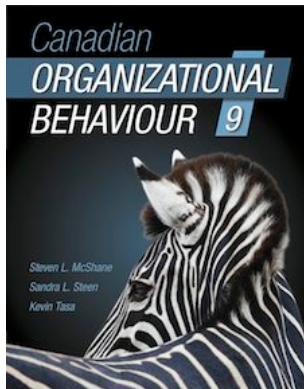


# Instructor's Manual to Accompany **Canadian Organizational Behaviour 9/e**

by **Steven L. McShane, Sandra L. Steen, and Kevin Tasa**



## **Chapter 1: Introduction to the Field of Organizational Behaviour**

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# Introduction to the Field of Organizational Behaviour

## LEARNING OBJECTIVES

*After reading this chapter, students should be able to:*

- LO1. Define organizational behaviour and organizations, and discuss the importance of this field of inquiry.
- LO2. Compare and contrast the four current perspectives of organizational effectiveness.
- LO3. Debate the organizational opportunities and challenges of globalization, workforce diversity, and emerging employment relationships.
- LO4. Discuss the anchors on which organizational behaviour knowledge is based.



## CHAPTER GLOSSARY

corporate social responsibility (CSR) -- Organizational activities intended to benefit society and the environment beyond the firm's immediate financial interests or legal obligations.

deep-level diversity -- Differences in the psychological characteristics of employees, including personalities, beliefs, values, and attitudes.

ethics -- The study of moral principles or values that determine whether actions are right or wrong and outcomes are good or bad.

evidence-based management -- The practice of making decisions and taking actions based on research evidence.

globalization -- Economic, social, and cultural connectivity with people in other parts of the world.

high-performance work practices (HPWP) -- A perspective which holds that effective organizations incorporate several workplace practices that leverage the potential of human capital.

human capital -- The stock of knowledge, skills, and abilities among employees that provide economic value to the organization.

intellectual capital -- A company's stock of knowledge, including human capital, structural capital, and relationship capital.

open systems -- A perspective which holds that organizations depend on the external environment for resources, affect that environment through their output, and consist of internal subsystems that transform inputs to outputs.

organizational behaviour (OB) -- The study of what people think, feel, and do in and around organizations

organizational effectiveness -- A broad concept represented by several perspectives, including the organization's fit with the external environment, internal subsystems configuration for high performance, emphasis on organizational learning, and ability to satisfy the needs of key stakeholders.

organizational efficiency -- The amount of outputs relative to inputs in the organization's transformation process.

organizational learning -- A perspective which holds that organizational effectiveness depends on the organization's capacity to acquire, share, use, and store valuable knowledge.

organizations -- Groups of people who work interdependently toward some purpose.

relationship capital -- The value derived from an organization's relationships with customers, suppliers, and others.

stakeholders -- Individuals, groups, and other entities that affect, or are affected by, the organization's objectives and actions.

structural capital -- Knowledge embedded in an organization's systems and structures.

surface-level diversity -- The observable demographic or physiological differences in people, such as their race, ethnicity, gender, age, and physical disabilities.

values -- Relatively stable, evaluative beliefs that guide a person's preferences for outcomes or courses of action in a variety of situations.

virtual work -- Work performed away from the traditional physical workplace by using information technology.

work-life balance -- The degree to which a person minimizes conflict between work and non-work demands.

## CHAPTER SUMMARY BY LEARNING OBJECTIVE

### 1-1 Define organizational behaviour and organizations, and discuss the importance of this field of inquiry.

Organizational behaviour is the study of what people think, feel, and do in and around organizations. Organizations are groups of people who work interdependently toward some purpose. OB theories help people to (a) make sense of the workplace, (b) question and rebuild their personal mental models, and (c) get things done in organizations. OB knowledge is for every- one, not just managers. OB knowledge is just as important for the organization's financial health.

### 1-2 Compare and contrast the four current perspectives of organizational effectiveness.

The open systems perspective views organizations as complex organisms that "live" within an external environment. They depend on the external environment for resources, then use organizational subsystems to transform those resources into outputs that are returned to the environment. Organizations receive feedback from the external environment to maintain a good "fit" with that environment. Fit occurs by adapting to the environment, managing the environment, or moving to another environment. According to the organizational learning perspective, organizational effectiveness depends on the organization's capacity to acquire, share, use, and store valuable knowledge. Intellectual capital consists of human capital, structural capital, and relationship capital. Knowledge is retained in the organizational memory; companies also selectively unlearn.

The high-performance work practices (HPWP) perspective identifies a bundle of systems and structures to leverage work- force potential. The most widely identified HPWPs are employee involvement, job autonomy, developing employee competencies, and performance/skill-based rewards. HPWPs improve organizational effectiveness by building human capital, increasing adaptability, and strengthening employee motivation and attitudes. The stakeholder perspective states that leaders manage the interests of diverse stakeholders by relying on their personal and organizational values for guidance. Ethics and corporate social responsibility (CSR) are natural variations of values-based organizations because they rely on values to guide the most appropriate decisions involving stakeholders. CSR consists of organizational activities intended to benefit society and the environment beyond the firm's immediate financial interests or legal obligations.

