

TOPIC

INTRODUCING  
ORGANIZATIONAL BEHAVIOUR

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  - **A field map of the organizational behaviour terrain**
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# Organizational behaviour – Definitions and Importance

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## **What s Organizational behaviour?**

**Organizational behaviour the study of the structure and management of organizations, their environments, and the actions and interactions of their individual members and groups.**

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# Organizational Behaviour – Definitions and Importance

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- Organizations affect **everything** that you do – sleeping, eating, travelling, working, relaxing, studying – everything.
- Organizational behaviour covers environmental (macro) issues and group and individual (micro) factors. We live in an **organized** world.
- Take a look at your clothes, food, computer – we are affected in many ways by organizations of different kinds.

The World's Largest Employers

Rank	Employer	Employees (Millions)
1	United States Department of Defense	3.2
2	People's Liberation Army (China)	2.3
3	Walmart	2.1
4	McDonald's	1.7
5	China National Petroleum Corporation	1.7
6	State Grid Corporation of China	1.6
7	China National Petroleum	1.5
8	National Health Service (United Kingdom)	1.4
9	Indian Railways	1.4
10	Indian Armed Forces	1.3
11	Foxconn	0.8

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By Kaityn Stimage

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FORBES

THE  
WORLD'S  
BEST  
EMPLOYERS  
2019 LIST

Source:  
<https://www.forbes.com/lists/worlds-best-employers/#628ddc1a1e0c>

Rank	Name	Industries	Country/Territory
1	Alphabet	Computer Services	United States
2	Microsoft	Software & Programming	United States
3	Red Hat	Software & Programming	United States
4	Apple	Computer Hardware	United States
5	SAP	Software & Programming	Germany
6	Costco Wholesale	Discount Stores	United States
7	Contemporary Amperex Technology		China
8	Cisco Systems	Communications Equipment	United States
9	Neste	Oil & Gas Operations	Finland
10	Amazon	Internet & Catalog Retail	United States
11	IBM	Computer Services	United States
12	Guangzhou Automobile Group	Auto & Truck Manufacturers	China
13	Siemens	Conglomerates	Germany
14	Daimler	Auto & Truck Manufacturers	Germany
15	Tiffany & Co.	Specialty Stores	United States
16	B3	Investment Services	Brazil
17	Walt Disney	Broadcasting & Cable	United States
18	BJ's Wholesale Club	Discount Stores	United States
19	Mastercard	Consumer Financial Services	United States
20	Visa	Consumer Financial Services	United States
21	GD Power Development	Electric Utilities	China
22	Coca-Cola	Beverages	United States
23	BMW Group	Auto & Truck Manufacturers	Germany

# What is organizational behaviour?

## Why did that happen?

It was a bad experience. You just ordered a soft drink and a sandwich. The person who served you was abrupt and unpleasant, did not smile, ignored you, did not make eye contact, and continued their conversation with a colleague, instead of maybe asking if you wanted something else. They slapped your change on the counter rather than put it in

your hand, and turned away. You have used this café many times, but you have never been treated so rudely. You leave feeling angry, deciding never to return.

How can you explain the unusual behaviour of the person who served you?

# Organizational Behaviour – Definitions and Importance

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## **How can we explain your experience in the café?**

We can blame the personality and skills of the individual who served you. However, there are many other possible explanations such as:

- inadequate staff training;
  - staff absences increasing working pressure;
  - long hours, fatigue, poor work-life balance;
  - equipment not working properly;
  - anxiety about anticipated organizational changes;
  - domestic difficulties – family feuds, ill-health;
  - low motivation due to low pay;
  - an autocratic supervisor;
  - a dispute with colleagues creating an uncomfortable working atmosphere;
  - timing – you came in at the wrong moment.
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# Organizational Behaviour – Definitions and Importance

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- Your experience **could be explained** by contextual, individual, group, structural, and managerial process factors, in and beyond the workplace. The explanation could come from any one of those factors.

In many cases, a combination of factors will explain the behaviour in question.

