



Motivation: From Concept to Applications

What is MBO?

Management by Objectives (MBO)

A program that encompasses specific goals, participatively set, for an explicit time period, with feedback on goal progress.

Key Elements

- 1. Goal specificity**
- 2. Participative decision making**
- 3. An explicit time period**
- 4. Performance feedback**

Linking MBO and Goal-Setting Theory

	MBO	Goal-Setting Theory
Goal Specificity	Yes	Yes
Goal Difficulty	Yes	Yes
Feedback	Yes	Yes
Participation	Yes	No (qualified)

Why MBO's Fail

- **Unrealistic expectations about MBO results**
- **Lack of commitment by top management**
- **Failure to allocate reward properly**
- **Cultural incompatibilities**



Employee Recognition Programs

➤ **Types of programs**

- Personal attention
- Expressing interest
- Approval
- Appreciation for a job well done

➤ **Benefits of programs**

- Fulfill employees' desire for recognition.
- Encourages repetition of desired behaviors.
- Enhance group/team cohesiveness and motivation.
- Encourages employee suggestions for improving processes and cutting costs.

What is Employee Involvement?

Employee Involvement Program

A participative process that uses the entire capacity of employees and is designed to encourage increased commitment to the organization's success.

Participative Management

A process in which subordinates share a significant degree of decision-making power with their immediate superiors.

Examples of Employee Involvement Programs (cont'd)

Representative Participation

Workers participate in organizational decision making through a small group of representative employees.

Works Councils

Groups of nominated or elected employees who must be consulted when management makes decisions involving personnel.

Board Representative

A form of representative participation; employees sit on a company's board of directors and represent the interests of the firm's employees.

Examples of Employee Involvement Programs (cont'd)

Quality Circle

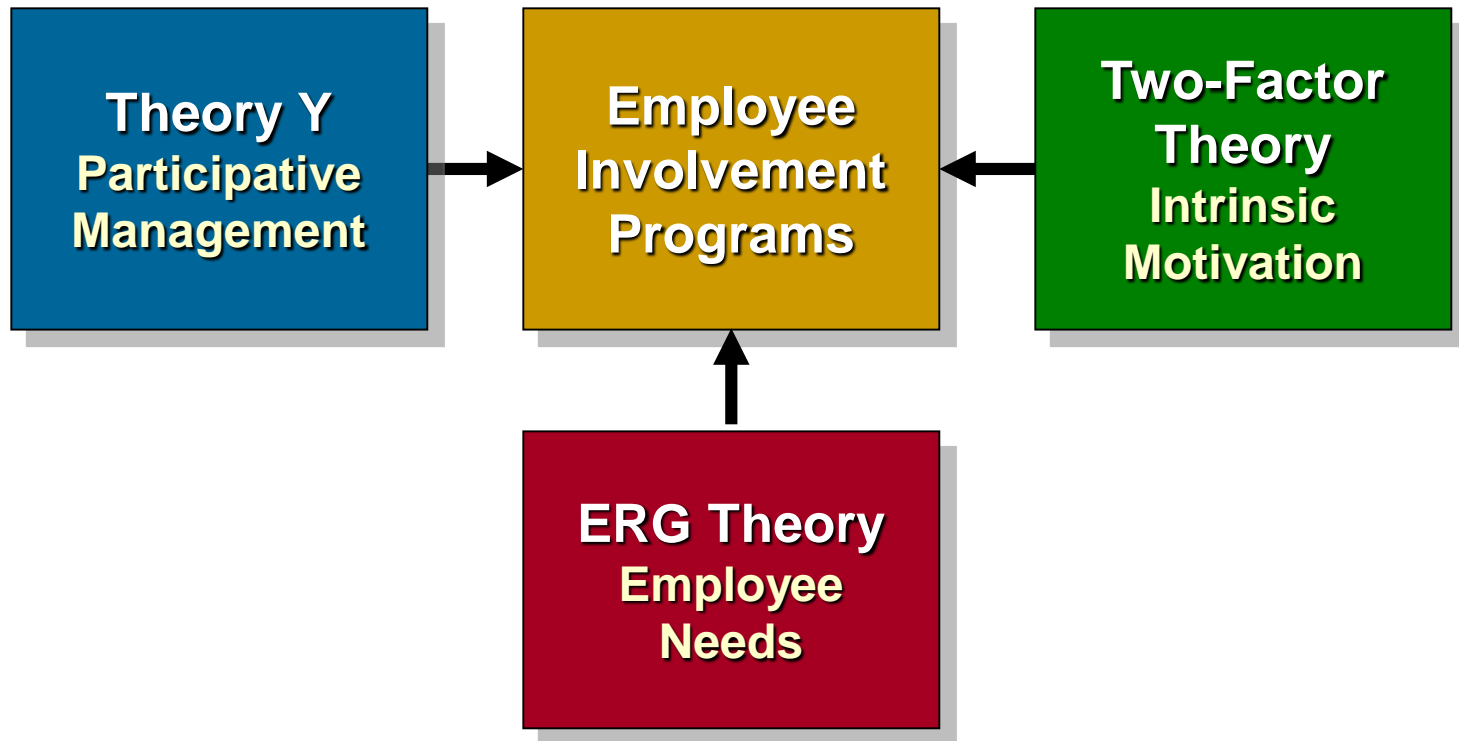
A work group of employees who meet regularly to discuss their quality problems, investigate causes, recommend solutions, and take corrective actions.