### **1-3 Debate the organizational opportunities and challenges of globalization, workforce diversity, and emerging employment relationships.**

Globalization, which refers to various forms of connectivity with people in other parts of the world, has several economic and social benefits, but it may also be responsible for work intensification, and reduced job security and work-life balance. Workforce diversity is apparent at both the surface level (observable demographic and other overt differences in people) and deep level (differences in personalities, beliefs, values, and attitudes). There is some evidence of deep-level diversity across generational cohorts. Diversity may be a competitive advantage by improving decision making and team performance on complex tasks, yet it also brings numerous challenges such as dysfunctional team conflict and lower team performance. One emerging employment relationship trend is the call for more work-life balance (minimizing conflict between work and nonwork demands). Another employment trend is virtual work, particularly working from home (tele-work). Working from home potentially increases employee productivity and reduces employee stress, but it may also lead to social isolation, reduced promotion opportunities, and tension in family relations.

### **1-4 Discuss the anchors on which organizational behaviour knowledge is based.**

The multidisciplinary anchor states that the field should develop from knowledge in other disciplines (e.g., psychology, sociology, economics), not just from its own isolated research base. The systematic research anchor states that OB knowledge should be based on systematic research, which is consistent with evidence-based management. The contingency anchor states that OB theories generally need to consider that there will be different consequences in different situations. The multiple levels of analysis anchor states that OB topics may be viewed from the individual, team, and organization levels of analysis.

# LECTURE OUTLINE (WITH POWERPOINT® SLIDES)



Introduction to the Field of OB  
Slide 1

## Introduction to the Field of Organizational Behaviour



Opening Vignette – HootSuite  
Slide 2

## Opening Vignette – HootSuite

Vancouver-based HootSuite is a rapidly growing technology success story through its visionary leadership, adaptability, collaborative and creative culture, and other effective organizational behaviour practices

- Culture of collaboration and creativity
- Supports employee morale, wellbeing, and motivation
- Relies on developmental coaching, recognition, and meaningful feedback to motivate and train staff



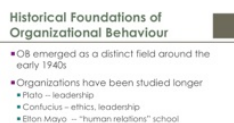
The Field of Organizational Behaviour  
Slide 3

## The Field of Organizational Behaviour

Organizational behaviour (OB) -- study of what people think, feel, and do in and around organizations

Organizations -- groups of people who work interdependently toward some purpose

- Collective entities – people interact with each other in an organized way
- Organizations have a collective sense of purpose -- e.g. developing Internet products or designing better aircraft



Historical Foundations of Organizational Behaviour  
Slide 4

## Historical Foundations of Organizational Behaviour

OB emerged as a distinct field around the early 1940s, but organizations have been studied for centuries

- Plato wrote about leadership
- Confucius extolled the virtues of ethics and leadership
- Elton Mayo and his focus, "the human relations" school, laid the foundation for today's field of organizational behaviour

### Why Study OB?

- Helps us make sense of and predict our world
  - Question personal beliefs/assumptions
  - Adopt more accurate models of workplace behaviour
- Knowledge/tools to work with others
- Organizational behaviour is for everyone
  - Helps everyone, not just managers
- OB and the bottom line
  - OB practices affect organization's survival and success

### Why Study OB?

Slide 5

## Why Study OB?

Helps us to make sense of and predict the world in which we live

Use OB theories to question our personal beliefs and assumptions

- Adopt more accurate models of workplace behaviour

Helps us to get things done in the workplace

- Helps people to get things done—provides knowledge and tools for working with and through others

Organizational behaviour is for everyone

- Valuable for everyone who works in and around organizations

OB and the Bottom Line

- OB practices are powerful predictors of the organization's survival and success

### Organizational Effectiveness

- The ultimate dependent variable in OB
- Old approach – achieving stated goals
- Problem with goal attainment
  - Could set easy goals
  - Company might achieve wrong goals



### Organizational Effectiveness

Slide 6

## Organizational Effectiveness

The ultimate dependent variable in OB

- The outcome that most OB theories are ultimately trying to achieve

Old and now discredited definition of organizational effectiveness was based on achieving stated objectives

- Leadership could set easy goals
- Goals might aim the organization in the wrong direction

### Four Perspectives of Organizational Effectiveness

- Open Systems Perspective
- Organizational Learning Perspective
- High-Performance WP Perspective
- Stakeholder Perspective

NOTE: Need to consider all four perspectives when assessing a company's effectiveness

### Four Perspectives of Organizational Effectiveness

Slide 7

## Four Perspectives of Organizational Effectiveness

Open systems: firms have a good fit with their external environment

Organizational learning: firms are learning organizations

High-performance work practices: firms have efficient and adaptive internal subsystems

Stakeholders: firms satisfy the needs of key stakeholders

### Open Systems Perspective

- Organizations – complex systems that “live” within, depend on, external environment
- Organizations have subsystems– transform inputs to outputs
- Effective organizations
  - Maintain a close “fit” with changing conditions
  - Transform inputs to outputs efficiently and flexibly
- Foundation for the other three organizational effectiveness perspectives

### Open Systems Perspective

Slide 8

## Open Systems Perspective

Organizations are complex systems that live within a external environment

External environment – organizations depend on the external environment for resources e.g. raw materials, job applicants, financial resources, etc.