- The **customer** walks away.
  - As a **member** of that organization, you have to live with these issues.
  - As a **manager**, you may be responsible for solving the problem.
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# Top 10 Attraction Drivers for Select Countries and Regions

Change in Rank Compared to Previous Quarter<sup>a</sup>

Rank	Global	Australia	China	India	Island Southeast Asia <sup>b</sup>	United Kingdom	United States
1	Compensation	Work-Life Balance	Compensation	Work-Life Balance	Work-Life Balance	Work-Life Balance	Compensation
2	Work-Life Balance	Location	Development Opportunity <b>+2</b>	Growth Rate	Respect	Location	Location <b>+2</b>
3	Stability	Stability <b>+1</b>	Future Career Opportunity <b>+2</b>	Respect <b>+2</b>	Stability <b>+1</b>	Stability	Health Benefits <b>-1</b>
4	Respect <b>+1</b>	Respect <b>+1</b>	Stability <b>-2</b>	Stability	Ethics/Integrity <b>+4</b>	Respect	Work-Life Balance <b>-1</b>
5	Location <b>-1</b>	Compensation <b>-2</b>	Work-Life Balance <b>-2</b>	Future Career Opportunity <b>+1</b>	Compensation	Vacation <b>+1</b>	Stability
6	Vacation	Ethics/Integrity	Respect <b>+2</b>	Technology Level <b>-3</b>	Health Benefits <b>-3</b>	Compensation <b>-1</b>	Respect <b>+2</b>
7	Future Career Opportunity <b>+1</b>	Future Career Opportunity <b>+2</b>	Health Benefits <b>-1</b>	Innovative Work <b>+1</b>	Future Career Opportunity <b>-1</b>	Retirement Benefits	Retirement Benefits
8	Health Benefits <b>-1</b>	Coworker Quality <b>+2</b>	Retirement Benefits <b>-1</b>	Development Opportunity <b>+1</b>	Location <b>-1</b>	Recognition	Vacation <b>-2</b>
9	Development Opportunity	Recognition <b>-1</b>	Ethics/Integrity <b>+8</b>	Location <b>+1</b>	Development Opportunity <b>+1</b>	Manager Quality <b>+3</b>	Ethics/Integrity
10	Ethics/Integrity	Manager Quality <b>-3</b>	Vacation <b>-1</b>	Compensation <b>-3</b>	People Management <b>-1</b>	Future Career Opportunity <b>+1</b>	Manager Quality <b>+3</b>

n = 40,120 (Global); 1,909 (Australia); 2,030 (China); 1,938 (India); 1,889 (Southeast Asia); 2,826 (U.K.); 4,336 (U.S.)

Source: 4Q18-1Q19 Gartner Global Labor Market Surveys

# Organizational Behaviour – Definitions and Importance

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- The study of organizational behaviour **has direct practical implications** for those who work in, manage, seek to subvert, or interact in other ways with organizations, whether they are small and local, or large and international.
- A ‘**multiple-stakeholders-inclusive-agenda**’ view of Organizational behaviour, developing a broad social science perspective.
- The term organizational behaviour was first used by **Fritz Roethlisberger** in the late 1950s, because it suggested a wider scope than human relations.
- The term behavioural sciences was first used to describe a **Ford Foundation research programme at Harvard** in 1950, and in 1957 the Human Relations Group at Harvard (previously the Mayo Group) became the **Organizational Behavior Group**.



Fritz Jules  
Roethlisberger  
(1898–1974)

# Organizational Behaviour – Definitions and Importance

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- Organizations do not ‘behave’. Only people can be said to behave. Organizational behaviour is shorthand for the **activities and interactions of people in organizations**.
  - Organizations populate our physical, social, cultural, political and economic environment, offering jobs, providing goods and services, creating our built environment, and contributing to the existence and fabric of communities.
  - The products and services of McDonald’s, Google, Apple, Microsoft, Ford, and Sony shape our existence and our daily experience.
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# Think!

