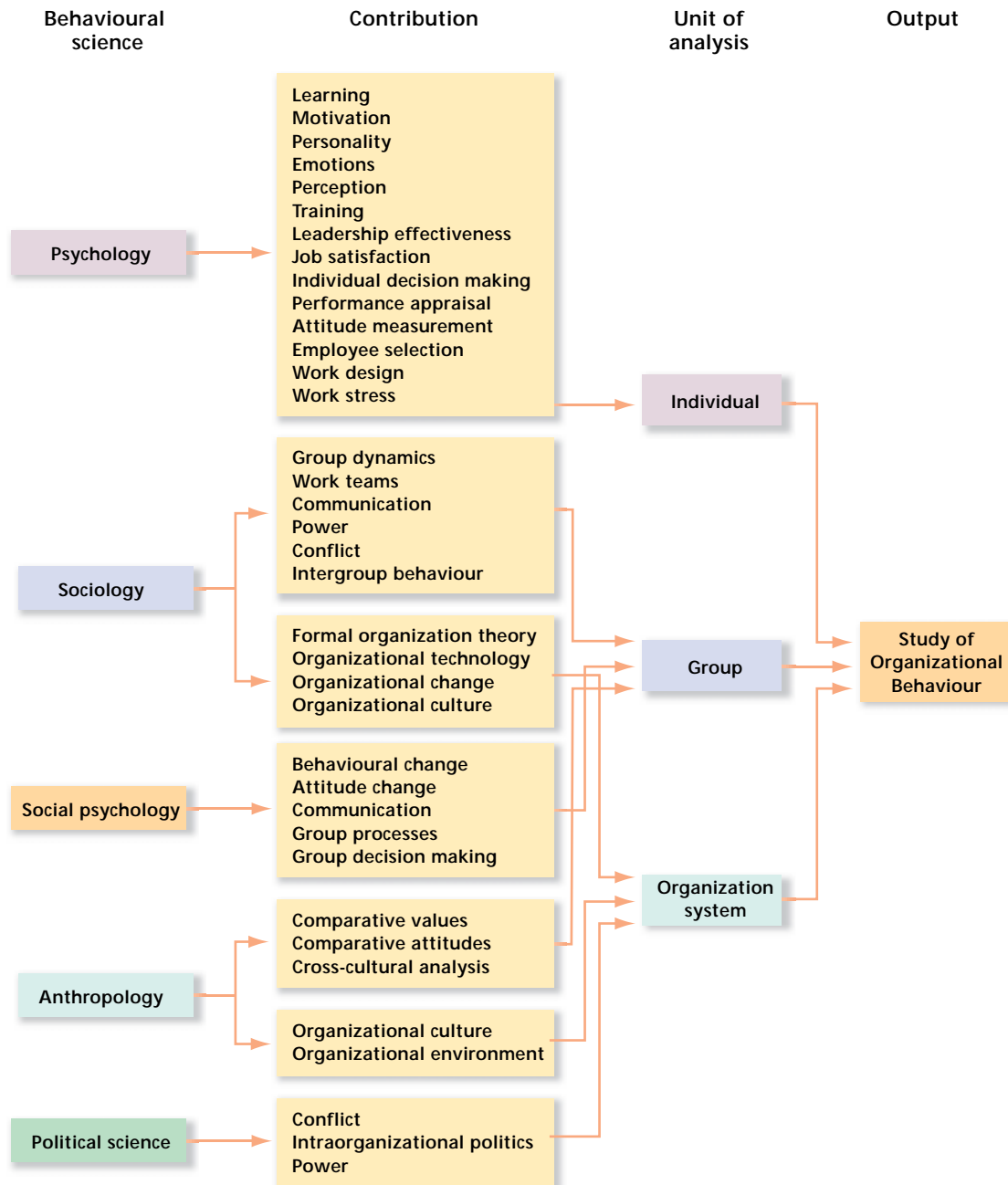
We have thus far considered why OB can be applied in a variety of settings. In this next section, we consider the other fields of study that have contributed to OB and discuss the fact that OB is a scientific discipline, with careful research that is conducted to test and evaluate theories.

organization   A consciously coordinated social unit, made up of a group of people, that functions on a relatively continuous basis to achieve common goals.

2 Isn't organizational behaviour common sense? Or just like psychology?

The Building Blocks of OB

OB is an applied behavioural science that is built upon contributions from a number of behavioural disciplines. The main areas are psychology, sociology, social psychology, anthropology, and political science.[5] As we will learn, psychology's contributions have been mainly at the individual or micro-level of analysis. The other four disciplines have contributed to our understanding of macro concepts, such as group processes and organization. Exhibit 1-1 presents an overview of the major contributions to the study of OB.

EXHIBIT 1-1   Toward an OB Discipline

Behavioural science	Contribution	Unit of analysis	Output
Psychology	Learning Motivation Personality Emotions Perception Training Leadership effectiveness Job satisfaction Individual decision making Performance appraisal Attitude measurement Employee selection Work design Work stress	Individual	Study of Organizational Behaviour
Sociology	Group dynamics Work teams Communication Power Conflict Intergroup behaviour Formal organization theory Organizational technology Organizational change Organizational culture	Group	
Social psychology	Behavioural change Attitude change Communication Group processes Group decision making	Organization system	
Anthropology	Comparative values Comparative attitudes Cross-cultural analysis Organizational culture Organizational environment		
Political science	Conflict Intraorganizational politics Power		

The Rigour of OB

Whether you want to respond to the challenges of the Canadian workplace, which we discuss later in the chapter, manage well, guarantee satisfying and rewarding employment for yourself, or know how to work better in groups and teams, it pays to understand organizational behaviour. OB provides a systematic approach to the study of behaviour in organizations, as well as groups and teams. Underlying this systematic approach is the belief that behaviour is not random. Thus research studies are conducted and are the basis for all of the claims made in this textbook.

OB Looks at Consistencies

Certainly there are differences among individuals. Placed in similar situations, people don't all act exactly alike. However, there are certain fundamental consistencies underlying the behaviour of most individuals that can be identified and then modified to reflect individual differences.

These fundamental consistencies are very important because they allow predictability. For instance, when you get into your car, you make some definite and usually highly accurate predictions about how other people will behave.

What may be less obvious is that there are rules (written and unwritten) in almost every setting. Thus, it can be argued that it's possible to predict behaviour (undoubtedly, not always with 100-percent accuracy) in supermarkets, classrooms, doctors' offices, elevators, and in most structured situations. For instance, do you turn around and face the doors when you get into an elevator? Almost everyone does. Is there a sign inside the elevator that tells you to do this? Probably not! Just as we make predictions about drivers, where there are definite rules of the road, so we can make predictions about the behaviour of people in elevators, where there are few written rules. This example supports a major foundation of this textbook: Behaviour is generally predictable, and the *systematic study* of behaviour is a means to making reasonably accurate predictions.