- Place demands on how the organization should operate e.g. laws and cultural norms

Internal subsystems – transform outputs into inputs

Organizations are effective when they maintain a good “fit” with their external environment

- Change products and services as well as how those products are produced
- Actively manage their external environment e.g. marketing
- Move to a new environment

Internal Subsystems Effectiveness – how well the organization transforms inputs to outputs

- Organizational efficiency (productivity)
- Coordination is vital in the relationship among internal subsystems

### Open Systems Perspective



### Open Systems Model

Slide 9

### Organizational Learning Perspective

- An organization's capacity to acquire, share, use, and store valuable knowledge
- Consider both stock and flow of knowledge
- Stock: intellectual capital
- Flow: org learning processes of acquisition, sharing, use, and storage



### Organizational Learning Perspective

Slide 10

## Organizational Learning Perspective

Effective organizations find ways to acquire, share, use, and store knowledge

Need to consider both stock and flow of knowledge

- Stock: intellectual capital
- Flow: org learning processes of acquisition, sharing, use, and storage

## Intellectual Capital



### Intellectual Capital

Slide 11

## Intellectual Capital

A company's stock of knowledge including human, structural and relationship capital

### Human capital

- Stock of knowledge, skills, and abilities among employees that provide economic value to the organization

### Structural capital

- Knowledge embedded in an organization's systems and structures e.g. documentation of work procedures

### Relationship capital

- Value derived from an organization's relationships with customers, suppliers, and others who provide added mutual value for the organization e.g. brand image

## Organizational Learning Processes



### Organizational Learning Processes

Slide 12

## Organizational Learning Processes

### Knowledge acquisition

- Extracting information and ideas from the external environment as well as through insight e.g. hiring people, acquiring companies, when employees learn from external sources, experimentation

### Knowledge sharing

- Distributing knowledge to others across the organization e.g. structured and informal communication, various forms of learning, intranets

### Knowledge use

- Applying knowledge in ways that add value
- Requires awareness that knowledge is available, autonomy to apply knowledge, and a culture that supports learning

### Knowledge storage

- Processes to maintain organizational memory

### Organizational Memory

- The storage and preservation of intellectual capital
- Retain intellectual capital by:
  - Keeping knowledgeable employees
  - Transferring knowledge to others
  - Transferring human capital to structural capital
- Successful companies also unlearn



### Organizational Memory

Slide 13

## Organizational Memory

The storage and preservation of intellectual capital

Retain intellectual capital by:

1. Keeping knowledgeable employees
2. Systematically transferring knowledge to other employees
3. Transferring human capital to structural capital (e.g. documentation)

Organizational unlearning – successful companies also unlearn

- Unlearn routines and patterns of behaviour
- Removes knowledge that no longer adds value

### High-Performance Work Practices

- Workplace practices that leverage the potential of human capital
- Four HPWPs (likely others)
  1. Employee involvement
  2. Job autonomy
  3. Develop competencies (training, selection)
  4. Performance-based rewards
- Need to “bundle” them – work best together

### High-Performance Work Practices (HPWP) Perspective

Slide 14

## High Performance Work Practices (HPWPs)

Effective organizations incorporate several workplace practices that leverage the potential of human capital

Four HPWPs recognized in most studies:

1. Employee involvement
2. Job autonomy
  - Both of these strengthen employee motivation, improve decision making, organizational responsiveness, and commitment to change – together often take the form of self-directed teams
3. Employee competencies
  - Recruit and select people with relevant skills, knowledge, values and other personal characteristics
  - Invest in employee training and development
4. Performance/skill-based rewards
  - Link performance and skill development to financial and non-financial rewards valued by employees

Note: Organizations excel by introducing a bundle of systems and structures that leverage the potential of their workforce

HPWP Limitations

- Provides an incomplete picture of organizational effectiveness
- Gaps are mostly filled by the stakeholder perspective



Corporate Social Responsibility at MTN

Slide 15

## Corporate Social Responsibility at MTN

At MTN Group, Africa's largest mobile (cell) phone company, employees help the community and environment through the company's award-winning "21 Days of Y'ello Care" program. This photo shows MTN employees painting schools during a recent Y'ello Care event.



Stakeholder Perspective

Slide 16

## Stakeholder Perspective

Stakeholders defined:

- Entities that affect or are affected by the organization's objectives and actions
- Employees, shareholders, suppliers, labour unions, government, communities, etc.

Personalizes the open-systems perspective

- Identifies specific people and social entities
- Stakeholder relations are dynamic i.e. can be managed

Challenges with stakeholder perspective:

- Stakeholders have conflicting interests
- Firms have limited resources to satisfy stakeholders



Stakeholders: Values and Ethics

Slide 17

## Stakeholders: Values and Ethics

We rely on values and ethics to prioritize stakeholder interests

Values

- Relatively stable, evaluative beliefs that guide our preferences for outcomes or courses of action in various situations
- Shared values – similar values held by groups of people

Ethics

- Study of moral principles/values, determine whether actions are right/wrong and outcomes are good or bad
- Rely on ethical values to determine "the right thing to do"

## Stakeholders and CSR

- Stakeholder perspective includes corporate social responsibility (CSR)
- Benefit society and environment beyond the firm's immediate financial interests or legal obligations
- Organization's contract with society
- Triple bottom line
- Economy, society, environment



### Stakeholders and CSR

Slide 18

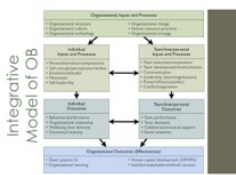
## Stakeholders and CSR

Stakeholder perspective includes corporate social responsibility (CSR)

