ORGANIZATIONAL BEHAVIOUR

GARY JOHNS • ALAN M. SAKS

ELEVENTH EDITION

Understanding and Managing Life at Work

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UNDERSTANDING AND MANAGING LIFE AT WORK

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For Bill and Jean Johns and for Monika Joerg

Gary Johns

For Kelly, Justin, and Brooke

Alan M. Saks

This edition is dedicated to the memory of Simon Saks.

BRIEF CONTENTS

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PREFACE

ABOUT THIS COURSE

Welcome to the eleventh edition of *Organizational Behaviour: Understanding and Managing Life at Work*! This edition marks the 37th anniversary of the text, which has been rigorously updated over the years to present students with the latest knowledge and research on both the science and practice of organizational behaviour. First published in 1983, *Organizational Behaviour* is the longest-running, continuously published, and regularly revised organizational behaviour textbook authored in Canada.

In writing the eleventh edition, we have been guided by three goals. First, we wish to convey the genuine excitement inherent in the subject of organizational behaviour by sharing our enthusiasm about the subject with students who are reading and learning about it for the first time.

Second, we want the presentation of the material to have both academic and practical integrity, acknowledging the debt of the field to both behavioural science research and organizational practice. To put it another way, we want this book to be useful and enjoyable to read without oversimplifying key subjects on the premise that this somehow makes them easier to understand. This requires striking a balance between research and theory on the one hand, and practice and application on the other hand. The eleventh edition of *Organizational Behaviour* includes the most recent research and theory in the field (e.g., positive organizational behaviour, Chapter 1; cultural distance and cultural intelligence, Chapter 4; job crafting, Chapter 6; ethical, authentic, and servant leadership, Chapter 9; employer branding, Chapter 10; evidence-based management, big data, and crowdsourcing, Chapter 11; technostress and cyberbullying, Chapter 13) as well as many examples of the application and practice of organizational behaviour throughout the text and showcased in the chapter-opening vignettes, the "Applied Focus" features, and the "You Be the Manager" features.

Third, we want students to not only learn about organizational behaviour but also to understand the connections and linkages across topics and how to integrate theory, principles, and concepts across chapters rather than see them as separate or isolated topics. Special features designed to enhance this skill include an integrative case that runs through each section of the text and integrative discussion questions at the end of every chapter. We sincerely hope these goals have resulted in a textbook that is interesting and enjoyable to read and also conveys the importance of organizational behaviour to individuals, groups, organizations, and society.

CONTENT HIGHLIGHTS

New to the Eleventh Edition

The eleventh edition of *Organizational Behaviour* once again includes the Appendix on Research in Organizational Behaviour. This edition also adds substantial new content, features, and pedagogy while remaining faithful to the general format and structure of the tenth edition. While the major topics of the tenth edition remain in this edition, we have added new content to reflect recent research as well as new and emerging themes in the organizational behaviour literature in every chapter of the text. Examples of new vignettes, focus boxes, topics, You Be the Manager, case studies, case incidents, exercises, on-the-job challenge questions, and definitions that can be found in the eleventh edition include:

Chapter 1:

- Human capital
- Social capital
- Road Map and Model of Organizational Behaviour

- *Chapter-Opening Vignette*: Maplewave
- *Applied Focus* box: The Management of Meaningful Work
- *You Be the Manager*: The Cost of a Minimum Wage Hike
- *Case Incident:* Mayfield Department Stores
- *Experiential Exercise:* Corporate Social Responsibility

Chapter 2:

- *Research Focus* box: Personality and Popularity in the Workplace
- *You Be the Manager*: Physical, Mental, and Financial Well-Being at Sun Life Insurance

Chapter 3:

- *Chapter-Opening Vignette*: Cogeco Connexion
- *Research Focus* box: The Beauty Premium and the Ugliness Penalty
- *You Be the Manager*: Trespassing at Starbucks
- *On-the-Job Challenge Question*: The "Name-Blind" Recruitment Pilot Project
- *Experiential Exercise:* Workplace Age Discrimination Scale (WADS)

Chapter 4:

- Loose versus tight cultures
- Meaningful work
- Benefits of turnover
- *Global Focus* box: Japan Pays a Stressful Price for Work Centrality
- *Research Focus* box: Would You Trade Money for Meaningful Work?
- *Case Incident*: Millennial Blues

Chapter 5:

- *Research Focus* box: Is Cognitive Ability or Motivation More Important for Performance?
- *You Be the Manager*: The "Non-Stop Nightmare"
- *On-the-Job Challenge Question*: Your New Salary
- *Experiential Exercise:* Work-Related Basic Need Satisfaction Scale (W-BNS)

Chapter 6:

- Variable pay
- Stretch assignments
- Job crafting
- *Chapter-Opening Vignette*: Vega
- *Applied Focus* box: Fun and Games at Work
- *On-the-Job Challenge Question:* The Most Meaningful Work
- *Case Study:* Chang Koh Metal Ptd. Ltd. in China

Chapter 7:

- Team reflexivity
- *Chapter-Opening Vignette:* Whole Foods
- *Global Focus* box: Communication Media Choice in Multilingual Virtual Teams
- *Research Focus* box: Leader Over-Emergence and Gender Dynamics in Self-Managed Teams
- *Case Incident:* The Team Attendance Bonus
- *On-the-Job Challenge Question:* Hire Teams, Not Individuals?
- ***Case Study:*** Anita Jairam at Metropole Services

Chapter 8:

- Uncertainty reduction theory
- *Applied Focus* box: Maintaining the Culture at Steam Whistle Brewing
- *You Be the Manager*: Changing the Culture at Uber
- *Experiential Exercise:* Proactive Socialization

Chapter 9:

- Shared leadership
- LMX differentiation
- Positive leadership
- *Chapter-Opening Vignette:* Catherine Tait—CBC/Radio-Canada President
- *On-the-Job Challenge Question:* The New Commissioner

Chapter 10:

- Enhanced coverage of social media
- Employer branding
- *Research Focus* box: Using Humour in Workplace Communication
- *On-the-Job Challenge Question*: Dress Code Changes at Starbucks and Earl's
- *Case Incident*: Bilingual Confusion

Chapter 11:

- Not-invented-here bias
- *Chapter-Opening Vignette:* The Phoenix Payroll System Fiasco
- *Research Focus* box: How CEO Personality Affects Organizational Decision Making
- *You Be the Manager*: Lego's Dilemma

Chapter 12:

- Bounded ethicality
- Sexual harassment in tech firms
- *Chapter-Opening Vignette*: TD Bank and Wells Fargo
- *Ethical Focus* box: Foreign Experience Might Be Good for Your Mind, But What Does It Do for Your Ethics?
- *You Be the Manager:* Empowerment at the Veterans Health Administration
- *On-the-Job Challenge Question:* Air Canada and Neena Cheema
- *Case Study*: Dr. Jamie Thompson

Chapter 13:

- Technostress
- Workaholism
- Mindfulness
- *Chapter-Opening Vignette*: Amazon's Stressful Culture
- *You Be the Manager*: Riot Games: Assessing Toxicity in the Workplace
- *On-the-Job Challenge Question*: Working from Home

Chapter 14:

- Holacracy
- *Research Focus* box: Microdivisionalization at Haier Group
- *Applied Focus* box: Symptoms of Structural Problems

- *On-the-Job Challenge Question:* Ford's Executive Shakeup
- *Case Incident*: SusTech Fails to Get Organized

Chapter 15:

- Time and resistance to change
- Organizational identification and resistance to change
- *Chapter-Opening Vignette:* Microsoft's Ongoing Transformation
- *Applied Focus* box*:* Canadian Digital Service Spearheads Change
- *On-the-Job Challenge Question*: Tesla Not Testing

We have updated many other areas throughout the text with the most current and recent research from the practising management literature, academic literature, and the popular and business press. We have also replaced the content of many of the features and added new ones. In total, the eleventh edition contains nine new chapter-opening vignettes, fifteen new "Focus" boxes, and eight new "You Be the Manager" features. These features have been carefully chosen to represent current and exciting examples of organizational behaviour. Of those examples that we have retained from the tenth edition, many have been substantially updated.

In addition to new and updated content, the eleventh edition includes several new exhibits. For example, Chapter 1 includes a Model of Organizational Behaviour that depicts the organization and structure of the text. Chapter 2 includes a new exhibit of the most commonly recognized employee achievements for recognition (Exhibit 2.7) and the most common rewards for recognition (Exhibit 2.8). Chapter 4 features a graph of vacation days and holidays across nations (Exhibit 4.2) and one depicting the consequences of fairness and unfairness (Exhibit 4.5). Chapter 10 includes a continuum of communication media ranging from face-to-face to social media (Exhibit 10.4). Chapter 15 features a graph of the impact of change on employee well-being (Exhibit 15.3) and one of varying reactions to organizational change over time (Exhibit 15.5).

Finally, in the end-of-chapter material, there are three new case studies, six new case incidents, five new experiential exercises, and ten new On-the-Job Challenge Questions.

ABOUT THE COVER

The cover of the eleventh edition of *Organizational Behaviour: Understanding and Managing Life at Work*, features musicians from a performing jazz band. What does a jazz band have to do with organizational behaviour? A great deal! Jazz has been used as a metaphor for organizations and organizational behaviour for many years.

In 1998, the journal *Organizational Science* published a special issue on jazz improvisation as a metaphor for organizations (vol. 9, no. 5), a result of a symposium called "Jazz as a Metaphor for Organizing in the Twenty-First Century" that was held at the 1995 Academy of Management Conference in Vancouver, British Columbia. The idea was to think about the twenty-first-century organization in the context of the jazz metaphor for organizing. The jazz metaphor has also been adopted by some organizations. In its 1996 annual report, the LEGO Corporation featured its top-management team as a jazz ensemble, with the CEO playing the saxophone—the CEO wanted to highlight the importance of improvisation at all levels of management.

Organizations and organizational behaviour are like jazz in many ways. Jazz involves improvisation, innovation, and flexibility, all of which are important attributes of individuals and groups in organizations as well as organizations themselves. Organizations and the people in them must be flexible and capable of innovation and improvisation to survive and adapt to change. Innovation and flexibility are especially important for contemporary organizations.

In his book *Leadership Jazz*, Max De Pree argues that leadership in organizations is like a jazz band: "Jazz-band leaders must choose the music, find the right musicians, and perform—in public. But the effect of the performance depends on so many things—the environment, the volunteers playing in the band, the need for everybody to perform as individuals and as a group, the absolute dependence of the leader on the members of the band, the need of the leader for the followers to play well. What a summary of an organization!"

Finally, as noted by Mary Jo Hatch, one of the chairs of the jazz symposium, the characteristics that are associated with the twenty-first-century organization are very similar to those of a jazz band: It is flexible, adaptable, and responsive to the environment, and it has loose boundaries and minimal hierarchy. Organizational behaviour is very much like a jazz band—individuals working together in the spirit of innovation, improvisation, and inspiration.

GENERAL CONTENT AND WRITING STYLE

Organizational Behaviour, Eleventh Edition, is comprehensive—the material is authoritative and up to date and reflects current research and practical concerns. Both traditional subjects (such as expectancy theory) and newer topics (like workplace spirituality, positive organizational behaviour, job crafting, cyberbullying, technostress, positive leadership, virtual teams, collective efficacy, emotional intelligence, creative deviance, mindfulness, and crowdsourcing) are addressed. Balanced treatment is provided to micro topics (covered in the earlier chapters) and macro topics (covered in the later chapters).

Although *Organizational Behaviour* is comprehensive, we have avoided the temptation to include too many concepts, theories, and ideas. Rather than composing a long laundry list of marginally related concepts, each chapter is organized in interlocked topics. The topics are actively interrelated and are treated in enough detail to ensure understanding. Special attention has been devoted to the flow and sequencing of the topics.

The writing style is personal and conversational. Excessive use of jargon is avoided, and important ideas are well defined and illustrated. Special attention has been paid to consistency of terminology throughout the book. We have tried to foster critical thinking about the concepts under discussion by using devices like asking the reader questions in the body of the text.

Believing that a well-tailored example can illuminate the most complex concept, we have used examples liberally throughout the text to clarify the points under consideration. The reader is not left wondering how a key idea applies to the world of organizations. The book is illustrated with exhibits, cartoons, and excerpts from the business press, such as *Report on Business, Canadian Business*, and *Canadian HR Reporter*, to enhance the flow of the material and reinforce the relevance of the examples for students.

We have treated the subject matter generically, recognizing that organizational behaviour occurs in all organizations. The reader will find vignettes, cases, "Focus" selections, "You Be the Manager" features, and examples drawn from a variety of settings, including large and small businesses, high-tech firms, manufacturing firms, hospitals, schools, and the military. In addition, care has been taken to demonstrate that the material covered is relevant to various levels and jobs within these organizations.

ORGANIZATION

Organizational Behaviour is organized in a simple but effective building-block manner. Part One: An Introduction defines organizational behaviour, discusses the nature of organizations, introduces the concept of management, and reviews contemporary management concerns. Part Two: Individual Behaviour covers the topics of personality, learning, perception, attribution, diversity, attitudes, job satisfaction, organizational commitment, theories of motivation, and motivation in practice. Part Three: Social Behaviour and Organizational Processes discusses groups, teamwork, socialization, culture, leadership, communication, decision making, power, politics, ethics, conflict, negotiation, and stress. Part Four: The Total Organization considers the environment, strategy, organizational structure, change, and innovation.

Some instructors may prefer to revise the order in which students read particular chapters, and they can accomplish this easily. However, Chapter 5, Theories of Work Motivation, should be read before Chapter 6, Motivation in Practice. The book has been designed to be used in either a quarter or semester course.

MAJOR THEMES AND CONTENT

In preparing the eleventh edition of *Organizational Behaviour*, we concentrated on developing several themes that are current in contemporary organizational life. This development included adding new content, expanding previous coverage, and addressing the themes throughout the text to enhance integration.

The **global aspects of organizational life** continue to receive strong treatment in this edition to enable students to become more comfortable and competent in dealing with people from other cultures. Major sections on this theme appear in Chapters 4, 5, 9, and 10, which deal respectively with values, motivation, leadership, and communication. Pedagogical support for the global theme includes "Global Focus" features (Chapters 4, 7, and 12), a "You Be the Manager" feature (Chapter 4), a case incident (Chapter 10), two case studies (Chapters 2 and 6), and the integrative case.

The changing nature of workplace demographics and a need to provide a welcoming work environment for all organizational members has led to explicit coverage of **workforce diversity**. The major treatment of this topic occurs in Chapter 3 in the context of perception and attribution. Additional treatment occurs in the context of motivation (Chapter 5), teams (Chapter 7), and communication (Chapter 10). Pedagogical support for the diversity theme can be found in the "You Be the Manager" feature in Chapters 3 and 10. We also see it in an "Applied Focus" feature (Chapter 3), a "Research Focus" feature (Chapter 8), two chapter-opening vignettes (Chapters 3, and 4), a case incident (Chapter 3), a case study (Chapter 3), and an experiential exercise (Chapter 3).

Contemporary organizations are focusing more and more on **teamwork**. This has led to expanded coverage of teams (such as virtual teams), and the most recent research findings on team characteristics and group effectiveness can be found in Chapter 7. Coverage of group decision making is included in Chapter 11. Pedagogical backup for the teamwork theme includes a chapter-opening vignette, "You Be the Manager" feature, "Research Focus" feature, "Global Focus" feature, a case study, a case incident, and an experiential exercise (all in Chapter 7).

Many organizations continue to undergo major **change and transformation**. Interrelated topics involving organizational change such as reengineering and the use of technology continue to receive detailed coverage and are the focus of another theme highlighted in this edition. Coverage of organizational change can be found in Chapter 15. The role of technology in communication and decision making can be found in Chapters 10 and 11, where computer-mediated communication and social media are covered. Other relevant topics include telecommuting (Chapter 6) as well as sections on virtual, modular, and ambidextrous organizational structures (Chapter 14). Several passages portray the use and abuse of advanced technology, such as the discussion of cyberloafing in Chapter 10 and technostress in Chapter 13. Pedagogical backup for the change theme includes two chapter-opening vignettes (Chapters 14 and 15), three "You Be the Manager" features (Chapters 8, 14, and 15), an experiential exercise (Chapter 10), a case incident (Chapter 15), a case study (Chapter 15), and the Integrative Case.

Finally, the eleventh edition of *Organizational Behaviour* reflects the continuing issue of **ethics** in organizations. The major formal coverage of ethics is included in Chapter 12 along with a discussion of power and politics. In addition, coverage of ethical leadership can be found in Chapter 9. Pedagogical support for the ethics theme can be found in a chapter-opening vignette and the feature in Chapter 12, and "Ethical Focus" features (Chapters 5 and 12). Case studies are particularly good vehicles for examining the complexity surrounding ethical issues, and the case incidents in Chapters 9 and 12 and the case studies in Chapters 10 and 12 deal with explicit ethical dilemmas. One of the experiential exercises in Chapter 9 deals with ethical leadership.

PEDAGOGICAL FEATURES

The eleventh edition's pedagogical features are designed to complement, supplement, and reinforce the textual material. More specifically, they are designed to promote self-awareness, critical thinking, and an appreciation of how the subject matter applies in actual organizations. The eleventh edition of *Organizational Behaviour* includes all of the features found in the previous edition, including three different kinds of cases (case studies, case incidents, and an integrative case), four types of "Focus" boxes ("Applied Focus," "Research Focus," "Ethical Focus," and "Global Focus"), "You Be the Manager" features, "Experiential Exercises," and "On-the-Job Challenge" questions, which can be found at the end of each chapter, along with discussion questions for each chapter and integrative discussion questions.

- All chapters begin with an **Opening Vignette** chosen to stimulate interest in the chapter's subject matter. All of these vignettes concern real people in real organizations. Each vignette is carefully analyzed at several points in the chapter to illustrate the ideas under consideration. For example, Chapter 3 begins with a discussion of diversity at Cogeco Connexion, and Chapter 11 describes the Canadian government's Phoenix payroll fiasco. The eleventh edition of *Organizational Behaviour* includes nine new vignettes and several updated ones.
- Each chapter opens with **Learning Objectives** to help focus the student's attention on the chapter's subject matter. The Learning Objectives also appear within the chapter, in the margin, beside content relevant to each objective.
- In each chapter, students encounter a "**You Be the Manager**" feature that invites them to stop and reflect on the relevance of the material they are studying to a real problem in a real organization. Venues range from Tim Horton's (Chapter 1) and Sun Life Financial (Chapter 2) to Zappos (Chapter 14). Problems range from dealing with a minimum wage hike (Chapter 1), racial bias and managing diversity (Chapter 3), and changing an organization's culture (Chapter 8) to bullying at work (Chapter 13). At the end of each chapter, "**The Manager's Notebook**" offers some observations about the problem and reveals what the organization actually did or should do. The eleventh edition of *Organizational Behaviour* includes eight new "You Be the Manager" features.
- All chapters contain some combination of the following "Focus" features: "**Research Focus**," "**Applied Focus**," "**Global Focus**," and "**Ethical Focus**." These features illustrate or supplement the textual material with material from the practising management literature (e.g., *Canadian HR Reporter*), the research literature (e.g., *Academy of Management Journal*), and the popular press (e.g., *National Post*). They are chosen to exemplify real-world problems and practices as they relate to organizational behaviour. The "Research Focus" feature provides examples of organizational behaviour research, such as the importance of cognitive ability and motivation for job performance (Chapter 5) and the red sneakers effect (Chapter 10). The "Applied Focus" features provide practical examples of the application of the text material in organizations. For example, the "Applied Focus" box in Chapter 1 describes how to make work meaningful, and the box in Chapter 3 describes police training to address implicit biases. These two features help to reinforce the importance of both the research and practice of organizational behaviour. The "Ethical Focus" feature provides examples of ethics in organizational behaviour research, such as the dark side of goal setting (Chapter 5). This feature reinforces the importance of ethics in management and organizational behaviour. The "Global Focus" feature provides examples of organizational behaviour around the globe, such as illustrating the toll taken by work centrality in Japan (Chapter 4). This feature reinforces the importance of cross-cultural issues in management and organizational behaviour. The eleventh edition of *Organizational Behaviour* includes 15 new Focus features.
- **Key terms** in each chapter are set in boldface type when they are discussed in the body of the text and are defined in the margin in a **running glossary**. To help students find

the definitions they need, key terms are highlighted in the index, with page references for definitions, also in boldface.

- Each chapter concludes with a **Learning Objectives Checklist** (keyed to the chapter **Learning Objectives**) and **Discussion Questions**. In addition, each chapter includes at least two **Integrative Discussion Questions**. While the traditional discussion questions deal with issues within each chapter, the integrative discussion questions require students to relate and integrate the material in a current chapter with concepts and theories from previous chapters. For example, one of the questions in Chapter 12 ("Power, Politics, and Ethics") requires students to use the material on organizational learning practices (Chapter 2) and contributors to organizational culture (Chapter 8) to understand how an organization can create an ethical workplace. This feature is designed to facilitate student integration of various concepts and theories throughout the text.
- **On-the-Job Challenge Questions** appear after the Integrative Discussion Questions in each chapter. These questions differ from the other discussion questions in several respects. First, they are based on real issues and problems facing organizations. Second, they are more complex and challenging in that they require students to use their knowledge of all the material in the chapter. Third, these questions are very practical and require students to apply the text material to an actual organization. For example, the question in Chapter 8 asks students to consider the role of culture in the sexual misconduct and abuse in the Canadian Forces. The answers to these questions are not simple or straightforward as they require the student to apply the text material to a real issue in an organization. We hope that these questions provide students with an interesting and engaging opportunity to use their knowledge of organizational behaviour to address real problems in organizations today. The eleventh edition of *Organizational Behaviour* includes 10 new on-the-job challenge questions.
- Each chapter includes at least one **Experiential Exercise**. These exercises span individual self-assessment, role-playing, and group activities. In addition, to enhance student understanding and encourage discussion and interaction, most of the exercises include a group component in which groups of students work together on an exercise or discuss the results of a self-assessment and answer a series of questions. To ensure confidence in the feedback students receive, the self-assessments generally have a research base. The eleventh edition of *Organizational Behaviour* includes five new experiential exercises.
- **Case Incidents** are included in every chapter. Case incidents are shorter than the case studies and are designed to focus on a particular topic within a chapter. Because they are short (one or two paragraphs) and deal with realistic scenarios of organizational life, they enable an instructor to quickly generate class discussion on a key theme within each chapter. They can be used at the beginning of a class to introduce a topic and to stimulate student thinking and interest, during the class when a particular topic is being discussed, or at the end of a class when the focus turns to applying the text material. The eleventh edition of *Organizational Behaviour* includes six new case incidents.
- A **Case Study** is found in each chapter. The cases are of medium length, allowing great flexibility in tailoring their use to an instructor's personal style. We have selected cases that require active analysis and decision making, not simply passive description. Cases span important topics in contemporary organizations, such as diversity (Chapter 3), introducing teams (Chapter 7), and corporate culture (Chapter 8). The eleventh edition of *Organizational Behaviour* includes three new case studies.
- The **Integrative Case** is presented at the end of Part One of the text. Unlike the case studies, which focus only on the material in each chapter, the integrative case requires students to use the material throughout the text to understand the case material. Integrative case questions can be found at the end of each of the four parts of the text. The questions deal with the main issues and themes of the chapters within each part. This enables students to gain an increasing awareness and understanding of the case material upon completion

of each part of the text. Answering the case questions requires the integration of material from the chapters within each part as well as preceding parts of the text. Therefore, upon completion of the text and the integrative case questions, the student will have acquired a comprehensive understanding of the case through the integration of issues pertaining to individual behaviour, social behaviour and organizational processes, and the total organization. The eleventh edition of *Organizational Behaviour* includes the integrative case: Ken Private Limited: Digitization Project.

ACKNOWLEDGMENTS

Books are not written in a vacuum. In writing *Organizational Behaviour*, Eleventh Edition, we have profited from the advice and support of a number of individuals. This is our chance to say thank you.

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We did our best to make this book interesting, informative, and enjoyable to read; making it look as good as it does is icing on the cake. Thanks to everyone at Pearson who contributed to this book. They represent a great example of what this textbook is all about: *individuals working together to accomplish goals through group effort*.

Finally, each of us wishes to give thanks to those in our lives who have contributed to our work and the writing of this text:

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Gary Johns Alan M. Saks

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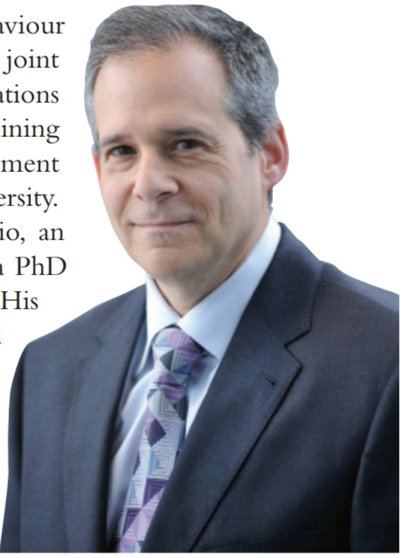

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CHAPTER 1

ORGANIZATIONAL BEHAVIOUR AND MANAGEMENT

LEARNING OBJECTIVES

After reading Chapter 1, you should be able to:

1.1 Define *organizations* and describe their basic characteristics.

1.2 Explain the concept of *organizational behaviour* and describe the goals of the field.

1.3 Define *management* and describe what managers do to accomplish goals.

1.4 Contrast the *classical viewpoint* of management with that advocated by the *human relations movement*.

1.5 Describe the *contingency approach* to management.

1.6 Explain what managers do—their roles, activities, agendas for action, and thought processes.

1.7 Describe the four contemporary management concerns facing organizations and how organizational behaviour can help organizations understand and manage these concerns.