OB Looks Beyond Common Sense

When we use the phrase **systematic study**, we mean looking at relationships, attempting to attribute causes and effects, and basing our conclusions on scientific evidence—that is, on data gathered under controlled conditions, and measured and interpreted in a reasonably rigorous manner—rather than relying on common sense. OB uses scientific research to uncover how behaviour works in organizations. Exhibit 1-2 on page 8 illustrates the common methods researchers use to study topics in OB.

systematic study   The examination of behaviour in order to draw conclusions, based on scientific evidence, about causes and effects in relationships.
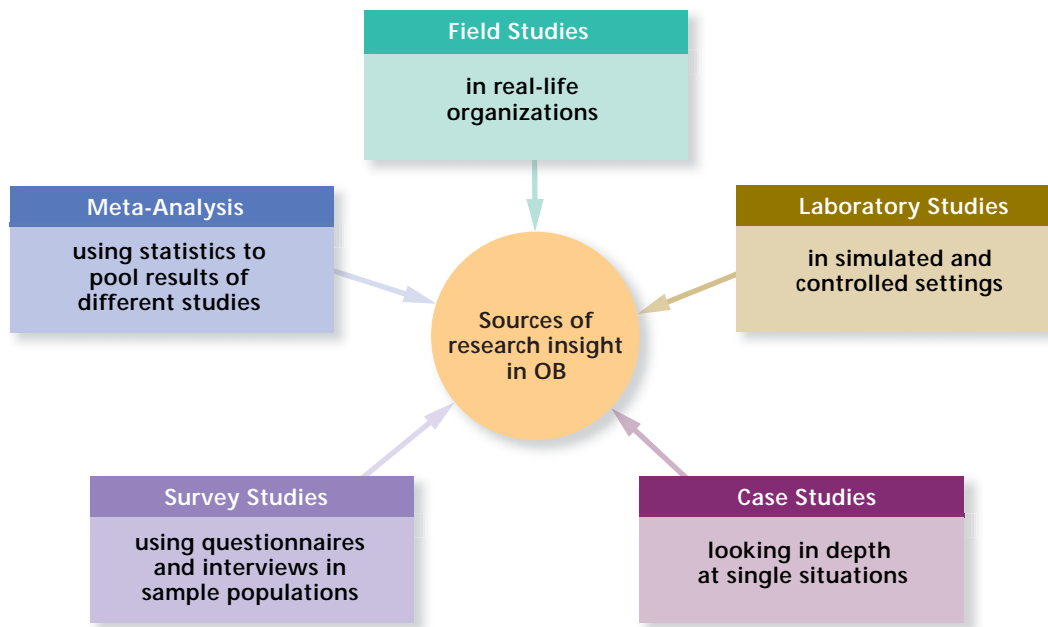
A systematic approach does not mean that those things you have come to believe in an unsystematic way are necessarily incorrect. Some of the conclusions we make in this textbook, based on solid research findings, will support what you always knew was true. You will also be exposed to research evidence that runs counter to what you might have thought was common sense. In fact, one of the challenges to teaching a subject such as OB is to overcome the notion, held by many, that "it's all common sense."[6]

You will find that many of the so-called common-sense views you hold about human behaviour are wrong, on closer examination. Moreover, what one person considers common sense frequently runs counter to another's version. Are leaders born or made? What is it that motivates people at work nowadays? You probably have answers to such questions, and individuals who have not reviewed the research are likely to differ on their answers.

If understanding behaviour were simply common sense, we would not observe many of the problems that occur in the workplace, because managers and employees would know how to behave. For instance, we likely would not see people being bullied in the workplace, managers who don't know how to manage, and team members who don't inform teammates when their work is going to be late. Unfortunately, as you will see from

EXHIBIT 1-2   Research Methods in OB

Field Studies
in real-life organizations

Meta-Analysis
using statistics to pool results of different studies

Laboratory Studies
in simulated and controlled settings

Sources of research insight in OB

Survey Studies
using questionnaires and interviews in sample populations

Case Studies
looking in depth at single situations

Source: J. R. Schermerhorn, J. G. Hunt, and R. N. Osborn, *Organizational Behavior,* 9th ed., 2005, p. 4. Copyright © 2005 John Wiley & Sons, Inc. Reprinted with permission of John Wiley & Sons, Inc.

examples throughout the textbook, many individuals exhibit less than desirable behaviour in the workplace. With a stronger grounding in the systematic analysis of OB, individuals would be able to avoid some of these mistakes. This chapter's *Point/Counterpoint* on page 22 looks at how systematic OB is.

One of the objectives of this textbook is to expose you to a systematic analysis of behaviour, in the belief that such analysis will improve your accuracy in explaining and predicting behaviour. Understanding OB may also help you behave better in organizations and groups as well. For example, after studying OB, you may realize that you should not discuss *The Apprentice* at 8:00 a.m. in the manager's office if your manager needs quiet time, is an introvert, and is production-oriented.[7]

OB Has Few Absolutes

There are few, if any, simple and universal principles that explain OB. In contrast, the physical sciences—chemistry, astronomy, and physics, for example—have laws that are consistent and apply in a wide range of situations. Such laws allow scientists to generalize about the pull of gravity or to confidently send astronauts into space to repair satellites. However, as one noted behavioural researcher concluded, "God gave all the easy problems to the physicists." Human beings are complex. Because we are not alike, our ability to make simple, accurate, and sweeping generalizations is limited. Two people often act differently in the same situation, and the same person's behaviour changes in different situations.

OB Takes a Contingency Approach

Just because people can behave differently at different times does not mean, of course, that we cannot offer reasonably accurate explanations of human behaviour or make

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valid predictions. It does mean, however, that OB must consider behaviour within the context in which it occurs—known as a **contingency approach**. So, for example, OB scholars would avoid stating that effective leaders should *always* seek the ideas of their employees before making a decision. Rather, we may find that in some situations a participative style is clearly superior, but in other situations an autocratic decision style is more effective. In other words, as you will see in Chapter 8, the effectiveness of a particular leadership style depends on the situation in which it is used. The OB scholar would therefore try to describe the situations to which each style is suited.

Consistent with the contingency approach, the *Point/Counterpoint* feature included in each chapter presents debates on some of the more controversial issues in OB. These debates highlight the fact that within OB there is disagreement on many issues. The *Point/Counterpoint* format gives you the opportunity to explore different points of view on an issue, discover how diverse perspectives complement and oppose each other, and gain insight into some of the current debates in the OB field.

contingency approach An approach taken by OB that considers behaviour within the context in which it occurs.

HOW WILL KNOWING OB MAKE A DIFFERENCE?

When we talk about the impact of OB in each chapter, we consider the impact on both the workplace and the individual (see our features *OB in the Workplace* and *OB in the Street*). So let's begin our discussion of OB's impact by looking broadly at how knowing about OB makes a difference in the workplace, before we look at how OB affects us individually.

3 How does knowing about organizational behaviour make work and life more understandable?

In the Workplace

From a management point of view, understanding OB can help you manage well. Still, you might wonder whether managing well really makes a difference. Markham, Ontario-based Black Photo Corporation's president, Rod Smith, learned that not listening to employee demands can have undesirable consequences when he was confronted with a union drive at Black's. He notes the difficulties he has experienced in working with a union. "One of the things that you lose when you get unionized is that ability to be compassionate, because the rules are the rules, and they catch people in ways we prefer not to catch them."[8]

Consider another manager's perspective. Aris Kaplanis, president and CEO of Toronto-based Teranet, understands the importance of managing well. In the high-tech industry, where turnover is typically 10 to 20 percent, Teranet's annual turnover rate is less than 1 percent. Kaplanis believes that his turnover is low because Teranet developed a corporate culture that is both humane and family-friendly. "My perspective is that the company has two assets—one is the customers, the other is our employees. Both of these assets have to be serviced."[9]

The evidence indicates that managing people well makes for better corporations overall. Exhibit 1-3 on page 10 shows that many of the firms that made the KPMG/Ipsos Reid list of "Most Respected Corporations for Human Resource Management" also scored high on financial performance and best long-term investment value. Five of the companies placed in the top 10 on both financial measures.