- Benefit society and the environment beyond the firm's immediate financial interests or legal obligations
- Organization's contract with society—serve stakeholders beyond shareholders and customers

Triple-bottom-line philosophy

- Economic – survive and be profitable
- Society – maintain or improve conditions
- Environment – becoming “greener”



### Integrative Model of OB

Slide 19

## Integrative Model of OB

- Individual inputs and processes influence individual outcomes which have a direct effect on the organization's effectiveness
- Team inputs influence team processes which then affect team performance and other outcomes
- Team processes and outcomes affect individual processes and outcomes
- Organizational inputs and processes have macro-level influence on both teams and individuals

## Globalization

- Economic, social, and cultural connectivity with people in other parts of the world
- Due to better communication and transportation systems
- Effects of globalization on organizations
  - Larger markets, lower costs, more innovation
  - Increasing diversity
  - Increasing work intensification, less work/life balance (24/7 schedule)

### Globalization

Slide 20

## Contemporary Challenges for Organizations

### 1. Globalization

Economic, social, and cultural connectivity with people in other parts of the world

- Actively participate in other countries and cultures
- Increased globalization due to improved information technology and transportation systems

Effects of Globalization on Organizations

- Benefits – larger markets, lower costs, greater access to knowledge and innovation
- Increases work intensification, reduces job security, and work/life balance
- Requires additional knowledge and skills e.g. global mindset

#### Increasing Workforce Diversity

- Surface-level vs. deep-level diversity
- Opportunities/challenges
  - Better knowledge, decisions, representation, financial returns
  - Challenges of team development, conflict
- Surface-level diversity is an ethical imperative



Increasing Workforce Diversity

Slide 21

## 2. Increasing Workforce Diversity

### Surface-level diversity

- Observable demographic or physiological differences in people (e.g. race, ethnicity, gender, age, physical disabilities)
- Increasing surface-level diversity in Canada and other countries

### Deep-level diversity

- Differences in the psychological characteristics of employees (e.g. personalities, beliefs, values, and attitudes)
- Example: Generational differences

### Consequences of diversity – opportunities and challenges

- Diverse knowledge, make better decisions on complex problems, higher financial returns (at least in the short run)
- Challenges of diversity (e.g. team development, conflict)
- Surface-level diversity is a moral and legal imperative

#### Emerging Employment Relationships

- Work-life balance
  - Minimizing conflict between work and nonwork demands
- Virtual work
  - Using information technology to perform one's job away from the traditional physical workplace
  - Telecommuting – issues of social isolation, emphasis on face time, employee self-motivation

Emerging Employment Relationships

Slide 22

## 3. Emerging Employment Relationships

### Work-life balance

- Degree to which a person minimizes conflict between work and nonwork demands
- One of the most important employment issues over the past decade

### Virtual Work

- Work performed away from the traditional physical workplace by using information technology
- Telework attracts job applicants and improves work-life balance for most people; can improve employee productivity, allows employees to remain productive when weather or natural disaster block access to the office
- Telework has environmental and financial benefits and reduces employee costs
- Telecommuting issues include social isolation, reduced promotion opportunities, emphasis on face time
- Telecommuting better suited to people who are self-motivated, organized, work effectively with technology, and fulfil social needs elsewhere



Organizational  
Behaviour Anchors  
Slide 23

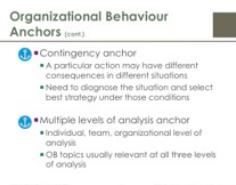
## Organizational Behaviour Anchors

### Systematic research anchor

- OB knowledge should be based on systematic research involving forming research questions, collecting data, and testing hypotheses
- Produces evidence-based management – making decisions and taking actions on research evidence i.e. researchers rely on scientific method (rather than accepting fads and other knowledge that lacks sufficient evidence)

### Multidisciplinary anchor

- OB should welcome theories and knowledge in disciplines e.g. psychology (individual and interpersonal behaviour); sociology (team dynamics, organizational power); communications; marketing; information systems, etc.
- May result in a “trade deficit” and leave OB vulnerable to a lack of common identity



Organizational  
Behaviour Anchors  
(cont'd)  
Slide 24

## Organizational Behaviour Anchors (cont'd)

### Contingency anchor

- A particular action may have different consequences in different situations – no single solution is best all the time
- Need to understand and diagnose the situation and select the strategy most appropriate under those conditions

### Multiple levels of analysis anchor

1. Individual e.g. personality, motivation, etc.
  2. Team (including interpersonal relations) e.g. team norms, cohesion, etc.
  3. Organizational
- OB topics usually relevant at all three levels of analysis



Introduction to the Field  
of OB  
Slide 25

## Introduction to the Field of Organizational Behaviour



## SOLUTIONS TO CRITICAL THINKING QUESTIONS

1. **A friend suggests that organizational behaviour courses are useful only to people who will enter management careers. Discuss the accuracy of your friend's statement.**

This chapter begins by saying that this book is about people working in organizations. Undoubtedly, many individuals will specialize in a distinct field of study and enter careers other than management. However, they too will be members in work organizations. As such, the three main reasons for studying organizational behaviour (understanding, predicting, influencing) will benefit them as well. You may think of this technical knowledge/skills as providing “what” you need to know and be able to do to be successful in your chosen field. On the other hand, OB knowledge benefits everyone by addressing the people issues needed to apply technical knowledge and skills. Knowledge of OB provides valuable knowledge of “how” to address these people issues when applying accounting, marketing, engineering and other ideas in organizational settings. Ultimately, an individual's career success is largely determined by his or her ability to understand and apply concepts in motivation, communication, team dynamics and other OB topics.