MAPLEWAVE

Maplewave is a provider of software and retail optimization services for the telecommunications industry. It specializes in telecommunications for the retail sector. Its software is used in more than 40 countries, and in some places, you can't buy a mobile phone without using Maplewave software. Maplewave has been expanding from its headquarters in Dartmouth, Nova Scotia, and now has offices in the U.K., Dubai, and Johannesburg.

Maplewave is a family-owned company that treats its employees as family. The company values include being flexible, caring, collaborative, committed, and transparent and the belief that "nothing is more sacred than doing the right thing." It has a profit-sharing program that invests employees in the business's performance by encouraging efficiency, entrepreneurship, and cost-savings strategies. After year-end financial results are finalized, Maplewave shares 5 percent of net income with employees. The profit-sharing plan has been enhanced with a matching Registered Retirement Savings Plan (RRSP), matching up to 50 percent of the bonus amount. Employees can take the bonus in full or choose to invest all or part of it in an RRSP.

Maplewave employees are also eligible for a generous, comprehensive group benefits package. In addition to prescription, dental, and paramedical coverage, the plan provides coverage for mental health therapists and counselling. In addition, employees receive a discretionary health spending account of up to $300 per year for health-related expenses that may not be covered by insurance. Maplewave's on-site wellness program holds regular events on company time that include workshops, group fitness classes, massage therapy, and more.

Maplewave employs a culture of the quiet "good job" all year around, in which managers personally thank staff members for their work and peer-to-peer acknowledgment is the norm. At the annual Christmas party, employees are recognized for their achievements. The Pryde Award—a trophy created in honour of former staff member Fraser Pryde—goes to a stellar employee who is inquisitive and helpful and works with integrity. Maplewave also issues various playful individual awards based on an entertaining anecdote that happened during the past year. Each winner is presented with a trophy with their likeness superimposed on an appropriate pop-culture image that represents the story.

Maplewave grants staff company-paid time off during the workday to attend personal appointments such as doctor visits, auto repair, parent–teacher conferences, etc.

Fizkes/Shutterstock

In 2018, Maplewave received the American Psychological Association's (APA) Psychologically Healthy Workplace Award in recognition of its efforts to create a healthy, high-performing work environment.

When travel is required, flexible recovery time from a long trip, catching up on appointments, or just having downtime are a given. In certain situations, such as dangerous weather and road conditions, working from home is an approved, practical necessity. There are no hard and fast rules for vacation dates; however, one Maplewave directive is non-negotiable: Employees are encouraged to actually use their vacation time, and their managers are primed to support them in doing so.

Maplewave has a policy of promoting from within, and numerous employees have advanced their careers at the company. A comprehensive performance review program is a collaborative, continual process with equal participation between managers and staff. Managers hold informal monthly one-on-one meetings to review any challenges the employee may be having, set goals, and check progress. These meetings give employees a chance to offer their perspectives and valuable feedback to their managers.

Two years ago, Maplewave participated in an employee survey program. As a result of the feedback, Maplewave significantly revamped its human resource policies to increase vacation days and sick time, improve pay equity, eliminate vacation restrictions, and launch its hugely popular profit-sharing program. Since then, employee satisfaction has increased from 60 percent to 81 percent, and turnover was just 2 percent in 2017. From 2015 to 2016, Maplewave saw a 55 percent increase in revenue, kicking off a profitable, upward momentum that continues to this day.

In 2018, Maplewave received the American Psychological Association's (APA) Psychologically Healthy Workplace Award in recognition of its efforts to create a healthy, high-performing work environment. It has also won the Nova Scotia Psychological Association's provincial-level Psychologically Healthy Workplace Award and has been named one of the best places to work in Atlantic Canada.[1]

What we have here is an example of work life and management—just what this book is about. The example also highlights many important aspects of organizational behaviour, such as organizational culture, employee recognition and rewards, work–life balance, health and wellness, motivation, compensation, and communication. It raises some very interesting questions: Why does Maplewave have a profit-sharing program? Why does it have a culture that treats employees like family? Why does Maplewave promote from within and have a comprehensive performance review program? Why do managers personally thank employees for their work? This book will help you uncover the answers to these kinds of questions.

In this chapter, we will define *organizations* and *organizational behaviour* and examine their relationship to management. We will explore historical and contemporary approaches to management and consider what managers do and how they think. The chapter concludes with some issues of concern to contemporary organizations.

LO 1.1

Define *organizations* and describe their basic characteristics.

WHAT ARE ORGANIZATIONS?

This book is about what happens in organizations. Most of us will earn our livelihood working in organizations, and our well-being, as well as that of our communities, depends on organizations. We are often identified, in part, by what we do and where we do it. We live in an organizational society.[2] But what exactly is an organization?

Organizations. Social inventions for accomplishing common goals through group effort.

Organizations are social inventions for accomplishing common goals through group effort. Maplewave is obviously an organization, but so are the Toronto Raptors, CTV, and college sororities or fraternities.

Social Inventions

When we say that organizations are social inventions, we mean that their essential characteristic is the coordinated presence of *people*, not necessarily things. Maplewave owns a lot of things, such as equipment and offices. However, you are probably aware that, through advanced information technology and contracting out work, some contemporary organizations make and sell products, such as computers or clothes, without owning much of anything. Also, many service organizations, such as consulting firms, have little physical capital. Still, these organizations have people—people who present both opportunities and challenges. *The field of organizational behaviour is about understanding people and managing them to work effectively.*

Tara Walton/ZUMApress/Newscom

In a variety of different organizations, individuals work together to accomplish goals through group effort. Though the motivation of a television news station might differ from that of another organization, all organizations strive for goal accomplishment and survival.

Goal Accomplishment

Individuals are assembled into organizations for a reason. The organizations mentioned earlier have the very basic goals of providing software and retail optimization services, winning basketball games, delivering news, or providing social networks. Non-profit organizations have goals such as saving souls, promoting the arts, helping the needy, or educating people. Virtually all organizations have survival as a goal. Despite this, consider the list of organizations that have failed to survive: Canadian Airlines, Sears Canada, the Montreal Expos, and Columbia House, to name just a few. *The field of organizational behaviour is concerned with how organizations can survive and adapt to change.* Certain behaviours are necessary for survival and adaptation. People have to do the following:

- Be motivated to join and remain in the organization
- Carry out their basic work reliably, in terms of productivity, quality, and service
- Be willing to continuously learn and upgrade their knowledge and skills
- Be flexible and innovative[3]

The field of organizational behaviour is concerned with all these basic activities. Innovation and flexibility, which foster adaptation to change, are especially important for contemporary organizations. Management guru Tom Peters has gone so far as to advise firms to "Get Innovative or Get Dead."[4] Demonstrating the validity of his advice, layoffs and the loss of market share at Blackberry several years ago were attributed to the company's failure to innovate. Perhaps it is not surprising that 87 percent of executives believe that innovation is a strategic priority for their organizations.[5]

Group Effort

The final component of our definition of organizations is that they are based on group effort. At its most general level, this means that organizations depend on interaction and coordination among people to accomplish their goals. Much of the intellectual and physical work done in organizations is performed by groups, whether they are permanent work teams or short-term project teams. Also, informal grouping occurs in all organizations because friendships develop and individuals form informal alliances to accomplish work. The quality of this informal contact, in terms of communication and morale, can have a strong impact on goal achievement. For all these reasons, *the field of organizational behaviour is concerned with how to get people to practise effective teamwork.*

Now that we have reviewed the basic characteristics of organizations, let's look more directly at the meaning and scope of organizational behaviour.

LO 1.2

Explain the concept of *organizational behaviour* and describe the goals of the field.

WHAT IS ORGANIZATIONAL BEHAVIOUR?

Organizational behaviour. The attitudes and behaviours of individuals and groups in organizations.

Human resources management. Programs, practices, and systems to acquire, develop, motivate, and retain employees in organizations.

Organizational behaviour refers to the attitudes and behaviours of individuals and groups in organizations. The discipline of organizational behaviour systematically studies these attitudes and behaviours and provides insight about effectively managing and changing them. It also studies how organizations can be structured more effectively and how events in their external environments affect organizations. Those who study organizational behaviour are interested in attitudes—how satisfied people are with their jobs, how committed they feel to the goals of the organization, or how supportive they are of promoting women or minorities into management positions. Behaviours such as cooperation, conflict, innovation, resignation, or ethical lapses are important areas of study in the field of organizational behaviour.

A closely related but distinct discipline is human resources management. **Human resources management** refers to programs, practices, and systems to acquire, develop, motivate, and retain employees in organizations. You are probably familiar with many human resource practices such as recruitment and selection, compensation, and training and development. As you will see throughout this text, knowledge of organizational behaviour will help you understand human resource management as organizational behaviour often provides the theoretical basis for human resource practices such as selection (personality), training and development (learning), and compensation (motivation). For example, in Chapter 3, you will learn about the role that perceptions play in recruitment, the employment interview, and performance appraisals. In Chapter 4, you will learn about the factors that contribute to employee absenteeism and turnover, knowledge of which is necessary for developing effective human resource practices to lower absenteeism and retain employees. In Chapters 5 and 6, you will learn how theories of motivation help us understand the effects of different compensation strategies on employee motivation and performance. In Chapter 8, you will learn how human resource practices such as realistic job previews and employee orientation programs contribute to the onboarding and socialization process in organizations. Thus, learning about organizational behaviour will improve your understanding of human resources management.

Using an organizational behaviour perspective, reconsider the Maplewave vignette that opened the chapter. The immediate question is, *What are the factors that make an organization successful and a great place to work?* Although we will not answer this question directly, we can pose some questions highlighting some of the topics that the field of organizational behaviour covers, which we will explore in later chapters.

- What does it mean to recognize and reward employees for their performance, and why is this important? At Maplewave, managers personally thank employees for their work and hand out rewards at the annual Christmas party. Recognition and rewards are discussed in Chapter 2.
- How can organizations improve job satisfaction and lower turnover? Maplewave increased employee job satisfaction from 60 percent to 81 percent and in 2017 turnover was just 2 percent. Chapter 4 describes different theories of job satisfaction as well as its contributors and consequences such as turnover.
- How can organizations motivate employees, and how important is compensation? Maplewave has a profit-sharing program that shares 5 percent of net income with employees and matches RRSPs up to 50 percent of the bonus amount. Chapter 5 describes different theories of motivation, and the role of money as a motivator is discussed in Chapter 6.
- What is an organizational culture, and what role does it play in an organization's success? The culture at Maplewave emphasizes family and its values involve being flexible, caring, collaborative, committed, and transparent. How cultures are built and maintained and their role in organizational effectiveness is covered in Chapter 8.
- What is the purpose of an employee survey? Maplewave conducted an employee survey, and as a result of the feedback it significantly revamped its human resource policies. An employee survey is an organizational approach to improve communication, which is covered in Chapter 10.
- What can organizations do to help employees manage stress and achieve a work–life balance? Maplewave provides employees with company-paid time off during the workday to attend personal appointments, flexible recovery time from a long trip, and an on-site wellness program that includes workshops and fitness classes. The topic of stress and organizational strategies for managing it such as work–life balance programs are the focus of Chapter 13.

These questions provide a good overview of some issues that those in the field of organizational behaviour study. Accurate answers to these questions would go a long way toward understanding why Maplewave is a successful organization and how other organizations can make changes to become more effective. Analysis followed by action is what organizational behaviour is all about.

WHY STUDY ORGANIZATIONAL BEHAVIOUR?

Why should you attempt to read and understand the material in *Organizational Behaviour*? As described next, organizational behaviour is interesting and important, and it makes a difference for employees and organizations.

Organizational Behaviour Is Interesting

At its core, organizational behaviour is interesting because it is about people and human nature. Why does Maplewave have a profit-sharing program, and what effect does this have on employee attitudes and behaviour? These questions are interesting because they help us understand why employees become committed to an organization and what motivates them to work hard.

Organizational behaviour includes interesting examples of success as well as failure. Later in the text, we will study a company that promotes job satisfaction among its mostly young workforce (Facebook, Chapter 4); an organization that provides all employees $2500 per year for any vocational training, $100 per month for travel expenses, an annual $1200 cellphone and home-internet subsidy, and free beer on Fridays from the company's beer fridge (DevFacto Technologies Inc., Chapter 5); an organization that has a strong commitment to employment equity and diversity (Cogeco Connexion, Chapter 3); a company where teams are the building blocks of the organization (Whole Foods, Chapter 7); and a company where employees have flexible work hours, daily workout breaks, catered monthly meetings called "pow-wows," and fun days for outdoor activities like hiking, rafting, kayaking, mountain bike excursions, and skiing (Kicking Horse Coffee, Chapter 8). All of these companies are extremely successful, and organizational behaviour helps explain why.

Organizational behaviour does not have to be exotic to be interesting. Anyone who has negotiated with a recalcitrant bureaucrat or had a really excellent boss has probably wondered what made them behave the way they did. Organizational behaviour provides the tools to find out why.

Organizational Behaviour Is Important

Looking through the lens of other disciplines, it would be possible to frame Maplewave's success in terms of technology, marketing, and sales. Notice, however, that underlying these perspectives, it is *still* about organizational behaviour. What happens in organizations often has a profound impact on people. It is clear that the impact of organizational behaviour does not stop at the walls of the organization. The consumers of an organization's products and services, such as the customers who purchase Maplewave's products, are also affected. Thus, organizational behaviour is important to managers, employees, and consumers, and understanding it can make us more effective managers, employees, or consumers.

We sometimes fail to appreciate that there is tremendous variation in organizational behaviour. For example, skilled salespeople in insurance or real estate make many, many more sales than some of their peers. Similarly, for every Greenpeace or Sierra Club, there are dozens of failed organizations that were dedicated to saving the environment. The field of organizational behaviour is concerned with explaining these differences and using the explanations to improve organizational effectiveness and efficiency.

Organizational Behaviour Makes a Difference

In his book *Competitive Advantage Through People*, Jeffrey Pfeffer argued that organizations can no longer achieve a competitive advantage through the traditional sources of success, such as technology, regulated markets, access to financial resources, and economies of scale.[6] Today, the main factor that differentiates organizations is their workforce and human capital. **Human capital** refers to the knowledge, skills, and abilities (KSAs) embodied in an organization's employees. It includes employees' education, training, and experience. The results of research

Human capital. The knowledge, skills, and abilities (KSAs) embodied in an organization's employees.

on human capital are unequivocal: Human capital is strongly and positively related to organizational performance and is a key determinant of an organization's competitiveness and success.[7] Thus, sustained competitive advantage and organizational effectiveness are increasingly related to the management of human capital and organizational behaviour.

Social capital. Social resources that individuals obtain from participation in a social structure.

In addition to human capital, the development of social capital is also important for individuals and organizations. **Social capital** refers to the social resources that individuals obtain from participation in a social structure. It has to do with interpersonal relationships, social ties, and one's network of relationships with others who can assist them in their work and careers. Social capital creates value for individuals and organizations and is positively related to job performance.[8]

Pfeffer identified 16 practices of companies that are effective through their management of people. Many of these practices—such as incentive pay, participation and empowerment, teams, job redesign, and training and skill development—are important topics in organizational behaviour and are discussed in this book. Pfeffer's research helps to point out that organizational behaviour is not just interesting and important but that it also makes a big difference for the development of human and social capital and the effectiveness and competitiveness of organizations.

Organizations like Maplewave that have been named best places to work, best managed companies, and top employers are living examples of the importance of organizational behaviour. As shown in Exhibit 1.1, the best companies to work for in Canada have implemented management practices that have their basis in organizational behaviour such as flexible work schedules, diversity programs, and employee recognition and reward programs. This raises an interesting question: Are the best companies to work for also the most profitable? Some might argue that just because an organization is a great place to work does not necessarily mean that it is a great organization when it comes to competitiveness and performance. What do you think?

As it turns out, the best companies to work for are also the most successful. Research has found that the best companies outperformed a matched group of companies that have never been on the 100 best list but are comparable in terms of industry, size and operating performance, financial performance and stock returns.[9] Thus, it makes good business sense for organizations to be great places to work, and that is what organizational behaviour is all about.

HOW MUCH DO YOU KNOW ABOUT ORGANIZATIONAL BEHAVIOUR?

Although this is probably your first formal course in organizational behaviour, you already have a number of opinions about the subject. To illustrate this, consider whether the following

EXHIBIT 1.1
Management practices of the best companies to work for in Canada.

Sources: Brearton, S., & Daly, J. (2003, January). The 50 best companies to work for in Canada. *Report on Business Magazine*, *19*(2), 53–66; Hannon, G. (2002, January). The 50 best companies to work for. *Report on Business Magazine*, *18*(7), 41–52; Jermyn, D. (2018, April 18). Canada's Top SME employers create forward-thinking, fun workplaces. *The Globe and Mail,* https://www.theglobeandmail.com/business/careers/top-employers/article-canadas-top-sme-employers-create-forward-thinking-fun-workplaces/

- Flexible work schedules (flex-time, telecommuting, job sharing, and compressed workweek)
- Stock options, profit-sharing plans, and performance bonuses
- Extensive training and development programs
- Mentorship programs
- Family assistance programs
- On-site fitness facilities, daycare, wellness programs, and spending accounts
- Career development programs including career days, career plans, and tuition subsidies
- Flexible or cafeteria-style benefit plans
- Monthly staff socials, family holiday parties, and picnics
- Stress-reduction programs
- Monthly all-employee meetings
- Formal workplace diversity programs to encourage women and minorities
- Employee recognition and reward programs

statements are true or false. Please jot down a one-sentence rationale for your answer. There are no tricks involved!

1. Effective organizational leaders tend to possess identical personality traits.
2. Nearly all workers prefer stimulating, challenging jobs.
3. Managers have a very accurate idea about how much their peers and superiors are paid.
4. Workers have a very accurate idea about how often they are absent from work.
5. Pay is the best way to motivate employees and improve job performance.
6. Women are just as likely as men to become leaders in organizations.

Now that you have your answers, do one more thing. Assume that the correct answer is opposite to the one you have given; that is, if your answer is true for a statement, assume that it is actually false, and vice versa. Now, give a one-sentence rationale for why this opposite answer could also be correct.

Each of these statements concerns the behaviour of people in organizations. Furthermore, each statement has important implications for the functioning of organizations. If effective leaders possess identical personality traits, then organizations might sensibly hire leaders who have such traits. Similarly, if most employees prefer stimulating jobs, there are many jobs that could benefit from upgrading. In this book, we will investigate the extent to which statements such as these are true or false and why they are true or false.

The answers to this quiz may surprise you. Substantial research indicates that each of the statements in the quiz is essentially false. Of course, there are exceptions, but in general, researchers have found that the personalities of effective leaders vary a fair amount, many people prefer routine jobs, managers are not well informed about the pay of their peers and superiors, workers underestimate their own absenteeism, pay is not always the most effective way to motivate workers and improve job performance, and women are underrepresented in leadership roles in organizations. However, you should not jump to unwarranted conclusions based on the inaccuracy of these statements until we determine *why* they tend to be incorrect. There are good reasons for an organization to tie pay to job performance to motivate employees and to improve their performance. Also, we can predict who might prefer challenging jobs and who will be motivated by pay. We will discuss these issues in more detail in later chapters.

Experience indicates that people are amazingly good at giving sensible reasons to why the same statement is either true or false. Thus, pay will always motivate workers because most people want to make more money and will work harder to get more pay. Conversely, workers will work only as hard as they have to, regardless of how much money they are paid. The ease with which people can generate such contradictory responses suggests that "common sense" develops through unsystematic and incomplete experiences with organizational behaviour.

However, because common sense and opinions about organizational behaviour do affect management practice, practice should be based on informed opinion and systematic study. To learn more about how to study organizational behaviour, see the Appendix. Now, let's consider the goals of organizational behaviour.

GOALS OF ORGANIZATIONAL BEHAVIOUR

Like any discipline, the field of organizational behaviour has a number of commonly agreed-upon goals. Chief among these are effectively predicting, explaining, and managing behaviour that occurs in organizations. For example, in Chapter 6 we will discuss the factors that predict which pay plans are most effective in motivating individuals and groups. Then we will explain the reasons for this effectiveness and describe how managers can implement effective pay plans.

Predicting Organizational Behaviour

Predicting the behaviour of others is an essential requirement for everyday life, both inside and outside of organizations. Our lives are made considerably easier by our ability to anticipate when our friends will get angry, when our professors will respond favourably to a completed assignment, and when salespeople and politicians are telling us the truth about a new product or the state of the nation. In organizations, there is considerable interest in predicting when people will make ethical decisions, create innovative products, or engage in sexual harassment.

The very regularity of behaviour in organizations permits the prediction of its future occurrence. However, untutored predictions of organizational behaviour are not always as accurate. Through systematic study, the field of organizational behaviour provides a scientific foundation that helps improve predictions of organizational events. Of course, being able to predict organizational behaviour does not guarantee that we can explain the reason for the behaviour and develop an effective strategy to manage it. This brings us to the second goal of the field.

Explaining Organizational Behaviour

Another goal of organizational behaviour is to explain events in organizations—why do they occur? Prediction and explanation are not synonymous. Ancient societies were capable of predicting the regular setting of the sun but were unable to explain where it went or why it went there. In general, accurate prediction precedes explanation. Thus, the very regularity of the sun's disappearance gave some clues about why it was disappearing.

Organizational behaviour is especially interested in determining why people are more or less motivated, satisfied, or prone to resign. Explaining events is more complicated than predicting them. For one thing, a particular behaviour could have multiple causes. People may resign from their jobs because they are dissatisfied with their pay, because they are discriminated against, or because they have failed to respond appropriately to an organizational crisis. An organization that finds itself with a "turnover problem" is going to have to find out why this is happening before it can put an effective correction into place. This behaviour could have many different causes, each of which would require a specific solution. Furthermore, explanation is also complicated by the fact that the underlying causes of some event or behaviour can change over time. For example, the reasons people quit may vary greatly depending on the overall economy and whether there is high or low unemployment in the field in question. Throughout the book, we will consider material that should improve your grasp of organizational behaviour. The ability to understand behaviour is a necessary prerequisite for effectively managing it.

LO 1.3

Define *management* and describe what managers do to accomplish goals.

Management. The art of getting things accomplished in organizations through others.

Managing Organizational Behaviour

Management is defined as the art of getting things accomplished in organizations through others. Managers acquire, allocate, and utilize physical and human resources to accomplish goals.[10] This definition does not include a prescription about how to get things accomplished. As we proceed through the text, you will learn that a variety of management styles might be effective, depending on the situation at hand.

If behaviour can be predicted and explained, it can often be managed. That is, if we truly understand the reasons for high-quality service, ethical behaviour, or anything else, we can often take sensible action to manage it effectively. If prediction and explanation constitute analysis, then management constitutes action. Unfortunately, we see all too many cases in which managers act without analysis, looking for a quick fix to problems. The result is often disaster. The point is not to overanalyze a problem. Rather, it is to approach a problem with a systematic understanding of behavioural science and organizational behaviour research and to use that understanding and research to make decisions; this is known as evidence-based management.

Evidence-based management. Translating principles based on the best scientific evidence into organizational practices.

Evidence-based management involves translating principles based on the best scientific evidence into organizational practices. By using evidence-based management, managers can make decisions based on the best available scientific evidence from social science and organizational research rather than personal preference and unsystematic experience. Evidence-based management derives principles from research evidence and translates them into practices that solve organizational problems. The use of evidence-based management is more likely to result in the attainment of organizational goals, including those affecting employees, stockholders, and the public in general (see Chapter 11 for a more detailed discussion of evidence-based management and decision making).[11] For a good example of management and evidence-based management, see the Applied Focus: *The Management of Meaningful Work*.

APPLIED FOCUS

THE MANAGEMENT OF MEANINGFUL WORK

Many workers want their work to be meaningful, and many organizations try to provide employees with meaningful work. In fact, important and meaningful work is considered to be the single most valued feature of employment for most workers. Research on the meaningfulness of work has found that the experience of meaningful work is associated with a number of beneficial outcomes for workers and organizations such as high levels of motivation, work engagement, creativity, and performance as well as more positive attitudes. But what exactly is meaningful work?

Meaningful work refers to work that is satisfying and fulfilling to the individual and serves a wider cause or gives rise to a sense of belonging to a broader group. Thus, meaningful work is concerned with undertaking work-related activities that are pleasant, enjoyable, and personally enriching, as well as making a positive contribution to something beyond pure self-interest.

The experience of meaningfulness can arise from four different sources. First, meaningfulness can arise from the actual *work tasks* that an individual performs. Meaningful work tasks are those that include some degree of skill variety (the opportunity to do a variety of job activities using various skills and talents), task significance (the impact that a job has on other people), and identity (the extent to which a job involves doing a complete piece of work, from beginning to end) and when workers have some power to effect change, exercise control, and make a difference or impact. Meaningful work tasks also provide service to society or the community and contributes to the sense of a "greater good" or higher purpose. Second, meaningfulness can arise from the *roles* that people perform. For example, meaningfulness is experienced when people feel they perform valued, important, or high-status roles. Third, meaningfulness can also arise from *interactions,* either within the organization or with other stakeholders, which gives rise to a sense of belonging or connectedness with others or when one's work benefits others. Fourth, meaningfulness also arises from the *organization* itself when people can identify with the organization's values, goals, and mission. While each one of these sources contributes to the experience of meaningfulness, the greatest experience of meaningfulness comes from a sense of consistency across several of these sources rather than just one.