Each year, *Report on Business* (*ROB*) magazine publishes a list of the "50 Best Employers in Canada." The magazine's 2005 survey identified three main traits of best-loved companies: (1) they show appreciation for their employees, (2) they coach employees to help them move up in the organization, and (3) they have good leaders who present the corporate strategy clearly and consistently.[10]

Black Photo Corporation
www.blackphoto.com

Teranet
www.teranet.ca

EXHIBIT 1-3	Most Respected Corporations for Human Resource Management (KPMG/Ipsos Reid's 2005 Survey)				
		Location	Industry	Rank on Financial Performance	Rank on Best Long-Term Investment Value
1.	RBC Financial Group	Toronto	Financial Services	1	1
2.	WestJet Airlines	Calgary	Air Transportation	n/a	n/a
3.	Dofasco	Hamilton, ON	Steelmaker	n/a	n/a
4.	TD Bank Financial Group	Toronto	Financial Services	6	5
5.	EnCana Corporation	Calgary	Oil and Gas	3	2
6.	Manulife Financial	Toronto	Financial Services	4	4
7.	IBM Canada	Markham, ON	Computers	n/a	n/a
8.	Toyota Canada	Scarborough, ON	Automotive	n/a	n/a
9.	BMO Financial Group	Toronto	Financial Services	7	7

Source: KPMG/Ipsos Reid, *Eleventh Annual Survey of Canada's Most Respected Corporations,* www.mostrespected.ca/en/documents/CMRC2005En.pdf (accessed May 5, 2006).

organizational commitment
The degree to which an employee identifies with the organization and wishes to remain with the organization.

affective commitment   The strength of an individual's emotional attachment to, identification with, and involvement in the organization.

While the KPMG/Ipsos Reid survey shows that managing well adds to the bottom line, the *ROB* survey shows more directly that managing well provides managers with day-to-day returns. *ROB*'s 50 best employers have low turnover, and employees want to stay with their firms—even when they are offered higher-paying jobs by other companies. Employees with the 50 best employers who participated in the *ROB* survey did not mention money. Instead, they noted that the company recognizes their performance in little ways that make a difference.

The message from both surveys is this: Managing people well pays off. Doing so may also lead to greater **organizational commitment**. We use this term to describe the degree to which an employee identifies with the organization and wishes to maintain membership in the organization.[11] This type of commitment is often called **affective commitment**, which describes the strength of an individual's emotional attachment to, identification with, and involvement in the organization. Employees who are highly committed go beyond expected behaviours to provide extra service, extra insight, or whatever else is needed to get the job done. There is some concern that extreme organizational commitment can have negative effects, in that employees with strong organizational commitment may behave unethically to protect the organization. However, this concern should not be a reason to avoid encouraging commitment. One benefit of having committed employees is that they are less resistant to change when organizations need to carry out changes.

Finally, managing well may improve organizational citizenship behaviour, a topic we discuss later in the chapter.

For You as an Individual

You may be wondering exactly how OB applies to you if you are still in school and not yet working. Or you may want to know how OB applies to you if you are planning to run your own business or work for a small nonprofit organization, rather than a large organization. Or you may be asking yourself how OB applies to you if you are not planning on being a manager. We look at each of these scenarios below to help you see that OB is relevant in a variety of situations.

"What if I Am 'Just' a Student?"

You may think that OB is only useful once you reach the workplace. However, many of the concepts that apply to organizations also apply to teamwork, something many students have to do. As a team member, it's important to know how personality differences affect the ability of people to work together. You may need to motivate members of your team. Or you may want to know how to create a more effective team or solve conflict in a team. Individually or as part of a team, you also have decisions to make and need to know how to communicate with others. All of these topics are covered by OB.

"What if I Am Not Going to Work in a Large Organization?"

You may think that when we say "organization" we are referring to large financial firms in office towers, to the exclusion of the variety of other forms of organization that exist. You may be thinking that you want to work in a small business, or in your family's business, so OB has no relevance for you. But this would be short-sighted. Throughout your life you will work with a variety of organizations, and OB will help you better understand how those organizations work.

"What if I Do Not Want to Be a Manager?"

Many of us carry around a simplistic view of work organizations, with the participants divided into set categories: owners, leaders and/or managers, and employees. These distinct roles are found most often in large, publicly held organizations. Distinct organizational roles become more blurred when we discuss smaller, privately owned firms.

When we talk about leadership in organizations, we typically mean the person or persons responsible for setting the overall vision of the organization, although leadership can come from informal sources as well. While managers and leaders have seen their roles expand as a result of factors such as globalization and e-commerce, employees are also being asked to "move beyond their traditional role as inputs to the process of achieving organizational goals."[12] More and more employees are taking on this new role and responsibility. In particular, The Conference Board of Canada says that in high-performance organizations, "Employees are willing to be accountable for their own and the organization's success."[13] To be accountable means that employees "take charge of their own careers, decide what skills they need to acquire and determine where they wish to employ these skills."[14]

The Conference Board of Canada
www.conferenceboard.ca

You may be thinking that you are not planning to work in an organization at all because you would prefer to be self-employed. While self-employed individuals often do not act as managers, they certainly interact with other individuals and organizations as part of their work. Thus, the study of OB is just as important for the sole proprietor or entrepreneur as for those who work in large organizations. It gives all of us more insight into how to work with others, and how to prepare to become employees in the twenty-first-century workplace.

TODAY'S CHALLENGES IN THE CANADIAN WORKPLACE

Inner City Renovation (ICR) employees are different from many typical for-profit organizations.[15] Forty-seven percent have not completed high school, 58 percent have criminal records, 79 percent were unemployed before being hired by ICR, and 37 percent had not held a job for more than 2 years. Employees often have had jobs that last only a few days to a month; 26 percent have held 30 jobs or more. The lives of these employees are marked by unstable employment, and thus, within the first year of employment at ICR, 42 percent missed or were not able to work because of domestic or family issues.

Because many of its employees lack job experience, ICR needed to establish a culture that would motivate employees to show up for work. Managers recognized the need to create a supportive work environment for its employees.

Many of ICR's employees are Aboriginal peoples who live in the inner city. To better understand the needs of these and its other employees, ICR managers conducted a formal survey of all employees and had a staff retreat near the end of the first year of operation. Because of the large number of Aboriginal peoples employed by ICR, the retreat incorporated certain Aboriginal traditions as part of the event. All discussions were held in a circle format, and the retreat included a sweat (a ceremony done for meditation and cleansing). In addition, employees had one-on-one meetings with the ICR president and the employee support worker.

ICR is a very committed employer. The company wants to change the life circumstances of its employees. What factors affect employee motivation? How can ICR socialize its employees to perform well in their jobs? How can ICR survive in the face of competition while maintaining its goal of employing people with limited skills and job experience?

④ What challenges do managers and employees face in the workplace of the twenty-first century?

OB considers that organizations are made up of levels, moving up from the individual, to the group, to the entire organizational structure. Each level contributes to the variety of activities that occur in today's workplace. Exhibit 1-4 presents the three levels of analysis we consider in this textbook, and shows that as we move from the individual level to the organization systems level, we deepen our understanding of behaviour in organizations. The three basic levels are like building blocks: Each level is constructed upon the previous level. Group concepts grow out of the foundation we lay out in the section on individual behaviour. We then overlay structural constraints on the individual and group in order to arrive at OB.

