

Chapter One

The Field of Organizational Behavior

Learning Objectives

- **DEFINE** organizational behavior (OB)
- **DESCRIBE** the major characteristics of the field of OB
- **DISTINGUISH** between the Theory X and Theory Y philosophies of management
- **IDENTIFY** the fundamental assumptions of the field of OB
- **DESCRIBE** the historical roots of the field of OB
- **CHARACTERIZE** the nature of the field of OB today

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Three Good Reasons Why You Should Care About . . . *Organizational Behavior*


1. Understanding the dynamics of behavior in organizations is essential to achieving personal success as a manager, regardless of your area of specialization
2. Principles of organizational behavior are involved in making people both productive and happy on their jobs
3. To achieve success in today's rapidly changing environment, organizations must successfully address a wide variety of OB issues

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Organizational Behavior (OB)

The multidisciplinary field that seeks knowledge of behavior in organizational settings by systematically studying individual, group, and organizational processes



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Characteristics of the Field of OB

- ❑ OB applies the scientific method to practical managerial problems
- ❑ OB focuses on three levels of analysis: individuals, groups, and organizations
- ❑ OB is multidisciplinary in nature
- ❑ OB seeks to improve organizational effectiveness and the quality of life at work

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Research Methods in OB

Research Method	Description	Comments
Survey Research	Questionnaires are developed and administered to people to measure how they feel about various aspects of themselves, their jobs, and their organizations. Responses to some questionnaires are compared to others, or to actual behaviors, to see how various concepts are inter-related	This technique is the most popular one used in the field of OB
Experimental Research	Behavior is carefully studied -- either in a controlled setting (a lab) or in an actual company (the field) -- to see how a particular variable that is systematically varied affects other aspects of behavior	This technique makes it possible to learn about cause-effect relationships
Naturalistic Observation	A non-empirical technique in which a scientist systematically records various events and behaviors observed in a work setting	This technique is subject to the biases of the observer
Case Study	A thorough description of a series of events that occurred in a particular organization	Findings may not be generalizable to other organizations

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Levels of Analysis in OB

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The Multidisciplinary Roots of OB

<i>Discipline</i>	<i>Relevant OB Topics</i>
Psychology	Perception and learning (Chapter 3); personality, emotion (Chapter 3); stress (Chapter 4); attitudes (Chapter 5); motivation (Chapter 6); decision making (Chapter 10)
Sociology	Group dynamics (Chapter 9); socialization (Chapter 9); communication (Chapter 8)
Anthropology	Leadership (Chapter 11); organizational culture (Chapter 12)
Political science	Interpersonal conflict (Chapter 7); organizational power (Chapter 11)
Economics	Negotiation (Chapter 7); decision making (Chapter 10); organizational power (Chapter 11)
Management science	Technology (Chapter 13); organizational quality and change (Chapter 14)

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Theory X versus Theory Y

Theory X

A traditional philosophy of management suggesting that most people are lazy and irresponsible and will work hard only when forced to do so.

Theory X (traditional approach)		Theory Y (modern approach)
Distrusting	→	Accepting, promotes betterment of human resources
Basically lazy	→	Assumptions about people
Low (disinterested)	→	Need to achieve and be responsible
Interest in working	→	High (very interested)
Work when pushed	→	Conditions under which people will work hard
	→	Work when appropriately trained and recognized

Theory Y

A philosophy of management suggesting that under the right circumstances people are fully capable of working productively and accepting responsibility for their work.

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Why does OB Matter?

- Companies whose managers accurately appraise the work of their subordinates enjoy lower costs and higher productivity
- People who are satisfied with the way they are treated on their jobs are more pleasant to work with and less likely to quit
- People who are carefully trained to work together tend to be happier and more productive
- Employees who believe they have been treated unfairly are likely to steal more and reject the policies of their organizations
- People who are mistreated by their supervisors have more mental and physical illnesses than those who are treated with kindness, dignity, and respect
- Organizations that treat employees well are, on average, twice as profitable
- Organizations that offer good employee benefits and have friendly conditions are more profitable than those that are less people oriented

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Fundamental Assumptions

- OB recognizes the dynamic nature of organizations
- OB assumes there is no “one best” approach
- OB responds to changes in social, economic and technological conditions
- OB takes a global perspective
- OB embraces the trend toward diversity

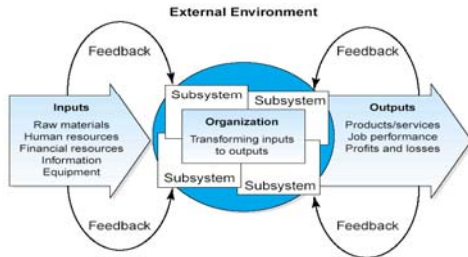
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Dynamic Nature of Organizations

- An **organization** is a structured social system consisting of groups and individuals working together to meet some agreed-upon objectives
- Organizations are **open systems** -- that is, they are self sustaining systems that use energy to transform resources from the environment into some form of output

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Organizations as Open Systems

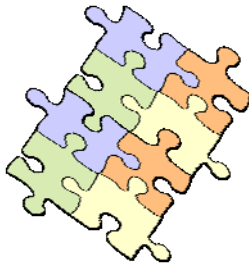


(Source: Based on suggestions by Katz and Kahn, 1978; see Note 10.)