How can organizations manage meaningfulness? Research suggests a number of strategies that can be used to create a work environment that is conducive to the experience of meaningfulness by tapping into the four sources of meaningful work. These strategies have to do with the nature of the work that employees actually do and the context in which the work is performed and include job design, human resource management, leadership, and culture and values.

Job design has to do with designing jobs to enhance skill variety, task significance, and task identity, as these characteristics are associated with greater meaningfulness as well as providing opportunities for interpersonal interaction, either with co-workers, clients, or the public. *Human resource practices* such as recruitment, selection, and socialization that focus on ensuring a strong fit with the organizations' values can contribute to meaningfulness as well as fair pay, job security, personal development, and employee participation. *Leadership style* can also influence meaningfulness, especially when leaders emphasize ethical values and behave congruently with those values and demonstrate the link between individuals' work, organizational ethical goals and standards, and higher-level societal ethical outcomes. Finally, meaningfulness has been associated with "strong" value-driven organizational *culture and values* that create a sense of community and belonging in serving a wider ideal.

In summary, research has identified a number of ways in which organizations can manage meaningful work. This is likely to be beneficial for employees and organizations. Employees who find their work meaningful are more likely to experience positive outcomes such as job satisfaction, happiness, a sense of community, greater motivation, work engagement, and performance.

Source: Based on Bailey, C., Madden, A., Alfes, K., Shantz, A., & Soane, E. (2017). The mismanaged soul: Existential labor and the erosion of meaningful work. *Human Resource Management Review, 27*, 416–430.

Now that you are familiar with the goals of organizational behaviour, read You Be the Manager: *The Cost of a Minimum Wage Hike* and answer the questions. In The Manager's Notebook at the end of the chapter, find out what organizational behaviour teaches us about the effects of reducing employee benefits to minimize the labour cost of a minimum wage hike. This is not a test but rather an exercise to improve critical thinking, analytical skills, and management skills. Pause and reflect on these application features as you encounter them in each chapter.

YOU BE THE MANAGER

THE COST OF A MINIMUM WAGE HIKE

In January of 2018, Ontario raised the minimum wage to $14 an hour from $11.60. The wage hike was part of other labour reforms (Bill 148) to provide greater protection for low-wage, part-time, and temporary workers.

Some business groups, however, expressed concern that these reforms and especially the minimum wage hike would be costly for businesses. In response to the minimum wage increase, some businesses decided to offset the increased cost of labour by eliminating paid breaks and other benefits.

Among those organizations that reduced employee benefits were several Tim Hortons franchise owners. Workers at some locations were told that they could no longer accept tips or have paid breaks and will have to pay for their uniforms and at least half the cost of their dental and health benefits. One franchisee cut employee perks such as paid breaks and free hot drinks on the job, and reduced health benefit coverage. Workers at nearly a dozen Tim Hortons outlets across Ontario reported similar cutbacks at their store to offset the minimum wage hike. According to some franchisees, head office will not allow them to offset the minimum wage hike by raising prices.

These actions resulted in a major backlash and protests at Tim Hortons restaurants throughout Ontario. At one location in Toronto, protesters chanted, "Hold the sugar, hold the cream, Tim Hortons, don't be mean" as passing vehicles honked in support. The protesters did not stop people from going into the restaurants but, rather, wanted to spread a message of support for the worker's and apply pressure to the chain's parent company, Restaurant Brands International (RBI) in hopes of having the "punitive" responses to the minimum wage increase reversed.

Then in January, a National Day of Action was held in support of Tim Hortons workers. Labour activists held rallies at more than 40 Tim Hortons stores across the country to send a message to RBI that it needs to take action to guarantee that its employees are treated fairly. In addition, a social media campaign encouraged people to boycott Tim Hortons to show solidarity with the

Steve Russell/Toronto Star/Getty Images

Reduced employee benefits following a minimum wage hike resulted in a major backlash and protests at several Tim Hortons restaurants in Ontario.

workers. One movement called, "No Timmies Tuesday" encourages people to go to independent coffee shops.

RBI referred to the restaurant owners involved as a "rogue group," the actions of which "do not reflect the values of our brand." They also stated that individual franchise owners are responsible for handling all employment matters and considers its franchises to be "operated by small business owners who are responsible for handling all employment matters, including all policies and wages, for their restaurants."

Several months before the wage hike took effect, a staff memo written by several Tim Hortons franchise owners blamed the cuts to employee benefits on the Ontario government and its minimum wage hike. The memo told employees to contact then-Premier Kathleen Wynne if they have concerns about the changes and to let her know she doesn't have their support. Wynne responded by saying, "I'm happy to talk to any business owner about the minimum wage but taking it out on employees is not fair and not acceptable."

What do you think of the actions of Tim Hortons franchisees in response to the minimum wage hike? You be the manager.

Questions

1. What issues are particularly relevant from an organizational behaviour perspective?
2. How can the goals of organizational behaviour help us understand the potential effects of the elimination of benefits on employees? Do you agree with the actions of the franchise owners who cut employee benefits?

To find out what organizational behaviour teaches us about this incident, see The Manager's Notebook at the end of the chapter.

Sources: McKeen, A., & Mojtehedzadeh, S. (2018, January 11). Tim Hortons hit by protests over clawbacks. *Toronto Star,* A3; Wells, J. (2018, January 14). Time for both sides to sit down over a coffee and sort this out. *Toronto Star,* A3; Mojtehedzadeh, S. (2018, January 19). Tim Hortons protests sweep the nation after minimum-wage hike. *Toronto Star,* https://www.thestar.com/news/gta/2018/01/19/tim-hortons-protests-sweep-the-nation-after-minimum-wage-hike.html; Dangerfield, D. (2018, April 5). Tim Hortons' reputation plummets in new survey—why Canadians may be fed up. *Global News,* https://globalnews.ca/news/4124961/tim-hortons-brand-reputation-survey/; Harris, S. (2018, January 19). Tim Hortons franchise owners tell workers to blame Wynne for benefit cuts and to "not vote Liberal." *CBC News,* https://www.cbc.ca/news/business/tim-hortons-minimum-wage-hike-ontario-government-1.4493436; Sagan, A. (2018, January 9). Tim Hortons regulars launch #NoTimmiesTuesday over minimum wage. *The Canadian Press,* https://www.theglobeandmail.com/report-on-business/tim-hortons-regulars-launch-boycott-over-minimum-wage-response/article37543427/; Giovannetti, J. (2018, January 10). Anger brews in Cobourg over Tim Hortons' response to Ontario minimum wage. *The Globe and Mail,* https://www.theglobeandmail.com/report-on-business/labour-groups-protest-tim-hortons-response-to-ontario-minimum-wage/article37553813/; Farren, M. (2018, January 10). How economic theory explains the Tim Hortons wage debate. *Globe and Mail,* https://www.theglobeandmail.com/opinion/how-economic-theory-explains-the-tim-hortons-wage-debate/article37554383/; The Canadian Press (2018, May 24). Tim Hortons falls 54 spots in reputation rankings. *Toronto Star,* B1, B6.

EARLY PRESCRIPTIONS CONCERNING MANAGEMENT

LO 1.4

Contrast the *classical viewpoint* of management with that advocated by the *human relations movement.*

For many years, experts interested in organizations were concerned with prescribing the "correct" way to manage an organization to achieve its goals. There were two basic phases to this prescription, which experts often call the classical view and the human relations view. A summary of these viewpoints will illustrate how the history of management thought and organizational behaviour has developed.

The Classical View and Bureaucracy

Most of the major advocates of the classical viewpoint were experienced managers or consultants who took the time to write down their thoughts on organizing. For the most part, this activity occurred in the early 1900s. The classical writers acquired their experience in military settings, mining operations, and factories that produced everything from cars to candy. Prominent names include Henri Fayol, General Motors executive James D. Mooney, and consultant Lyndall Urwick.[12] Although exceptions existed, the **classical viewpoint** tended to advocate a very high degree of specialization of labour and a very high degree of coordination. Each department was to tend to its own affairs, with centralized decision making from upper management providing coordination. The classical view suggested that, to maintain control, managers have fairly few workers, except for lower-level jobs, where machine pacing might substitute for close supervision.

Classical viewpoint. An early prescription on management that advocated a high specialization of labour, intensive coordination, and centralized decision making.

Frederick Taylor (1856–1915), the father of **scientific management**, was also a contributor to the classical school, although he was mainly concerned with job design and the structure of work on the shop floor.[13] Rather than informal "rules of thumb" for job design, Taylor's scientific management advocated the use of careful research to determine the optimum degree of specialization and standardization. He also supported the development of written instructions that clearly defined work procedures, and he encouraged supervisors to standardize workers' movements and breaks for maximum efficiency. Taylor even extended scientific management to the supervisor's job, advocating "functional foremanship," whereby supervisors would specialize in particular functions. For example, one might become a specialist in training workers, while another might fulfill the role of a disciplinarian.

Scientific management. Frederick Taylor's system for using research to determine the optimum degree of specialization and standardization of work tasks.

The practising managers and consultants had an academic ally in Max Weber (1864–1920), the distinguished German social theorist. Weber made the term *bureaucracy* famous by advocating it as a means of rationally managing complex organizations. During Weber's lifetime, managers were certainly in need of advice. In this time of industrial growth and development, most management was done by intuition, and nepotism and favouritism were rampant. According to Weber, a **bureaucracy** has the following qualities:

Bureaucracy. Max Weber's ideal type of organization that included a strict chain of command, detailed rules, high specialization, centralized power, and selection and promotion based on technical competence.

- A strict chain of command in which each member reports to only a single superior
- Criteria for selection and promotion based on impersonal technical skills rather than nepotism or favouritism
- A set of detailed rules, regulations, and procedures ensuring that the job gets done regardless of who the specific worker is
- The use of strict specialization to match duties with technical competence
- The centralization of power at the top of the organization[14]

Weber saw bureaucracy as an "ideal type" or theoretical model that would standardize behaviour in organizations and provide workers with security and a sense of purpose. Jobs would be performed as intended rather than following the whims of the specific role occupant. In exchange for this conformity, workers would have a fair chance of being promoted and rising in the power structure. Rules, regulations, and a clear-cut chain of command that further clarified required behaviour provided the workers with a sense of security.

Even during this period, some observers, such as the "business philosopher" Mary Parker Follett (1868–1933), noted that the classical view of management seemed to take for granted an essential conflict of interest between managers and employees.[15] This sentiment found expression in the human relations movement.

The Human Relations Movement and a Critique of Bureaucracy

Hawthorne studies. Research conducted in the 1920s and 1930s at the Hawthorne plant of Western Electric, near Chicago, that illustrated how psychological and social processes affect productivity and work adjustment.

The human relations movement generally began with the famous **Hawthorne studies** of the 1920s and 1930s.[16] These studies, conducted at the Hawthorne plant of Western Electric near Chicago, began in the strict tradition of industrial engineering. They were concerned with the impact of fatigue, rest pauses, and lighting on productivity. However, during the course of the studies, the researchers (among others, Harvard University's Elton Mayo and Fritz Roethlisberger, and Hawthorne's William J. Dickson) began to notice the effects of psychological and social processes on productivity and work adjustment. This impact suggested that there could be dysfunctional aspects to how work was organized. One obvious sign was resistance to management through strong informal group mechanisms, such as norms that limited productivity to less than what management wanted.

After the Second World War, a number of theorists and researchers, who were mostly academics, took up the theme begun at Hawthorne. Prominent names included Chris Argyris, Alvin Gouldner, and Rensis Likert. The **human relations movement** called attention to certain dysfunctional aspects of classical management and bureaucracy and advocated more people-oriented styles of management that catered more to the social and psychological needs of employees. This critique of bureaucracy addressed several specific problems:

Human relations movement. A critique of classical management and bureaucracy that advocated management styles that were more participative and oriented toward employee needs.

- Strict specialization is incompatible with human needs for growth and achievement.[17] This can lead to employee alienation from the organization and its clients.
- Strong centralization and reliance on formal authority often fail to take advantage of the creative ideas and knowledge of lower-level members, who are often closer to the customer.[18] As a result, the organization will fail to learn from its mistakes, which threatens innovation and adaptation. Resistance to change will occur as a matter of course.

- Strict, impersonal rules lead members to adopt the minimum acceptable level of performance that the rules specify.[19] If a rule states that employees must process at least eight claims a day, eight claims will become the norm, even though higher performance levels are possible.
- Strong specialization causes employees to lose sight of the overall goals of the organization.[20] Forms, procedures, and required signatures become ends in themselves, divorced from the true needs of customers, clients, and other departments in the organization. This is the "red-tape mentality" that we sometimes observe in bureaucracies.

Obviously, not all bureaucratic organizations have these problems. However, they were common enough that human relations advocates and others began to call for the adoption of more flexible systems of management and the design of more interesting jobs. They also advocated open communication; more employee participation in decision making; and less rigid, more decentralized forms of control.

CONTEMPORARY MANAGEMENT—THE CONTINGENCY APPROACH

LO 1.5

Describe the *contingency approach* to management.

How has the apparent tension between the classical approach and the human relations approach been resolved? First, contemporary scholars and managers recognize the merits of both approaches. The classical advocates pointed out the critical role of control and coordination in getting organizations to achieve their goals. The human relationists pointed out the dangers of certain forms of control and coordination and addressed the need for flexibility and adaptability. Second, as we will study in later chapters, contemporary scholars have learned that management approaches need to be tailored to fit the situation. For example, we would generally manage a payroll department more bureaucratically than a research and development department. Getting out a payroll every week is a routine task with no margin for error. Research requires creativity that is fostered by a more flexible work environment.

Reconsider the six questions we posed earlier about the factors that make an organization successful and a great place to work. Answering these questions is not an easy task, partly because human nature is so complex. This complexity means that an organizational behaviour text cannot be a "cookbook." In what follows, you will not find recipes to improve job satisfaction or service quality, with one cup of leadership style and two cups of group dynamics. We have not discovered a simple set of laws of organizational behaviour that you can memorize and then retrieve when necessary to solve any organizational problem. It is this "quick fix" mentality that produces simplistic and costly management fads and fashions.[21]

There is a growing body of research and management experience to help sort out the complexities of what happens in organizations. However, the general answer to many of the questions we will pose in the following chapters is: *It depends*. Which leadership style is most effective? This depends on the characteristics of the leader, those of the people being led, and what the leader is trying to achieve. Will an increase in pay lead to an increase in performance? This depends on who is getting the increase and the exact reason for the increase.

These dependencies are called contingencies. The **contingency approach** to management recognizes that there is no one best way to manage; rather, an appropriate style depends on the demands of the situation. Thus, the effectiveness of a leadership style is contingent on the abilities of the followers, and the consequence of a pay increase is partly contingent on the need for money. Contingencies illustrate the complexity of organizational behaviour and show why we should study it systematically. Throughout the text, we will discuss organizational behaviour with the contingency approach in mind.

Contingency approach. An approach to management that recognizes that there is no one best way to manage and that an appropriate management style depends on the demands of the situation.

LO 1.6

Explain what managers do—their roles, activities, agendas for action, and thought processes.

WHAT DO MANAGERS DO?

Organizational behaviour is not just for managers or aspiring managers. As we noted earlier, a good understanding of the field can be useful for consumers or anyone else who has to interact with organizations or get things done through them. Nevertheless, many readers of this text have an interest in management as a potential career. Managers can have a strong impact on what happens in and to organizations. They both influence and are influenced by organizational behaviour, and the net result can have important consequences for organizational effectiveness.

There is no shortage of texts and popular press books oriented toward what managers *should* do. However, the field of organizational behaviour is also concerned with what really happens in organizations. Let's look at several research studies that explore what managers *do* do. This provides a context for appreciating the usefulness of understanding organizational behaviour.

Managerial Roles

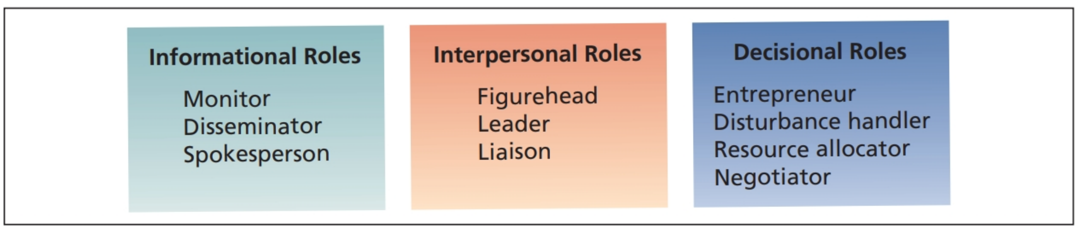
Canadian management theorist Henry Mintzberg conducted an in-depth study of the behaviour of several managers.[22] The study earned him a PhD from the Massachusetts Institute of Technology (MIT) in 1968. Mintzberg discovered a rather complex set of roles played by the managers: figurehead, leader, liaison person, monitor, disseminator, spokesperson, entrepreneur, disturbance handler, resource allocator, and negotiator. These roles are summarized in Exhibit 1.2.

INTERPERSONAL ROLES Interpersonal roles are expected behaviours that have to do with establishing and maintaining interpersonal relations. In the *figurehead role*, managers serve as symbols of their organization rather than active decision makers. Examples of the figurehead role are making a speech to a trade group, entertaining clients, or signing legal documents. In the *leadership role*, managers select, mentor, reward, and discipline employees. In the *liaison role*, managers maintain horizontal contacts inside and outside the organization. This might include discussing a project with a colleague in another department or touching base with an embassy delegate of a country where the company hopes to do future business.

INFORMATIONAL ROLES These roles are concerned with the various ways managers receive and transmit information. In the *monitor role*, managers scan the internal and external environments of the firm to follow current performance and to keep themselves informed of new ideas and trends. For example, the head of research and development might attend a professional engineering conference. In the *disseminator role*, managers send information on both facts and preferences to others. For example, the R&D head might summarize what he or she learned at the conference in an email to employees. The *spokesperson role* concerns mainly sending messages into the organization's external environment—for example, drafting an annual report to stockholders or giving an interview to the press.

DECISIONAL ROLES The final set of managerial roles Mintzberg discussed deals with decision making. In the *entrepreneur role*, managers turn problems and opportunities into plans for improved changes. This might include suggesting a new product or service that

EXHIBIT 1.2
Mintzberg's managerial roles.
Source: Reprinted by permission of Dr. Henry Mintzberg.



will please customers. In the *disturbance handler role*, managers deal with problems stemming from employee conflicts and address threats to resources and turf. In their *resource allocation role*, managers decide how to deploy time, money, personnel, and other critical resources. Finally, in their *negotiator role*, managers conduct major negotiations with other organizations or individuals.

Of course, the relative importance of these roles will vary with management level and organizational technology.[23] First-level supervisors do more disturbance handling and less figureheading. Still, Mintzberg's major contribution to organizational behaviour is to highlight the *complexity* of the roles managers are required to play and the variety of skills they must have to be effective, including leadership, communication, and negotiation. His work also illustrates the complex balancing act managers face when they must play different roles for different audiences. A good grasp of organizational behaviour is at the heart of acquiring these skills and performing this balancing act.

Managerial Activities

Fred Luthans, Richard Hodgetts, and Stuart Rosenkrantz studied the behaviour of a large number of managers in a variety of organizations.[24] They determined that the managers engage in four basic types of activities:

- *Routine communication.* This includes the formal sending and receiving of information (as in meetings) and the handling of paperwork.
- *Traditional management.* Planning, decision making, and controlling are the primary types of traditional management.
- *Networking.* Networking consists of interacting with people outside of the organization and informal socializing and politicking with insiders.
- *Human resource management.* This includes motivating and reinforcing, disciplining and punishing, managing conflict, staffing, and training and developing employees.

Exhibit 1.3 summarizes these managerial activities and shows how a sample of 248 managers divided their time and effort, as determined by research observers (discipline and punishment were done in private and were not open to observation). Perhaps the most striking observation about this figure is how all these managerial activities involve dealing with people.

One of Luthans and his colleagues' most fascinating findings is how emphasis on these various activities correlated with managerial success. If we define success as moving up the ranks of the organization quickly, networking proved to be critical. The people who were promoted quickly tended to do more networking (politicking, socializing, and making contacts) and less human resource management than the averages in Exhibit 1.3. If we define

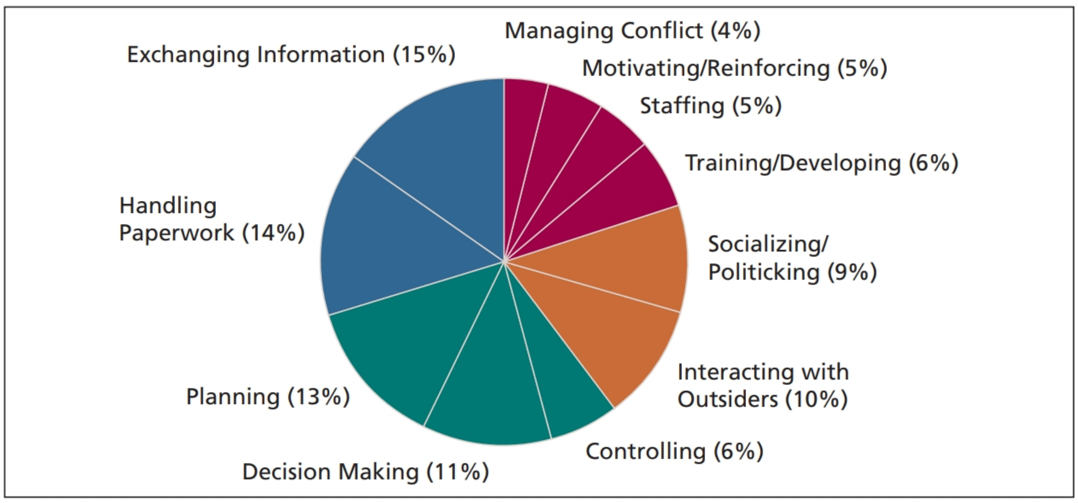


EXHIBIT 1.3
Summary of managerial activities.
Source: Adapted from Luthans, F., Hodgetts, R.M., & Rosenkrantz, S.A. (1988). Real managers. Cambridge, MA: Ballinger. Reprinted by permission of Dr. F. Luthans on behalf of the authors.

success in terms of unit effectiveness and employee satisfaction and commitment, the more successful managers were those who devoted more time and effort to human resource management and less to networking than the averages in the exhibit. A good understanding of organizational behaviour should help you manage this trade-off more effectively, reconciling the realities of organizational politics with the demands of accomplishing things through others.

Managerial Agendas

John Kotter studied the behaviour patterns of a number of successful general managers.[25] Although he found some differences among them, he also found a strong pattern of similarities that he grouped into the categories of agenda setting, networking, and agenda implementation.

AGENDA SETTING Kotter's managers, given their positions, all gradually developed agendas of what they wanted to accomplish for the organization. Many began these agendas even before they assumed their positions. These agendas were almost always informal and unwritten, and they were much more concerned with "people issues" and were less numerical than most formal strategic plans. The managers based their agendas on wide-ranging informal discussions with a variety of people.

NETWORKING Kotter's managers established a wide formal and informal network of key people both inside and outside of their organizations. Insiders included peers, employees, and bosses, but they also extended to these people's employees and bosses. Outsiders included customers, suppliers, competitors, government officials, and the press. This network provided managers with information and established cooperative relationships relevant to their agendas. Formal hiring, firing, and reassigning shaped the network, but so did informal liaisons in which managers created dependencies by doing favours for others.

AGENDA IMPLEMENTATION The managers used networks to implement the agendas. They would go *anywhere* in the network for help—up or down, in or out of the organization. In addition, they employed a wide range of influence tactics, from direct orders to subtle language and stories that conveyed their message indirectly.

John Kotter's research of successful business managers showed that exemplary managers practise agenda setting, networking, and agenda implementation. Heather Reisman of Indigo Books and Music, is an example of such a manager.

Fernando Morales/The Globe and Mail/The CP Images

The theme that runs through Kotter's findings is the high degree of informal interaction and concern with people issues that were necessary for the managers to achieve their agendas. To be sure, the managers used their formal organizational power, but they often found themselves dependent on people over whom they wielded no power. An understanding of organizational behaviour helps to recognize and manage these realities.

Managerial Minds

In contrast to exploring how managers act, which is the focus of the previous section, Herbert Simon and Daniel Isenberg explored how managers think.[26] Although they offer a wealth of observations, we will concentrate here on a specific issue that each examined in independent research—managerial intuition.

Some people think that organizational behaviour and its implications for management are just common sense. However, careful observers of successful managers have often noted that intuition seems to guide many of their actions. Isenberg's research suggests that experienced managers use intuition in several ways:

- To sense that a problem exists
- To perform well-learned mental tasks rapidly (e.g., sizing up a written contract)
- To synthesize isolated pieces of information and data
- To double-check more formal or mechanical analyses ("Do these projections look correct?")