When we look at the different levels in the organization, we recognize that each has challenges that can affect how the levels above and/or below might operate. We consider the challenges at the individual, group, and organizational levels.

This chapter's *CBC Video Case Incident* further explores organizational challenges in the twenty-first century.

CBC ⊛

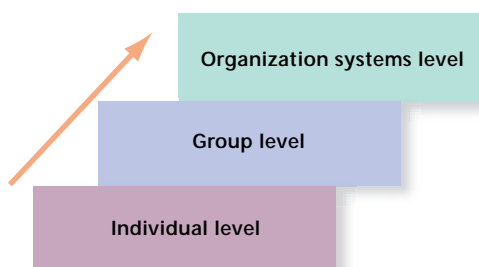**GM Woes**

Challenges at the Individual Level

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

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

More organizations expect employees to be empowered and to take on more responsibility than ever before. This expectation puts demands on both managers and employees. ICR initially created three committees where employees could give input on a variety of issues, but the managers were so busy trying to make sure the company met financial goals that they didn't have time to help the employees work on these committees.

Perhaps the greatest challenge facing individuals (and organizations) is how to behave ethically, as the findings from the Gomery Commission, looking into the $250-million sponsorship scandal of the Liberal party, show. At his sentencing hearing, Jean Brault, found guilty of defrauding the government of $1.23 million on contracts his company, Montreal-based Groupaction Marketing, obtained claimed the external pressures he faced led to his actions: "I'm not trying to excuse what I did, but essentially it's the political demands, the demands on me, that led me to take that first step."[16]

EXHIBIT 1-4 Basic OB Model

Organization systems level

Group level

Individual level

Individual Differences

People enter groups and organizations with certain characteristics that influence their behaviour, the more obvious of these being personality characteristics, perception, values, and attitudes. These characteristics are essentially intact when an individual joins an organization, and for the most part, there is little that those in the organization can do to alter them. Yet they have a very real impact on behaviour. In this light, we look at perception, personality, values, and attitudes, and their impact on individual behaviour in Chapters 2 and 3.

Job Satisfaction

✳ *Does job satisfaction really make a difference?*

Employees are increasingly demanding satisfying jobs. As we discuss in Chapter 3, less than half of Canadian employees are very satisfied with their jobs. The belief that satisfied employees are more productive than dissatisfied employees has been a basic assumption among managers for years. Although there is evidence that questions that causal relationship,[17] it can be argued that society should be concerned not only with the quantity of life—that is, with concerns such as higher productivity and material acquisitions—but also with its quality. Researchers with strong humanistic values argue that satisfaction is a legitimate objective of an organization. They believe that organizations should be responsible for providing employees with jobs that are challenging and intrinsically rewarding. This chapter's *Ethical Dilemma Exercise,* on page 24, questions the extent to which organizations should be responsible for helping individuals achieve balance in their lives.

Employers can pay the price when employees are not satisfied with working conditions. Bank tellers at Toronto-Dominion Bank and Canadian Imperial Bank of Commerce in Sudbury, Ontario, voted to join the United Steelworkers of America in 2005. Employees at a Sears Canada department store in Sudbury also pursued the possibility of joining the Steelworkers in 2005. Brian Whalen, a maintenance worker for the store, said that "job satisfaction levels . . . have declined dramatically over the past two years." He noted that employees were upset about low hourly wages, a benefits package that was not affordable, and job security.[18] While unionization does not necessarily increase job satisfaction, it does provide a mechanism for employees to have some bargaining power with their employers.

Toronto-based Royal Bank of Canada, Canada's largest financial institution in terms of assets, commands the respect of many business leaders. In a 2004 KPMG/Ipsos Reid poll of 250 Canadian CEOs, the company was ranked first in six out of nine categories, including "Top of Mind Most Respected Corporations," "Best Long-Term Investment Value," and "Human Resources Management."

Sears Canada
www.sears.ca

Motivation

An Angus Reid survey showed that 29 percent of employees do not feel they receive fair or reasonable rewards for the work that they do.[19] To address this concern, Chapter 4 discusses the importance of rewards in motivating employees. You may find the discussion of motivation and rewards particularly interesting in *Case Incident—How a UPS Manager Cut Turnover,* on page 25, where a manager faces the challenges of motivating different types of employees in order to reduce turnover.

Empowerment

At the same time that managers are being held responsible for employee satisfaction and happiness, they are also being asked to share more of their power. If you read any

popular business magazine nowadays, you will find that managers are referred to as "coaches," "advisers," "sponsors," or "facilitators," rather than "bosses."[20]

Employees' responsibilities are increasing too. In many organizations, employees have become "associates" or "teammates."[21] Decision making is being pushed down to the operating level, where employees are being given the freedom to make choices about schedules, procedures, and solving work-related problems.

empowerment   Giving employees responsibility for what they do.

＊ *Are you ready to assume more responsibility at work?*

What is happening is that managers are empowering employees. **Empowerment** means managers are putting employees in charge of what they do. In the process, managers are learning how to give up control, and employees are learning how to take responsibility for their work and make appropriate decisions. The roles for both managers and employees are changing, often without much guidance on how to perform these new roles.

How widespread are these changes in the workplace? While we have no specific Canadian data, a survey by the American Management Association of 1040 executives found that 46 percent of their companies were still using a hierarchical structure, but 31 percent defined their companies as empowered.[22] *OB in the Workplace* looks at how WestJet Airlines empowers its employees.

American Management Association
www.amanet.org

OB IN THE WORKPLACE

WestJet Airline's Employees Work Together

What do empowered employees do? Calgary-based WestJet Airlines employees are given lots of freedom to manage themselves.[23] Clive Beddoe, the company's president and CEO, was determined to create a company "where people wanted to manage themselves."

At WestJet, employees are asked to be responsible for their tasks, rather than rely on supervisors to tell them what to do. That includes Beddoe: "I don't direct things," he says. "We set some standards and expectations, but [I] don't interfere in how our people do their jobs." Instead, employees are given guidelines for behaviour. For instance, flight attendants are directed to serve customers in a caring, positive, and cheerful manner. How do they carry that out? It's up to them. Employees also share tasks. When a plane lands, all employees on the flight, even those who are flying off-duty, are expected to prepare the plane for its next takeoff.

Obviously, WestJet can lower its costs by keeping the number of supervisors down. The company operates with about 60 employees per aircraft, while a typical full-service airline such as Air Canada needs more than 140. But allowing employees to manage themselves has a bigger benefit. Beddoe believes it encourages employees to take pride in what they do. "They are the ones making the decisions about what they're doing and how they're doing it," says Beddoe.

Throughout the textbook you will find references to empowerment. We discuss it in terms of power in Chapter 7, and we discuss how leaders contribute to empowerment in Chapter 8.

Behaving Ethically

In an organizational world characterized by cutbacks, expectations of increasing worker productivity, and tough competition in the marketplace, it's not altogether surprising that many employees feel pressured to cut corners, break rules, and engage in other forms of questionable practices.

The Enron scandal in the United States illustrated how casually some people treat the subject of ethics. Enron executives creatively changed how they reported their profits and losses. When challenged, the company's chair, Kenneth Lay, chose to look the other way. The reputation of accounting firm Arthur Andersen was destroyed because it failed to question Enron's accounting practices.

