

## PART ONE – INTRODUCTION TO ORGANIZATIONAL BEHAVIOR

### Chapter One – An Overview of Organizational Behavior

#### Overview

Managers strive to make their organizations as effective and successful as possible. To do this they rely on assets such as financial reserves and earnings, technology and equipment, raw materials, information, and operating systems and processes. At the center of everything are the employees who work for the organization. It is usually their talent, effort, skill, and ability that differentiates effective from less effective organizations. It is critical, then, that managers understand how the behaviors of their employees impact organizational effectiveness. In general, managers work to enhance employee performance behaviors, commitment and engagement, and citizenship behaviors and to minimize various dysfunctional behaviors. A number of environmental, individual, group and team, leadership, and organizational characteristics can make the manager's work easier or more difficult depending on how well they understand organizational behavior. This model will be more fully developed in Chapter 1 and will serve as a roadmap for your study of organizational behavior throughout this book.

Regardless of their size, scope, or location, all organizations have at least one thing in common—they are comprised of people. It is these people who make decisions about the strategic direction of a firm, it is they who acquire the resources the firm uses to create new products, and it is they who sell those products. No matter how effective a manager might be, all organizational successes—and failures—are the result of the behaviors of many people. Indeed, no manager can succeed without the assistance of others.

This book is about those people. It is also about the organization itself and the managers who operate it. Together, the study of organizations and the study of the people who work in them constitute the field of organizational behavior. Our starting point in exploring this field begins with a more detailed discussion of it

The primary purpose of this chapter is to introduce the field of organizational behavior. The chapter begins by defining organizational behavior as the study of human behavior in organizational settings, the interface between human behavior and the organization, and the organization itself. The four functions that make up the manager's job—planning, organizing, leading, and controlling—are discussed. Then the chapter explores the various skills—technical, interpersonal, conceptual, and diagnostic—managers must apply in organizations. The chapter then discusses human resource management. The strategic context of organization behavior is discussed, including maintaining a competitive advantage, sources of competitive advantage and types of business strategies. The next section provides some historical context on organizational behavior, looking at scientific management, Hawthorne effect and the human relations movement. The chapter continues by defining a system and systems perspective, the situational perspective, and interactionism. The chapter continues by examining the outcomes—individual, group and team, and organization—that are important for organizational effectiveness, including the scientific method and meta-analysis. The chapter concludes with a preview of the remaining text.

#### Learning Outcomes

After studying this chapter, students should be able to:

## Organizational Behavior, 12e

1. Define organizational behavior and describe how it impacts both personal and organizational success.
2. Identify the basic management functions and essential skills that comprise the management process and relate them to organizational behavior.
3. Describe the strategic context of organizational behavior and describe the relationships between strategy and organizational behavior.
4. Identify and describe contextual perspectives on organizational behavior.
5. Describe the role of organizational behavior in managing for effectiveness and discuss the role of research in organizational behavior.
6. Summarize the framework around which this book is organized.

### Real World Challenge: Managing Growth at Google

**Summary:** Google's popular search engine was created in 1998 with the goal of making the world's information available to everyone. Google's explosive growth needed to be closely monitored, and that its employees needed to continue feeling like an important part of the team. The founders wanted to make Google an engaging place to work and set out to design the organization and its culture in a way that would appeal to its current and future employees.

**Real World Challenge:** What advice would you give them about the role of its people in its future success and how to set up the company to maximize employee innovation, trust, and loyalty?

**Real World Response:** Between 1998 and 2015 Google's rapid growth presented tremendous challenges in integrating new employees while motivating them to be innovative, productive, and loyal to the fast growing company. The founders' believed that people thrive in and are loyal to their jobs when they feel fully supported and authentically valued. This understanding led to the development of a culture anchored by trust, transparency, and inclusion.

Google is now known for offering its employees a wide variety of perks. Google regularly surveys employees about their managers, using the information to publicly recognize the best ones and give the worst managers intensive coaching and support that helps 75 percent of them improve within three months. Google also hires smart, ambitious people who share the company's goals and vision and maintains an open culture in which employees feel comfortable sharing opinions and ideas. Google's proactive efforts to be an engaging and inspiring place for its employees has both helped the company succeed and made it a staple on various "most desired employer" lists, including being named the #1 Best Place to Work honor from Glassdoor in 2015.