Does the use of intuition mean that managerial thinking is random, irrational, or undisciplined? Both Simon and Isenberg say no. In fact, both strongly dispute the idea that intuition is the opposite of rationality or that intuitive means unanalytical. Rather, good intuition is problem identification and problem solving based on a long history of systematic and extensive education and experience that enables the manager to locate problems within a network of previously acquired information. The theories, research, and management practices that we cover in *Organizational Behaviour* will contribute to your own information network and give you better managerial intuition about decisions that involve how to make an organization a great place to work and a financial success.

Michaeljung/Fotolia

International managers must adapt to cross-cultural differences to successfully interact with potential clients and overseas affiliates.

International Managers

The research we discussed earlier describes how managers act and think in North America. Would managers in other global locations act and think the same way? Up to a point, the answer is probably yes. After all, we are dealing here with some very basic behaviours and thought processes. However, the style in which managers do what they do and the emphasis they give to various activities will vary greatly across cultures because of cross-cultural variations in values that affect both managers' and employees' expectations about interpersonal interaction. Thus, in Chapter 5, we study cross-cultural differences in motivation. In Chapter 9, we study cultural differences in leadership, and in Chapter 10, we explore how communication varies across cultures.

Geert Hofstede has done pioneering work on cross-cultural differences in values that we will study in Chapter 4. Hofstede provides some interesting observations about how these value differences promote contrasts in the general role that managers play across cultures.[27] He asserts that managers are cultural heroes and are even a distinct social class in North America, where individualism is treasured. In contrast, Germany tends to worship engineers and has fewer managerial types. In Japan, managers are required to pay obsessive attention to group solidarity rather than to star employees. In the Netherlands, managers are supposed to exhibit modesty and strive for consensus. In the family-run businesses of Taiwan and Singapore, "professional" management, North American style, is greatly downplayed. The contrasts that Hofstede raises are fascinating because the technical requirements for accomplishing goals are actually the same across cultures. It is only the *behavioural* requirements that differ.

Thus, national culture is one of the most important contingency variables in organizational behaviour. The appropriateness of various leadership styles, motivation techniques, and communication methods depends on where one is in the world.

LO 1.7

Describe the four contemporary management concerns facing organizations and how organizational behaviour can help organizations understand and manage these concerns.

SOME CONTEMPORARY MANAGEMENT CONCERNS

In this section, we will briefly examine four issues with which organizations and managers are currently concerned. As with previous sections, our goal is to illustrate how the field of organizational behaviour can help you understand and manage these issues.

Diversity—Local and Global

The demographics of the North American population and workforce have been changing and, as a result, both the labour force and customers are becoming increasingly culturally diverse. In Canada, visible minorities are the fastest-growing segment of the population.[28] Employment and Immigration Canada has projected that two-thirds of today's new entrants to the Canadian labour force will be women, visible minorities, Indigenous people, and persons with disabilities.[29] By 2031, 30.6 percent of the Canadian population will be visible minorities, and 60 percent of the population in Toronto and Vancouver will belong to a visible minority group.[30]

Diversity of age is also having an impact in organizations. In less than a decade, the workforce will be dominated by people over the age of 40. With the elimination of mandatory retirement at age 65, along with the recent global recession in which many people saw their life savings diminish, a growing number of Canadians over 65 will remain in the workforce. A survey found that older Canadians are redefining the concept of retirement and that 75 percent of the participants who had not yet retired expected to continue working past the age of 65.[31] Perhaps you have observed people of various ages working in fast-food restaurants that were at one time staffed solely by young people. Both the re-entry of retired people into the workforce and the trend to remove vertical layers in organizations have contributed to much more intergenerational contact in the workplace than was common in the past.

In response to this demographic shift, organizations are beginning to adopt new programs, such as flexible benefit plans, compressed workdays, and part-time jobs, to attract and retain older workers. For example, Orkin/PCO Services Corp. of Mississauga, a pest-control service, dealt with a shortage of pest-control specialists by introducing a more flexible part-time schedule with benefits to attract and retain employees who otherwise would have retired or left the industry.[32]

Diversity is also coming to the fore as many organizations realize that in many aspects of employment, they have not treated certain segments of the population fairly—for instance, women; members of the lesbian, gay, bisexual, transgender, and queer (LGBTQ) community; and the disabled. Organizations have to be able to get the best from *everyone* to be truly competitive. Although legal pressures (such as the *Employment Equity Act*) have contributed to this awareness, general social pressure, especially from customers and clients, has also done so.

Finally, diversity issues are having an increasing impact as organizations "go global." Increasing business and foreign sales by multinational corporations are growing faster than their sales of exports.[33] Multinational expansion, strategic alliances, and joint ventures increasingly require employees and managers to come into contact with their counterparts from other cultures. Although many of these people have an interest in North American consumer goods and entertainment, it is naïve to assume that business values are rapidly converging on a North American model. As a result, North American organizations that operate in other countries need to understand how the workforce and customers in those countries are diverse and culturally different.

What does diversity have to do with organizational behaviour? The field has long been concerned with stereotypes, conflict, cooperation, and teamwork. These are just some of the factors that managers must manage effectively for organizations to benefit from the considerable opportunities that a diverse workforce affords. We will have more to say about workforce diversity in Chapter 3 and cultural differences in values in Chapter 4.

Employee Health and Well-Being

During the past decade, employees have faced increasing concerns over job security, increasing job demands, and work-related stress, all of which have contributed to a deterioration of their physical and psychological health and well-being. At the same time, organizations are faced with employees who are disengaged, disillusioned, and suffering from physical and mental sicknesses. Absenteeism and employee turnover in Canadian organizations are also on the rise. According to Statistics Canada, there has been an alarming and unprecedented increase in absenteeism rates since the mid-1990s. The increase in absenteeism has been found across all age groups and sectors and translates into millions of dollars in lost productivity. It has been estimated that the total cost of reported absenteeism in Canada is $16.6 billion annually. Although there is no one definitive cause, increasing stress levels and poorly designed jobs are major contributors. In fact, all types of employees are experiencing more workplace stress today than a decade ago, and the incidence of work-related illness is also on the rise. A study of professionals found that 46 percent of Canadian workers feel more stressed out today than they did five years ago. In addition, an increasing number of Canadian workers, especially women (more than half), are struggling to achieve work–life balance.[34]

Work–life conflict is also a major stressor for employees. A study of Canadian employees estimated that the direct cost of absenteeism due to high work–life conflict is approximately $3 to $5 billion per year, and when both direct and indirect costs are included in the calculation, work–life conflict costs Canadians approximately $6 to $10 billion per year.[35]

In addition, there has been an increasing awareness of mental health in the workplace. Mental illness in Canada is said to be costing business billions of dollars in lost productivity and absenteeism. As shown in Exhibit 1.4, it is estimated that by 2020, mental health problems will be the second cause of disability. Workplace mental health and safety have become so

- An average of $51 billion is lost each year to the Canadian economy due to the impact of mental illness.
- Mental health problems will cost $198 billion in lost productivity over the next 30 years.
- Lost labour-force participation due to mental illness costs $20.7 billion a year.
- Forty-four percent of workers say they have or have had a mental health issue at work.
- On any given week, more than 500 000 Canadians will not go to work due to mental illness.
- One in five people will experience a mental illness in their lifetime.
- More than 30 percent of disability claims and 70 percent of disability claim costs are due to mental health concerns.
- Mental health problems will be the number two cause of disability by 2020.

EXHIBIT 1.4 Mental health in the workplace.

Sources: Alderson, P. (2015, March 23). Do EAPs really make a difference? *Canadian HR Reporter*, *28*(5), 13; Jurgens, K. (2014, February). Fostering mental health in the workplace. *Media Planet* (Sponsored Feature in the *Toronto Star*), 5; Grant, T. (2015, February 1). How Canadian employers are tackling the terrain where office culture, productivity and mental health intersect. Balancing office culture and productivity with mental health. *The Globe and Mail*, http://www.theglobeandmail.com/life/health-and-fitness/health/balancing-office-culture-and-productivity-with-mental-health/article22725410/.

important that in 2013 a new national standard for workplace mental health and safety (Psychological Health and Safety in the Workplace) was introduced to help Canadian organizations create workplaces that promote a mentally healthy workplace and support employees dealing with mental illness. The standard provides guidelines to help organizations identify potential hazards to mental health and how they can improve policies and practices.[36] In response, organizations have begun to implement mental health initiatives and to make mental health a priority at work.

In addition, employees are searching for meaning and purpose in their work lives, and many organizations have begun to focus on employees' physical and mental health by providing wellness initiatives and creating more positive work environments.

What does a positive work environment and employee mental health and well-being have to do with organizational behaviour? Organizational behaviour is concerned with creating positive work environments that contribute to employee health and wellness. While organization wellness programs in the past focused primarily on physical health, an increasing number of organizations like Maplewave are now also focusing on creating a psychologically healthy workplace. Psychologically healthy workplaces focus on employee health and well-being while enhancing organizational performance. According to the American Psychological Association for Organizational Excellence, the practices that help to create a healthy and productive work environment include employee involvement, health and safety, employee growth and development, work–life balance, and employee recognition. Communication is also important and is the foundation for the five psychologically healthy workplace practices (see Exhibit 1.5).[37]

Two other examples of creating positive work environments that contribute to employee health and wellness are workplace spirituality (or a spiritual workplace) and positive organizational behaviour. Let's take a closer look at each of these.

Workplace spirituality. A workplace that provides employees with meaning, purpose, a sense of community, and a connection to others.

WORKPLACE SPIRITUALITY

Workplace spirituality is found in workplaces that provide employees with meaning, purpose, a sense of community, and a connection to others. It is important to realize that workplace spirituality is not about religion in the workplace but, rather, providing employees with a meaningful work life that is aligned with their

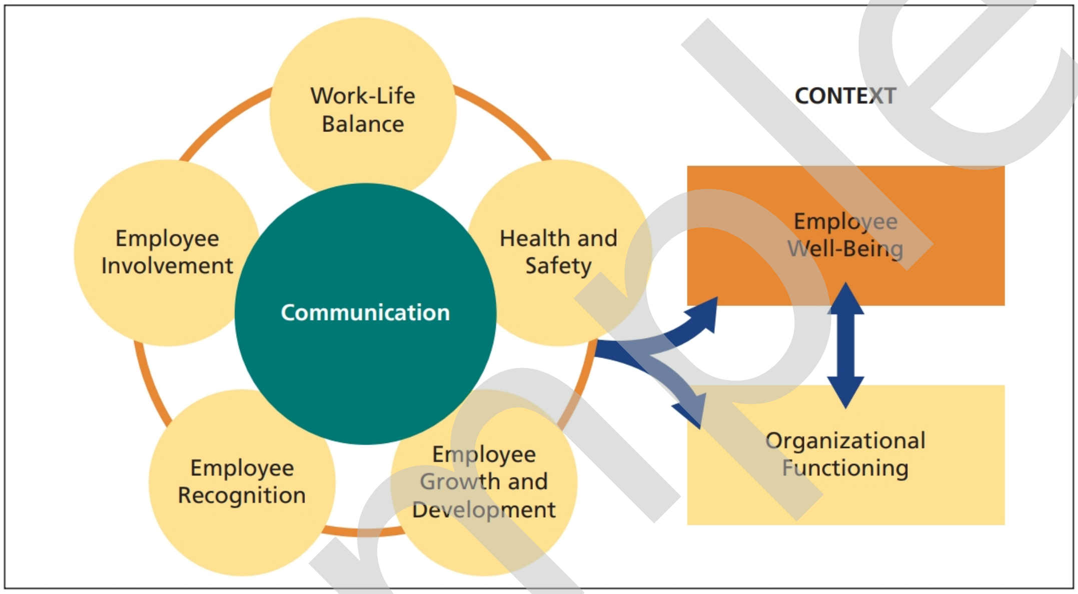


EXHIBIT 1.5
Essential components of a psychologically healthy workplace.
Source: Psychologically healthy workplace and organizational excellence awards 2018, page 21, American Psychological Association Center for Organizational Excellence; Anonymous. (2018, March 14).

values. In a spiritual workplace, employees have interesting work that provides meaning and a feeling of purpose, a sense that they belong to and are part of a caring and supportive community, and a sense of connection to their work and others. Employees in a spiritual workplace have opportunities for personal growth and development, and they feel valued and supported.[38]

POSITIVE ORGANIZATIONAL BEHAVIOUR Organizational behaviour is concerned with developing employees and providing them with the resources they need to achieve their goals and to improve their performance and well-being. This is best reflected in what is known as positive organizational behaviour. **Positive organizational behaviour (POB)** is "the study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement in today's workplace."[39]

The psychological capacities that can be developed in employees are known as psychological capital (PsyCap). **Psychological capital** refers to an individual's positive psychological state of development that is characterized by self-efficacy, optimism, hope, and resilience. **Self-efficacy** refers to one's confidence to take on and put in the necessary effort to succeed at challenging tasks (see Chapter 2 for a more detailed discussion of self-efficacy); **optimism** involves making internal attributions about positive events in the present and future and external attributions about negative events (see Chapter 3 for a more detailed discussion on attributions); **hope** refers to persevering toward one's goals and, when necessary, making changes and using multiple pathways to achieve one's goals (see Chapter 5 for a more detailed discussion of goals and goal setting); and **resilience** refers to one's ability to bounce back or rebound from adversity and setbacks to attain success.[40]

It is important to note that each of the components of PsyCap are considered to be states or positive work-related psychological resources that can be changed, modified, and developed. In other words, they are not fixed, stable, or static personality traits.[41]

Research on POB has found that PsyCap is positively related to employee psychological well-being as well as more positive job attitudes, behaviours, and job performance, and negatively related to undesirable attitudes and behaviours such as employee anxiety, stress, and turnover intentions.[42] There is also evidence that PsyCap interventions (PCI) that focus on enhancing each of the components of PsyCap are effective for developing employees' PsyCap. Thus, POB is an effective approach for organizations to improve employee health and well-being by developing employees' PsyCap.[43]

Positive organizational behaviour (POB). The study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement.

Psychological capital (PsyCap). An individual's positive psychological state of development that is characterized by self-efficacy, optimism, hope, and resilience.

Self-efficacy. Confidence to take on and put in the necessary effort to succeed at challenging tasks.

Optimism. Making internal attributions about positive events in the present and future and external attributions about negative events.

Hope. Persevering toward one's goals and, when necessary, making changes and using multiple pathways to achieve one's goals.

Resilience. The ability to bounce back or rebound from adversity and setbacks to attain success.

Talent Management and Employee Engagement

During the past decade, organizations have become increasingly concerned about talent management and employee engagement. Consider this: a survey of senior executives from all over the world found that talent was ranked as the second most critical challenge, just behind business growth. According to another recent survey, 42 percent of Canadian employers are having trouble filling jobs and a shortage of global talent is at a 12 year high.[44] In addition, many employees today are disengaged in their work. Let's take a closer look at talent management and employee engagement.

Talent management. An organization's processes for attracting, developing, retaining, and deploying people with the required skills to meet current and future business needs.

TALENT MANAGEMENT **Talent management** refers to an organization's processes for attracting, developing, retaining, and deploying people with the required skills to meet current and future business needs.[45]

The ability of organizations to attract and retain talent has always been important; however, today it has become especially critical for many organizations that are struggling to find the employees they need to compete and survive. As a result, the management of talent has become a major organizational concern that involves a concerted effort and the involvement of all levels of management.

An increasing number of organizations are having trouble finding qualified talent, a problem stemming in part from changing demographics that will result in a dramatic shortage of skilled workers over the next 10 years, as the baby boomers begin to retire, leaving a large skills gap. It is predicted that there will be a 30 percent shortfall of workers between the ages of 25 and 44. This, combined with the increasing willingness of knowledge workers to relocate anywhere in the world and fewer Canadians entering the skilled trades, means that Canadian organizations will increasingly face severe labour shortages. There are already shortages in scientific, technical, and high-tech industries and in senior management, communications, and marketing positions. A poll of Canadian organizations found that more than 60 percent say that labour shortages are limiting their productivity and efficiency. Most of Canada's top CEOs believe that retaining talent has become their number-one priority and attracting new talent is their fourth priority, just behind financial performance and profitability. Three-quarters of CEOs say they cannot find enough competent employees.[46]

Work engagement. A positive work-related state of mind that is characterized by vigour, dedication, and absorption.

EMPLOYEE ENGAGEMENT Organizations have also become very concerned about employee engagement. As you will learn in Chapter 13, **work engagement** is a positive work-related state of mind that is characterized by vigour, dedication, and absorption.[47] It has been reported that only one-third of workers are engaged, and yet engaged workers have more positive work attitudes and higher job performance. Employee engagement is considered to be key to an organization's success and competitiveness, and it can have a significant impact on productivity, customer satisfaction, profitability, and innovation. One study found that in a sample of 65 firms from different industries, the top 25 percent on an engagement index had greater return on assets (ROA), greater profitability, and more than double the shareholder value compared to the bottom 25 percent. What's more, it has been estimated that disengaged employees are costing organizations billions of dollars a year.[48] There is also evidence that the level of engagement within an organization also has implications for firm performance. To learn more, see Research Focus: *Collective Organizational Engagement and Firm Performance.*

What does organizational behaviour have to do with talent management and employee engagement? Organizational behaviour provides the means for organizations to be designed and managed in ways that optimize the attraction, development, retention, engagement, and performance of talent.[49] For example, providing opportunities for learning and designing jobs that are challenging, meaningful, and rewarding; providing recognition and monetary rewards for performance; managing a diverse workforce; offering flexible work arrangements;

RESEARCH FOCUS

COLLECTIVE ORGANIZATIONAL ENGAGEMENT AND FIRM PERFORMANCE

While work engagement has to do with an individual's level of engagement in his or her work, *collective organizational engagement* refers to the shared perceptions of organizational members that members of the organization are, as a whole, physically, cognitively, and emotionally invested in their work.

To learn more about the link between collective organizational engagement and firm performance, Murray R. Barrick, Gary R. Thurgood, Troy A. Smith, and Stephen H. Courtright tested a model in which several factors predict collective organizational engagement—which, in turn, predicts firm performance. First, they suggested that three organizational-level resources would lead to collective organizational engagement: motivating work design, human resource management (HRM) practices, and CEO transformational leadership behaviours.

Motivating work design has to do with the extent to which the work of entry-level employees is enriched through the use of five job characteristics from the job characteristics model (autonomy, skills variety, task significance, task identity, and feedback; see Chapter 6 for a complete description of the job characteristics model). Human resource practices are expected to lead to collective organizational engagement when they focus on a firm's expectations of employees and enhance employees' expected rewards and outcomes (pay equity, job security, developmental feedback, and pay for performance). CEO transformational leadership has to do with the extent to which the CEO shares a compelling vision, intellectually stimulates followers, and sets challenging goals and expectations (see Chapter 9 for a complete description of transformational leadership).

Second, the authors suggested that the relationship between the organizational resources and collective organizational engagement would be strongest when strategic implementation is high. Strategic implementation has to do with the extent to which top management in an organization specify, pursue, and monitor the organization's strategic objectives. Thus, the effect of the organizational resources on collective organizational engagement will be augmented when senior management effectively implements the organization's strategic objectives. Third, the authors predicted that collective organizational engagement would create value for an organization and would be positively related to firm performance.

To test their model, the authors conducted a study of 83 small- to medium-sized credit unions located throughout the United States. The study participants included employees from various levels in each organization (top management, mid-level managers, and entry-level employees). The results indicated that all three of the organizational-level resources (motivating work design, HRM practices, and CEO transformational leadership) were positively related to collective organizational engagement, and these relationships were strongest when top management was high on implementing the organization's objectives and strategies. In addition, collective organizational engagement was positively related to firm performance.

The results of this study indicate that organizations can enhance their performance and gain a competitive advantage by creating high levels of collective organizational engagement. This can be achieved by enriching the jobs of entry-level employees; using HRM practices that are expectation enhancing and provide employees' with rewards and outcomes; and when the CEO is a transformational leader. Furthermore, these effects are strongest when top management actively strives to implement the organization's objectives and strategy.

Source: Based on Barrick, M. R., Thurgood, G. R., Smith, T. A., & Courtright, S. H. (2015). Collective organizational engagement: Linking motivational antecedents, strategic implementation, and firm performance. *Academy of Management Journal, 58,* 111–135.

and providing effective leadership are just some of the factors that are important for the effective management of talent and employee engagement. These are, of course, some of the practices of the best companies to work for in Canada (see Exhibit 1.1), and their annual rate of turnover is lower than the national average and half that of some other companies. As described in the chapter-opening vignette, turnover at Maplewave was just 2 percent in 2017.

Corporate Social Responsibility

Corporate social responsibility (CSR). An organization taking responsibility for the impact of its decisions and actions on its stakeholders.

Organizations have become increasingly concerned about corporate social responsibility (CSR) and the need to be good corporate citizens. **Corporate social responsibility** refers to an organization taking responsibility for the impact of its decisions and actions on its stakeholders (e.g., employees, customers, suppliers, environmentalists, the community, owners/shareholders). It has to do with an organization's overall impact on society at large and extends beyond the interests of shareholders to the interests and needs of employees and the community in which it operates.

CSR practices can be external or internal. CSR that involves practices aimed at the local community, the environment, and consumers is known as *external CSR*. Practices and activities that are focused on the internal workforce are known as *internal CSR*. Thus, CSR involves a variety of issues that range from community involvement, environmental protection, product safety, and ethical marketing, as well as employee diversity, safe working environments, and local and global labour practices. Ultimately, CSR has to do with how an organization performs its core functions of producing goods and providing services while doing so in a socially responsible way.[51]

What does a focus on social responsibility have to do with organizational behaviour? For starters, many CSR issues have to do with organizational behaviour—such as an organization's treatment of employees, management practices such as promoting diversity, work–family balance, and employment equity. Organizations that rank high on CSR are good employers because of the way they treat their employees and because of management practices that promote employee well-being. As indicated earlier, these are the kinds of practices employed by the best companies to work for in Canada.

CSR also involves environmental, social, and governance (ESG) issues. Organizations' social and environmental actions are increasingly being scrutinized, and shareholders and consumers are holding firms to higher CSR standards on the environment, employment, and other social issues. Governance issues such as executive compensation have also begun to receive greater attention. CSR is so important that a number of research firms now rank and rate organizations on CSR.[52]

In 2009, *Maclean's* published its inaugural list of the 50 Most Socially Responsible Corporations in Canada, corporations that are raising the standard of what it means to be a good corporate citizen. Corporate Knights also publishes a list of the Best 50 Corporate Citizens in Canada. In 2018, Hydro-Quebec was named the top corporate citizen followed by Toronto Hydro.[53] These rankings, along with the belief that CSR has implications for an organization's reputation and financial performance, have led to an increasing number of organizations placing greater emphasis on CSR initiatives.

For example, many organizations make donations to charitable organizations and have implemented programs to help their communities. Cameco Corp. of Saskatoon, one of the world's largest producers of uranium, has a community investment program that focuses on improving the quality of life for people in the communities in which it operates. The company has contributed $3 million to the University of Saskatchewan to promote greater access for Aboriginal peoples, women, and northerners to studies in engineering and science. Unilever Canada has a community vitality fund and donates 1 percent of pre-tax profits to initiatives in children's health and water resources, which are both linked to its products. The company also encourages volunteerism and gives employees four afternoons off each year for community activities.[54]

A concern for the environment and green initiatives is also an example of CSR. What does going green have to do with organizational behaviour? Green programs require changes in employees' attitudes and behaviours. For example, at Fairmont Hotels and Resorts, employees volunteer to be on green teams that meet monthly to brainstorm environmental initiatives. The company also recognizes and rewards employees for their efforts. The program has had a positive effect on employee engagement and motivation, and employees are proud to be working for an environmentally responsible organization.[55]

In summary, CSR is becoming a major concern for organizations today, and some organizations even issue CSR reports along with their annual reports. Hudson's Bay Company (HBC) publishes an annual Corporate Social Responsibility Report that is available on its

Jiawangkun/Fotolia

Fairmont Hotels and Resorts recognizes and rewards employees for their involvement in enviornmental initiatives.

website. Research has found that an organization's CSR activities and policies are positively associated with a firm's financial performance as well as positive employee attitudes, work engagement, and performance.[56] CSR also has implications for the recruitment and retention of employees, as an increasing number of workers want to work for organizations that are environmentally friendly and rank high on CSR.[57] Thus, organizational behaviour has much to offer organizations in their quest to become more socially responsible.

We hope this brief discussion of some of the issues that are of concern to organizations and managers has reinforced your awareness of using organizational behaviour to better understand and manage life at work. These concerns permeate today's workplace, and we will cover them in more detail throughout the text.

SUMMARY AND ROAD MAP

To conclude the chapter, we provide a road map of the structure of the rest of the text book and a model of organizational behaviour. In this first chapter (Part 1), we have introduced you to the discipline of organizational behaviour—the attitudes and behaviours of individuals and groups in organizations. You have learned about the nature of organizations, the goals of organizational behaviour, and the concept of management, and you have reviewed several contemporary management concerns. Throughout the chapter, we have made references to various topics that you will learn about throughout the text.

To put this in perspective and provide you with a road map of the remainder of the text, we have provided a model of organizational behaviour (Exhibit 1.6), which shows the remaining chapters in the text and how they are related.

In Part 2 (Individual Behaviour), we focus on the topics of personality and learning (Chapter 2), perception, attribution, diversity (Chapter 3), values, attitudes, and work behaviour (Chapter 4), theories of work motivation (Chapter 5), and motivation in practice (Chapter 6). These topics are primarily concerned with individuals and have implications for individual attitudes, behaviours, and performance.