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Contingency Approach



A perspective suggesting that organizational behavior is affected by a large number of interacting factors. How someone will behave is said to be contingent upon many different variables at once

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Responding to Changes in Technology

➤ Creating Leaner Organizations

- ✓ **Automation:** The process of replacing people with machines, which includes white-collar and mental-labor as well as blue-collar and menial labor
- ✓ **Downsizing/Rightizing:** The process of adjusting the number of employees needed to work in newly designed organizations
- ✓ **Outsourcing:** The process of eliminating those parts of organizations that focus on noncore sectors of the business and hiring outside firms to perform these functions instead

➤ Creating Virtual Enterprises

- ✓ Highly flexible, temporary organizations formed by groups of companies that join forces to exploit a specific opportunity

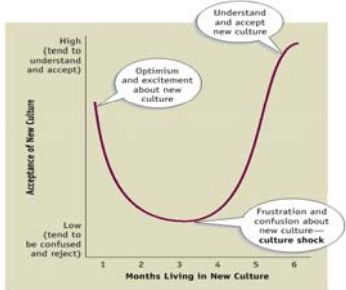
➤ Increasing the Use of Telecommuting

- ✓ The practice of using communications technology to enable work to be performed from remote locations

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Adjusting to Foreign Culture



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Trend toward Diversity

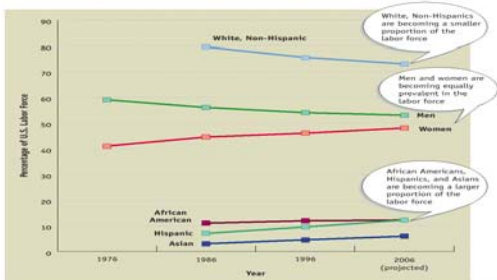


- ❖ More women are in the workforce than ever before
- ❖ Racial and ethnic diversity is reality
- ❖ People are living – and working – longer than ever before

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Women and Minorities in the Workforce



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Living and Working Longer

- As the baby boom generation ages, two things occur as a result:
 - Older people in the workforce put more of a drain on the health care system
 - Older people are more experienced on the job and offer skills that only time or they can provide

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Programs to Keep Employees Working Longer

- *Phased-retirement plans*: allows individuals close to retirement age to make a transition to full retirement by continuing to work, usually with a reduced workload, as a transition to full-time retirement.
- *Deferred-retirement option plan (DROP)*: allows a person of retirement age to continue working while depositing his or her retirement benefit into a separate account that he or she can claim as a lump sum when formally retired, usually 1 to 5 years later

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History of OB

- **Scientific Management**: The earliest attempt to study behavior in organizations that emphasized the importance of designing jobs as efficiently as possible
- **The Human Relations Movement**: A management philosophy that rejected the primarily economic orientation of scientific management and focused instead on the noneconomic, social factors operating in the workplace
- **Classical Organizational Theory**: An approach to studying organizations that focused on the efficient structuring of organizations

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Comparison of Early Approaches

<u>Scientific Management</u>	<u>Human Relations Movement</u>
<ul style="list-style-type: none"> ❖ Emphasis on human efficiency on the job ❖ Sought to improve productivity by minimizing wasted movements ❖ Major proponent was Frederick Taylor 	<ul style="list-style-type: none"> ❖ Emphasis on social conditions in organizations ❖ Sought to improve productivity by developing good working relationships ❖ Major proponent was Elton Mayo

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Henri Fayol's Principles

- ✓ A division of labor should be used because it allows people to specialize, doing only what they do best
- ✓ Managers should have authority over their subordinates, the right to order them to do what's necessary for the organization
- ✓ Lines of authority should be uninterrupted; that is, a clear chain of command should connect top management to the lowest-level employee
- ✓ There should exist a clearly defined unity of command, such that employees receive directions from only one other person so as to avoid confusion
- ✓ Subordinates should be allowed to formulate and implement their own plans

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Characteristics of an Ideal Bureaucracy

<u>Characteristics</u>	<u>Description</u>
Formal rules and regulations	Written guidelines are used to control all employees' behaviors
Impersonal treatment	Favoritism is to be avoided, and all work relationships are to be based on objective standards
Division of labor	All duties are divided into specialized tasks and are performed by individuals with the appropriate skills
Hierarchical structure	Positions are ranked by authority level in clear fashion from lower-level to upper-level ones
Authority structure	The making of decisions is determined by one's position in the hierarchy; people have authority over those in lower-ranking positions
Lifelong career commitment	Employment is viewed as a permanent, lifelong obligation on the part of the organization and its employees
Rationality	The organization is committed to achieving its ends (e.g., profitability) in the most efficient manner possible

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Current Issues in OB

- Cross-cultural aspects of behavior
- Unethical behavior in organizations
- Conserving energy and preserving the environment
- Workforce diversity
- Understanding and minimizing poor leadership decision-making
- Increasing team responsibility
- Unrelenting change



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Organization of the Text

- Part II: *Individual behavior*
 - Chapters 2 through 6
- Part III: *Group behavior*
 - Chapters 7 through 11
- Part IV: *Organizational-level processes*
 - Chapters 12 through 14



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