Examples of Employee Involvement Programs (cont'd)

Employee Stock Ownership Plans (ESOPs)

Company-established benefit plans in which employees acquire stock as part of their benefits.

Linking EI Programs and Motivation Theories



Job Design and Scheduling

Job Rotation

The periodic shifting of a worker from one task to another.

Job Enlargement

The horizontal expansion of jobs.

Job Enrichment

The vertical expansion of jobs.

Work Schedule Options

Flextime

Employees work during a common core time period each day but have discretion in forming their total workday from a flexible set of hours outside the core.

Job Sharing

The practice of having two or more people split a 40-hour-a-week job.

Work Schedule Options

Telecommuting

Employees do their work at home on a computer that is linked to their office.

Categories of telecommuting jobs:

- Routine information handling tasks
- Mobile activities
- Professional and other knowledge-related tasks

Telecommuting

➤ Advantages

- Larger labor pool
- Higher productivity
- Less turnover
- Improved morale
- Reduced office-space costs

➤ Disadvantages (Employer)

- Less direct supervision of employees
- Difficult to coordinate teamwork
- Difficult to evaluate non-quantitative performance

Variable Pay Programs

Variable Pay Programs

A portion of an employee's pay is based on some individual and/or organization measure of performance.

- Piece rate pay plans
- Profit sharing plans
- Gain sharing plans

Variable Pay Programs (cont'd)

Piece-rate Pay Plans

Workers are paid a fixed sum for each unit of production completed.

Profit-Sharing Plans

Organizationwide programs that distribute compensation based on some established formula designed around a company's profitability.

Gain Sharing

An incentive plan in which improvements in group productivity determine the total amount of money that is allocated.

Skill-Based Pay Plans

Pay levels are based on how many skills employees have or how many jobs they can do.

Benefits of Skill-based Pay Plans:

- 1. Provides staffing flexibility.**
- 2. Facilitates communication across the organization.**
- 3. Lessens “protection of territory” behaviors.**
- 4. Meets the needs of employees for advancement (without promotion).**
- 5. Leads to performance improvements.**

Skill-Based Pay Plans (cont'd)

Drawbacks of Skill-based Pay Plans:

- 1. Lack of additional learning opportunities that will increase employee pay.**
- 2. Continuing to pay employees for skills that have become obsolete.**
- 3. Paying for skills which are of no immediate use to the organization.**
- 4. Paying for a skill, not for the level of employee performance for the particular skill.**

Flexible Benefits

Employees tailor their benefit program to meet their personal need by picking and choosing from a menu of benefit options.

Modular Plans:
predesigned benefits packages for specific groups of employees.

Core-Plus Plans:
a core of essential benefits and a menu-like selection of other benefit options.