Part 3 (Social Behaviour and Organizational Processes) includes chapters on groups and teamwork (Chapter 7), social influence, socialization, and organizational culture (Chapter 8); leadership (Chapter 9); communication (Chapter 10); decision making (Chapter 11); power, politics, and ethics (Chapter 12); and conflict and stress (Chapter 13). These chapters deal with group-level factors and organizational processes and have implications for individual and group attitudes, behaviour, and performance.

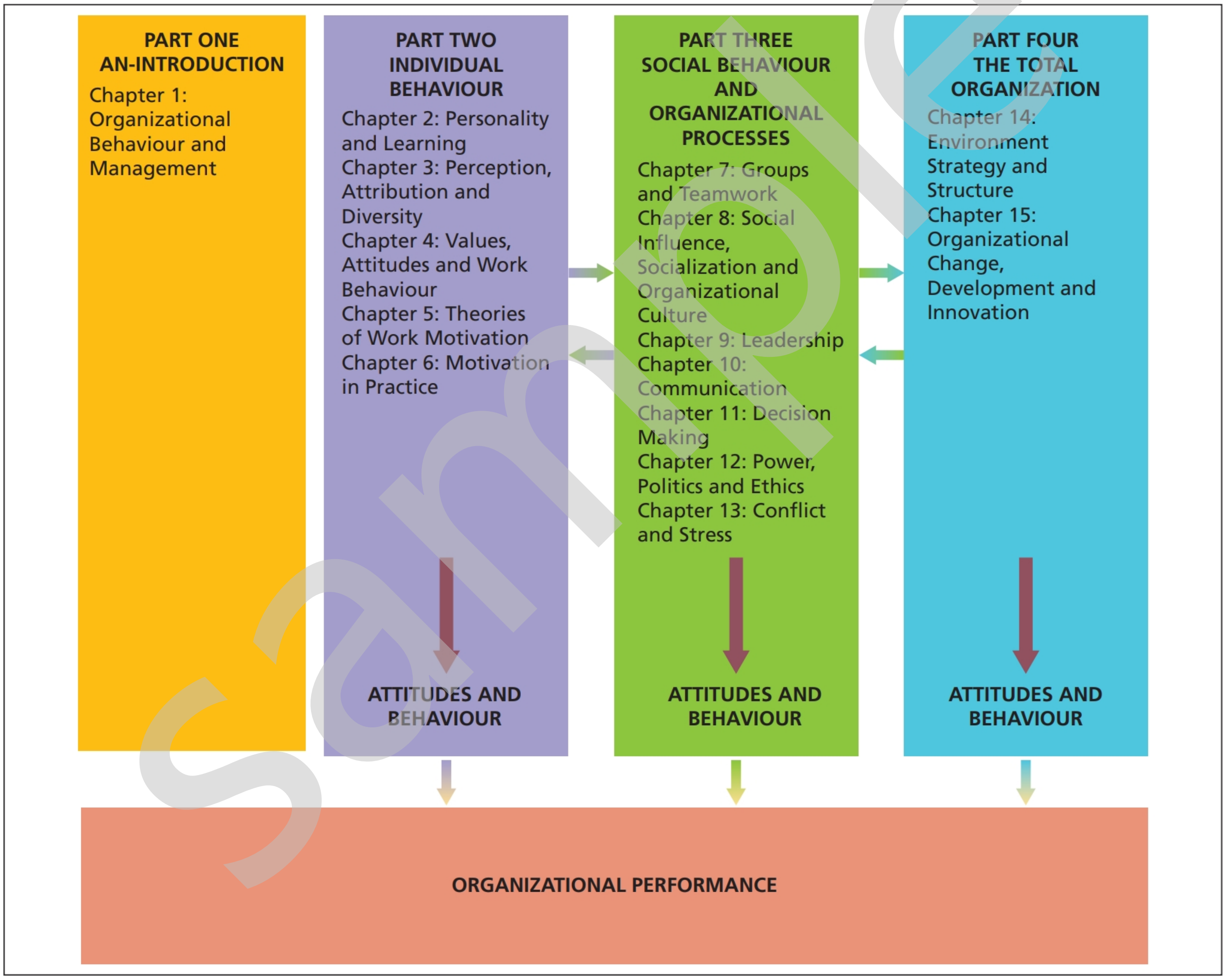


EXHIBIT 1.6
Model of organizational behaviour.

Part 4 (The Total Organization) includes chapters on the environment, strategy, and structure (Chapter 14) and organizational change, development, and innovation (Chapter 15). These chapters deal with organizational issues that concern the total organization and have implications for individuals, groups, and the organization itself.

The model highlights several important points about organizational behaviour. First, it shows that organizational behaviour involves three levels of analysis: the individual level (Part 2), the group level (Part 3), and the organizational level (Part Four). Second, the factors within each level influence individual and group attitudes and behaviours. Third, each level can influence the factors and processes at the other levels. For example, leadership can influence employee motivation, personality can influence conflict and stress, and organizational structure can influence group dynamics and behaviour and how jobs are designed (motivation in practice). Fourth, all three levels of organizational behaviour, as well as individual and group attitudes and behaviours, influence organizational performance.

In summary, the model of organizational behaviour provides a road map and guide of how the text is structured as well as some fundamental things about the three levels of organizational behaviour. As you cover each of the chapters in the text, you can refer back to the model of organizational behaviour and think about how the material in each chapter fits into the model and how it influences and is influenced by other factors in the model.

THE MANAGER'S NOTEBOOK

THE COST OF A MINIMUM WAGE HIKE

1. The minimum wage pay hike has a lot to do with organizational behaviour, which is all about the attitudes and behaviours of individuals and groups in organizations. It is very likely that the benefit reductions made by some of the franchisees will have a negative effect on employees' attitudes and behaviours. In particular, we might expect a decline in employees' job satisfaction and organizational commitment, and perhaps greater intentions to quit and actual turnover. In terms of specific topics within organizational behaviour, the minimum wage hike and reduction in benefits relate to issues of perceptions, fairness, trust, values, motivation, pay, leadership, communication, decision making, power, politics, and ethics. Interestingly, in addition to the potential impact on employees, there is also evidence that the reduction in benefits has had an effect on customers and Tim Hortons brand reputation. According to one survey, Tim Hortons suffered a massive drop in its reputation falling to 67th from 13th place, which is believed to be linked to the reduction in employee benefits. On a list of the top 10 companies or brands in Canada, Tim Hortons fell from number 4 in 2017 to number 50 in 2018.

2. The goals of organizational behaviour are predicting, explaining, and managing organizational behaviour. The question then is could we predict, explain, and manage the effects of the benefit reductions on employees? In general, we might first predict that an increase in minimum wage would have a positive effect on the attitudes and behaviours of employees. That is, getting paid more will have a number of benefits for employees, and this is likely to lead to more positive attitudes and behaviours. On the other hand, the reduction in benefits is likely to minimize if not eliminate any positive benefits associated with the increase in minimum wage, and this might even lead to negative attitudes and behaviours. In terms of specific attitudes and behavours, we might predict that employees' job satisfaction, organizational commitment, and motivation will decrease, and their intention to quit and likelihood of actually quitting will increase. In terms of explaining why this might happen, we can use several theories of organizational behaviour. Equity theory is a theory of job satisfaction and motivation that you will learn about in Chapters 4 and 5. The theory suggests that employees will consider their inputs (what they give or trade to the organization for outcomes) and outcomes (factors that an organization provides to employees in exchange for their inputs) and compare their outcome/input ratio to some other relevant person or group. In this case, employees who have received a reduction in benefits will perceive the situation as inequitable in comparison to their situation before the minimum wage hike and in comparison to employees at franchises that did not cut employee benefits. As a result, this is likely to have a negative effect on job satisfaction, organizational commitment, and motivation—all of which can lead to negative behaviours such as absenteeism, turnover, and decline in performance. Another theory that is relevant has to do with fairness perceptions, which you will also learn about in Chapter 4. There are several different kinds of fairness. In the case of Tim Hortons, two kinds of fairness that are particularly relevant are distributive fairness, which has to do with the outcomes that people receive and think they deserve, and procedural fairness, which is the process used to determine work outcomes. The reduction of employee benefits is likely to be perceived as unfair by employees with respect to both distributive and procedural fairness. Finally, as indicated in the chapter, if behaviour can be predicted and explained, it can often be managed. Based on the prediction and explanation, we can now see that dealing with the minimum wage hike by reducing employee benefits will have a negative effect on employees' attitudes and behaviour because of perceptions of inequity and unfairness. As noted in the chapter, managers often act without analysis, looking for a quick fix to problems that often result in disaster. This seems to be the case here as reducing employee benefits will not only harm employees, but it has also damaged Tim Hortons reputation and customers perceptions of the Tim Hortons brand.

LEARNING OBJECTIVES CHECKLIST

1.1 *Organizations* are social inventions for accomplishing common goals through group effort. The basic characteristic of organizations is that they involve the coordinated efforts of people working together to accomplish common goals.

1.2 *Organizational behaviour* refers to the attitudes and behaviours of individuals and groups in an organizational context. The field of organizational behaviour systematically studies these attitudes and behaviours and provides advice about how organizations can manage them effectively. The goals of the field include the prediction, explanation, and management of organizational behaviour.

1.3 *Management* is the art of getting things accomplished through others in organizations. It consists of acquiring, allocating, and utilizing physical and human resources to accomplish goals.

1.4 The *classical view* of management advocated a high degree of employee specialization and a high degree of coordination of labour from the top of the organization. Taylor's scientific management and Weber's views on bureaucracy are in line with the classical position. The *human relations movement* pointed out the "people problems" that the classical management style sometimes provoked, advocating instead for more interesting job design, more employee participation in decisions, and less centralized control.

1.5 The *contingency approach* to management suggests that the most effective management styles and organizational designs are dependent on the demands of the situation.

1.6 Research on what managers do shows that they fulfill interpersonal, informational, and decisional roles. Important activities include routine communication, traditional management, networking, and human resource management. Managers pursue agendas through networking and use intuition to guide decision making. The demands on managers vary across cultures. A good grasp of organizational behaviour is essential for effective management.

1.7 A number of societal and global trends are shaping contemporary management concerns, including local and global diversity; employee health and well-being; talent management and employee engagement; and a focus on corporate social responsibility. The field of organizational behaviour can help organizations understand and manage these concerns.

DISCUSSION QUESTIONS

1. Consider absence from work as an example of organizational behaviour. What are some of the factors that might predict who is likely to be absent from work? How might you explain absence from work? What are some techniques that organizations use to manage absence? Now do the same for turnover as an example of organizational behaviour.
2. To demonstrate that you grasp the idea of contingencies in organizational behaviour, consider how closely managers should supervise the work of their employees. What are some factors on which closeness of supervision might be contingent?
3. Use the contingency approach to describe a task or an organizational department where a more classical management style might be effective. Then do the same for a task or department where the human relations style would be effective.
4. Describe how management practices and organizational behaviour can help organizations deal with the contemporary management concerns discussed in the chapter. In other words, what are some of the things that organizations can do to (a) manage local and global diversity, (b) improve employee health and well-being, (c) facilitate the management of talent and employee engagement, and (d) promote corporate social responsibility?
5. What is the meaning of human capital, social capital, and psychological capital, and what do they have to do with organizational behaviour? Describe how human capital, social capital, and each of the components of psychological capital can help you in your studies and in your career.

ON-THE-JOB CHALLENGE QUESTION

Pay to Work or Pay to Quit?

What would you do if your employer offered you $2000 to quit? Would you stay or would you take the money and run? That is a decision that employees at Amazon and Zappos must make. Zappos offers new hires $2000 to quit. However, less than 2 percent of its employees have accepted the offer. Amazon, which acquired Zappos in 2009, also has a pay-to-quit program. Amazon offers its fulfillment centre employees $2000 to quit to start and up to $1000 more per year up to $5000. However, only a small percentage of employees accept the offer. According to Amazon, "The goal is to encourage folks to take a moment and think about what they really want. In the long run, an employee staying somewhere they don't want to be isn't healthy for the employee or the company."

What do you think about Zappos and Amazon's pay-to-quit programs? Using an organizational behaviour perspective, what effect do you think it has on employees' attitudes and behaviour? Discuss the program in terms of the goals of organizational behaviour. In other words, what can be predicted, how can you explain it, and what is being managed? Does a pay-to-quit program make sense in terms of any of the contemporary management concerns discussed in the chapter? Do you think it is a good idea for organizations to have pay-to-quit programs? Explain your answer.

Source: Based on Dobson, S. (2014, May 19). Quitting for money. *Canadian HR Reporter*, *27*(10), 1, 16.

EXPERIENTIAL EXERCISE

Good Job, Bad Job

The purpose of this exercise is to help you get acquainted with some of your classmates by learning something about their experiences with work and organizations. To do this, we will focus on an important and traditional topic in organizational behaviour—what makes people satisfied or dissatisfied with their jobs (a topic that we will cover in detail in Chapter 4).

1. Students should break into groups of four to six people. Each group should choose a recording secretary.
2. In each group, members should take turns introducing themselves and then describing to the others either the best job or the worst job that they have ever had. Take particular care to explain why this particular job was either satisfying or dissatisfying. For example, did factors such as pay, co-workers, your boss, or the work itself affect your level of satisfaction? The recording secretary should make a list of the jobs group members held, noting which were "good" and which were "bad." (15 minutes)
3. Using the information from step 2, each group should develop a profile of four or five characteristics that seem to contribute to dissatisfaction in a job and four or five characteristics that contribute to satisfaction. In other words, are there some common experiences among the group members? (10 minutes)
4. Each group should write its "good job" and "bad job" characteristics on the board. (3 minutes)
5. The class should reconvene, and each group's recording secretary should report on the specific jobs the group considered good or bad. The instructor will discuss the profiles on the board, noting similarities and differences. Other issues worth probing are behavioural consequences of job attitudes (e.g., quitting) and differences of opinion within the groups (e.g., one person's bad job may have seemed attractive to someone else). (15 minutes)
6. Why do you think that a good job for one person might be a bad job for another and vice versa? What are the implications of this for management and organizational behaviour?

EXPERIENTIAL EXERCISE

OB in the News

Every day there are stories in the news about organizations, the workplace, careers, and jobs. Now that you are learning about organizational behaviour, you can begin to interpret and understand these stories in a more informed manner. So let's get started. Look for a recent news story that has something to do with work, employees, or an organization. Pay particular attention to articles in the business or careers section of newspapers. Read the article as you normally would, and then write a short summary of the article and what you have learned from it. Then read the article again, but this time answer the following questions:

1. What does the article tell you about organizational behaviour? Refer to the sections *What Are Organizations?* and *What Is Organizational Behaviour?* in this chapter to answer this question.
2. Use the events described in the article to explain why organizational behaviour is important and makes a difference.
3. How can the goals of organizational behaviour be used to better understand the events in the article or solve a problem or concern that is noted in the article? Be sure to relate each of the goals of organizational behaviour to the article (i.e., predicting, explaining, and managing behaviour).
4. Does the article address any of the contemporary management concerns described in the chapter? Try to interpret the article in terms of one or more of the contemporary management concerns.
5. Compare your first reading and interpretation of the article to your second reading and interpretation. What did you learn about the events in the article when interpreting it through your new organizational behaviour "lens"?
6. How can learning about organizational behaviour improve your understanding and interpretation of stories and events like the one described in your article?

EXPERIENTIAL EXERCISE

How Engaged Are You?

To find out about your work or student engagement, answer the 17 questions below as frankly and honestly as possible. Note that to answer the questions for work engagement, you should refer to your current or most recent job. Refer to the wording in parentheses if you are answering the questions as a student rather than an employee. Use the following response scale to respond to each question:

0–Never

1–Almost never

2–Rarely

3–Sometimes

4–Often

5–Very often

6–Always

____ 1. When I get up in the morning, I feel like going to work (class).

____ 2. To me, my job (studies) is (are) challenging.

____ 3. When I am working (studying), I forget everything else around me.

____ 4. At my work (When I'm doing my work as a student), I feel bursting with energy.

____ 5. My job (study) inspires me.

____ 6. Time flies when I am working (studying).

____ 7. At my work (As far as my studies are concerned), I always persevere, even when things do not go well.

____ 8. I am enthusiastic about my job (studies).

____ 9. I get carried away when I am working (studying).

____ 10. I can continue working (studying) for very long periods at a time.

____ 11. I am proud of the work (my studies) that I do.

____ 12. It is difficult to detach myself from my job (studies).

____ 13. At my job (As far as my studies are concerned), I am very resilient, mentally.

____ 14. I find the work (my studies) that I do full of meaning and purpose.

____ 15. I am immersed in my work (studies).

____ 16. At my job (When I'm studying or going to class), I feel strong and vigorous.

____ 17. I feel happy when I am working (studying) intensely.

Source: Republished with permission of Kluwer Academic Publishers (Dordrecht), from Schaufeli, W. B., Salanova, M., González-Romá, V., & Bakker, A. B. (2002). The measurement of engagement and burnout: A two sample confirmatory factor analytic approach. *Journal of Happiness Studies, 3,* 71–92; permission conveyed through Copyright Clearance Center, Inc.

Scoring and Interpretation

You have just completed the Utrecht Work Engagement Scale (UWES) developed by Wilmar B. Schaufeli, Marisa Salanova, Vicente González-Romá, and Arnold B. Bakker. Work engagement is a positive work-related state of mind that is characterized by vigour, dedication, and absorption. *Vigour* is characterized by high levels of energy and mental resilience while working, the willingness to invest effort into one's work, and persistence even in the face of difficulties. *Dedication* is characterized by a sense of significance, enthusiasm, inspiration, pride, and challenge. *Absorption* is characterized by being fully concentrated and deeply engrossed in one's work to such a degree that time passes quickly and one has difficulties detaching oneself from work. The average score of a sample of undergraduate students on each dimension was as follows: Vigour, 3.30; Dedication 4.41; and Absorption, 3.37. The average score of a sample of employees was as follows: Vigour, 3.82; Dedication 3.74; and Absorption, 3.53.

To obtain your score on each dimension of work engagement (vigour, dedication, and absorption), calculate the average of the items for each dimension as indicated in the following instructions. To obtain your overall engagement score, calculate the average of your responses to all 17 questions.

Vigour: Add 1, 4, 7, 10, 13, and 16, and divide by 6.

Dedication: Add 2, 5, 8, 11, and 14, and divide by 5.

Absorption: Add 3, 6, 9, 12, 15, and 17, and divide by 6.

Overall engagement score: Add all 17 items, and divide by 17.

Questions

To facilitate class discussion and your understanding of work engagement, form a small group with several other members of the class and consider the following questions:

1. Compare your own scores on each work engagement dimension. Which dimension is highest and which is lowest? What does this say about your work or student engagement?
2. Each group member should present their scores on each dimension of work or student engagement as well as their overall work engagement score. What is the range of group members' scores on each dimension and overall work or student engagement? What dimensions do group members have high and low scores on? What is the average overall work or student engagement score in your group?
3. Try to understand why some group members have a low or high work or student engagement score. Each group member should try to explain what factors they think account for their low or high engagement score. If the group completed the scale for student engagement, you might discuss the courses you are taking, how many courses you are taking, course assignments, and your course instructors. If you completed the scale for work engagement, you might discuss the type of job each group member has, the type of tasks they perform, and the amount of autonomy and control they have in how they perform their job. Can you explain and understand why some group members have higher engagement scores than others?
4. What effect do you think your level of student or work engagement has on your attitudes, behaviour, and performance? If you completed the scale for student engagement, consider your attitudes toward your program and your grades. If you completed the scale for work engagement, consider your job attitudes and job performance. Do students with higher engagement scores have more positive attitudes and higher grades or job performance?
5. Based on your work or student engagement score, what have you learned about yourself as a student or an employee? What are the implications of this for your attitudes, grades, and performance?
6. How can knowledge of your work or student engagement help you as a student and as an employee? What can you do to become a more engaged student and employee? What are the potential consequences of being a more engaged student and employee?

EXPERIENTIAL EXERCISE

Corporate Social Responsibility

To find out about how your organization scores on corporate social responsibility, answer the 35 questions below as frankly and honestly as possible. If you are not currently employed, answer the questions thinking about the last organization where you worked. Use the following response scale to respond to each question:

1–Strongly disagree

2–Disagree

3–Somewhat disagree

4–Somewhat agree

5–Agree

6–Strongly agree

____ 1. Our company invests in humanitarian projects in poor countries.

____ 2. Our company provides financial support for humanitarian causes and charities.

____ 3. Our company contributes to improving the well-being of populations in the areas where it operates by providing help for schools, sporting, events, etc.

____ 4. Our company invests in the health of populations of developing countries (e.g., vaccination, fight against AIDs).

____ 5. Our company helps NGOs (non-governmental organizations or not-for-profit organizations) and similar associations such as UNICEF, the Red Cross, and emergency medical services for the poor.

____ 6. Our company gives financial assistance to the poor and deprived in the areas where it operates.

____ 7. Our company assists populations and local residents in case of natural disasters and/or accidents.

____ 8. Our company takes action to reduce pollution related to its activities (e.g., choice of materials, eco-design, and dematerialization).

____ 9. Our company contributes toward saving resources and energy (e.g., recycling, waste management).

____ 10. Our company makes investments to improve the ecological quality of its products and services.

____ 11. Our company respects and promotes the protection of biodiversity (i.e., the variety and diversity of species).

____ 12. Our company measures the impact of its activities on the natural environment (e.g., carbon audit, reduction of greenhouses gas emissions, global warming).

____ 13. Our company invests in clean technologies and renewable energies.

____ 14. Our company encourages its members to adopt eco-friendly behaviour (sort trash, save water and electricity) to protect the natural environment.

____ 15. Our company implements policies that improve the well-being of its employees at work.

____ 16. Our company promotes the safety and health of its employees.

____ 17. Our company avoids all forms of discrimination (age, sex, disability ethnic or religious origin) in its recruitment and promotion policies.

____ 18. Our company supports equal opportunities at work (e.g., gender equality policies).

____ 19. Our company encourages employees' diversity in the workplace.

____ 20. Our company helps its employees in case of hardship (e.g., medical care, social assistance).

____ 21. Our company supports its employees' work and life balance (e.g., flextime, part-time work, flexible working arrangements).

____ 22. Our company endeavours to ensure that all its suppliers (and subcontractors) wherever they may be, respect and apply current labour laws.

____ 23. Our company makes sure that its suppliers (and subcontractors) respect justice rules in their own workplaces.

____ 24. Our company cares that labour laws are applied by all its suppliers (and subcontractors), wherever they may be.

____ 25. Our company would not continue to deal with a supplier (or subcontractor) who failed to respect labour laws.

____ 26. Our company helps its suppliers (and subcontractors) to improve the working conditions of their own workers (e.g., safe working environment, etc.).

____ 27. Our company checks the quality of goods and/or services provided to customers.

____ 28. Our company is helpful to customers and advises them about its products and/or services.

____ 29. Our company respects its commitments to customers.

____ 30. Our company invests in innovations that are to the advantage of customers.

____ 31. Our company ensures that its products and/or services are accessible for all its customers.

____ 32. Our company respects the financial interests of all its shareholders.

____ 33. Our company ensures that communication with shareholders is transparent and accurate.

____ 34. Our company takes action to ensure that shareholders' investments are profitable and perennial in the long term.

____ 35. Our company makes sure that shareholders exert effective influence over strategic decisions.

Source: El Akremi, A., Gond, J-P., Swaen, V., De Roeck, K., & Igalens, J. (2018). How do employees perceive corporate responsibility? Development and validation of a multidimensional corporate stakeholder responsibility scale. *Journal of Management, 44,* 619–657.

Scoring and Interpretation

You have just completed the Corporate Stakeholder Responsibility (CStR) Scale. This scale measures an organization's context-specific actions and policies designed to enhance the welfare of various stakeholder groups by accounting for the triple bottom line of economic, social, and environmental performance. The scale consists of six dimensions that correspond to CSR toward six stakeholder groups: community-oriented CSR, natural environment-oriented CSR, employee-oriented CSR, supplier-oriented CSR, customer-oriented CSR, and shareholder-oriented CSR. Research of the development of the scale found that CStR scores were positively related to organizational pride, organizational identification, job satisfaction, and organizational commitment.

To obtain your score on each dimension of the CStR, calculate the average of the questions for each dimension as indicated in the instructions that follow. To obtain your total CStR score, calculate the average of your responses to all 35 questions. Scores can range from 1 to 6, higher scores indicate greater CSR.

Community-oriented CSR: Add 1, 2, 3, 4, 5, 6, and 7, and divide by 7.

Natural environment-oriented CSR: Add 8, 9, 10, 11, 12, 13, and 14, and divide by 7.

Employee-oriented CSR: Add 15, 16, 17, 18, 19, 20, and 21, and divide by 7.

Supplier-oriented CSR: Add 22, 23, 24, 25, and 26, and divide by 5.

Customer-oriented CSR: Add 27, 28, 29, 30, and 31, and divide by 5.

Shareholder-oriented CSR: Add 32, 33, 34, and 35, and divide by 4.

Total CSR: Add all 35 items, and divide by 35.