Ethics starts at the individual level. While the word refers to moral conduct, **ethics** is also the study of moral values or principles that guide our behaviour and inform us whether actions are right or wrong. Ethics helps us "do the right thing," such as not padding expense reports, or not phoning in sick to attend the opening of *Superman Returns.*

ethics The study of moral values or principles that guide our behaviour and inform us whether actions are right or wrong.

Individuals as well as organizations can face ethical dilemmas. As we show in Chapter 9, the study of ethics does not come with black and white answers. Rather, many factors need to be considered in determining the ethical thing to do. Those individuals who strive hard to create their own set of ethical values and those organizations that encourage an ethical climate in the face of financial and other pressures will be more likely to do the right thing.

Throughout this textbook you will find references to ethical and unethical behaviour. The *Focus on Ethics* vignettes provide thought-provoking illustrations of how various organizations deal with ethics.

Challenges at the Group Level

> ✳ *What people-related challenges have you observed in the organizations in which you have worked?*

The behaviour of people in groups is more than the sum total of all the individuals acting in their own way. People's behaviour when they are in a group differs from their behaviour when they are alone. Therefore, the next step in developing an understanding of OB is the study of group behaviour.

Chapter 5 lays the foundation for an understanding of the dynamics of group and team behaviour. That chapter discusses how individuals are influenced by the patterns of behaviour they are expected to exhibit, what the team considers to be acceptable standards of behaviour, and how to make teams more effective.

Chapters 6 and 7 examine some of the more complex issues of interaction: communication, conflict, and negotiation; and power and politics. These two chapters give you an opportunity to think about how communication processes sometimes become complicated because of office politicking and interpersonal and group conflict.

Few people work entirely alone, and some organizations make widespread use of teams. Therefore, most individuals interact with others during the workday. This can lead to a need for greater interpersonal skills. The workplace is also made up of people from a variety of backgrounds. Thus, learning how to work with people from different cultures has become more important. We review some of the challenges that occur at the group level below.

Working With Others

Much of the success in any job involves developing good interpersonal, or "people," skills. In fact, The Conference Board of Canada identified the skills that form the foundation for a high-quality workforce in today's workplace as communication, thinking, learning, and working with others. Positive attitudes and behaviours and an ability to take responsibility for one's actions are also key skills, according to the Conference Board.[24] Because many people will work in small and medium-sized firms in the future, Human Resources and Skills Development Canada has noted that additional important skills are team building and priority management.[25]

In Canada's increasingly competitive and demanding workplace, neither managers nor employees can succeed on their technical skills alone. They must also have good people

skills. Management professor Jin Nam Choi of McGill University reports that research shows that 40 percent of managers either leave or stop performing within 18 months of starting at an organization "because they have failed to develop relationships with bosses, colleagues or subordinates."[26] Choi's comment underscores the importance of developing interpersonal skills. This book has been written to help you develop those people skills, whether as an employee, manager, or potential manager.

To learn more about the interpersonal skills needed in today's workplace, read *From Concepts to Skills* on pages 27–29.

Workforce Diversity

> ∗ *Why should you care about understanding other people?*

Organizations are becoming more diverse, employing a greater variety of people in terms of gender, race, ethnicity, sexual orientation, and age. A diverse workforce includes, for instance, women, Aboriginal peoples, Asian Canadians, African Canadians, Indo-Canadians, people with disabilities, gays and lesbians, and senior citizens. It also includes people with different demographic characteristics, such as education and socio-economic status. The ability to adapt to many different people is one of the most important and broad-based challenges facing organizations. We discuss **workforce diversity** issues in Chapter 3.

workforce diversity The mix of people in organizations in terms of gender, race, ethnicity, disability, sexual orientation, and age, and demographic characteristics such as education and socio-economic status.

One of the challenges in Canadian workplaces is the mix of generations working side by side: the Elders (those over 60), Baby Boomers (born between the mid-1940s and mid-1960s), Generation Xers (born between the mid-1960s and early 1980s), and the Net Generation (born between 1977 and 1997). Due to their very different life experiences, they bring different values and different expectations to the workplace.

We used to assume that people in organizations who differed from the stereotypical employee would somehow simply fit in. We now know that employees don't set aside their cultural values and lifestyle preferences when they come to work. Organizations therefore try to accommodate diverse groups of people by addressing their different lifestyles, family needs, and work styles.[27] We need to keep in mind that what motivates one person may not motivate another. One person may like a straightforward and open style of communication that another finds uncomfortable and threatening. To work effectively with different people, we need to understand how culture shapes them, and learn to adapt our interaction style.

The *Focus on Diversity* feature found throughout the textbook helps create awareness of the diversity issues that arise in organizations. Our first example looks at accommodations made to help Aboriginal cadets feel welcome at the RCMP training academy in Regina.

FOCUS ON **DIVERSITY**

Bringing Aboriginal Culture to the RCMP

How does a Heritage Room promote RCMP diversity? The sweet-smelling smoke of burning buffalo sage cleansed the air at opening ceremonies for the Aboriginal Heritage Room in the RCMP's Regina training academy. With cedar walls, Plains Indian artifacts, and reproductions of old photographs of Aboriginal Canadians, this is not a typical room in a police academy.[28]

The Heritage Room was set up to help Aboriginal cadets engage in spiritual practices while they train. They can now hold ceremonies, meet with elders, and discuss their culture in the Heritage Room. Dustin Ward, a cadet from the Mi'kmaq reserve

in New Brunswick, praised the opening of the room as "one more sign that the RCMP welcomes First Nations Mounties. It shows the children hope that they can come here some day and be an RCMP cadet."

The Heritage Room is one of a series of RCMP programs to encourage diversity. In the late 1980s, the RCMP decided to allow Aboriginal Mounties to wear their hair in braids, if they wanted. Saskatchewan-born Aboriginal Pauline Busch, who helped get the Heritage Room opened, remembered that decision. "There's nothing that warms a child's heart and pride as seeing another Aboriginal person in the red serge, fully outlined with the braids."

Workforce diversity has important implications for management practice. Managers need to shift their philosophy from treating everyone alike to recognizing differences. They need to respond to those differences in ways that will ensure employee retention and greater productivity, while at the same time not discriminating against certain groups. This shift includes, for instance, providing diversity training and revising benefit programs to be more "family-friendly." At ICR, managers brought in a part-time social support worker to help new employees adjust to full-time employment. Many of ICR's employees faced family issues, domestic disputes, and substance abuse issues that made it difficult to meet work responsibilities. The support worker helped individual employees develop steps to deal with personal issues.

Diversity, if positively managed, can increase creativity and innovation in organizations, as well as improve decision making by providing different perspectives on problems.[29] When diversity is not managed properly, there is potential for higher turnover, miscommunication, and more interpersonal conflicts.

Challenges at the Organizational Level

OB becomes more complex when we move to the organizational level of analysis. Just as groups are not the sum total of individuals, so organizations are not the sum total of individuals and groups. There are many more interacting factors that place constraints on individual and group behaviour. In Chapter 8 we consider how leadership and management affect employee behaviour. In Chapter 9 we discuss decision making and creativity, and then look at the issues of ethics and corporate social responsibility. In Chapter 10 we look at organizational culture, which is generally considered the glue that holds organizations together. We also discuss organizational change in Chapter 10. As we have noted already, and as will become clear throughout the textbook, change has become a key issue for organizations.

Canadian businesses face many challenges in the twenty-first century. Their ability to be as productive as US businesses is constantly tested.[30] The need to develop effective employees, and to manage human resource issues such as absenteeism and turnover, is critical. Meanwhile, Canadian businesses face greater competition because of the global economy. Many companies have expanded their operations overseas, which means they have to learn how to manage people from different cultures.