Flexible Spending Plans:
allow employees to use their tax-free benefit dollars purchase benefits and pay service premiums.

Implications for Managers

➤ **Motivating Employees in Organizations**

- Recognize individual differences.
- Use goals and feedback.
- Allow employees to participate in decisions that affect them.
- Link rewards to performance.
- Check the system for equity.



Chapter 4

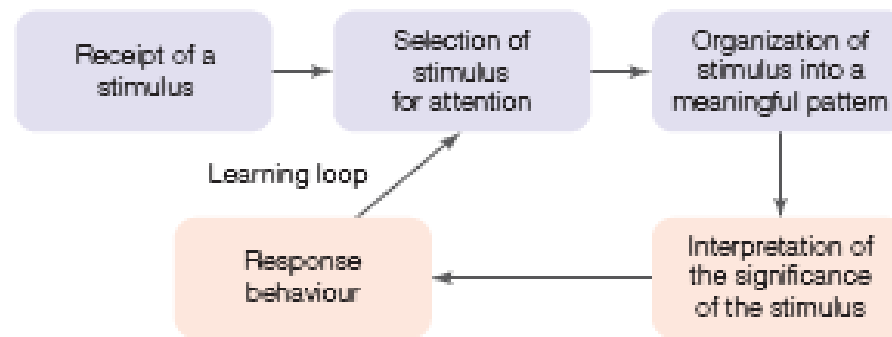
PERCEPTION & ATTITUDE FORMATION

Human senses

- Vision
- Temperature
- Sound
- Taste
- Pain
- Touch
- Smell
- Spatial relationships

A model of perception

•Figure 4.1



Selection of stimuli for attention

- The circumstances
- Factors related to the target
 - Repetition
 - Size
 - Contrast
 - Novelty
 - Intensity
 - Motion
 - Familiarity
- Factors related to the perceiver
 - Schemas and scripts
 - Motivation and objectives
 - Personality
 - Emotional state and mood
 - Available attention and processing capacity

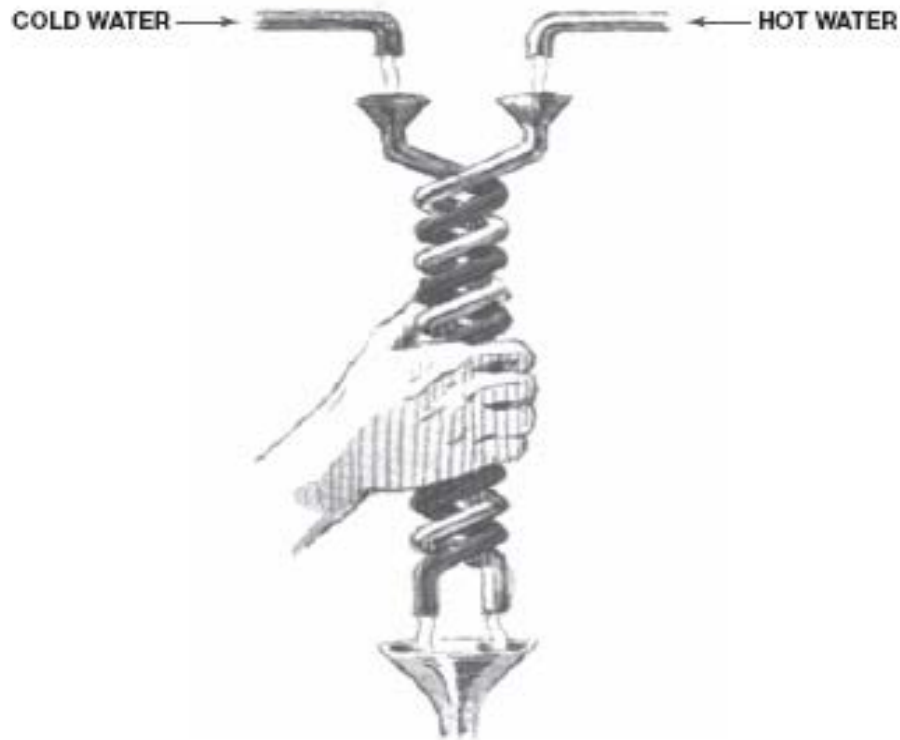
Ambiguous figure

- Figure 4.2



Perception of 'hot' as a result of the simultaneous stimulation of warm and cold receptors