2. **A young college or university student from Canada is interested in doing international business across China, India, Brazil, and Russia. Discuss how the knowledge of OB can be useful to the student.**

The study of OB is for anyone who works in an organization. If a student from Canada is interested in doing international business across the emerging economies, Brazil, Russia, China and India, s/he will need to work as an individual, in groups and teams or in an organization with those from the other countries. In either case, s/he needs to understand how people think, feel, and do in and around organizations. The study of OB looks at employee behaviour, decisions, perceptions and emotional responses at multiple levels, individual, teams and organizations; as well as how organizations interact with the external environment. Thus, knowledge acquired by study of OB can provide the student an understanding of these aspects of organizations and behaviour and thus help in getting things done while doing international business.

3. **After hearing a seminar on organizational learning, a mining company executive argues that this perspective ignores the fact that mining companies could not rely on knowledge alone to stay in business. They also need physical capital (such as digging and ore processing equipment) and land (where the minerals are located). In fact, these two may be more important than what employees carry around in their heads. Evaluate the mining executive's comments.**

Some executives still view land and capital as a company's most valuable assets. They give lip service to the idea that “People are our most value assets” but still don't understand that land and capital have little value without people. For instance, this mining company would not have found land with ore deposits unless it had the knowledge to find those minerals. It could not operate the equipment to extract and refine the ore unless it had enough knowledge.

The executive's comment that companies cannot remain in business with only knowledge is incorrect. On the contrary, some of the wealthiest organizations (including many software companies and consulting firms) have few physical assets. Many firms have sold their headquarters and other buildings because their competitive advantage -- their source of wealth -- is found in knowledge. Mining companies are also outsourcing several aspects of physical assets. Their ships and rail cars are often owned by others. The digging equipment is leased or owned by companies that specialize in drilling. The major oil companies today are mainly in the knowledge business -- prospecting for minerals or marketing what others have found and extracted.

This question also suggests a subtle misunderstanding by the executive about organizational learning. Although much corporate knowledge resides in the brains of its employees (called human capital), it also resides in the organization's systems and structures (known as structural capital).

**4. It is said that the CEO and other corporate leaders are keepers of the organization's memory. Please discuss this.**

The organization's so called "memory" is knowledge gleaned through the storage and preservation of intellectual capital but it also includes knowledge held by key employees. Some of that knowledge is explicit knowledge that core members can access easily, but some of that knowledge is not easily documented, and is called "tacit" knowledge. We believe that knowledge (widely known or tacit) can be transferred through systems, processes, people – which is tantamount to sharing of best practices. However, when those learnings cease to provide any value proposition to the organization, "unlearning" needs to occur. This is essentially a process whereby people, structures, systems, processes erase the knowledge that no longer is a value add to the firm. So replacing dysfunctional policies (i.e., time clocks for knowledge workers engaged in globally distributed work; removing dress codes and other etiquette formalities are examples of erasing old processes that no longer work in our globalized world.

**5. A common refrain among executives is "People are our most important asset." Relate this statement to any two of the four perspectives of organizational effectiveness presented in this chapter. Does this statement apply better to some perspectives than to others? Why or why not?**

This is an open discussion question because the statement can relate to all four perspectives of organizational effectiveness.

Open systems -- probably the least focus on employees of the four perspectives. People represent the internal subsystems of organizations, so are vital in that respect. Some employees are also "boundary spanners" in that they link the organization to the external environment.

Organizational learning -- this perspective views employees as reasonably important because they hold a large portion of intellectual capital (human capital and possibly some forms of relationship capital). People bring knowledge into the organization and are largely responsible for sharing that knowledge. Knowledge use is also ultimately a human endeavour.

High performance work practices -- arguably the perspective that views people (employees) as the most critical resource. HPWPs embrace the human capital model; they consider employees as competitive advantage. HPWPs are practices to leverage or unleash the competitive advantage potential of employees.

Stakeholder -- Employees are one type of stakeholder, so the statement applies to this perspective. It recognizes that employees have a vested interest in the organization and its actions.

**6. Corporate social responsibility is one of the hottest issues in corporate boardrooms these days, partly because it is becoming increasingly important to employees and other stakeholders. In your opinion, why have stakeholders given CSR more attention recently? Does abiding by CSR standards potentially cause companies to have conflicting objectives with some stakeholders in some situations?**

These questions are open to speculation and debate. Many will suggest that CSR has become more important because of global warming, loss of habitat, and other highly visible indicators of problems. In addition, a few might argue that increasing wealth allows society to raise the bar on companies by demanding that they contribute more to society. Still others might suggest that globalization has brought developed world companies closer to people in poverty and countries in need of better health standards.

Students may state that corporate scandals have raised CSR as a priority. Other reasons include the preference of stakeholders wanting to be associated with organizations that are deemed socially responsible. This preference has not gone unnoticed in corporate boardrooms. A growing number of companies are equating social responsibility with increased profitability. As a result, they are changing the way they do business. They reason that CSR can be leveraged as a competitive advantage in the market.

