What Is Organizational Behavior
Trends in the Changing Environment of Human Resource Management

- Globalization
- Technological Advances
- Deregulation
- Trends in the Nature of Work
- Workforce Diversity
Globalization

The tendency of firms to extend their sales or manufacturing to new markets abroad.
New Management Practices

- The traditional, pyramid-shaped organization is going out of style
- Employees are being empowered
- Flatter organizations are becoming the norm
- Work is increasingly organized around teams and process
- The bases of power are changing
- Managers today must build commitment
Relationships Among Strategies in Multiple-Business Firms

Corporate Strategy

Business Strategy (3)

Functional Strategies
Managers (or administrators)

Individuals who achieve goals through other people.

Managerial Activities

• Make decisions
• Allocate resources
• Direct activities of others to attain goals
Organization

A consciously coordinated social unit, composed of two or more people, that functions on a relatively continuous basis to achieve a common goal or set of goals.
Levels of management

- First-line managers
  - Responsible for day-to-day operations. Supervise people performing activities required to make the good or service.

- Middle managers
  - Supervise first-line managers. Are responsible to find the best way to use departmental resources to achieve goals.

- Top managers
  - Responsible for the performance of all departments and have cross-departmental responsibility. Establish organizational goals and monitor middle managers. Form the top management team along with the CEO and COO.
Management Functions

Planning
A process that includes defining goals, establishing strategy, and developing plans to coordinate activities.

Organizing
Determining what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are to be made.

Leading
A function that includes motivating employees, directing others, selecting the most effective communication channels, and resolving conflicts.

Controlling
Monitoring activities to ensure they are being accomplished as planned and correcting any significant deviations.
Four Functions of Management

Planning
Choose appropriate organizational goals and courses of action to best achieve those goals

Organizing
Establish task and authority relationships that allow people to work together to achieve organization goals

Leading
Motivate, coordinate, and energize individuals and groups to work together to achieve organizational goals

Controlling
Establish accurate measuring and monitoring systems to evaluate how well the organization has achieved its goals
Relative Amount of Time That Managers Spend on the Four Managerial Functions
IT and Managerial Roles and Skills

- **Managerial Role**
  - The set of specific tasks that a person is expected to perform because of the position he or she holds in the organization.

- **Roles are directed inside as well as outside the organization.**

- **Roles are defined into three role categories (as identified by Mintzberg):**
  - Interpersonal
  - Informational
  - Decisional
Decisional Roles

- **Entrepreneur**—deciding which new projects or programs to initiate and to invest resources in.
- **Disturbance handler**—managing an unexpected event or crisis.
- **Resource allocator**—assigning resources between functions and divisions, setting the budgets of lower managers.
- **Negotiator**—reaching agreements between other managers, unions, customers, or shareholders.
Informational Roles

Roles associated with the tasks needed to obtain and transmit information in the process of managing the organization:

- **Monitor**—analyzing information from both the internal and external environment.
- **Disseminator**—transmitting information to influence the attitudes and behavior of employees.
- **Spokesperson**—using information to positively influence the way people in and out of the organization respond to it.
Interpersonal Roles

- **Roles that managers assume to provide direction and supervision to both employees and the organization as a whole:**
  - **Figurehead**—symbolizing the organization’s mission and what it is seeking to achieve.
  - **Leader**—training, counseling, and mentoring high employee performance.
  - **Liaison**—linking and coordinating the activities of people and groups both inside and outside the organization.
Management Skills

Technical skills
The ability to apply specialized knowledge or expertise.

Human skills
The ability to work with, understand, and motivate other people, both individually and in groups.

Conceptual Skills
The mental ability to analyze and diagnose complex situations.
Skill Types Needed by Managerial Level

- **Top managers**
  - Conceptual skills
  - Human skills
  - Technical skills

- **Middle managers**
  - Conceptual skills
  - Human skills
  - Technical skills

- **First-line managers**
  - Conceptual skills
  - Human skills
  - Technical skills
Challenges for Management in a Global Environment

- Increasing Number of Global Organizations.
- Building a Competitive Advantage
- Maintaining Ethical Standards
- Managing a Diverse Workforce
- Utilizing Information Technology and E-commerce
Building Blocks of Competitive Advantage

- Efficiency
- Innovation
- Quality
- Responsiveness to customers
Effective Versus Successful Managerial Activities (Luthans)

1. Traditional management
   - Decision making, planning, and controlling

2. Communication
   - Exchanging routine information and processing paperwork

3. Human resource management
   - Motivating, disciplining, managing conflict, staffing, and training

4. Networking
   - Socializing, politicking, and interacting with others
Organizational behavior (OB)

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

**Intuition**

A feeling not necessarily supported by research.