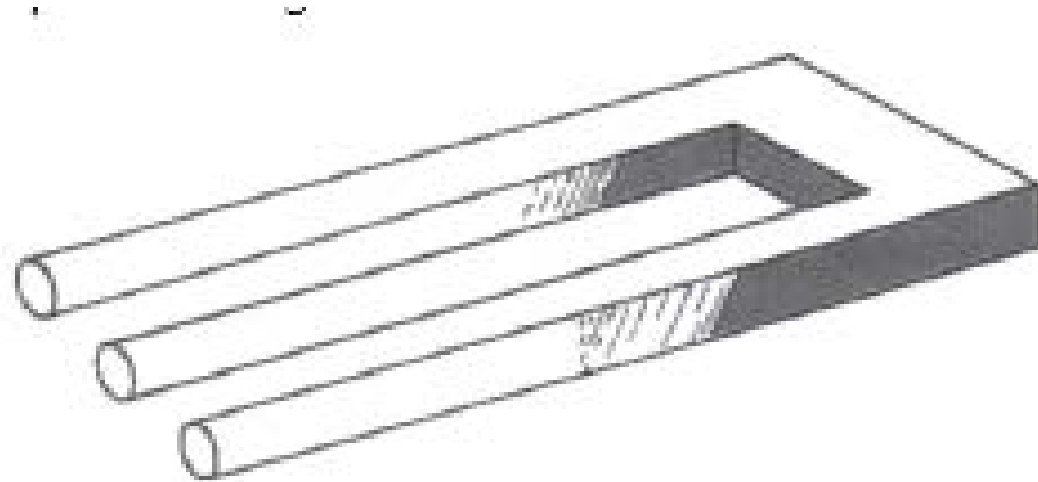
- Figure 4.3



Source: Hilgard, E.R.,
Atkinson, R.C. and
Atkinson, R.L. (1971)
Introduction to Psychology
(5th edn), New York:
Harcourt Brace Jovanovich.

An impossible figure

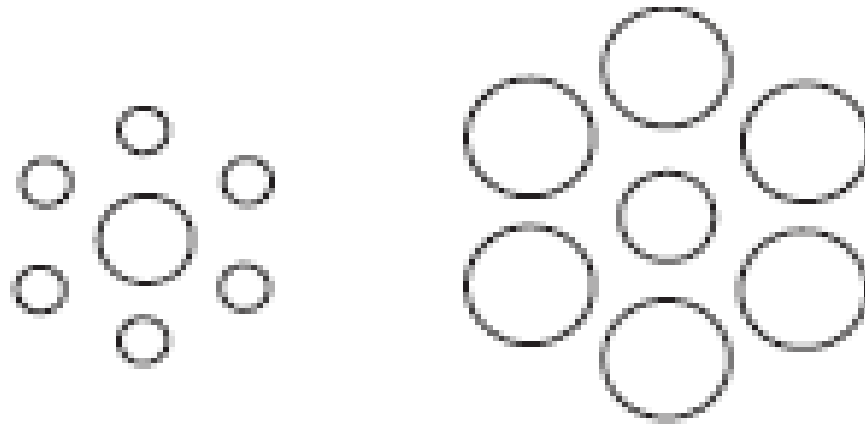
- Figure 4.4



Source: Hilgard, E.R.,
Atkinson, R.C. and
Atkinson, R.L. (1971)
Introduction to Psychology
(5th edn), New York:
Harcourt Brace Jovanovich.