Productivity

An organization or group is productive if it achieves its goals and does so by transferring inputs (labour and raw materials) to outputs (finished goods or services) at the lowest cost. **Productivity** implies a concern for both **effectiveness** (achieving goals) and **efficiency** (watching costs). The late management expert Peter Drucker stated that *effectiveness* is "doing the right thing," while *efficiency* is "doing things right." [31] For example, a hospital is *effective* when it successfully meets the needs of its patients. It is *efficient* when it can do so at a low cost. If a hospital manages to achieve higher output from its present staff—say, by reducing the average number of days a patient is confined to a bed, or

productivity *A performance measure including effectiveness and efficiency.*

effectiveness *The achievement of goals.*

efficiency *The ratio of effective work output to the input required to produce the work.*

by increasing the number of staff-patient contacts per day—we say that the hospital has gained productive *efficiency.* Similarly, a student team is effective when it puts together a group project that gets a high mark. It is efficient when all the members manage their time appropriately and are not at each other's throats. ICR faced effectiveness issues because it started out by having one team leader for three work teams. On paper, this appeared to be an efficient strategy. However, each team needed more supervision than the manager could provide while trying to manage three teams, which decreased each team's productivity. Therefore, ICR's strategy was not effective.

As you study OB, you will begin to understand those factors that influence the effectiveness and efficiency of individuals, groups, and the overall organization.

Developing Effective Employees

One of the major challenges facing organizations in the twenty-first century is how to engage employees effectively so that they are committed to the organization. We use the term **organizational citizenship behaviour (OCB)** to describe discretionary behaviour that is not part of an employee's formal job requirements, but that nevertheless promotes the effective functioning of the organization.[32] Recent research has also looked at expanding the work on OCB to team behaviour.[33]

Successful organizations need employees who will go beyond their usual job duties, providing performance that is beyond expectations. In today's dynamic workplace, where tasks are increasingly done in teams and where flexibility is critical, organizations need employees who will engage in "good citizenship" behaviours, such as making constructive statements about their work group and the organization, helping others on their team, volunteering for extra job activities, avoiding unnecessary conflicts, showing care for organizational property, respecting the spirit as well as the letter of rules and regulations, and gracefully tolerating the occasional work-related impositions and nuisances.

Toronto-based BBDO Canada encourages an entrepreneurial spirit as a way of inspiring OCB. The ad agency's president and CEO Gerry Frascione notes that a team leader on the Campbell Soup account overheard a Campbell's representative musing about a program that would launch Campbell's Soup ads when the temperature dipped. "Instead of waiting to get approvals, she acted very entrepreneurially and took it upon herself and made the whole thing happen in one week," says Frascione. "She went back to the client, analyzed the situation, fleshed out the opportunity, came up with an integrated communication plan, came up with a budget, and it was all done within five days."[34]

Organizations want and need employees who will do those things that are not in any job description. The evidence indicates that organizations that have such employees outperform those that don't.[35] As a result, OB is concerned with organizational citizenship behaviour.

Putting People First

Professor Jeffery Pfeffer of the Stanford Graduate School of Business advocates that managers should spend more time recognizing the value of the people who work for them. He emphasizes the need to "put people first" in considering organizational objectives and suggests the people-first strategy not only generates a committed workforce, but also significantly affects the bottom line.[36] Pfeffer notes that research shows that when organizations concern themselves with developing their employees, they are more successful. For instance, a study of 968 US firms found that those that used people-first strategies had significantly less turnover, and significantly greater sales, market value, and profits.[37] Similar results were found in a study of 100 German companies.[38]

organizational citizenship behaviour (OCB) Discretionary behaviour that is not part of an employee's formal job requirements, but that nevertheless promotes the effective functioning of the organization.

BBDO Canada
www.bbdo.ca

Pfeffer explains that people will work harder when they feel they have "more control and say in their work." They work smarter when they are "encouraged to build skills and competence." They work more responsibly when "responsibility is placed in the hands of employees farther down in the organization." *OB in Action—Practices of Successful Organizations* outlines the practices that successful people-first organizations use to encourage their employees to work harder, smarter, and more responsibly. *Case Incident—Great Plains Software: Pursuing a People-First Strategy* on the CD-ROM that accompanies this textbook asks you to examine the impact of "putting people first" in managing an organization.

Global Competition

In recent years, Canadian businesses have faced tough competition from the United States, Europe, Japan, and even China, as well as from other companies within our borders. To survive, they have had to reduce costs, increase productivity, and improve quality. A number of Canadian companies have found it necessary to merge in order to survive. For instance, Rona, the Boucherville, Quebec-based home improvement store, bought out Lansing, Revy, and Revelstoke in recent years in order to defend its turf against the Atlanta, Georgia-based Home Depot. That may not be enough to keep it from being swallowed up by the Mooresville, North Carolina-based Lowe's home improvement company, however.

Some employers are starting to outsource jobs to other countries, where labour costs are lower. For instance, Toronto-based Dell Canada's technical service lines are handled by technicians working in India. Toronto-based Wall & Associates, a full-service chartered accounting and management consulting firm, outsources document management to Uganda. Employees in Uganda are willing to work for $1 an hour to sort and record receipts. While these wages might seem low, on average, Ugandans make only $1 a day.

These changes in the workplace, and the loss of jobs to international outsourcing, mean that the actual jobs that employees perform, and even those of managers to whom they report, are in a permanent state of change. To stay employable under these conditions, employees need to continually update their knowledge and skills to meet new job requirements.[39] Today's managers and employees have to learn to live with flexibility, spontaneity, uncertainty, and unpredictability.

Managing and Working in a Multicultural World

Twenty or 30 years ago, national borders protected most firms from foreign competitive pressures. This is no longer the case. Trading blocks such as the North American Free Trade Agreement (NAFTA) and the European Union (EU) have greatly reduced tariffs and barriers to trade, and North America and Europe are no longer the only continents with highly skilled labour. The Internet also helps companies become more globally connected, by opening up international sales and by increasing opportunities to carry on business. Even small firms can bid on projects in different countries and compete with larger firms through the Internet. An implication of all these changes is that you could find yourself managing or working in a multicultural environment.

OB IN ACTION

Practices of Successful Organizations

According to professor Jeffery Pfeffer of the Stanford Graduate School of Business, the following practices characterize organizations that benefit from how they manage their employees:

→ Providing **employment security** so that employees don't fear loss of jobs

→ **Hiring** people who have the **right skills and abilities**

→ Creating **self-managed teams** that have decision-making power

→ **Paying well**, and tying pay to organizational performance

→ Providing **extensive training** for skills, knowledge, and initiative

→ Reducing status differences so that **all employees feel valued**

→ **Sharing information** about organizational performance

Source: Adapted from J. Pfeffer and J. F. Veiga, "Putting People First for Organizational Success," *Academy of Management Executive* 13, no. 2 (May 1999), pp. 37–48.

North American Free Trade Agreement (NAFTA)
www.nafta-sec-alena.org

European Union (EU)
http://europa.eu

SUMMARY AND IMPLICATIONS

1 What is organizational behaviour? Organizational behaviour (OB) is a field of study that investigates the impact that individuals, groups, and structure have on behaviour within an organization. It uses that knowledge to make organizations work more effectively. Specifically, OB focuses on how to improve productivity, reduce both absenteeism and turnover, and increase employee job satisfaction. OB also helps us understand how people can work together more effectively in the workplace.