Questions

To facilitate class discussion and your understanding of corporate social responsibility, form a small group with several other members of the class and consider the following questions:

1. Group members should compare and contrast their scores on each dimension. On what dimensions does your organization score high and low on? Are there any patterns with respect to those dimensions that are particularly high or low within the group? On what dimensions do organizations seem to do best and worst on?
2. Group members should compare their scores with one another. How does your organization compare to other group members' organization on each dimension of CSR and the total CSR score?
3. Group members should consider their pride towards their organization as well as their organizational identification, job satisfaction, and organizational commitment. Do some group members feel more strongly about these attitudes, and is there a connection between their attitudes and their organization's CSR?
4. Based on your scores, what have you learned about your organization? What in particular does your organization have to focus on and do to improve their CSR? What are the implications of doing so?
5. How can knowledge of corporate social responsibility help you in your future search for employment and in your career?

CASE INCIDENT

Mayfield Department Stores

As competition in the retail market began to heat up, Mayfield Department Stores realized it needs to hire more sales staff. At the same time, they also needed to motivate staff to increase sales and improve their work engagement and retention. Therefore, the company implemented a new program that they believed would increase the number of job applicants and improve employee motivation and work engagement and retain staff for longer periods of time. The program introduced a new incentive for employees that gave them a chance to win a trip to Mexico.

Each month, employees in the department with the highest sales have a chance to win the free trip to Mexico along with $5000 spending money. At the end of every year, the names of all employees in those departments that had the highest sales for at least one month during the year have their name entered into a draw. The more months a department has the highest sales, the more times an employee has his or her name entered into the draw. At the end of the year, three names are then chosen to win a one-week trip to Mexico with all expenses paid, plus $5000 cash.

At first, the program was very effective for recruiting new hires and current employees were excited about the chance to win a trip to Mexico. In the first month after the program was introduced, Mayfield received more applications than in any previous month. The program also had a positive effect on employees' motivation and work engagement as sales increased during the first three months of the program.

However, after four months, many employees began to complain about the program and wondered if they would ever be rewarded for their hard work. As a result, many of the new hires decided to quit, as well as some employees who had been with the company for years. After six months, sales began to drop and almost all the new hires had left Mayfield.

In exit interviews, many employees complained that they did not think the program was fair and that they felt that they had been misled about the chance to win a trip to Mexico. As a result, the company decided to end the program after the first year and began to consider if they should replace it with something that might be more effective.

1. What does this case have to do with organizational behaviour? What are some of the key issues that are relevant to understanding and managing organizational behaviour?
2. Use the three goals of organizational behaviour (prediction, explanation, and management) to explain what happened at Mayfield Department Stores. What are they trying to predict and explain, and what are they trying to manage?
3. Why do you think the program was not very effective? What might be a more effective program for attracting, motivating, engaging, and retaining employees? Use the goals of organizational behaviour to describe a more effective program.

CASE STUDY

Argamassa Construction Materials

At what point had Eduardo Santiago, plant manager at Argamassa—a construction materials company in Rio de Janeiro, Brazil—moved from admiring his boss to feeling like walking out? After all, if it weren't for Leandro Giuntini, the director of Argamassa, Santiago may not have had the opportunity to move into management—something he deeply wanted. Yet by the end of 2010, Santiago was feeling something less than gratitude toward Giuntini, who also happened to be a long-time friend. Santiago disagreed with the cost-cutting strategy Giuntini had implemented the previous year. And he believed that other more recent changes Giuntini had made had created an adversarial environment between management and labour.

Struggling with the situation while trying to remain professional, Santiago decided to arrange a dinner meeting with Giuntini. Now he wondered whether he should go ahead with his plan to give feedback to his boss or keep his thoughts to himself and view the outing as a personal dinner between friends.

Brazil and the Labour Market

With a population of slightly less than 200 million in 2010, Brazil was by far the most populated country in South America; its work force was also among the largest, at roughly 102 million.[1] Considered a developing economy, Brazil's industrial sectors—such as aircraft, cars and car parts, cement, chemicals, iron ore, lumber, steel, textiles, and tin—made up 26 percent of its GDP. Unskilled labourers to fill positions in these sectors were in demand. Despite the need, workers' salaries were low. More than 60 percent of the population lived on BRL230 ($70US) per month.[2]

The Brazilian work force was correlated with the country's social class categories—a calculated system using the letters A, B, C, D, and E to indicate decreasing levels of income (see Table 1)—which determined one's position in life. Those capable of earning higher levels of income were considered Class A and B and

1 The World Bank, "Labor Force, Total," http://data.worldbank.org/indicator/SL.TLF.TOTL.IN (accessed Feb. 27, 2015).

2 BRL = Brazilian real. USD = U.S. dollar. Causa Operaria Online, "60% do brasilerios vivem com menos de um salario minimo," http://www.pco.org.br/nacional/60-dos-brasileiros-vivem-com-menos-de-um-salario-minimo/asia,e.html, and historical currency conversion: http://www.x-rates.com/historical/?from=USD&amount=70&date=2015-03-19 (both accessed Mar. 19, 2015).

tended to be mostly white. Most who had finished high school, a technical school, or some college tended to fit in Class C (50.4 percent of Brazilians fell in this category).[3] Those who had no high school diploma made up Class D, and those who did not finish elementary school or who were illiterate usually had income levels more aligned with Class E. Both D and E classes tended to be mostly non-white.

TABLE 1 Distribution of social class system in 2009 and gross monthly earnings per household.

Class	Income (BRL)[4]	% Total Population
A	Above 10 200	5.1
B	Above 5100	5.5
C	Above 2040	50.4
D	Above 1020	23.6
E	Below 1020	15.3

Data sources: Andréa Novais, "Social Classes in Brazil," The Brazil Business, October 7, 2011, http://thebrazilbusiness.com/article/social-classes-in-brazil; and Emy Shayo Cherman and Fabio Akira, "Brazil 101: The 2011 Country Handbook," J.P. Morgan Latin America Equity Research, April 18, 2011, https://www.jpmorgan.com/cm/BlobServer/Brazil_101_the_2011_country_handbook.pdf?blobkey=id&blobnocache=true&blobwhere=1158631510475&blobheader=application/pdf&blobcol=urldata&blobtable=MungoBlobs (both accessed Jul. 17, 2015).

Although wages were low, employee benefits were generous. Under Brazilian law, employers in the manufacturing industry were obligated to provide transportation costs to and from work, provide a meal inside the workplace (or give employees the price of a standard meal or provide a *cesta básica* (a boxed meal with rice, beans, sugar, coffee, pasta, etc.), give 30 days' paid vacation a year, and pay a 13th month's salary, which was equal to one month's pay. And although not the law, employers commonly provided daycare assistance for employees' families (spouses and children) too.

Argamassa and Leandro Giuntini

After learning the cement mortar business by working for his father's company, Leandro Giuntini and his brother Flavio founded Argamassa in 2003. Their father provided financial backing as well as connections in the industry. The company grew to become a medium-sized Brazilian construction materials firm focused on the production and distribution of cement mortar and colored grout. The firm competed on cost and relied on economies of scale for generating profits. Given the heavy weight of its products and significant transportation costs, Argamassa served only clients within a 300-kilometer radius of Rio de Janeiro. Argamassa had two types of clients—small to medium retailers and medium to large construction firms. And customers were loyal to Argamassa because it guaranteed a two- to three-day lead time delivery—significantly quicker than competitors—and very effective customer service.

By 2010, Argamassa owned three manufacturing plants and employed over 90 people. Most employees were from Class D and Class E. All lived paycheck to paycheck and worked in an industry where labourers were not generally well treated. They were usually pejoratively mistreated as *peões* (drudges) and when executives and labourers encountered each other, workers tended to neither be acknowledged nor greeted—indeed, they were usually perceived as potential thieves. More often than not, companies had some type of inspector who checked on employees to ensure they weren't stealing products or company assets.

While employees may have been mistreated in the greater area, at Argamassa, they were treated respectfully—Giuntini knew most by name. And it was common knowledge that he helped employees build homes and that he lent money for motorcycle purchases. From motivating employees to get their driver's licences to providing capital to purchase items to improve their lives, Argamassa employees appreciated Giuntini. Argamassa employees were also paid a higher wage than others in the industry. Giuntini celebrated the company's anniversaries and Christmases with gifts and prizes (televisions, fridges, and microwave ovens)—gestures that went a long way with employees. And benefits such as lunch and groceries went beyond what most firms provided employees. For those reasons, retention was high.

While Flavio focused on sales, Leandro Giuntini worked on manufacturing operations and product formulas. It was clear to everyone that the real engine of Argamassa's phenomenal growth was Leandro Giuntini's dogged determination and capacity to handle many tasks at the same time. Regardless of his generous nature,

3 "Meet the 'C' Class—Brazil's Rising Middle Class, The Hope of a Nation," *Worldcrunch*, July 19, 2012, http://www.worldcrunch.com/culture-society/meet-the-c-class-brazil-s-rising-middle-class-the-hope-of-a-nation/c3s5888/#.VPDz4zYo6Uk; and https://www.jpmorgan.com/cm/BlobServer/Brazil_101_the_2011_country_handbook.pdf?blobkey=id&blobnocache=true&blobwhere=1158631510475&blobheader=application/pdf&blobcol=urldata&blobtable=MungoBlobs, 11 (both accessed Jul. 17, 2015).

4 BRL1 = USD0.35.

Leandro Giuntini's managerial style was demanding, and almost every decision passed through him. He calculated raw material purchases, defined optimum delivery routes, set production schedules, and organized marketing efforts. He managed all these technical tasks while at the same time serving as the general director of the company.

Despite the great time commitment of these varied responsibilities, Leandro Giuntini managed to deliver a high-quality product with greater speed than his competitors. The company thrived under his micromanagement. Sales increased by 86 percent in 2005 and another 48 percent in 2006. The company attracted the attention of many in the business community. Several potential buyers made lucrative offers for the company—Leandro Giuntini confidently rejected each one. The sky seemed to be the limit. In 2007, however, the company's rapid growth ground to a halt. Seeking some advice about the abrupt turn of events, one of the people Leandro Giuntini spoke with was his old friend, Eduardo Santiago.

Eduardo Santiago

Born in rural northeastern Brazil, Eduardo Santiago studied electrical engineering and later finance at the University of Pernambuco. He spent five years in the IT industry working on enterprise resource planning and improving and streamlining company processes. Although it seemed clear he could rise to the top in that field, Santiago's real desire was to work in business administration—a notion that seemed like a pipe dream. Then his childhood friend and owner of Argamassa presented him with an opportunity.

Leandro Giuntini shared some of his company's issues with Santiago, asked for his advice, and offered Santiago the opportunity to work as an independent consultant on a seven-month project to align processes. Deciding to drop his more immediate plans to apply to an MBA program, Santiago accepted the position at Argamassa. At the end of his tenure, Santiago had produced an impressive list of recommendations that would help Argamassa break out of its rut. Convinced that Santiago's proposed changes were on the right track, Leandro Giuntini asked him to join the company to spearhead the project himself. Santiago was thrilled about the opportunity. He could implement his recommendations to address Argamassa's issues, help out a long-time friend, and at the same time make the jump into his aspired career track. Santiago began the position as plant manager in March 2008.

Argamassa, Leandro Giuntini, and Eduardo Santiago

When Santiago joined Argamassa, Leandro Giuntini told him that he had free rein to manage and execute the restructuring. He was to solve the rampant disorganization and inefficiency. Production was using 55 percent of its capacity, yet employees were consistently working overtime. Variable costs had increased by 15 percent and fixed costs by 10 percent in 2007, resulting in an 81 percent drop in profits. Santiago reorganized divisions to create economies of scale, and he appointed a new crop of competent managers. Key performance indicators were chosen to generate continuous improvement throughout the company. In addition, Santiago reduced material wastage and, by the end of 2008, there was no overtime pay.

Things were humming along smoothly until Leandro Giuntini made a decision to increase prices just as two new entrants joined the market with reduced prices. Sales dropped by 10 percent. When the company looked as though it was headed toward serious financial trouble in 2009, harsh cutbacks were instituted. Leandro Giuntini stopped consulting Santiago and reduced employee benefits to just above the minimum required by law: He stopped paying for lunches or groceries, a large part of the reason why some employees came to work with Argamassa; ended a policy of salary advances; and greatly reduced Christmas bonuses and gifts. The workers, to their credit, accepted the cuts because Santiago promised them that benefits would return when profits did, and they trusted Leandro Giuntini.

Eventually the cost reductions seemed to be paying off as Argamassa's profitability started to recover by the first quarter of 2010. Instead of reinstating the firm's previously generous benefits, money was instead spent on new trucks and on a new product line. Employees became disgruntled.

By the end of 2010, it seemed as though the company was headed toward another loss. Santiago could feel the toxic relationship between labour and management. Employees were taking longer to do their jobs, and they were less productive. Some were doing poor work so that they could stay later and receive overtime pay as compensation for their slashed benefits. Others were simply quitting, and although they were easily replaced, new hires immediately adopted their bad habits.

Leandro Giuntini went directly to Santiago's managers and ordered them to fix employee production issues. That directive resulted in two bitter public firings by one manager. Santiago was frustrated. He believed that at the first sign of trouble, Leandro Giuntini had begun his obsessive micromanaging again.

Production wasn't the only area suffering from low morale; sales reps who normally pushed Argamassa products started dedicating more time to other companies' products, and sales growth dropped. Discouraged over the situation, Santiago sought the counsel of another friend and co-worker at Argamassa, Bruno Fonseca. As he listened to Santiago vent about his boss, Fonseca reminded him that it was Leandro Giuntini who was the driver who had built a successful company. And it was Leandro Giuntini who took a chance by hiring Santiago to fix some issues in the first place. Fonseca continued:

> You're not the only one who owes something to Leandro. We all do. He helped me when I had a severe financial problem. He helped Ediliea in financial management to buy a nice home to raise her family in. You can ask nearly every worker in the shop—they are all thankful to Leandro for something, whether a motorcycle, car, or grocery payments. Behind the temper and hunger for results, he really is a good man. At the moment, the intense pressure for numbers has obscured that in the eyes of the workers.

Their conversation had Santiago deeply worried. Fonseca's insights regarding how much employees depended upon the company to take care of them reminded him of something else. Leandro Giuntini had just decided to cut the snack budget for the transportation team—again. He had reinstated it when things improved after the first round of cost cutting.

Fix It—Again?

In his mind, Santiago had two choices to change the firm's situation, which he figured would otherwise end with bankruptcy or a takeover. He could apply to MBA programs and quit his job before he was fired, or he could stay and try to tackle the problems. He wondered how he would explain working at the company for only three years and being part of its second major loss in profits—not a successful track record that he would be proud to show potential employers or write on MBA program applications.

For Santiago, staying at Argamassa implied approaching Leandro Giuntini about a plan to turn things around. In Santiago's view, the problems had little to do with the high costs Giuntini was determined to continue fixing. Instead he felt the root cause of Argamassa's issues was that both he and Leandro Giuntini were doing practically the same job. This confused and upset employees and prevented the company from having clear leadership.

Santiago's plan to turn things around was twofold. First, he would propose to increase Argamassa's sales. Cost-cutting measures had been tried and had not worked. It was clear to him that if management wanted to fix Argamassa's bottom line and growth in sales, cost-cutting measures would not be the proper means. Santiago would achieve sales growth by focusing on the marketing and commercial division and by finding ways to acquire new customers. This, Santiago thought, was the right way to stop the company's losses. Second, he would revive employee morale by rebuilding the company's earlier positive culture. He would do more to engage employees and clients in the company and show that management really did care. Santiago believed his plan would work *only* if Leandro Giuntini took a big step back from the plant and gave him complete freedom to implement it.

Santiago's head hurt from the lack of sleep over the way things could play out at Argamassa. His mind turned to his complicated working relationship with Leandro Giuntini and the unknown if he decided to leave the firm. How would he approach his conversation with Giuntini? Was dinner with him going to be one between a boss and his manager or between two old friends?

Source: This case was prepared by Morela Hernandez, Gerry Yemen, Eduardo Santiago, John Almandoz. Reprinted with Permission.

QUESTIONS

1. Explain the relevance and importance of organizational behaviour for the issues described in the case and the problems at Argamassa. What are the main issues, and what do they have to do with organizational behaviour?
2. Describe employee attitudes, behaviour, and performance at the following time periods: (a) 2003 to 2008; (b) after Giuntini's cutbacks in 2009; and (c) by the end of 2010. How, when, and why did employees' attitudes, behaviour, and performance change?
3. Using the goals of organizational behaviour, discuss the impact of Giuntini's cutbacks on employees and the relationship between labour and management. In other words, predict and

explain the effects of the cutbacks, and describe what you would do to manage them.

4. Consider Leandro Giuntini's performance in terms of managerial roles and activities. What roles and activities does he engage in, and how effective is he in performing them? What roles and activities does he need to do more or less of and why?

5. Do you think Santiago's plan to turn things around will be successful? What changes would you recommend for returning the company to profitability and why?

INTEGRATIVE CASE

IVEY | Publishing

Ken Private Limited: Digitization Project

Late one evening in August 2004, Saiyumn Savarker, chief operating officer (COO) of Ken Private Limited (Ken), was sitting alone in his corporate office. While he gazed at the panoramic view from his workplace in the Philippines, his thoughts raced to the vexing problems encountered in the first phase of the Genesis Digitization Project.

The Genesis Digitization Project required Ken to create digital archives of an American daily newspaper, *The Genesis Times*,[1] for its client, Dogma International. The coverage of this newspaper spanned 150 years. Ken had begun the project in April 2004 and had promised 10 years of digitized newspaper to the client by the end of July 2004. Unfortunately, Ken could not meet this deadline, and the delay did not sit well with Dogma International, since it had, in turn, already made a commitment to its customers. Infuriated by the delay, Dogma International sent out a dire warning: If Ken was unable to honour the commitment, Dogma International would not hesitate to cancel the project.

The project was in a state of flux. Ken had to deliver 35 years of digitized newspapers with enhanced image quality to Dogma International in a time frame of just two months. Moreover, the cross-cultural context exacerbated Ken's problems and presented Savarker with a tough business issue. The gravity of the situation forced him to call an emergency meeting with the various managers of the Genesis Digitization Project to discuss and develop an action plan for successful execution and on-time delivery of the project to the client.

COMPANY BACKGROUND

Ken Private Limited

Ken Private Limited was established in March 1991 in Texas, United States, and was in the business of providing knowledge outsourcing and technology services. The firm helped its clients to use information efficiently as well as cost-effectively. The outsourcing content services of the company focused on fabrication services and knowledge services. Included in Ken's fabrication services were processes such as digitization, XML and mark-up services, imaging, data conversion, content creation services, and language translation services. Knowledge services, on the other hand, included content enhancement, vocabulary development, taxonomy, hyperlinking mark-up, indexing and abstracting, and other general editorial services. The technology services focused on the design, implementation, integration and deployment of systems to author, manage, and distribute content. By 2004, Ken had earned a great reputation in the market for its excellent performance. It had established offices in America, Europe, and Asia, employing more than 5000 employees, and its net profit in 2004 amounted to $90 million. Ken was one of the best market players in the industry, having earned many accolades for its superior performance, and its client base included many of the world's pre-eminent information, media and publishing companies, as well as leading enterprises in information-intensive industries.

Dogma International

Dogma International was a leading global content-publishing company, located in Michigan, United States. The company's history spanned 55 years, and its reputation in the market was based on the high quality and excellence of its services. The company developed information databases through multiple sources like newspapers, magazines, and journals and from the works of thousands of publishers, in turn making the information available to customers through a web-based online information system. Large organizations and individuals alike depended on Dogma International to provide reliable and trustworthy information.

1 *The name of the newspaper has been disguised to protect confidentiality.*

Dogma International acquired the rights to the microfilm archives of *The Genesis Times*, one of the most prestigious newspapers in America. The company considered it advantageous to shift from microfilm to a web-based product and decided to digitize the newspaper. For Dogma International, this decision represented a key strategic move as well as a prestigious project—to make available over the web millions of pages currently on microfilm, dating as far back as the 18th century.

As a part of this project, Dogma International aimed to convert the microfilm archives of the newspaper into a comprehensive digital archive. The main goal of the project was to make the content available and accessible, from anywhere in the world, to scholars, researchers, students, teachers, libraries, and others needing the information. Every issue was to be digitized from cover to cover in an easily searchable, user-friendly format. Thus, the company sought to provide the information in both text-only format and full-page format so that users could view the information as originally published. The company also planned to index every issue thoroughly in order to enhance the browsing experience of the user, an effort that would require additional features, such as the ability to narrow searches (by date, author's name, keyword, etc.), view brief abstracts, and access each page with a user-friendly URL. Dogma International approached Ken to take on this task.

STRATEGIC AGREEMENT: DIGITIZING 150 YEARS OF HISTORY

On March 21, 2004, Ken entered into an agreement with Dogma International to provide its services for the Digitization Project, creating a digital historical archive of full runs of *The Genesis Times*. Under the agreement, Ken was expected to provide the client with a range of services that included product manufacturing services, such as digitization and imaging services; XML conversion and transformation services, professional services; and editorial services, such as abstracting and indexing. (See Exhibit 1 for project summary.)

Exhibit 1 Project Summary

Project Description	A newspaper digitization project required to create digital archives of 150 years of the newspaper, *The Genesis Times.*
Input Materials	Newspapers in 35 mm roll microfilm. Each shipment will contain multiple reels. • Each reel may contain several complete issues; an issue will not span more than one reel. • Each issue may contain several pages. • Each page contains a number of articles.
Output Requirements	Both full page and clipped images (of individual article zones) are required. Text will be delivered in XML. For each article (which may include ads and other non-article kinds of individual content) are the following requirements: • One XML file, containing all the metadata and zone content for the article • One tagged image file (TIFF) containing article images • Exception: photographic zones and charts are to be provided as jpeg images instead of TIFF
Accuracy Requirement	• 99.95 percent character accuracy for header information (headlines, sub-headlines, bylines, photo captions, and first full paragraph of the article) • 100 percent accuracy for quality pre-audit of the product submitted • 100 percent tag accuracy
Mode of Transmission	Processed files shall be burn-in DLT tapes
Special Project Requirements	Processed file should be delivered issue by issue directory as follows: newspaper_issuedate (directory) → each article XML file and all article TIFF or JPEG files from that issue. → page (directory) → all full-page TIFF files from that issue Each file (whether XML, TIFF or JPEG) will be uniquely named. In addition to the required deliverable are the following: • Exact count of pages in each reel delivered to IDI • Exact count of pages in each batch delivered to client • Exact count of articles (by headline) of each batch delivered to the client (transmitted) • Exact count of articles (per batch delivered) not processed

Source: Company files.

The history of the newspaper spanned almost 150 years, from its first issue in 1851 until 1999, which included more than 3.4 million pages and represented a 15-month project for Ken. As per the agreement, Ken had to deliver the first batch (i.e., 10 years of digitized newspaper) within four months of the project's commencement. Thereafter, Ken was to deliver a bulk order of 25 years' worth of digitized newspaper content every two months.

THE PREPARATION: TECHNOLOGY AND CONTENT STRATEGY

Shekhar Sharma, who had recently joined Ken's Hyderabad office, was appointed as project manager for the Genesis Digitization Project. Sharma, an Indian, had six years of experience working for an Indian information technology (IT) company and four years of formal education in technology.

The digitization of *The Genesis Times* represented the first time that Ken had handled a project of this kind. So far, the company had been using the traditional method of web-page delivery, wherein PCs were used to access HTML web pages that were displayed page by page. However, owing to the large volume of data in the newspapers and the requirements of the client, the Genesis Digitization Project could not be carried out using this method. Further, XML was rapidly replacing HTML as a standard format within the industry, and the project required the newspaper data to be converted to the XML format, which demanded an XML-based repository structure. However, compared to HTML and other conventional data sets, the use of XML posed a unique set of challenges. The XML format required creation of rich metadata with a high degree of precision and consistency, as well as a technology-intensive manufacturing environment.

Ken's recently established XML content factory in Tacloban City, Philippines, was thought to be the appropriate location to carry out a large-scale project like this. The factory was equipped with all the tools required to meet the challenges posed by the newspaper digitization process.

A new process and methodology were created for the project. The process involved gathering data from the microfilms, normalizing disparate data formats, digitizing non-digital assets and creating XML files, which were uploaded to the client's digital warehouse. However, to implement the conversion process, it was essential for Ken to operate on advanced technological platforms, which had to be built to facilitate the needs of the project. Such technology development functions were, by and large, performed at the company's office in Hyderabad, India.

Both tasks—content processing and technology development—were indispensable for the project. Keeping this fact in mind, Sharma decided to split the activities of the production and technology development between the Philippines office and the Indian office. It was the first time that the company had adopted this kind of an arrangement to execute a project. The Indian team was given the responsibility of developing a technological platform and transferring it to the Filipino team, whereas the latter was given the task of content processing and production using the newly developed technical platform.