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## **Consider: Total the number of organizations with which you have had contact during 3 days?**

- ‘Contact’ includes, for example, a radio programme that you listen to at breakfast, a television station that you watch, the shops that you visit, the bank with whose card you make payments, the companies who run the buses, trains and taxis that you use.
  - Also, which cinemas, bars, nightclubs, sports and social clubs did you visit? Religious and educational establishments? Medical facilities or emergency services that you have used (you never know)? Check your mail; which organizations have written to you?
  - Do you have any utility or council tax bills to pay, and from which organizations do you get these services? Have you dealt with any charity requests? Have you checked your internet service provider and social networking organizations? What companies made your computer and mobile phone? Which companies designed the browser and other software that you are using? Whose advertisements have you watched?
- Number of organizations???

**Consider what this list of organizations reveals about you and your lifestyle?**

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# Organizational Behaviour – Definitions and Importance

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*What is an organization?*

*Organization a social arrangement for achieving controlled performance in pursuit of collective goals.*

## **Social arrangements**

- To say that organizations are social arrangements is simply to observe that they are groups of people who interact with each other as a consequence of their membership.

## **Collective goals**

- Common membership implies shared objectives. Organizations are more likely to exist where individuals acting alone cannot achieve goals that are considered worthwhile pursuing.

## **Controlled performance**

- The performance of an organization as a whole determines its survival. The performance of a department determines the resources allocated to it. The performance of individuals determines pay and promotion prospects.
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# Organizational Behaviour – Definitions and Importance

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## Controlled performance

- Admission to membership of organizations is controlled, usually with reference to standards of performance – will the person be able to do the job?
  - The price of failure to perform to standard is loss of membership.
  - The need for controlled performance leads to the establishment of authority relationships.
  - The controls only work where members comply with the orders of those responsible for performing the control functions.
  - **Summary, controlled performance setting standards, measuring performance, comparing actual with standard, and taking corrective action if necessary.**
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# Organizational Behaviour – Definitions and Importance

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- Groups can achieve more than individuals acting alone.
- We achieve psychological satisfaction and material gain from organized activity.
- Senior managers may decide on objectives and try to get others to agree by calling them the ‘organization’s mission’ or ‘corporate strategy’; but they are still the goals of the people who determined them in the first place.

**Organizations can mean different things** to those who use them and who work in them, because they are significant personal and social sources of

- money, physical resources, other rewards;
  - meaning, relevance, purpose, identity;
  - order and stability;
  - security, support, protection;
  - status, prestige, self-esteem, self-confidence;
  - power, authority, and control.
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# Organizational Behaviour – Definitions and Importance

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The goals pursued by individual members of an organization can be quite different from the collective purpose of their organized activity.

This creates an **organizational dilemma** – how to design organizations that are effective in achieving overall objectives, while also meeting the needs of those who work for them.

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# A field map of the organizational behaviour terrain

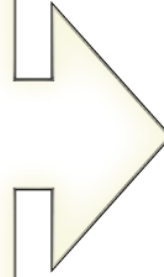
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*How can behaviour in organizations be explained?*

- To answer this question systematically we - develop a ‘field map’ of the **organizational behaviour terrain**.
  - The map shows that we want to explain two sets of outcomes: **organizational effectiveness**, and **quality of working life**.
  - Organizations and their members have plans for the future which influence actions today.
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## PESTLE: The **P**olitical, **E**conomic, **S**ocial, **T**echnological, **L**egal, and **E**cological Context

- **Individual** factors
- **Group** factors
- **Structural** factors
- **Management process** factors



- **organizational effectiveness**
- **quality of working life**

the organization's past,

present,

and future



# A field map of the organizational behaviour terrain

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*Remember the rude and unhelpful person serving in your café?*

Consequences with a field map of the Organizational behaviour...