Regarding the conflicting objectives, many students would agree. After all, the textbook states that companies can't satisfy all stakeholders because there are limited resources and stakeholders have conflicting goals. But some corporate leaders have suggested that there is less conflict than assumed. They particularly believe that satisfying communities and the environment ultimately satisfies the needs of shareholders and employees.

**7. Look through the list of chapters in this textbook and discuss how globalization could influence each organizational behaviour topic.**

This is an open-ended question which could be used as an exercise activity with subsequent class discussion. The main objective is to help students understand how globalization has profound implications for behaviour in organizations.

Here are some of the topics linked to globalization. Students will certainly identify others:

- Teams
- Employee motivation
- Perception
- Values
- Communication
- Stress
- Communicating in organizational settings
- Interpersonal conflict
- Leadership
- Organizational change

**8. “Organizational theories should follow the contingency approach.” Comment on the accuracy of this statement.**

OB theories must be simple, yet accurate. While simplicity calls for universal theories, accuracy usually requires the contingency approach because most human behaviour is too complex to understand sufficiently through universal (i.e., one best way) theories. Contingency theories are more refined because they recognize that environmental and personal characteristics moderate most cause-effect relationships. In other words, while it would be preferable to use universal theories for the sake of simplicity, we often must rely on contingency theories to sufficiently understand and predict organizational behaviour.

**9. What does “evidence-based management” mean? Describe situations where you have heard about companies practicing evidence-based management, as well as situations where companies have relied on fads that lacked sufficient evidence of their worth.**

There are two parts to this question. The first requires students to define what “evidence-based management” is. The second part asks students to provide an example of fads that lacked evidence, but which companies relied on in the past. Answers to the second part will vary based on individual student experiences.

A sample answer to the first part of the question “evidence-based management” may include the following:

Evidence-based management is the idea that management decisions and initiatives should be based on the systematic research anchor to ensure effective implantation. In other words, we should manage the workplace based on sound evidence gathered as a result of systematic research. This involves using knowledge flowing from the process of: forming research questions, systematically collecting data, and testing hypotheses against those data. Applying evidence-based management would prevent corporate leaders from embracing fads and relying on their pet beliefs before finding out if they actually work.



## CASE STUDY: ANCOL LTD.

### Case Synopsis

This case describes the activities of Paul Simard after he became manager at Ancol Ltd.'s plant in Jonquiere, Quebec. To build trust between management and employees, he removed the time clocks that kept track of employee work hours. Although employees appreciated this freedom to work without a time clock, some abused this privilege by showing up late and leaving early. This affected plant productivity. Supervisors spent more time counselling those who had attendance problems and filling out letters of reprimand. The letters, along with supervisors' poor interpersonal skills, worsened relations. Another supervisor was added to cope with the additional work. After nine months, Simard agreed with union officials to reinstate the time clocks. Later, at a meeting of other Ancol managers, Simard learned that a similar situation had occurred at another plant a few years earlier.

[NOTE: This case is a variation of an incident described in R. Daft, *Organizational Theory*, 3rd ed. (St. Paul, MN: West, 1989), pp. 16-17.]

### Suggested Answers to Discussion Questions

- 1. Discuss the consequences of the time clock removal on Ancol's effectiveness as an organization using any two of the perspectives of organizational effectiveness.**

*Open Systems Perspective:* The Ancol case nicely illustrates the problems facing organizations from an open systems perspective. The open systems view states that organizations are comprised of interdependent parts. We certainly see that here with the removal of time clocks. In particular, we see how removing time clocks leads to a string of unexpected consequences. In this case, removing the time clocks resulted in more work for supervisors. It also affected work activities in payroll and, eventually, posed a new set of problems for labour union leaders. Supervisors now had to use disciplinary counselling skills which many of them lacked. Although students might suggest that lack of counselling training is a problem here, notice that there is no mention that it was a problem before. It is possible in a unionized environment with process-oriented technology, that control systems are in place which minimize the need for supervisors to discipline employees. For example, time clocks control employee attendance behaviour or, at least, provide fact-based information. The main point, however, is that one action (removing time clocks) ripples through to other subsystems in the organization, as predicted by the open systems anchor.

**SUGGESTION:** Instructors might indicate at the outset of the case that this is a problem of organizations as systems. Student might then be asked to document the interdependencies. Each discussion group is asked to illustrate the events at Ancol from a systems perspective. The results are fascinating. Typically, some groups will diagram the systems model. Their drawing reveals the subsystems in the case, such as employees, supervisors, control systems (time clock), and management. It may also show inputs (such as Paul Simard's entry), outputs (lower productivity), and feedback from the environment (union grievances).

Other student groups might try to diagram the relationships that affect each other, such as a series of interrelated lines among the subsystems within the organization. A third type of drawing illustrates the cause-effect relationships in a time sequence. This typically starts with the poor relations, then removing the time clock, then initially increasing morale but also increasing absenteeism, and so on. This temporal image should reveal the complexity of events in the case. For example, poor relations was not the only cause of the removed time clocks. Paul Simard's entry to the organization and his knowledge from the seminar also contribute to this action. (Instructors might notice how this is a classic example of garbage can decision making -- a problem, solution, decision maker, and situation collide to form a decision.