DISTANT TEAMS, DIFFERENT BACKGROUNDS

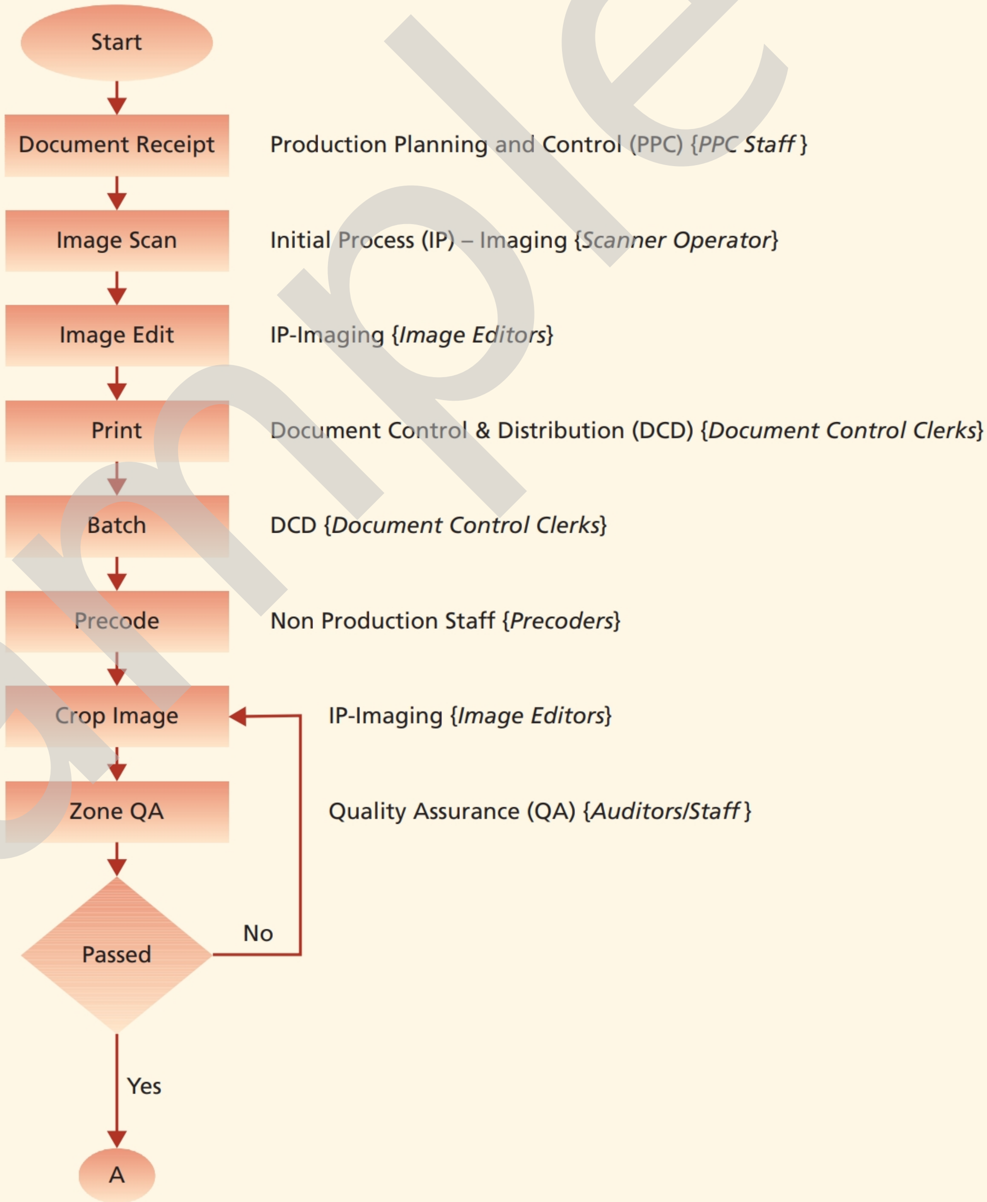
Sharma, the project manager, took charge of the Genesis Digitization Project, relocated to the Philippines, and decided to start work simultaneously at both locations to save time. The project started on April 1, 2004.

To carry out the project, Ken created a team of 1600 employees, with 1400 members in the Philippines and 200 in India. The Filipino team was segregated into five departments: Production Planning and Control (PPC), Initial Process Imaging (IPI), Document Control and Distribution (DCD), Non-Production Staff (NPS) and Quality Assurance (QA) (see Exhibit 2). The employees in each department were assigned clear tasks. A department manager was associated with each department and was accountable for the department he or she managed. The Indian team had three assistant managers supervising the project in India in three shifts. Each of the three managers was responsible for delivery from their respective teams.

The Indian team initiated the project through the planning and design of the technological platform, transferring each technology segment to the Filipino team throughout each stage of the development process. While the Indian team was working on the first segment of the technology, the Production Planning and Control department of the Filipino team had the task of receiving the input from the client in the form of microfilms.

The Filipino team members were very comfortable working with the current form of *pragmatic workflow* (a term used for work that required minimal use of high-end technology) since it offered enough flexibility

EXHIBIT 2
Process Flow
Source: Company files.



to carry out operations. The members of the Filipino team, however, did not see the benefits of switching over to the new workflow. They were quite skeptical about the new technology that was being developed by the Indian team, and they had reservations about the value of the technology, both to their own team and to the project. Although the team members discussed this issue among themselves, they did not share their concerns with their project manager.

THE WIDENING GAP

While the Filipino team continued to express concerns among themselves about the new workflow, the Indian team was ready with the first segment of the technological platform. The Filipino team received the technology, and its IPI department initiated the scanning of microfilms to create electronic images. The members of the IPI department found the technology frustrating because, in their opinion, it was not very user friendly, and it required significant improvement. Michael Tajale, the IPI department manager, complained to Sharma about the issue, and Sharma passed along the feedback about the glitches to the Indian team. The team in India reviewed the feedback and made the necessary modifications in the first segment of the technology and then transferred the revised version back to the Filipino team.

The Indian team then began to work on the second segment of the platform, soon delivering it to the Filipino team. The second segment was crucial for the Document Control and Distribution (DCD) department, which required this platform in order to print the image files to serve as source documents for production.

The DCD department received the second part of the technological platform and got to work. During implementation, however, the employees determined that the technology was flawed, asserting that the glitches in the technology prevented them from continuing their work. The manager of the DCD department, Albert Lumapas, was frustrated with the situation because production in his department had come to a standstill. Further, this unpleasant development increased the Filipino team's concerns about the technology and the team in India, as the team members became convinced that their initial apprehensions had been justified.

HITTING A ROADBLOCK

As the project manager, Sharma found himself in a quandary because he had never anticipated a situation like this. He realized that he needed to get more involved to straighten out the situation and get the job back on track. With this goal in mind, he convened a meeting with all five department managers and a few employees from each department.

He started off with a general discussion and then gradually began to make inquiries about the delay in the project. He addressed the managers but was met with a stony silence; none of them expressed their concerns. This did not deter Sharma. He insisted that each employee share their views regarding the problems. An employee from the DCC department murmured something about there being a lot of errors in the technology delivered to them and that the team in India was not sensitive to the production department's needs. Sharma took note of the response, tried to find out more about the problem, and asked the employee to explain what the glitches were; however, the employee refused to share anything more. Sharma tried yet again to get answers from the employees, but none were forthcoming. Feeling irritated and frustrated, Sharma lost his temper and yelled at the employees but still could not get a response. He called the meeting to a close.

THE MYSTERY DEEPENS

After the meeting, Sharma urged the Indian team to do their job more conscientiously and also directed them to resolve the errors they had made in the second segment of the technological platform before resending it to the Filipino team.

By this time, it was already May 2004, and things were not improving. Sharma felt genuinely worried about the project. While walking around the production facility, he overheard a conversation in the hallway between Tajale and Lumapas, who respectively headed the IPI and DCC departments.

Tajale: Hey, Lumapas. How's the production going in your department? Are things getting any better?

Lumapas: Not really. There are a lot of issues in the technical part. I don't know what the Indian team is up to. I think they are just not concerned about our problems.

Tajale: I agree with you. While we were working on the microfilm conversion, we had minimal support from the engineering department.

Lumapas: Very true. The other day I sent a very important email to the team in India for resolving a technical issue. It was an urgent one, but there was no answer from the Indian team. Those guys just do not understand the urgency and take their own sweet time to get back to us. My department had to sit idle for the whole day because of the unresolved problem. My team felt frustrated. This was, of course, not the first time that such an incident happened. It's an everyday scenario now with the engineering team.

Tajale: Yeah. That's sad. We didn't have a great experience working with them either. The technology that was transferred to us was not at all user friendly, and moreover, I feel those guys aren't even looking out for inputs from the production department.

Lumapas: That's right, and this is a big barrier. Our team members are not well versed in the use of technology. Of course, the engineering team didn't organize any knowledge-sharing sessions or training. The lack of awareness on the use of technology has made it even more difficult for us to reduce the problems.

Tajale: The Indian team did resolve some issues by making some modifications in the technology and transferred that to us a second time. It became all the more complicated to work on those platforms as the rework processes were not clearly defined.

Lumapas: Oh, I see. I wasn't aware of these intricacies. Thanks, Tajale, for sharing this piece of information.

Tajale: Lumapas, there's one thing that I fail to understand. The problem lies with the Indian team, and the project manager keeps asking us, "What's the problem?"

Lumapas: I know, and finally, if something goes wrong, it is always our team that is blamed. Nobody blames them.

Tajale: Yeah…alright then, Lumapas. I have someone waiting for me at reception. I'll catch you later.

Lumapas: Sure, Tajale. Thanks.

After Sharma overheard the conversation, he felt even more perplexed and overwhelmed by the whole situation, which seemed to be rapidly spinning out of control.

THE OTHER SIDE

Sharma believed it was essential to talk to the Indian managers before taking any further steps. Consequently, he connected with Rajeev Anand, one of the three assistant managers in India. Sharma expressed his disappointment over the results delivered by the Indian team. He also asked Anand to clarify why things were not proceeding according to the original plan, to which Anand replied:

The team here in India has its expertise in developing technology, but at the moment, we are dealing with a new project. This project is not like any of the usual projects and requires a different kind of treatment. Technology of this kind has not been established in the company and thus has required extra time, effort, and even refinement. There are a few inevitable bottlenecks in technology at the moment. Despite this, the team is trying to fix all the issues and enhance the applications as and when reported.

As far as the Filipino team is concerned, sir, I try to ensure that all their concerns are immediately addressed, and they get a timely response. They are not at all patient, and they create an uproar over every petty issue. I believe there aren't as many errors in the technology as they have made out, and I feel they lack the inclination to learn the processes involved. I wonder if they even understand the project they are working on. We will, of course, take your suggestions into consideration and ensure successful delivery of the technology.

THE DEADLINE APPROACHES

The project manager's attempts at mediation brought some success. After fixing the errors, the Indian team passed on the technology to the Filipino team, and production in the Philippines finally resumed. The DCC department printed the image files to serve as documents for production and, thereafter, batched source documents per page for easier data tracking and processing.

Meanwhile, the Indian team was preparing its third segment of the technical platform. As a part of the third segment of technical work, the Indian team engineered links that would enable the Filipino team to provide the abstracting, indexing, and other editorial services to the client. This time, they were certain that there were minimal errors.

With the help of the third segment of technology, the NPS department of the Filipino team inserted tags within the content to provide markers that the computer could process. They were also expected to provide the client with certain other services, such as content enhancement, hyperlinking, indexing, abstracting, and general editorial services, which once again proved to be taxing for the Filipinos.

The NPS department faced major difficulties in delivering these services. The team members were not able to comprehend the style of language used in the newspaper as they had never been exposed to such writing before. It was with great difficulty that the project moved to the next step.

The IPI department edited the images in this stage. They cropped the corresponding image file according to the pre-coded source document. The project was subsequently passed on to the Quality Assurance (QA) department to perform the procedures required in order to certify that the processed zones met the zoning quality requirement. The department ascertained that the product being extended to the client was of suitable quality and that it met all the required standards. According to the QA department, there were no errors in the digitization of the newspapers.

Despite the team's best efforts, Ken was prepared to deliver only two years' worth of digitized newspapers on July 31, 2004.

THE ANGRY CLIENT

After four months, it was time for the first delivery to be made, as per the agreement. But to the shock of the client, Ken could deliver just two years of digitized newspapers, not even one-quarter of what it had promised.

Not surprisingly, the client was appalled. Dogma International was extremely unhappy, not just with the delay, but also the quality of the delivery. The company issued an ultimatum to Ken: either Ken would deliver high-quality digitized archives of the newspaper, as per the agreement, within a period of two months, or it would lose the project.

The client's warning was a major wake-up call for Ken. The company managers realized that if they wanted to retain the project, they had no other choice but to deliver the product as per the client's requirement. The loss of an important client and potential damage to Ken's own reputation was at stake. The board of the company got together to find a way out. They zeroed in on COO Saiyumn Savarker as their point man to handle the project at this critical juncture.

Prior to attaining this COO position, Savarker had served as assistant vice-president of project delivery at Ken. He had a long and successful record of managing many national and international project deliveries for the company, and the board appreciated his work and the corporate contributions he had made. Savarker flew from India to the Philippines to assess the issue.

THE MISSING LINK

Savarker's primary focus was to get acquainted with the situation. He met with Sharma, who briefed him about the state of affairs and shared everything that had happened during the four-month period. With the information he gleaned, Savarker gained some insight into the client's disappointment with the deadlines, but he still could not identify the source of the problem.

Savarker's next step was to go to the QA department in search of further insights. To his surprise, he was told that the product that had been offered to the client was of good quality. The department manager said, "The team captured the client's relevant content and converted it into XML as per the standards. The 99.95 percent character accuracy requirement for header information for headlines, sub-headlines, bylines, photo captions, and first full paragraph of the article was ensured. The team also ensured 100 percent tag accuracy and 100 percent accuracy for quality pre-audit of the product submitted."

Upon discovering this information, Savarker wondered about the all-important missing link. He decided it would be helpful to find out more from the client, so he promptly arranged for a meeting in order to gain a clear understanding as to why Dogma International considered the product to be inadequate. The client replied by saying, "Though the text part was digitized in a correct manner, the quality of the images was really poor." The client told Savarker that they considered the image part important because it had tremendous power to attract users to the product. With the growth of the internet, they expected the demand for images to be huge. As the meeting was about to come to an end, the client exclaimed, "At least you talked to us! This is the first time that somebody from your company has asked for input or feedback from us, so we thought our specifications and expectations must be clear to your company."

Savarker returned to his office and met with Sharma. He explained his conversation with the staff at Dogma International and asked Sharma for an explanation. Sharma said, "We weren't aware that the client was concerned about the aesthetics as well. We had no clue about this requirement. If we replace our current scanners with high-resolution scanners, we will be able to deliver high-quality images to the client as per their requirement."

After winding up his meeting with Sharma, Savarker walked directly into his office on the fourth floor. He called his assistant and asked her not to let anybody disturb him for next two hours. He then sat on his chair and said to himself, "There is no time for crying over spilt milk and blaming anybody, but it is sad that this lack of competency or comprehension of the client's need was attributed to poor knowledge on the company's part."

He pondered the situation and realized that Ken needed to digitize approximately 35 years' worth of newspaper afresh, and it also needed to improve the image quality throughout the process. The task seemed enormous since it had to be done within a period of just two months. As he grappled with the situation, Savarker worked toward finding a solution that would steer the project out of dangerous waters.

QUESTIONS

1. Discuss the relevance of organizational behaviour for the issues and problems facing Ken Private Limited with respect to the Genesis Digitization Project. What topics in organizational behaviour help to explain the problems with the Genesis Digitization Project, and what topics are important for the success of the Genesis Digitization Project?
2. Explain how the goals of organizational behaviour would have been helpful for the Genesis Digitization Project. Describe some of the things that Shekhar Sharma might have predicted, explained, and managed.

3. Consider Shekhar Sharma's role as project manager for the Genesis Digitization Project in terms of Mintzberg's managerial roles and Luthans, Hodgetts, and Rosenkrantz's managerial activities. What managerial roles and activities does he exhibit, and how effective is he in performing them? What roles and activities are most important for him to perform and why?
4. To what extent are the contemporary management concerns described in Chapter 1 relevant for Ken Private and the Genesis Digitization Project? What should Ken Private be most concerned about, and what should they do to effectively manage the contemporary management concerns?
5. How can organizational behaviour help Saiyumn Savarker find a solution to steer the Genesis Digitization Project out of dangerous waters and to successfully complete the project? What should Savarker do to ensure Ken's successful delivery of the project?

Source: Rupali Pardasani and Professor Asha Bhandarker wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

CHAPTER 2

PERSONALITY AND LEARNING

LEARNING OBJECTIVES

After reading Chapter 2, you should be able to:

2.1 Define *personality* and describe the *dispositional*, *situational*, and *interactionist* approaches to organizational behaviour.

2.2 Discuss the Five-Factor Model of personality, *locus of control*, *self-monitoring*, and *self-esteem*.

2.3 Discuss *positive* and *negative affectivity*, *proactive personality*, *general self-efficacy*, and *core self-evaluations* and their consequences.

2.4 Define *learning*, and describe what is learned in organizations.

2.5 Explain *operant learning theory*, differentiate between *positive* and *negative reinforcements*, and *extinction* and *punishment*, and explain how to use punishment effectively.

2.6 Explain when to use immediate versus delayed reinforcement and when to use continuous versus partial reinforcement.

2.7 Explain social cognitive theory and discuss *observational learning*, *self-efficacy beliefs*, and *self-regulation*.

2.8 Describe the following organizational learning practices: *organizational behaviour modification*, *employee recognition programs*, and *training and development programs*.

NAHEED NENSHI

What does it take to be the best mayor in the world? Some say politics; some say personality; while others say both. Whatever it takes, Calgary mayor Naheed Nenshi has it. In 2014, the City Mayors Foundation awarded him the World Mayor Prize, which recognizes mayors who have made outstanding contributions to their communities. A year earlier, *Maclean's* magazine named him the second most powerful person in Canada, second only to the prime minister.

Naheed Nenshi was born in Toronto shortly after his family emigrated from Tanzania in the 1970s. They then moved to Calgary, where Nenshi was raised. After graduating from the University of Calgary with a bachelor of commerce degree and then Harvard University with a master's degree in public policy, he worked for the consulting firm McKinsey & Company before returning to Calgary, where he started his own business and worked as a professor at Mount Royal University.

His interest in civic affairs led him to consider a run for mayor of Calgary in 2010. Few people knew who he was when he entered the race, and he was considered an outside candidate. However, during the final weeks of the campaign, his support and momentum surged. To everyone's surprise, he was elected with 39 percent of the vote, making him the 36th mayor of Calgary and the first Muslim mayor of a major North American city.

Nenshi ran a grassroots campaign that was made up of volunteers. His campaign and surprise victory was called the "Purple Revolution" because of the campaign colour and broad demographic and strong youth support. Supporters were seen in purple clothes, social media accounts had purple backgrounds, and Nenshi's campaign headquarters was painted purple.

His campaign emphasized community activism with the campaign slogan "Better Ideas" and focused on things such as safe neighbourhoods, poverty reduction, improved transportation, transparent city hall, complete communities, and quick access to the airport. His campaign was also noted for its use of social media, including Twitter, Facebook, and YouTube. He wore a button with the number 3 to urge Calgarians to do three things to better their community. In his acceptance speech to his supporters he said, "Today Calgary is a different place than it was yesterday. A better place."

Naheed Nenshi is the most admired and popular mayor in Canada. Some say it has a lot to do with his personality.

Todd Korol/Reuters

During the Calgary floods of June of 2013, Nenshi obtained superhero and rock-star status as he worked tirelessly around the clock. Photos of the mayor were superimposed on Superman movie posters. People sported T-shirts of a smiling Nenshi with goggles and snorkel while others featured a cowboy hat and read “Keep Calm and Nenshi On.” Nenshi worked for 43 hours straight and urged residents to help their neighbours and hug emergency providers. Many people lined up to hug him.

He was in helicopters, in front of news cameras, providing updates several times a day, visiting flood-struck zones, and he went door-to-door to people’s homes to see how they were doing. He used traditional and social media to provide Calgarians with up-to-date information. His constant presence led to a social media movement to get him to go home and get some sleep.

In an editorial that appeared in the *Calgary Sun*, Nenshi was commended “for his amazing leadership under the most trying of circumstances…. He has been a beacon of strength, support and optimism as Calgary battles the effects of the single-biggest disaster to hit our city…. But most importantly, he has been positive in the face of unprecedented chaos.”

The flood crisis confirmed Nenshi’s leadership ability, and in October 2013 he was re-elected as mayor of Calgary in a landslide victory. In 2017, he was re-elected for a third term, and this time his personality, which some have described as wonkish and witty while others have described as condescending towards those he disagrees with, became a key issue. In response to the criticism, he stated that “scrappy” leaders have long been celebrated in Alberta. In his victory speech, he said, “This has been a very tough campaign. It has been tough for many reasons. It was a campaign that was often more about personality than policy.”

Many have described Naheed Nenshi as a people person who is whip-smart and jolly. He has a track record of success and a reputation for innovative thinking and is a great communicator. He remains one of the most admired and popular mayors in Canada. Nenshi’s popularity and success have led some to suggest that he would be the ideal candidate for premier of Alberta. For now, however, he is just the best mayor in the world.[1]

Naheed Nenshi seems to have what it takes to be a successful leader and politician. But what is it about him that has contributed to his success? Does it have something to do with his personality? What kind of personality does he have? And what kind of personality is important for leadership and career success? In this chapter, we will try to answer these questions.

While research in organizational behaviour has shown that behaviour is partly a function of people's personalities, learning is also a critical requirement for effective organizational behaviour. Therefore, we will also consider the role of learning in this chapter. But first, we begin with the important role of personality in organizational behaviour.

LO 2.1

Define *personality* and describe the *dispositional*, *situational*, and *interactionist* approaches to organizational behaviour.

WHAT IS PERSONALITY?

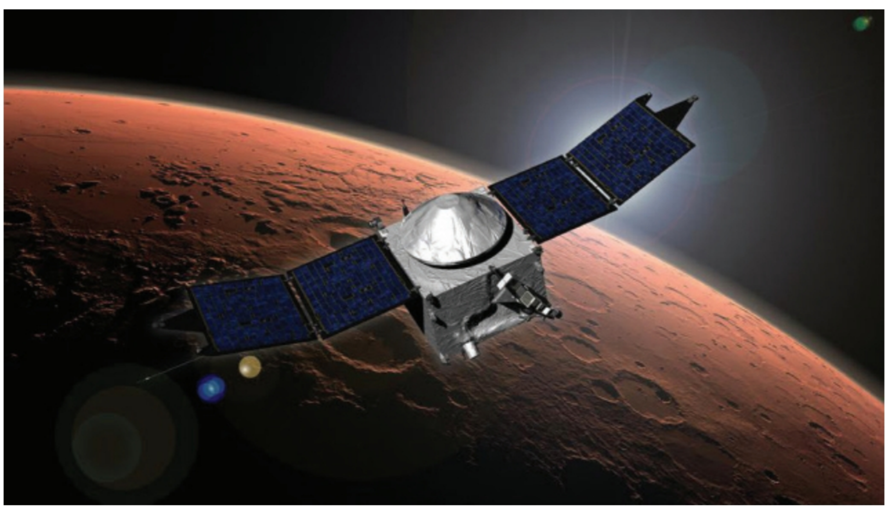
The notion of personality permeates thought and discussion in our culture. We are bombarded with information about "personalities" in the print and broadcast media. We are sometimes promised exciting introductions to people with "nice" personalities. We occasionally meet people who seem to have "no personality."

Personality is so important that some companies focus on personality when hiring employees. For example, Kirmac Collision Services, an automotive collision repair company based in Coquitlam, British Columbia, focuses more on personality and less on industry-specific experience and skills when recruiting and hiring employees. And if you are interested in participating in the Mars One mission, which will send a crew of four to Mars in 2024, it is your personality, not your knowledge or technical skills, that is the focus of the selection process. A recent survey of Canadian organizations found that when it comes to hiring recent graduates, many employers rank personality as more important than work experience and education.[2] But what exactly *is* personality?

Personality. The relatively stable set of psychological characteristics that influences the way an individual interacts with his or her environment.

Personality is the relatively stable set of psychological characteristics that influences the way an individual interacts with his or her environment and how he or she feels, thinks, and behaves. An individual's personality summarizes his or her personal style of dealing with the world. You have certainly noticed differences in personal style among your parents, friends, professors, bosses, and employees. They are reflected in the distinctive ways that they react to people, situations, and problems.

Where does personality come from? Personality consists of a number of dimensions and traits that are determined in a complex way by genetic predisposition and by one's long-term learning history. Although personality is relatively stable, it is certainly susceptible to change through adult learning experiences. And while we often use labels such as "high self-esteem" to describe people, we should always remember that people have a *variety* of personality characteristics. Excessive typing of people does not help us to appreciate their unique potential to contribute to an organization.



NASA/Goddard Space Flight Center

Personality is the focus of the selection process for the Mars One Mission which will send a crew of four to Mars in 2024.

PERSONALITY AND ORGANIZATIONAL BEHAVIOUR

Personality has a rather long history in organizational behaviour. Initially, it was believed that personality was an important factor in many areas of organizational behaviour, including motivation, attitudes, performance, and leadership. In fact, after the Second World War, the use of personality tests for the selection of military personnel became widespread, and in the 1950s and 1960s, it became popular in business organizations.

This approach to organizational behaviour is known as the **dispositional approach** because it focuses on individual dispositions and personality. According to the dispositional approach, individuals possess stable traits or characteristics that influence their attitudes and behaviours. In other words, individuals are predisposed to behave in certain ways. However, decades of research produced mixed and inconsistent findings that failed to support the usefulness of personality as a predictor of organizational behaviour and job performance. As a result, there was a dramatic decrease in personality research and a decline in the use of personality tests for selection.