- **Context factors (PESTLE):** Maybe the store is facing competition, sales have collapsed, the store is closing next month, and the loyal shop assistant is bitter about being made redundant (economic factors). Perhaps closure is threatened because the local population is falling, and reducing sales (social issues).
  - **Individual factors:** Maybe the shop assistant is not coping with the demands of the job because training has not been provided (learning deficit). Maybe this assistant is not suited to work that involves interaction with a demanding public (personality traits). Or perhaps the shop assistant finds the job boring and lacks challenge (motivation problem).
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# A field map of the organizational behaviour terrain

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*Remember the rude and unhelpful person serving in your café?*

Consequences with a field map of the Organizational behaviour...

- **Group factors:** Maybe the employees in this part of the organization have not formed a **cohesive team** (group formation issues). Maybe this shop assistant is **excluded** from the group for some reason (a newcomer, perhaps) and is **unhappy** (group structure problems). The informal **norm for dealing** with awkward customers like you is to be awkward in return, and this assistant is just ‘playing by the rules’ (group norms).
  - **Structural factors:** Perhaps the organization is bureaucratic and slow, and our assistant is anxiously **waiting for a long-standing** issue to be resolved (hierarchy problems). Maybe there is concern about the way in which **work is allocated** (work design problems). Perhaps the unit **manager cannot deal with problems** without referring them to a regional manager who doesn’t understand local issues (decision-making issues).
  - **Management process factors:** Maybe the shop assistant is annoyed at the autocratic behaviour of the unit manager (inappropriate leadership style), or is suffering ‘**initiative fatigue**’ following organizational changes (change problems). Perhaps the assistant feels that management has made decisions **without consulting** employees who have useful information and ideas (management decision-making problems).
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# A field map of the organizational behaviour terrain

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- The term **organizational effectiveness** is controversial, because different stakeholders have different ideas about what counts as ‘effective’. A stakeholder is anyone with an interest, or stake, in the organization.
  - For **commercial companies**, effectiveness usually means ‘profit’, but this raises other issues.
  - Some **organizations forgo profit temporarily**, in order to increase market share, which contributes to corporate survival and growth.
  - **Shareholders** want a return on investment; customers want quality products or services at reasonable prices; managers want high-flying careers; most employees want decent pay, good working conditions, development and promotion opportunities, and job security.
  - **Environmental groups** want organizations to protect wildlife, reduce carbon dioxide emissions and other forms of pollution, reduce traffic and noise levels, and so on.
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# A field map of the organizational behaviour terrain

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- **Quality of working life** is linked to organizational effectiveness, and also to most of the other factors on the left-hand side of our map.

It is difficult to talk about quality of working life without considering an

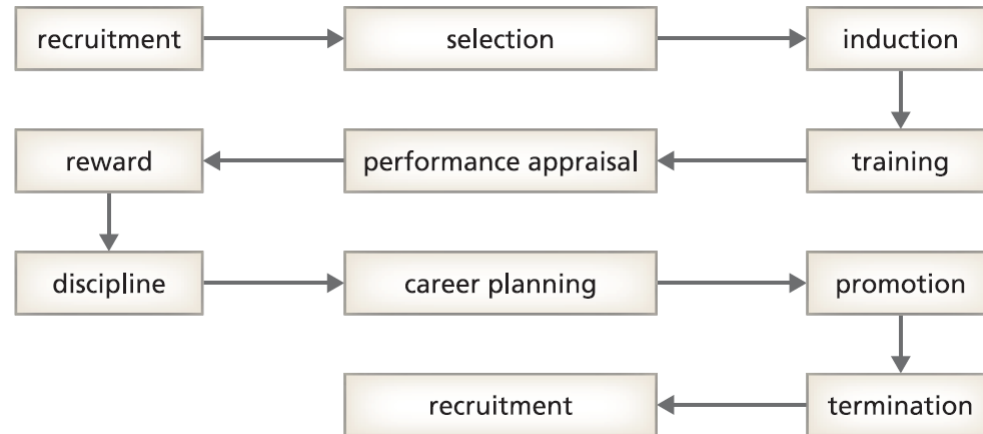
- individual's overall assessment of satisfaction with their job,
  - working conditions,
  - pay,
  - colleagues,
  - management style,
  - organization culture,
  - work-life balance,
  - and training, development, and career opportunities.
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# Human resource management: OB in action