**Systematic study**

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

Provides a means to predict behaviors.
Contributing Disciplines to the OB Field

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

Sociology
The study of people in relation to their fellow human beings.

Social Psychology
An area within psychology that blends concepts from psychology and sociology and that focuses on the influence of people on one another.

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

Political Science
The study of the behavior of individuals and groups within a political environment.
There Are Few Absolutes in OB

Contingency variables

Situational factors: variables that moderate the relationship between two or more other variables and improve the correlation.
Challenges and Opportunities for OB

- Responding to Globalization
  - Increased foreign assignments
  - Working with people from different cultures
  - Coping with anti-capitalism backlash
  - Overseeing movement of jobs to countries with low-cost labor

- Managing Workforce Diversity
  - Embracing diversity
  - Changing U.S. demographics
  - Implications for managers
    - Recognizing and responding to differences
Challenges and Opportunities for OB (cont’d)

- Improving Quality and Productivity
  - Quality management (QM)
  - Process reengineering

- Responding to the Labor Shortage
  - Changing work force demographics
  - Fewer skilled laborers
  - Early retirements and older workers

- Improving Customer Service
  - Increased expectation of service quality
  - Customer-responsive cultures
What Is Quality Management?

1. Intense focus on the customer.
2. Concern for continuous improvement.
3. Improvement in the quality of everything the organization does.
4. Accurate measurement.
5. Empowerment of employees.
Improving Quality and Productivity

➢ Quality management (QM)
  - The constant attainment of customer satisfaction through the continuous improvement of all organizational processes.
  - Requires employees to rethink what they do and become more involved in workplace decisions.

➢ Process reengineering
  - Asks managers to reconsider how work would be done and their organization structured if they were starting over.
  - Instead of making incremental changes in processes, reengineering involves evaluating every process in terms of its contribution.
Challenges and Opportunity for OB (cont’d)

- Improving People Skills
- Empowering People
- Stimulating Innovation and Change
- Coping with “Temporariness”
- Working in Networked Organizations
- Helping Employees Balance Work/Life Conflicts
- Improving Ethical Behavior
Basic OB Model, Stage I

Model

An abstraction of reality.
A simplified representation of some real-world phenomenon.
Dependent variable

A response that is affected by an independent variable.
The Dependent Variables (cont’d)

Productivity
A performance measure that includes effectiveness and efficiency.

Effectiveness
Achievement of goals.

Efficiency
The ratio of effective output to the input required to achieve it.
The Dependent Variables (cont’d)

Absenteism

The failure to report to work.

Turnover

The voluntary and involuntary permanent withdrawal from an organization.

Organizational citizenship behavior (OCB)

Discretionary behavior that is not part of an employee’s formal job requirements, but that nevertheless promotes the effective functioning of the organization.
The Dependent Variables (cont’d)

Job satisfaction

A general attitude toward one’s job, the difference between the amount of reward workers receive and the amount they believe they should receive.
The Independent Variables

Independent variable

The presumed cause of some change in the dependent variable.
Needed: People-Centered Managers and Workplaces
Pfeffer’s 7 People-Centered Practices

1. Job security (to eliminate fear of layoffs).
2. Careful hiring (emphasizing a good fit with the company culture).
3. Power to the people (via decentralization and self-managed teams).
5. Lots of training.
6. Less emphasis on status (to build a “we” feeling).
7. Trust building (through the sharing of critical information).
Strategic Results: The 4-P Cycle of Continuous Improvement

- **People**
  (Skilled, motivated people who can handle change. Less stress)

- **Processes**
  (Faster, more flexible, leaner, and ethical organizational processes. Organizational learning.)