This case also illustrates poor organizational learning. The end of the case describes how Sims attended an operations meeting at Ancol's headquarters in Cincinnati, where he learned that Ancol's plant in Portland, Oregon had a similar experience six or seven years earlier. This illustrates the "silos of knowledge" problem that exists in large organizations. If Sims had known about the earlier incident, he might have avoided the action of removing time locks, or might have taken steps to correct anticipated problems.

*Organizational Learning Perspective:* This case illustrates the problems facing organizations from an open systems view. The open systems view states that organizations are comprised of interdependent parts. We certainly see that here with the removal of time clocks. In particular, we see how removing time clocks leads to a string of unexpected consequences. In this case, removing the time clocks resulted in more work for supervisors. It also affected work activities in payroll and, eventually, posed a new set of problems for labour union leaders. Supervisors now had to use disciplinary counselling skills which many of them lacked. Although students might suggest that lack of counselling training is a problem here, notice that there is no mention that it was a problem before. It is possible in a unionized environment with process-oriented technology, that control systems are in place which minimize the need for supervisors to discipline employees. For example, time clocks control employee attendance behaviour or, at least, provide fact-based information. The main point, however, is that one action (removing time clocks) ripples through to other subsystems in the organization, as predicted by the open systems anchor.

**1. What changes should occur to minimize the likelihood of these problems in the future?**

One answer to this question is to help people at Ancol recognize that organizations are open systems with interdependent parts. In other words, they need to be sensitive to the fact that changes in one part of the work unit affects other parts of the work unit, as we saw at this Ancol plant.

The second change is to apply knowledge management practices so that what was previously learned about removing time clocks would be more quickly and readily known throughout the organization. The end of the case describes how Simard attended an operations meeting at Ancol's headquarters, where he learned that another Ancol plant had a similar experience six or seven years earlier. This illustrates the "silos of knowledge" problem that exists in large organizations. If Simard had known about the earlier incident, he might have avoided the action of removing time locks, or might have taken steps to correct anticipated problems. Students should discuss ways that organizations such as Ancol can improve knowledge sharing.

For example, the organization-wide meeting that Simard attended seems to help share knowledge among plant managers, albeit somewhat too late in this case. Alternatively, perhaps the company could leverage the benefits of Intranet technology to help employees and managers share experiences more fully. Even through an integrated e-mail system, Simard could have asked other managers if removing time clocks has been tried before, and with what consequences. Notice that knowledge sharing requires a culture of open communication and information sharing, not just the technology to make this possible.



## WEB EXERCISE: DIAGNOSING ORGANIZATIONAL STAKEHOLDERS

### Purpose

This exercise is designed to help students understand how stakeholders influence organizations as part of the open systems anchor.

### Materials

Students need to select a company and, prior to class, retrieve and analyze publicly available information over the past year or two about that company. This may include annual reports, which are usually found on the web sites of publicly-traded companies. Where possible, students should also scan full-text newspaper and magazine databases for articles published over the previous year about the company.

### Instructions

The instructor may have students work alone or in groups for this activity. Students will select a company and will investigate the relevance and influence of various stakeholder groups on the organization. Stakeholders will be identified from annual reports, newspaper articles, web site statements, and other available sources. Stakeholders should be ranked ordered in terms of their perceived importance to the organization. Students should be prepared to present or discuss their organization's rank ordering of stakeholders, including evidence for this rank ordering.

### Discussion Questions

1. What are the main reasons certain stakeholders are more important than others for this organization?
2. On the basis of your knowledge of the organization's environmental situation, is this rank order of stakeholders in the organization's best interest, or should other specific stakeholders be given higher priority?
3. What societal groups, if any, are not mentioned as stakeholders by the organization? Does this lack of reference to these unmentioned groups make sense?

### Comments for Instructors

In this era of web savvy students, this activity fits nicely into student preferences. It allows students to collect information in ways that they have become familiar, yet requires them to engage in active learning by searching for information and critical thinking by evaluating the information they find.

Most instructors will use this activity as a take-home exercise or assignment. However, for those with in-class computer labs (or wireless internet and student laptops), this can be a fun challenge in a one-hour exercise. As long as students understand the concept of stakeholders and perhaps the instructor has confirmed the availability of annual reports and other valuable information for several companies, the in-class version of this activity can prove to be an exciting challenge for students.

There are several places and ways for students to collect stakeholder information for a specific company. Most of the information can be found on the company's web site, but Google and other search engines might assist by identifying relevant articles in newspapers and magazines. In schools where students have access to several full-text databases, the instructor may need to specify whether students should use these sources.

Along with searching and identifying relevant information about stakeholders, this assignment requires students to rank order the importance of these stakeholders. Instructors should expect students to justify their rank ordering, thereby providing a higher-order level of learning in the process.



## SELF-ASSESSMENT: IT ALL MAKES SENSE?

### Purpose

This exercise is designed to help students comprehend how organizational behaviour knowledge can help them understand life in organizations.

### Instructions

(Note: This activity may be done as a self-assessment or as a team activity.)

Students are asked to read each of the statements and circle whether the statement is true or false, in their opinion. The class will consider the answers to each question and discuss the implications for studying organizational behaviour. After reviewing these statements, the instructor will provide information about the most appropriate answer.