OB recognizes differences, helps us see the value of workforce diversity, and calls attention to practices that may need to be changed when managing and working in different countries. It can help improve quality and employee productivity by showing managers how to empower their people, as well as how to design and implement change programs. It offers specific insights to improve people skills.

2 Isn't organizational behaviour common sense? Or just like psychology? OB is built on contributions from a number of behavioural disciplines, including psychology, sociology, social psychology, anthropology, and political science.

We all hold generalizations about the behaviour of people. Some of our generalizations may provide valid insights into human behaviour, but many are wrong. If understanding behaviour were simply common sense, we would see fewer problems in the workplace, because managers and employees would know how to behave. OB provides a systematic approach to improving predictions of behaviour that would be made from common sense alone.

3 How does knowing about organizational behaviour make work and life more understandable? From a management point of view, knowing OB can help you manage well. Managing people well pays off. It may also lead employees to have greater organizational commitment. From an individual point of view, knowing OB can help you understand why the workplace functions in the way it does. OB can also help you understand how to deal with others if you decide to start your own business.

4 What challenges do managers and employees face in the workplace of the twenty-first century? OB considers three levels of analysis—the individual, the group, and the organization—which, combined, help us understand behaviour in organizations. Each level has different challenges. At the individual level, we encounter employees who have different characteristics, and thus we consider how to better understand and make the most of these differences. Because employees have become more cynical about their employers, job satisfaction and motivation have become important issues in today's organizations. Employees are also confronted with the trend toward an empowered workplace. Perhaps the greatest challenge individuals (and organizations) face is how to behave ethically.

At the group level, individuals are increasingly expected to work in teams, which means that they need to do so effectively. Employees are expected to have good interpersonal skills. The workplace is now made up of people from many different backgrounds, requiring a greater ability to understand those different from ourselves.

At the organizational level, Canadian businesses face many challenges in the twenty-first century. They face ongoing competition at home and from US businesses, as well as growing competition from the global marketplace. Productivity is critical. It has become essential to develop effective employees who are committed to the organization. By putting people first, organizations can generate a committed workforce, but taking this approach becomes a challenge for businesses that focus solely on the bottom line. Organizations also have to learn how to be more sensitive to cultural differences, not only because Canada is a multicultural country, but also because competitive companies often develop global alliances or set up plants in foreign countries, where being aware of other cultures becomes a key to success.

For Review

1. Define *organizational behaviour.*

2. What is an organization? Is the family unit an organization? Explain.

3. "Behaviour is generally predictable, so there is no need to formally study OB." Do you agree or disagree with this statement? Why?

4. What does it mean to say OB takes a contingency approach in its analysis of behaviour?

5. What are the three levels of analysis in our OB model? Are they related? If so, how?

6. What are some of the challenges and opportunities that managers face as we move into the twenty-first century?

7. Why is job satisfaction an important consideration for OB?

8. What are effectiveness and efficiency, and how are they related to OB?

For Critical Thinking

1. "OB is for everyone." Build an argument to support this statement.

2. Why do you think the subject of OB might be criticized as being "only common sense," when we would rarely hear such a comment about a course in physics or statistics? Do you think this criticism of OB is fair?

3. On a scale of 1 to 10, measuring the sophistication of a scientific discipline in predicting phenomena, mathematical physics would probably be a 10. Where do you think OB would fall on the scale? Why?

4. Can empowerment lead to greater job satisfaction?

OB for You

- As you journey through this course in OB, bear in mind that the processes we describe are as relevant to you as an individual as they are to organizations, managers, and employees.

- When you work together with student teams, join a student organization, or volunteer time to a community group, know that your ability to get along with others has an effect on your interactions with the other people in the group and the achievement of the group's goals.

- If you are aware of how your perceptions and personality affect your interactions with others, you can be more careful in forming your initial impression of others.

- By knowing how to motivate others who are working with you, how to communicate effectively, and when to negotiate and compromise, you can get along in a variety of situations that are not necessarily work-related.

POINT

Looking for the Quick Fix to OB Issues

Walk into your nearest major bookstore. You will undoubtedly find a large section of books devoted to management and managing human behaviour. A close look at the titles will find there is certainly no shortage of popular books on topics related to OB. To illustrate the point, consider the following popular book titles that are currently available on the topic of leadership:

- *The Leadership Secrets of Attila the Hun* (Warner, 1990)

- *Make It So: Leadership Lessons from Star Trek, The Next Generation* (Pocket Books, 1996)

- *The Art of Leadership by Sun Tzu* (Premier, 2000)

- *Power Plays: Shakespeare's Lessons in Leadership and Management* (Simon & Schuster, 2000)

- *The Leadership Teachings of Geronimo* (Sterling House, 2002)

- *Leadership Wisdom from the Monk Who Sold His Ferrari* (Hay House, 2003)

- *Tony Soprano on Management: Leadership Lessons Inspired by America's Favorite Mobster* (Berkley, 2004)

Organizations are always looking for leaders; and managers and manager-wannabes are continually looking for ways to hone their leadership skills. Publishers respond to this demand by offering hundreds of titles that proclaim to provide insights into the complex subject of leadership. People hope that there are "shortcuts" to leadership success and that books like these can provide them with the secrets to leadership that others know about and which they can quickly learn through these books.

COUNTERPOINT

Beware of the Quick Fix!

We all want to find quick and simple solutions to our complex problems. But here's the bad news: On problems related to OB, the quick and simple solutions are often wrong because they fail to consider the diversity among organizations, situations, and individuals. As Einstein said, "Everything should be made as simple as possible, but not simpler."

When it comes to trying to understand people at work, there is no shortage of simplistic ideas that books and consultants promote. And these books are not just on leadership. Consider three recent bestsellers. *Who Moved My Cheese?* is a metaphor about two mice that is meant to convey the benefits of accepting change. *Fish!* tells how a fish market in Seattle made its jobs motivating. And *Whale Done!* proposes that managers can learn a lot about motivating people from techniques used by whale trainers at Sea World in San Diego. Are the "insights" from these books generalizable to people working in hundreds of different countries, in a thousand different organizations, and doing a million different jobs? It's very unlikely.

Popular books on OB often have cute titles and are fun to read. But they can be dangerous. They make the job of managing people seem much simpler than it really is. They are also often based on the authors' opinions rather than substantive research.

OB is a complex subject. There are few, if any, simple statements about human behaviour that are generalizable to all people in all situations. Should you really try to apply leadership insights you got from a book on Shakespeare or Attila the Hun to managing software engineers in the twenty-first century?

The capitalist system ensures that when a need exists, opportunistic individuals will surface to fill that need. When it comes to managing people at work, there is clearly a need for valid and reliable insights to guide managers and those aspiring to managerial positions. However, most of the offerings available at your local bookstore tend to be simplistic solutions. To the degree that people buy these books and enthusiastically expect them to provide them with the secrets to effective management, they do a disservice to themselves and those they are trying to manage.

Lituz.com

LEARNING ABOUT **YOURSELF** EXERCISE

The Competing Values Framework: Identifying Your Interpersonal Skills

From the list below, identify what you believe to be your strongest skills, and then identify those in which you think your performance is weak. You should identify about 4 strong skills and 4 weak skills.