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- One area where organizational behaviour (OB) contributes to **evidence-based practice** is human resource management (HRM – or personnel management).
  - OB is concerned with understanding micro- and macro-organizational issues, at individual, group, corporate, and contextual levels of analysis.
  - HRM develops and implements **policies** which enhance the quality of working life and encourage commitment, engagement, flexibility, and high performance from employees in the context of corporate strategy.
  - HRM can be seen as ‘**organizational behaviour in practice**’, and this applies to all stages of the employment cycle.
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## The employment cycle

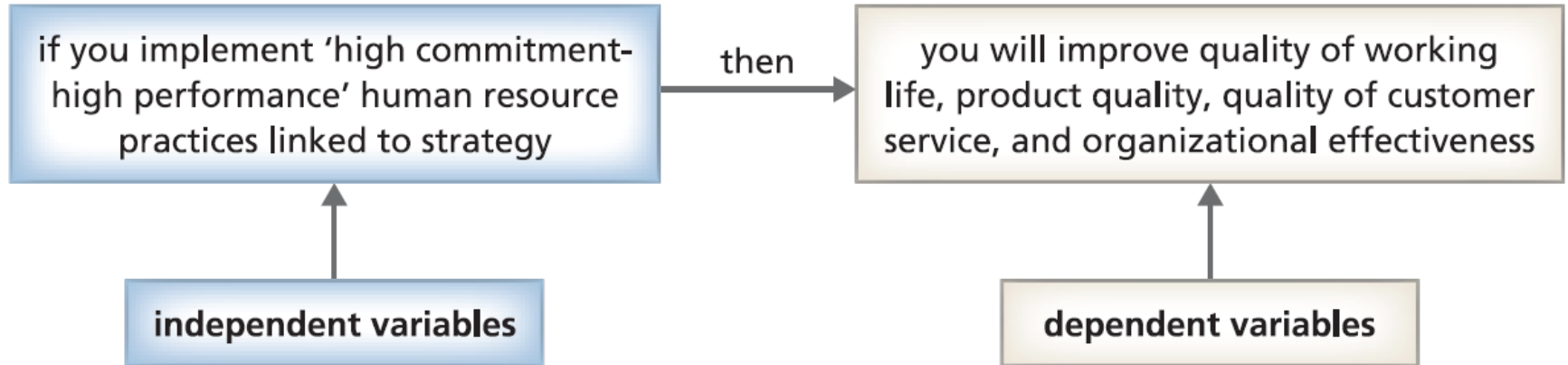


<b>HRM functions</b>	<b>issues and activities</b>	<b>OB topics</b>
<b>recruitment, selection, induction</b>	getting the right employees into the right jobs; recruiting from an increasingly diverse population; sensitivity to employment of women, ethnic minorities, the disabled, the elderly	environmental turbulence; PESTLE analysis; personality assessment; communication; person perception; learning; new organizational forms
<b>training and development</b>	tension between individual and organizational responsibility; development as a recruitment and retention tool; coping with new technologies	technology and job design; new organizational forms; learning; the learning organization; motivation; organizational change
<b>performance appraisal and reward</b>	annual appraisal; pay policy; fringe benefits; need to attract and retain staff; impact of teamwork on individual pay	motivation; expectancy theory; equity theory; group influence on individual behaviour; teamworking
<b>managing conduct and discipline</b>	sexual harassment, racial abuse, drug abuse, alcohol abuse, health and safety; monitoring misconduct; using surveillance; formulation and communication of policies	surveillance technology; learning; socialization; behaviour modification; organizational culture; managing conflict; management style
<b>participation and commitment</b>	involvement in decisions increases commitment; design of communications and participation mechanisms; managing organizational culture; tap ideas, release talent, encourage loyalty	communication; motivation; organization structure; organization culture; new forms of flexible organization; organizational change; leadership style
<b>organization development and change</b>	the personnel/human resource management role in facilitating development and change; flexible working practices	organization development and change; motivation and job design; organization culture and structure; leadership