## Chapter Outline

### I. WHAT IS ORGANIZATIONAL BEHAVIOR?

#### A. The Meaning of Organizational Behavior

**Organizational behavior (OB)** is the study of human behavior in organizational settings, the interface between human behavior and the organization, and the organization itself.

All three are ultimately necessary for a comprehensive understanding of organizational behavior.

OB helps explain and predict how people and groups interpret events, react, and behave in organizations and describes the role of organizational systems, structures, and process in shaping behavior. Figure 1.1 illustrates this view of organizational behavior.

### **B. How Organizational Behavior Impacts Personal Success**

The core of OB is being effective at work. Since most people reading this book are either present or future managers we take a managerial perspective of the field. Using your knowledge of OB can help you to succeed faster in any organization or career.

The study of organizational behavior can greatly clarify the factors that affect how managers manage. Hence, the field attempts to describe the complex human context of organizations and to define the opportunities, problems, challenges, and issues associated with that realm.

### **C. How Organizational Behavior Impacts Organizational Success**

Organizations as a whole also benefit from OB.

By appropriately applying OB knowledge about individuals, groups, and the effect of organizational structure on worker behavior, the conditions can be created that make organizations most effective.

OB also helps companies perform well.

In addition to financial performance and job satisfaction, OB also influences absenteeism and turnover. Reducing absenteeism and turnover can be worth millions of dollars to organizations through increased productivity and customer service and decreased staffing costs.

One central value of organizational behavior is that it isolates important aspects of the manager's job and offers specific perspectives on the human side of management: people as organizations, people as resources, and people as people.

## **Case Study: The J.M. Smucker Company**

**Summary:** From its founding in 1897, the J.M. Smucker Company recognizes that acting ethically is a key element of its success. The manufacturer wants to ensure that its fruit spreads, frostings, juices, and beverages remain American staples, and that its daily operations are guided by honesty, respect, trust, responsibility, and fairness.

### **1. Why would ethics be important to a company like Smucker? How can its focus on ethics improve its business performance?**

Acting ethically is a key element of the company's success. The benefits to the company include cultivating teamwork and productivity, supporting employee growth, avoiding criminal acts of omission, and promoting a strong public image. Ethical employee behavior determines short-term organizational performance and long-term organizational success. If employees do not consistently behave ethically, long-term sustainability is unlikely.

### **2. Appearing on "best places to work" lists can increase an employer's popularity, even among lower-qualified applicants. The increased volume of applicants can be costly and time-**

**consuming. What do you feel are the benefits and drawbacks to being on this type of list? Do you feel that it is generally beneficial to be publicly recognized as a good employer? Why or why not?**

The benefits include employee pride in working for an organization known for its high ethical standards. The drawback includes the additional cost of human resources personnel to screen applications and interview potential employees. It is beneficial to be publicly recognized as a good employer because it sets the overall ethical tone of the company. Employees understand that unethical behavior is not tolerated.

**3. Does Smucker's culture appeal to you as a potential employee? Why or why not?**

The culture is appealing because the company is dedicated to higher ethical ideals that better society as a whole such as environmental and social sustainability. Smucker's promotes initiatives and programs that support and enhance the quality of life.

## **II. THE MANAGERIAL CONTEXT OF ORGANIZATIONAL BEHAVIOR**

The managerial context of OB can be viewed from the perspective of basic management functions, critical management skills, and overall human resource management.

### **A. Basic Management Functions and Organizational Behavior**

In characterizing managerial work, most experts find it useful to conceptualize the activities performed by managers as reflecting one or more of four basic functions.

1. **Planning** is the process of determining an organization's desired future position and the best means of getting there.
2. **Organizing** is the process of designing jobs, grouping jobs into units, and establishing patterns of authority between jobs and units.
3. **Leading** is the process of getting the organization's members to work together toward the organization's goals.
4. **Controlling** is the process of monitoring and correcting the actions of the organization and its members to keep them directed toward their goals.

### **B. Critical Management Skills and Organizational Behavior**

In general, most successful managers have a strong combination of technical, interpersonal, conceptual, and diagnostic skills.

**Technical skills** are the skills necessary to accomplish specific tasks within the organization.

**Interpersonal skills** are the ability to effectively communicate with, understand, and motivate individuals and groups.

**Conceptual skills** are the ability to think in the abstract.

**Diagnostic skills** are the ability to understand cause-and-effect relationships and to recognize the optimal solutions to problems.

### **C. Organizational Behavior and Human Resource Management**