1. Taking initiative
2. Goal setting
3. Delegating effectively
4. Personal productivity and motivation
5. Motivating others
6. Time and stress management
7. Planning
8. Organizing
9. Controlling
10. Receiving and organizing information
11. Evaluating routine information
12. Responding to routine information

13. Understanding yourself and others
14. Interpersonal communication
15. Developing subordinates
16. Team building
17. Participative decision making
18. Conflict management
19. Living with change
20. Creative thinking
21. Managing change
22. Building and maintaining a power base
23. Negotiating agreement and commitment
24. Negotiating and selling ideas

Scoring Key:

These skills are based on the Competing Values Framework (pages 27–29), and they appear in detail in Exhibit 1-6 on page 23. Below, you will see how the individual skills relate to various managerial roles. Using the skills you identified as strongest, identify which roles you feel especially prepared for right now. Then, using the skills you identified as weakest, identify areas in which you might want to gain more skill. You should also use this information to determine whether you are currently more internally or externally focused, or oriented more toward flexibility or control.

Director: 1, 2, 3   Mentor: 13, 14, 15

Producer: 4, 5, 6   Facilitator: 16, 17, 18

Coordinator: 7, 8, 9   Innovator: 19, 20, 21

Monitor: 10, 11, 12   Broker: 22, 23, 24

After reviewing how your strengths and weaknesses relate to the skills that today's managers and leaders need, as illustrated in Exhibit 1-6, you should consider whether you need to develop a broader range of skills.

Source: Created based on material from R. E. Quinn, S. R. Faerman, M. P. Thompson, and M. R. McGrath, *Becoming a Master Manager: A Competency Framework* (New York: John Wiley and Sons, 1990), chapter 1.

BREAKOUT **GROUP** EXERCISES

Form small groups to discuss the following topics, as assigned by your instructor:

1. Consider a group situation in which you have worked. To what extent did the group rely on the technical skills of the group members vs. their interpersonal skills? Which skills seemed most important in helping the group function well?

2. Identify some examples of "worst jobs." What conditions of these jobs made them unpleasant? To what extent were these conditions related to behaviours of individuals?

3. Develop a list of "organizational puzzles," that is, behaviour you have observed in organizations that seemed to make little sense. As the term progresses, see if you can begin to explain these puzzles, using your knowledge of OB.

WORKING WITH **OTHERS** EXERCISE

Interpersonal Skills in the Workplace

This exercise asks you to consider the skills outlined in the Competing Values Framework on pages 27–29 to develop an understanding of managerial expertise. Steps 1–4 can be completed in 15–20 minutes.

1. Using the skills listed in the *Learning About Yourself Exercise,* identify the 4 skills that you think all managers should have.

2. Identify the 4 skills that you think are least important for managers to have.

3. In groups of 5–7, reach a consensus on the most-needed and least-needed skills identified in Steps 1 and 2.

4. Using Exhibit 1-6, determine whether your "ideal" managers would have trouble managing in some dimensions of organizational demands.

5. Your instructor will lead a general discussion of your results.

ETHICAL **DILEMMA** EXERCISE

What Is the Right Balance Between Work and Personal Life?

When you think of work/life conflicts, you may tend to think of people in lower levels of organizations who might not have as much flexibility in determining their workdays. However, a recent survey of 179 CEOs revealed that many of them struggle with this issue. For instance, 31 percent said they have a high level of stress in their lives; 47 percent admitted that they would sacrifice some compensation for more personal time; and 16 percent considered changing jobs in the past 6 months to reduce stress or sacrifices made in their personal lives.

Most of these surveyed executives conceded that they had given up, and continue to give up, a lot to get to the top in their organizations. They are often tired from the extensive and exhausting travel their jobs demand, not to mention an average 60-hour workweek. Yet most feel the climb to the CEO position was worth whatever sacrifices they have had to make.

Jean Stone, while not representative of the group, indicates the price that some of these executives have had to pay. As senior VP and chief operating officer of Dukane Corporation, an Illinois-based manufacturer of electronic communications equipment, Stone describes herself as highly achievement-oriented. She has an intense focus on her job and admits to having lost sight of her personal life. Recently

divorced after a 10-year marriage, she acknowledges that "career and work pressures were a factor in that."

How much emphasis on work is *too much*? What is the right balance between work and personal life? How much would you be willing to give up to be CEO of a major company? And if you were a CEO, what ethical responsibilities, if any, do you think you have to help your employees balance their work/family obligations?

CASE INCIDENT

How a UPS Manager Cut Turnover

In 2002, Katriona Roeder was promoted to district manager for UPS's operation in Buffalo, New York. She was responsible for $225 million in revenue, 2300 employees, and the processing of some 45 000 packages an hour. When she took over in Buffalo, she faced a serious problem: turnover was out of control. Part-time employees—who load, unload, and sort packages, and who account for half of Buffalo's workforce—were leaving at the rate of 50 percent a year. Cutting this turnover rate became her highest priority.

The entire UPS organization relies heavily on part-time employees. In fact, it has historically been the primary inroad to becoming a full-time employee. Most of UPS's current executives, for instance, began as part-timers while attending college or university, then moved into full-time positions. In addition, UPS has always treated its part-timers well. They are given high pay, flexible work hours, full benefits, and substantial financial aid to go back to school. Yet these pluses did not seem to be enough to keep employees at UPS in Buffalo.

Roeder developed a comprehensive plan to reduce turnover. It focused on improving hiring, communication, the workplace, and supervisory training.

Roeder began by modifying the hiring process to screen out people who essentially wanted full-time jobs. She reasoned that unfulfilled expectations were frustrating the hires whose preferences were for full-time work. Given that it typically took new part-timers six years to work up to a full-time job, it made sense to try to identify people who actually preferred part-time work.

Next, Roeder analyzed the large database of information that UPS had on her district's employees. The data led her to the conclusion that she had five distinct groups working for her—differentiated by ages and stages in their careers. In addition, these groups had different needs and interests. In response, Roeder modified the communication style and motivation techniques she used with each employee to reflect the group to which he or she belonged. For instance, Roeder found that college students are most interested in building skills that they can apply later in their careers. As long as these employees saw that they were learning new skills, they were content to keep working at UPS. So Roeder began offering them Saturday classes for computer-skill development and career-planning discussions.

Many new UPS employees in Buffalo were intimidated by the huge warehouse in which they had to work. To lessen that intimidation, Roeder improved lighting throughout the building and upgraded break rooms to make them more user-friendly. To further help new employees adjust, she turned some of her best shift supervisors into trainers who provided specific guidance during new hires' first week. She also installed more personal computers on the floor, which gave new employees easier access to training materials and human-resource information on UPS's internal network.

Finally, Roeder expanded training so supervisors had the skills to handle increased empowerment. Recognizing that her supervisors—most of whom were part-timers themselves—were the ones best equipped to understand the needs of part-time employees, supervisors learned how to assess difficult management situations, how to communicate in different ways, and how to identify the needs of different people. Supervisors learned to demonstrate interest in their employees as individuals. For instance, they were taught to inquire about employees' hobbies, where they went to school, and the like.

By 2006, Roeder's program was showing impressive results. Her district's attrition rate had dropped from 50 percent to 6 percent. During the first quarter of 2006, not one part-timer left a night shift. Annual savings attributed to reduced turnover, based largely on lower hiring costs, are estimated to be around $1 million. Additional benefits that the Buffalo district has gained from a more stable workforce include a 20 percent reduction in lost workdays due to work-related injuries and a drop from 4 percent to 1 percent in packages delivered on the wrong day or at the wrong time.

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