Dispositional approach. Individuals possess stable traits or characteristics that influence their attitudes and behaviours.

Researchers began to shift their attention to factors in the work environment that might predict and explain organizational behaviour. This approach became known as the **situational approach**. According to the situational approach, characteristics of the organizational setting, such as rewards and punishment, influence people's feelings, attitudes, and behaviour. For example, many studies have shown that job satisfaction and other work-related attitudes are largely determined by situational factors, such as the characteristics of work tasks.[3]

Situational approach. Characteristics of the organizational setting influence people's attitudes and behaviour.

Over the years, proponents of both approaches have argued about the importance of dispositions versus the situation in what is known as the "person–situation debate." Although researchers argued over which approach was the right one, it is now believed that both approaches are important for predicting and understanding organizational behaviour. This led to a third approach to organizational behaviour, known as the "interactionist approach," or "interactionism."

According to the **interactionist approach**, organizational behaviour is a function of both dispositions and the situation. In other words, to predict and understand organizational behaviour, one must know something about an individual's personality and the setting in which he or she works. This approach is now the most widely accepted perspective within organizational behaviour.[4]

Interactionist approach. Individuals' attitudes and behaviour are a function of both dispositions and the situation.

To give you an example of the interactionist perspective, consider the role of personality in different situations. To keep it simple, we will describe situations as being either "weak" or "strong." In weak situations, it is not always clear how a person should behave, while in strong situations, there are clear expectations for appropriate behaviour. As a result, personality has the most impact in weak situations. This is because in these situations (e.g., a newly

Cartoon Resource/Shutterstock

"You clearly know about his toxic personality."

formed volunteer community organization), there are loosely defined roles, few rules, and weak reward and punishment contingencies. However, in strong situations, which have more defined roles, rules, and contingencies (e.g., routine military operations), personality tends to have less impact.[5]

Thus, as you can see, the extent to which personality influences people's attitudes and behaviour depends on the situation. Later in the text (Chapter 13), you will learn that the extent to which people perceive stressors as stressful and the way they react to stress is also influenced by their personality. This is another example of the interactionist approach to organizational behaviour.

One of the most important implications of the interactionist perspective is that some personality characteristics are most useful in certain organizational situations. According to **trait activation theory**, personality traits lead to certain behaviours only when the situation makes the need for that trait salient. In other words, personality characteristics influence people's behaviour when the situation calls for a particular personality characteristic.[6] Thus, there is no one best personality, and managers need to appreciate the advantages of employee diversity. A key concept here is *fit*: putting the right person in the right job, group, or organization and exposing different employees to different management styles.

Trait activation theory. Traits lead to certain behaviours only when the situation makes the need for the trait salient.

In recent years, there has been a resurgence of interest in personality research in organizational behaviour. One of the main problems with the early research on personality was the use of inadequate measures of personality characteristics. However, advances in measurement and trends in organizations have prompted renewed interest. For example, increased emphasis on service jobs with customer contact, concern about ethics and integrity, and contemporary interest in teamwork and cooperation all point to the potential contribution of personality.[7]

Another reason for the renewed interest in personality has been the development of a framework of personality characteristics known as the Five-Factor Model, or the "Big Five," which provides a framework for classifying personality characteristics into five general dimensions. This framework makes it much easier to understand and study the role of personality in organizational behaviour.[8]

In what follows, we discuss the five general personality dimensions of the Five-Factor Model. Then we cover three well-known personality characteristics with special relevance to organizational behaviour. We then discuss recent developments and advances in personality research. Later in the text, we will explore the impact of personality characteristics on job satisfaction, motivation, leadership, ethics, organizational politics, and stress.

LO 2.2

Discuss the Five-Factor Model of personality, *locus of control*, *self-monitoring*, and *self-esteem*.

The Five-Factor Model of Personality

People are unique, people are complex, and there are literally hundreds of adjectives that we can use to reflect this unique complexity. Yet, over the years, psychologists have discovered that there are about five basic but general dimensions that describe personality. These Big Five dimensions are known as the Five-Factor Model (FFM) of personality and are summarized in Exhibit 2.1 along with some illustrative traits.[9] The dimensions are the following:

- **Extraversion.** This is the extent to which a person is outgoing versus shy. Persons who score high on extraversion tend to be sociable, outgoing, energetic, joyful, and

EXHIBIT 2.1
The Five-Factor Model of personality.

Extraversion	Emotional Stability	Agreeableness	Conscientiousness	Openness to Experience
Sociable, Talkative vs. Withdrawn, Shy	Stable, Confident vs. Depressed, Anxious	Tolerant, Cooperative vs. Cold, Rude	Dependable, Responsible vs. Careless, Impulsive	Curious, Original vs. Dull, Unimaginative

assertive. High extraverts enjoy social situations, while those low on this dimension (introverts) avoid them. Extraversion is especially important for jobs that require a lot of interpersonal interaction, such as sales and management, where being sociable, assertive, energetic, and ambitious is important for success.

- **Emotional stability/Neuroticism.** This is degree to which a person has appropriate emotional control. People with high emotional stability (low neuroticism) are self-confident and have high self-esteem. Those with lower emotional stability (high neuroticism) tend toward self-doubt and depression. They tend to be anxious, hostile, impulsive, depressed, insecure, and more prone to stress. As a result, for almost any job, the performance of persons with low emotional stability is likely to suffer. Persons who score high on emotional stability are likely to have more effective interactions with co-workers and customers because they tend to be more calm and secure.
- **Agreeableness.** This is the extent to which a person is friendly and approachable. More agreeable people are warm, considerate, altruistic, friendly, sympathetic, cooperative, and eager to help others. Less agreeable people tend to be cold and aloof. They tend to be more argumentative, inflexible, uncooperative, uncaring, intolerant, and disagreeable. Agreeableness is most likely to contribute to job performance in jobs that require interaction and involve helping, cooperating, and nurturing others, as well as in jobs that involve teamwork and cooperation.
- **Conscientiousness.** This is the degree to which a person is responsible and achievement oriented. More conscientious people are dependable and positively motivated. They are orderly, self-disciplined, hard working, and achievement striving, while less conscientious people are irresponsible, lazy, and impulsive. Persons who are high on conscientiousness are likely to perform well on most jobs, given their tendency toward hard work and achievement.
- **Openness to experience.** This is the extent to which a person thinks flexibly and is receptive to new ideas. More open people tend toward creativity and innovation. Less open people favour the status quo. People who are high on openness to experience are likely to do well in jobs that involve learning and creativity, given that they tend to be intellectual, curious, and imaginative and tend to have broad interests.

The Big Five dimensions are relatively independent. That is, you could be higher or lower in any combination of dimensions. Also, they tend to hold up well cross-culturally. Thus, people in different cultures use these same dimensions when describing the personalities of friends and acquaintances. There is also evidence that the Big Five traits have a genetic basis.[10]

RESEARCH EVIDENCE Research has linked the Big Five personality dimensions to organizational behaviour. First, there is evidence that each of the Big Five dimensions is related to job performance, employee engagement, and organizational citizenship behaviours (voluntary behaviour that contributes to organizational effectiveness, such as helping co-workers; see Chapter 4 for a detailed discussion of organizational citizenship behaviour).[11] Generally, traits like those in the top half of Exhibit 2.1 lead to better job performance, higher engagement, and more citizenship behaviours. Further, the Big Five dimensions that best predict job performance depend on the occupation. For example, high extraversion is important for managers and salespeople. Nonetheless, high conscientiousness predicts performance in all jobs across occupations and is the strongest predictor of all the Big Five dimensions of overall job performance. Furthermore, organizations with more conscientious employees have higher organizational financial performance.[12] However, an exception to these findings is the prediction of a particular kind of performance known as adaptive performance. To find out more, see the Research Focus: *Personality and Adaptive Performance*.

RESEARCH FOCUS

PERSONALITY AND ADAPTIVE PERFORMANCE

Changes in technology and the design of work have made it increasingly important and necessary for employees to be able to adapt quickly to changes and novel situations in the workplace. The increasing uncertainty in organizational environments means that employees and managers must be attuned to workplace changes and adjust and modify their behaviour accordingly. Being able to adjust and adapt to changes is key to the success of employees and their organizations.

The ability to adapt to changes is a particular kind of job performance known as adaptive performance. Adaptive performance has been defined as the proficiency with which an individual alters his or her behaviour in response to the demands of a new task, event, situation, or environmental constraints. Thus, adaptive performance involves responding to environmental changes by modifying one's behaviour.

Personality is believed to be an important predictor of adaptive performance. Among the Big Five dimensions, emotional stability, extraversion, and openness to experience are believed to be especially important. Emotional stability should be related to adaptive performance because of the propensity to stay calm and level-headed in the face of challenge and difficulty and a greater willingness to face and deal with change. Extraversion should predict adaptive performance because extraverts are more likely to welcome challenge when confronted with a novel task or work environment and to initiate changes (e.g., enterprising activities). This is especially likely for ambition, which is a specific aspect of extraversion. Openness to experience should be related to adaptive performance because there is evidence that it relates to the pursuit of and adjustment to new environments. On the other hand, because conscientiousness is associated with a preference for routine and structure, conscientious individuals might be too inflexible to cope with and adjust to changes in the work environment. Finally, agreeableness is not likely to be related to adaptive performance because it is of most importance for interpersonal interactions.

The relationship between personality and adaptive performance was investigated in a study that analyzed the results of 71 independent samples of employees and managers from a variety of industries. The results indicated that only emotional stability and ambition were positively related to adaptive performance for both employees and managers. These relationships were stronger for managers than for employees because managers have more opportunities to engage in adaptive performance.

Given the increasing importance of adaptive performance in the workplace today, organizations will increasingly want to identify individuals who can adapt to changing tasks and dynamic situations because they can help an organization gain a competitive advantage. The results of this study indicate that emotional stability and extraversion (ambition component) are two personality variables that are important for adaptive performance in the workplace.

Source: Based on Huang, J. L., Ryan, A. M., Zabel, K. L., & Palmer, A. (2014). Personality and adaptive performance at work: A meta-analytic investigation. *Journal of Applied Psychology, 99,* 162–179.

Second, research has also found that the Big Five are related to other work behaviours. For example, one study found that conscientiousness is related to retention and attendance at work and is also an important antidote for counterproductive behaviours such as theft, absenteeism, and disciplinary problems.[13] Extraversion has also been found to be related to absenteeism; extraverts tend to be absent more often than introverts. There is also evidence of relationships between personality and unsafe work behaviour and workplace deviance. For example, while high levels of conscientiousness and agreeableness are associated with fewer unsafe behaviours, high levels of extraversion and low emotional stability (neuroticism) are associated with more unsafe behaviours. In addition, higher levels of conscientiousness, agreeableness, and emotional stability are associated with lower levels of workplace deviance. The Big Five are also important for group behaviours as individuals with higher conscientiousness, extraversion, agreeableness, and emotional stability perform better on a team in terms of important team-relevant behaviours such as cooperation, concern, and courtesy to team members.[14]

The Big Five are also related to work motivation, job satisfaction, and organizational commitment. In a study that investigated the relationship between the Big Five and different indicators of work motivation, the Big Five were found to be significantly related to motivation. Among the five dimensions, neuroticism and conscientiousness were the strongest predictors of motivation, with the former being negatively related and the latter being positively related.[15] In another study, the Big Five were shown to be significantly related to job satisfaction. The strongest predictor was emotional stability, followed by conscientiousness, extraversion, and, to a lesser extent, agreeableness. Openness to experience was not related to job satisfaction. Similar results have been found for life satisfaction. In addition, all of the Big Five factors are positively related to organizational commitment, with agreeableness being the factor most strongly related to commitment.[16]

The Big Five are also related to career success. High conscientiousness, extraversion, and emotional stability have been found to be positively associated with a higher income and occupational status. These personality traits were related to career success even when the influence of general mental ability was taken into account. Furthermore, both childhood and adult measures of personality predicted career success during adulthood over a period of 50 years. In addition, conscientiousness in adolescence has been shown to be related to lower unemployment throughout adulthood. Thus, the effects of personality on career success are relatively enduring.[17]

Now that you are familiar with the Big Five personality dimensions, read the chapter-opening vignette about Naheed Nenshi again, and try to answer some of the questions we posed at the beginning of the chapter. For example, what kind of personality does Naheed Nenshi have with regard to the Five-Factor Model? Which of the five factors do you think best explains Naheed Nenshi's success as a political leader?

Locus of Control

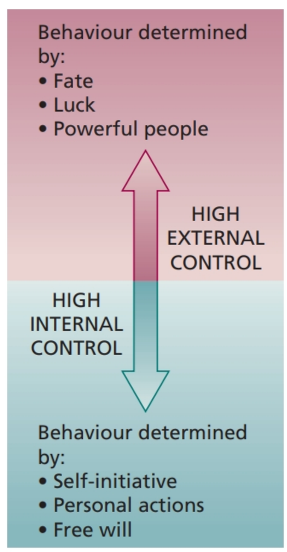
Consider the following comparison. Laurie and Stan are both management trainees in large banks. However, they have rather different expectations regarding their futures. Laurie has just enrolled in an evening master of business administration (MBA) program in a nearby university. Although some of her MBA courses are not immediately applicable to her job, Laurie feels that she must be prepared for greater responsibility as she moves up in the bank hierarchy. Laurie is convinced that she will achieve promotions because she studies hard, works hard, and does her job properly. She feels that an individual makes her own way in the world and that she can control her own destiny. She is certain that she can someday be the president of the bank if she really wants to be. Her personal motto is "I can do it."

Stan, on the other hand, sees no use in pursuing additional education beyond his bachelor's degree. According to him, such activities just do not pay off. People who get promoted are just plain lucky or have special connections, and further academic preparation or hard work has nothing to do with it. Stan feels that it is impossible to predict his own future, but he knows that the world is pretty unfair.

Locus of control. A set of beliefs about whether one's behaviour is controlled mainly by internal or external forces.

Laurie and Stan differ on a personality dimension called **locus of control**. It refers to individuals' beliefs about the *location* of the factors that control their behaviour. At one end of the continuum are high internals (like Laurie), who believe that the opportunity to control their own behaviour resides within themselves. At the other end of the continuum are high externals (like Stan), who believe that external forces determine their behaviour. Not surprisingly, compared with internals, externals see the world as an unpredictable, chancy place in which luck, fate, or powerful people control their destinies (see Exhibit 2.2).[18]

EXHIBIT 2.2
The internal/external locus of control continuum.



Internals tend to see stronger links between the effort they put into their jobs and the performance level that they achieve. In addition, they perceive to a greater degree than externals that the organization will notice high performance and reward it.[19] Since internals believe that their work behaviour will influence the rewards they achieve, they are more likely to be aware of and to take advantage of information that will enable them to perform effectively.[20]

Research shows that locus of control influences organizational behaviour in a variety of occupational settings. Evidently, because they perceive themselves as being able to control what happens to them, people who are high on internal control are more satisfied with their jobs and more committed to their organizations, and they earn more money and achieve higher organizational positions.[21] In addition, they seem to perceive less stress, cope with stress better, experience less burnout, and engage in more careful career planning. They are also less likely to be absent from work and more likely to be satisfied with their lives.[22]

Self-Monitoring

Self-monitoring. The extent to which people observe and regulate how they appear and behave in social settings and relationships.

We are sure that you have known people who tend to "wear their heart on their sleeve." These are people who act the way they feel and say what they think in spite of their social surroundings. We are also sure that you have known people who are a lot more sensitive to their social surroundings, a lot more likely to fit what they say and do to the nature of those surroundings, regardless of how they think or feel. What we have here is a contrast in **self-monitoring**, which is the extent to which people observe and regulate how they appear and behave in social settings and relationships.[23] People who "wear their heart on their sleeve" are low self-monitors. They are not so concerned with scoping out and fitting in with those around them. Their opposites are high self-monitors, who take great care to observe the thoughts, actions, and feelings of those around them and control the images that they project. In this sense, high self-monitors behave somewhat like actors. In particular, high self-monitors tend to show concern for socially appropriate emotions and behaviours, to tune in to social and interpersonal cues, and to regulate their behaviour and self-presentation according to these cues.

How does self-monitoring affect organizational behaviour?[24] For one thing, high self-monitors tend to gravitate toward jobs that require, by their nature, a degree of role-playing and the exercise of their self-presentation skills. Sales, law, public relations, and politics are examples. In such jobs, the ability to adapt to one's clients and contacts is critical; so are communication skills and persuasive abilities, characteristics that high self-monitors frequently exhibit. High self-monitors perform particularly well in occupations that call for flexibility and adaptiveness in dealings with diverse constituencies. As well, a number of studies show that managers are inclined to be higher self-monitors than non-managers in the same organization. High self-monitors tend to be more involved in their jobs, to perform at a higher level, and to be more likely to emerge as leaders. However, high self-monitors are also likely to experience more role stress and show less commitment to their organization.[25]

Are high self-monitors always at an organizational advantage? Not likely. They are unlikely to feel comfortable in ambiguous social settings in which it is hard to determine exactly what behaviours are socially appropriate. Dealing with unfamiliar cultures (national or corporate) might provoke stress. Also, some roles require people to go against the grain or really stand up for what they truly believe in. Thus, high self-monitoring types would seem to be weak innovators and would have difficulty resisting social pressure.

Self-Esteem

Self-esteem. The degree to which a person has a positive self-evaluation.

How well do you like yourself? This is the essence of the personality characteristic called self-esteem. More formally, **self-esteem** is the degree to which a person has a positive self-evaluation. People with high self-esteem have favourable self-images. People with low self-esteem have unfavourable self-images and tend to be uncertain about the correctness of their opinions, attitudes, and behaviours. In general, people tend to be highly motivated to protect themselves from threats to their self-esteem.

Behavioural plasticity theory. People with low self-esteem tend to be more susceptible to external and social influences than those who have high self-esteem.

One of the most interesting differences between people with high and low self-esteem has to do with the *plasticity* of their thoughts, attitudes, and behaviour, or what is known as "behavioural plasticity." According to **behavioural plasticity theory**, people with low self-esteem are more susceptible to external and social influences than those who have high self-esteem—that is, they are more pliable. Thus, events and people in the organizational environment have more impact on the beliefs and actions of employees with low self-esteem. This occurs because, being unsure of their own views and behaviour, they are more likely to look to others for information and confirmation. In addition, people who have low self-esteem seek social approval from others, approval that they might gain from adopting others' views, and they do not react well to ambiguous and stressful situations. This is another example of the interactionist approach, in that the effect of the work environment on people's beliefs and actions is partly a function of their self-esteem.[26]

Employees with low self-esteem also tend to react badly to negative feedback—it lowers their subsequent performance.[27] This means that managers should be especially cautious when using punishment, as discussed later in this chapter, with employees with low self-esteem. If external factors are thought to be responsible for a performance problem, this should be made very clear. Also, managers should direct criticism at the performance difficulty and not at the person. As we will explain shortly, modelling the correct behaviour should be especially effective with employees with low self-esteem, who are quite willing to imitate credible models and who also respond well to mentoring. Finally, organizations should try to avoid assigning those with low self-esteem to jobs (such as life insurance sales) that inherently provide a lot of negative feedback.

Organizations will generally benefit from a workforce with high self-esteem. Such people tend to make more fulfilling career decisions, they exhibit higher job satisfaction and job performance, and they are generally more resilient to the strains of everyday work-life.[28] What can organizations do to bolster self-esteem? Opportunity for participation in decision making, autonomy, and interesting work have been fairly consistently found to be positively related to self-esteem.[29] Also, organizations should avoid creating a culture with excessive and petty work rules that signal to employees that they are incompetent or untrustworthy.[30]

ADVANCES IN PERSONALITY AND ORGANIZATIONAL BEHAVIOUR

LO 2.3

Discuss *positive* and *negative affectivity*, *proactive personality*, *general self-efficacy*, and *core self-evaluations* and their consequences.

In recent years, there has been increased attention to the role of personality and organizational behaviour, and this has led to a number of advances in personality research. In this section, we describe five more personality variables that are important for organizational behaviour: positive and negative affectivity, proactive personality, general self-efficacy, and core self-evaluations.

Positive and Negative Affectivity

Have you ever known somebody who is always happy, cheerful, and in a good mood? Or perhaps you know someone who is always unhappy and in a bad mood. Chances are you have noticed these differences in people. These differences reflect two affective dispositions known as positive affectivity (PA) and negative affectivity (NA). Research has found that they are enduring personality characteristics that might have a genetic and biological basis to them.

Positive affectivity. Propensity to view the world, including oneself and other people, in a positive light.

Negative affectivity. Propensity to view the world, including oneself and other people, in a negative light.

People who are high on **positive affectivity** experience positive emotions and moods like joy and excitement and view the world, including themselves and other people, in a positive light. They tend to be cheerful, enthusiastic, lively, sociable, and energetic. People who are high on **negative affectivity** experience negative emotions and moods like fear and anxiety and view the world in a negative light. They have an overall negative view of themselves and the world around them, and they tend to be distressed, depressed, and unhappy.[31] It is important to understand that PA and NA are not opposite ends of a continuum but are relatively independent dimensions.[32]

Unlike the other personality traits discussed in this chapter, positive and negative affectivity are emotional dispositions that predict people's general emotional tendencies. Thus, they can influence people's emotions and mood states at work and influence job attitudes and work behaviours. Research has found that people who are high on PA have higher job satisfaction and job performance and engage in more organizational citizenship behaviours. High-PA employees are also more creative at work, and there is some evidence that PA is a key factor that links happiness to success at work and in life. In addition, a recent study on personality and employee engagement found that among eight personality traits, PA is by far the strongest predictor of employee engagement. By comparison, individuals who are high on NA report lower job satisfaction and engagement and have poorer job performance. High-NA employees experience more stressful work conditions and report higher levels of workplace stress and strain. NA has also been found to be associated with counterproductive work behaviours (e.g., harassment and physical aggression), withdrawal behaviours (e.g., absenteeism and turnover), and occupational injury.[33]

Proactive Personality

Proactive behaviour. Taking initiative to improve current circumstances or creating new ones.

Proactive personality. A stable personal disposition that reflects a tendency to take personal initiative across a range of activities and situations and to effect positive change in one's environment.

How effective are you at taking initiative and changing your circumstances? Taking initiative to improve one's current circumstances or creating new ones is known as **proactive behaviour**. It involves challenging the status quo rather than passively adapting to present conditions. Some people are very good at this because they have a stable disposition toward proactive behaviour, known as a "proactive personality." Individuals who have a **proactive personality** are relatively unconstrained by situational forces and act to change and influence their environment. Proactive personality is a stable personal disposition that reflects a tendency to take personal initiative across a range of activities and situations and to effect positive change in one's environment.[34]

Proactive individuals search for and identify opportunities, show initiative, take action, and persevere until they bring about meaningful change. People who do not have a proactive personality are more likely to be passive and to react and adapt to their environment. As a result, they tend to endure and to be shaped by the environment instead of trying to change it.[35]

Proactive personality has been found to be related to a number of work outcomes, including job satisfaction, employee engagement, job performance, organizational citizenship behaviours, tolerance for stress in demanding jobs, leadership effectiveness, participation in organizational initiatives, work-team performance, and entrepreneurship. One study found that proactive personality is associated with higher performance evaluations because individuals with a proactive personality develop strong supportive networks and perform initiative-taking behaviours, such as implementing solutions to organizational or departmental problems or spearheading new programs. Individuals with a proactive personality have also been found to have high-quality relationships with their supervisors. There is also evidence that persons with a proactive personality are more successful in searching for employment and career success. They are more likely to find jobs, receive higher salaries and more frequent promotions, and have more satisfying careers.[36]

General Self-Efficacy

General self-efficacy (GSE). A general trait that refers to an individual's belief in his or her ability to perform successfully in a variety of challenging situations.

General self-efficacy (GSE) is a general trait that refers to an individual's belief in his or her ability to perform successfully in a variety of challenging situations.[37] GSE is considered to be a *motivational* trait rather than an *affective* trait, because it reflects an individual's belief that he or she can succeed at a variety of tasks rather than how an individual feels about him- or herself. An individual's GSE is believed to develop over the lifespan as repeated successes and failures are experienced across a variety of tasks and situations. Thus, if you have experienced many successes in your life, you probably have high GSE, whereas somebody who has experienced many failures probably has low GSE. Individuals who are high on GSE are better able to adapt to novel, uncertain, and adverse situations. In addition, employees with higher GSE have higher job satisfaction and job performance.[38]

Core Self-Evaluations

Core self-evaluations (CSEs). Refers to a broad personality concept that consists of more specific traits that reflect the evaluations people hold about themselves and their self-worth.

Unlike the other personality characteristics described in this chapter, **core self-evaluations (CSEs)** are a multidimensional trait and a broad personality concept that consists of several more specific traits. The idea behind the theory of core self-evaluations is that individuals hold evaluations about themselves and their self-worth or worthiness, competence, and capability.[39] In a review of the personality literature, Timothy Judge, Edwin Locke, and Cathy Durham identified four traits that make up a person's core self-evaluation. The four traits have already been described in this chapter and include self-esteem, general self-efficacy, locus of control, and neuroticism (emotional stability).

Research on CSEs has found that these traits are among the best dispositional predictors of job satisfaction and job performance. People with more positive CSEs have higher levels of job satisfaction, organizational commitment, and job performance. Furthermore, research has shown that CSEs measured in childhood and in early adulthood are related to job satisfaction in middle adulthood. This suggests that core CSEs are related to job satisfaction over time.