### Comments for Instructors

This exercise addresses the point that common sense isn't always correct. Of course, some students will be counter-intuitive in anticipation that these are "trick" questions. We have included some true statements to complicate the exercise. By reviewing each statement, you can help students to see that organizational behaviour systematically studies these issues and helps us to correct or clarify popular misperceptions.

Here are the eleven statements with their correct answers and references to their discussion in the textbook.

#### 1. A happy worker is a productive worker.

TRUE. To be more accurate, the answer is "true, to some extent". This is one of those "truths" that students will probably answer correctly and many OB instructors will answer incorrectly because they rely on old organizational behaviour research. The latest research indicates that job satisfaction has a moderately strong association with job performance (a correlation of around .30). For details, see Chapter 4 on workplace emotions and attitudes.

#### 2. A decision maker's effectiveness increases with the number of choices or alternatives available to him or her.

FALSE. At some point when the number of alternatives increases, the decision maker becomes less efficient and effective in choosing among those alternatives (see Chapter 7). When the number of alternatives is very large, decision makers reduce their motivation to decide such that they avoid thinking about the decision at all! The main reason is that decision makers are able and motivated to process a finite amount of information. As the number of alternatives increases, decision makers are faced with dramatically more information to consider, because each choice has several bits of information about factors to consider. One could argue that having very few choices is also less effective, but this would be true only if the environment offers many choices and the alternatives available to the decision maker are not among the best ones.

#### 3. Organizations are more effective when they minimize conflict among employees.

FALSE. Actually, the correct answer is in a state of flux. The dominant OB research indicates that task conflict is often beneficial (such as in decision making) whereas relationship conflict has negative consequences. But research now concludes that even task conflict can be a problem because it generates relationship conflict (i.e. difficult to separate them). We discuss this topic in Chapter 11.

#### 4. Employees have more power with many close friends than with many acquaintances.

FALSE. Social network research reports that people with many "weak ties" (many acquaintances) tend to have more career success and related outcomes in their lives than those with mainly strong ties (close friends). The main reason is that weak ties provide less redundant social capital. Acquaintances gives us unique information (expert power), unique connections and opportunities (referent power), wider visibility, and so forth. Close friends tend to

give us information faster and give us more opportunities, but these resources tend to be similar across our close friends. See Chapter 10 for details.

**5. Companies are most successful when they have strong corporate cultures.**

FALSE. As with so many organizational behaviour concepts, the more precise answer is “it depends.” Chapter 14 explains that there is a weak relationship between corporate culture strength and organizational performance. Three reasons are offered. First, a strong culture can be a problem when the values are inconsistent with the organization’s environment. Second, a very strong culture can blind employees from seeing other perspectives. Third, a very strong culture suppresses dissenting values that may be important in the future as the environment changes.

**6. Employees perform better without stress.**

FALSE. As we learn in Chapter 4, some level of stress is essential for life. We need a certain level of stress to energize us. The problem is that we sometimes (or often) experience stress beyond this beneficial level.

**7. The best way to change people and organizations is by pinpointing the source of their current problems.**

FALSE. This statement refers to the dominant model of problem solving and organizational change, namely, to identify the problem before looking for solutions. In contrast, emerging knowledge suggests that a positive rather than problem-focused approach may be more effective in many or most circumstances. We discuss this first in Chapter 5 under the topic of strengths-based coaching and feedback. Research indicates that focussing on an employee’s weaknesses (problems) creates defensiveness to such an extent that it undermines any potential benefits of such a Discussion. In Chapter 15, we introduce the approach to organizational change called appreciative inquiry. According to this model, dwelling on problems can bog down the change process and degenerate into political quagmires. Instead, change agents need to focus the group on its potential and positive elements.

**8. Female leaders involve employees in decisions to a greater degree than do male leaders.**

TRUE. There is a lot of debate about whether men and women lead differently. As we learn at the end of Chapter 12, men and women are mostly similar in their leadership styles. But there is one exception: female leaders involve employees in decisions to a greater degree than do male leaders. Of course, some female leaders are not participative, and some male leaders are very participative. But generally, female leaders are more participative.

**9. The best decisions are made without emotion.**

FALSE. The truth is, all decisions involve emotion and require emotion. Without emotion, people are unable to recognize problems and opportunities, and are unable to make choices. As explained in Chapter 7 (and noted in Chapters 3, 4, and 5), people form emotionally anchored preferences before they consciously think about the issue. Indeed, our “awareness” of a problem or opportunity is an emotional reaction to sensory information. Although our rational thought process can evaluate information, those conclusions must be processed by our emotional centre(s) in order to make a choice. An important point here is that emotions are an inherent and essential part of human behaviour. This is different from “getting emotional”, which occurs when emotions are so strong that they influence our actions without conscious control.

**10. If employees feel they are paid unfairly, then nothing other than changing their pay will reduce their feelings of injustice.**

FALSE. When it comes to money, people tend to play interesting mind games to avoid feeling overrewarded inequity. Students will read in Chapter 5 that underpaid (underrewarded) employees might reduce the injustice by working less, taking non-monetary resources, changing the comparison other, or leaving the field (such as quitting). This question also needs to consider that “injustice” is affected just as much by procedures as by distribution. Thus, injustice might be reduced by allowing appeals, ensuring the decision maker considers all information, ensuring that the underrewarded employees is treated with respect, and ensuring that he/she is given an opportunity to state his/her views (voice).