- **Products**
  (Satisfied customers because of better quality goods/services)

- **Productivity**
  (Less wasteful, more efficient use of all resources.)
Skills and Best Practices: Skills Exhibited by an Effective Manager

1) Clarifies goals and objectives for everyone involved
2) Encourages participation, upward communication, and suggestions
3) Plans and organizes for an orderly work flow
4) Has technical and administrative expertise to answer organization-related questions
5) Facilitates work through team building, training, coaching and support
6) Provides feedback honestly and constructively
Skills and Best Practices: Skills Exhibited by an Effective Manager (continued)

7) Keeps things moving by relying on schedules, deadlines, and helpful reminders
8) Controls details without being over-bearing
9) Applies reasonable pressure for goal accomplishment
10) Empowers and delegates key duties to others while maintaining goal clarity and commitment
11) Recognizes good performance with rewards and positive reinforcement
### Evolution of the 21st-Century Manager

<table>
<thead>
<tr>
<th>Past Managers</th>
<th>Future Managers</th>
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<tbody>
<tr>
<td><strong>Primary Role</strong></td>
<td></td>
</tr>
<tr>
<td>Order giver, privileged elite, manipulator, controller</td>
<td>Facilitator, team member, teacher, advocate, sponsor, coach</td>
</tr>
<tr>
<td><strong>Learning &amp; Knowledge</strong></td>
<td></td>
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<tr>
<td>Periodic learning, narrow specialist</td>
<td>Continuous life-long learning, generalist with multiple specialties</td>
</tr>
<tr>
<td><strong>Compensation Criteria</strong></td>
<td></td>
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<tr>
<td>Time, effort, rank</td>
<td>Skills, results</td>
</tr>
<tr>
<td><strong>Cultural Orientation</strong></td>
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<tr>
<td>Monocultural, monolingual</td>
<td>Multicultural, multilingual</td>
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<td><strong>Primary Role</strong></td>
<td>Formally Authority</td>
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<tr>
<td><strong>View of People</strong></td>
<td>Potential problem</td>
</tr>
<tr>
<td><strong>Primary Communication Pattern</strong></td>
<td>Vertical</td>
</tr>
<tr>
<td><strong>Decision Making Style</strong></td>
<td>Limited input for individual decisions</td>
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<tr>
<td><strong>Ethical Considerations</strong></td>
<td>Afterthought</td>
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<th>Nature of Interpersonal Relationships</th>
<th>Past Managers</th>
<th>Future Managers</th>
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<tr>
<td>Competitive (win-lose)</td>
<td>Hoard and restrict access</td>
<td>Share and broaden access</td>
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<tr>
<td>Cooperative (win-lose)</td>
<td></td>
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<th>Handling of Power and Key Information</th>
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<th>Approach to Change</th>
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McGregor’s Theory X and Theory Y

Theory X
1. People dislike work
2. People must be pushed to work
3. Most people prefer to be directed

Theory Y
1. Work is a natural activity
2. People committed to objectives are capable of self-direction
3. Rewards help people become committed to organizational objectives
4. Employees can learn to seek responsibility
5. Employees typically have imagination, ingenuity, and creativity
**What Is Total Quality Management? (TQM)**

**Schonberger:** TQM is “continuous, customer-centered, employee-driven improvement.”

**Principles of TQM:**
- Do it right the first time to eliminate costly rework
- Listen to and learn from customers and employees
- Make continuous improvement an everyday matter
- Build teamwork, trust and mutual respect
Who Comes First? Employees, Customers or Stockholders?

- **Who gets your vote: Iacocca or Kelleher?**

- **Why?**

- **Which Statement meshes best with McGregor’s Theory Y?**

- **How would a strong advocate of TQM likely interpret these two statements?**

- **Can you develop a superior alternative to these two positions? Summarize it.**
E-business involves using the Internet to facilitate every aspect of running a business.

**E-Management** - Fast paced; Virtual teams, Networking skills

**E-communication** - Email use/ abuse; Telecommuting promised and drawbacks

**Goal setting and feedback** - Web-based goal-setting/ evaluation; Risk of over control?

**Organizational structure** - Virtual teams and organizations; Lack of trust and loyalty in “faceless” organizations?

**Job design** - “Sticky” work settings; Unrealistic expectations?
E-Business Implications (continued)

**Decision making** – Less time to make more decisions; Information overload; Empowerment and participative decision making

**Knowledge management** – E-training; E-learning; distance learning: Asynchronous vs. synchronous

**Speed, conflict, and stress** – Does relentless speed equal burnout?

**Change and resistance to change** – Stop the World, I want to get off! Constant change equals conflict

**Ethics** – Net slaves (low pay with unrealistic promises of riches); Electronic monitoring; Repetitive motion injuries; Abuse of part-timers (no benefits, no job security); Privacy issues

**Others??**
Three Uses Of OB Research Findings

1. **Instrumental Use** *(Direct practical application)*

2. **Conceptual Use** *(General conceptual enlightenment)*

3. **Symbolic Use** *(Verify or legitimize existing positions)*