# The basic model of HRM

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# The Bath model of HRM

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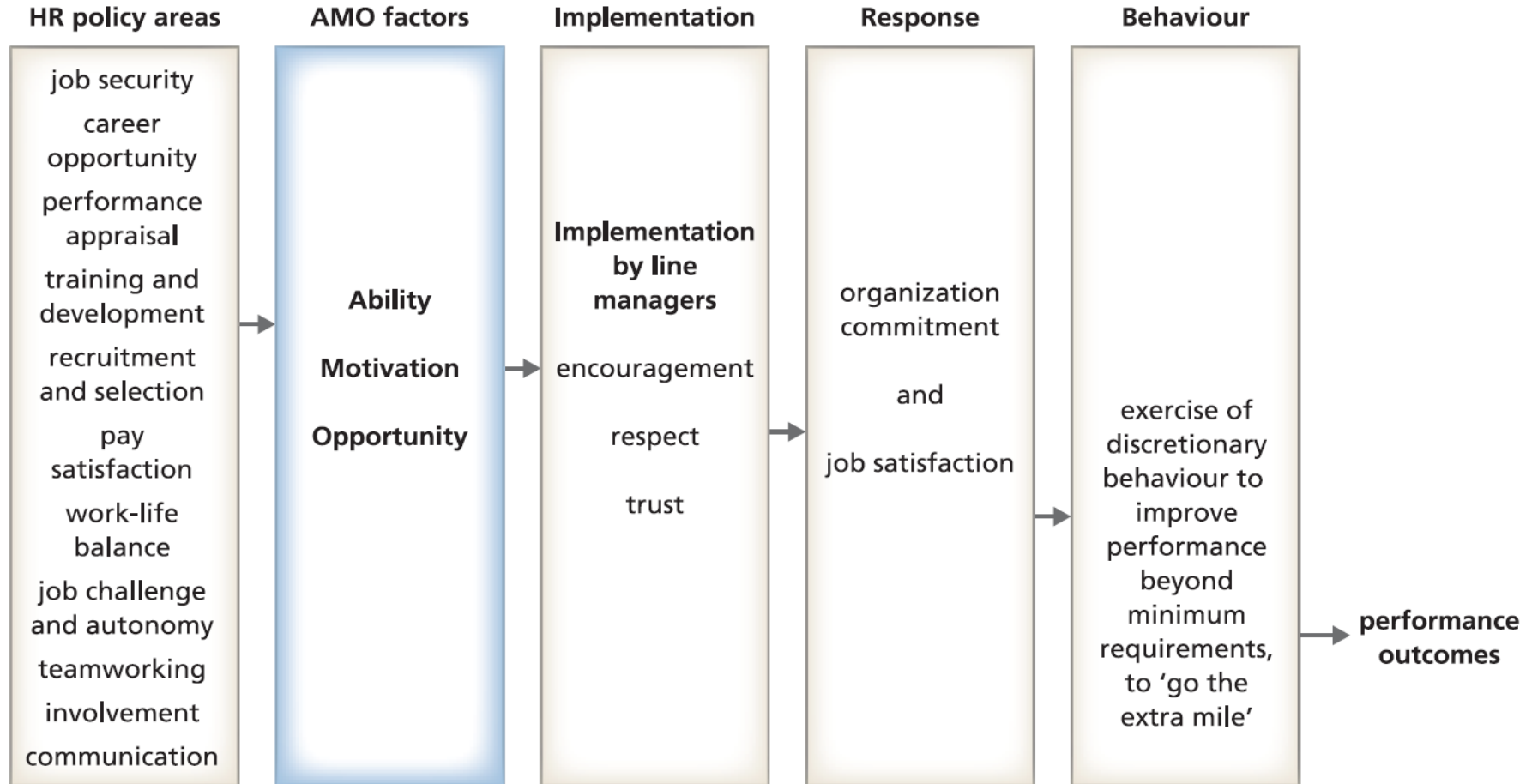
- This approach focuses on the processes through which **HR policies influence employee behaviour and performance.**
- This model argues that, for people to perform beyond the minimum requirements of a job, three factors, **Ability, Motivation and Opportunity (AMO)** are necessary:

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Factor	Employees must
<b>Ability</b>	have job skills and knowledge, including how to work well with others
<b>Motivation</b>	feel motivated to do the work, and to do it well
<b>Opportunity</b>	be able to use their skills, and contribute to team and organizational success

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# The Bath model of HRM



# The Bath model of HRM

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**The policies central to this model are:**

- recruitment and selection that is careful and sophisticated;
  - training and development that equips employees for their job roles;
  - career opportunities provided;
  - communication that is two-way, and information-sharing;
  - involvement of employees in management decision-making;
  - teamworking;
  - performance appraisal and development for individuals;
  - pay that is regarded as equitable and motivating;
  - job security;
  - challenge and autonomy in jobs;
  - work-life balance.
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# Discretionary behaviour

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- Most employees have some choice over how, and how well, they perform their jobs. This is known as **discretionary behaviour**.
    - Sales assistants, for example, can decide to adopt a casual and unsympathetic tone, or they can make customers feel that their concerns have been handled in a competent and friendly way.
  - **Negative, uncaring behaviours** are often a response to an employee's perception that the organization no longer cares about them. When one member of staff annoys a customer, and management finds out, then that employee has a problem.
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# Discretionary behaviour

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## What encourages employees to ‘go the extra mile’?

The answer lies in the model’s process theory, which explains performance outcomes in terms of a combination of factors:

1. Basic **HR policies** are required to produce the Ability, Motivation and Opportunity central to any level of performance.
  2. The **line managers** who ‘bring these policies to life’ have to communicate trust, respect and encouragement. This is achieved through the way that they give directions, and respond to suggestions.
  3. The **combination of HR policies with line management behaviours** must lead to feelings of job satisfaction and employee commitment. Otherwise, the policies themselves will have little impact on behaviour and performance.
  4. **People tend to use positive discretionary behaviours** when they experience pride in their organization, and want to stay there. Commitment and job satisfaction thus encourage employees to use discretionary behaviour to perform better.
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# The 'hard' and 'soft' HR practices

## How does HR work in this situation?

Short Long

- The human resource (HR) function is traditionally the 'employees' champion', but it is also responsible for ensuring that employment practices fit the company's commercial strategy. These roles involve the use of 'hard' and 'soft' HR practices.
- Hard HR aims to control or reduce costs.
- Soft HR aims to maintain motivation and commitment.
- In a recession, a company's need to control costs can conflict with its employees' desire for job security.

hard HR	soft HR
cut pay and bonuses	improve communications
reduce headcount	engage and involve staff
cut working time	training, talent management, redeployment
control recruitment and promotion	larger pay cuts for higher paid staff
measure productivity	in-sourcing
<i>reduce costs</i>	<i>build motivation and commitment</i>

# RECAP

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***Explain the importance of an understanding of organizational behaviour.***

- *Organizations influence almost every aspect of our daily lives in a multitude of ways.*
- *If we eventually destroy this planet, the cause will not lie with technology or weaponry, but with ineffective organizations and management practices.*

***Explain and illustrate the central dilemma of organizational design.***

- *The organizational dilemma concerns how to reconcile the inconsistency between individual needs and aspirations, and the collective purpose of the organization.*

***Understand the need for explanations of behaviour in organizations that take account of relationships between factors at different levels of analysis.***

- *The study of organizational behaviour is multidisciplinary, drawing in particular from psychology, social psychology, sociology, economics and political science.*
  - *Organizational behaviour involves a multi-level study of the external environment, the internal structure, functioning, and performance of organizations, and the behaviour of groups and individuals.*
  - *Organizational effectiveness and quality of working life are explained by a combination of contextual, individual, group, structural, process, and managerial factors.*
  - *In considering explanations of Organizational behaviour, systemic thinking is required, avoiding explanations based on single causes, and considering a range of interrelated factors*
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**We can share our  
thoughts and ask  
questions**



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