Contrast effect on perception

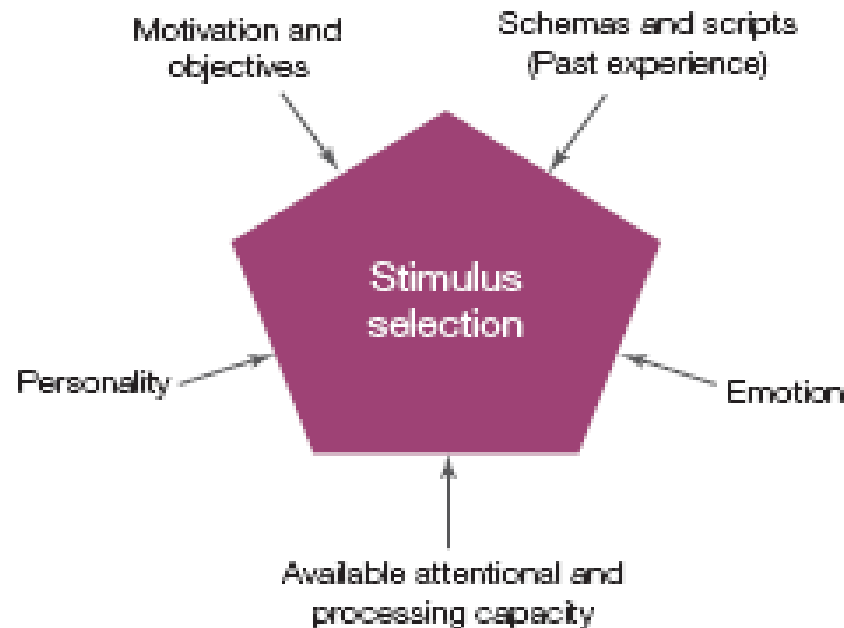
- Figure 4.5



Source: Hilgard, E.R. et al. (1971) *Introduction to Psychology* (5th edn), New York: Harcourt Brace Jovanovich.

Internal factors influencing stimulus selection

- Figure 4.6



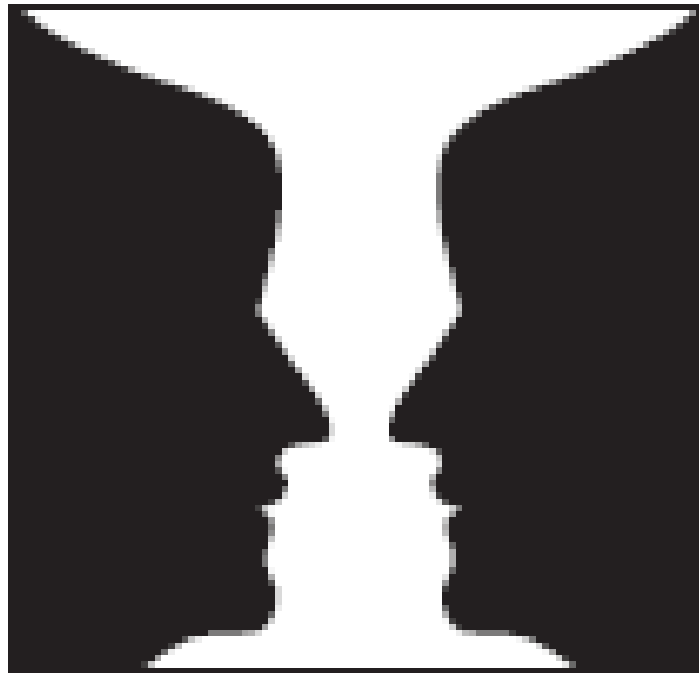


Organizing stimuli into meaningful patterns

- The figure ground principle
- The principle of continuity
- The principle of proximity
- The principle of closure
- The principle of similarity

Reversible figure

- Figure 4.7



The principle proximity

- Figure 4.8



The proximity of the lines that appear to be in pairs leads us to see three pairs and an extra line at the right.



The same lines as above, but with extensions, lead to opposite pairing: three broken squares and an extra line at the left.

Source: Hilgard, E.R., Atkinson, R.C. and Anderson, R.L. (1971) *Introduction to Psychology* (5th edn), New York: Harcourt Brace Jovanovich.

The closure principle

- Figure 4.9



Source: Coon, D. (copyright © 1985, 1991) *Introduction to Psychology: Explorations and Applications*, West Publishing Company. By permission of Brooks/Cole Publishing Company, Pacific Grove, CA, a division of Thomson Publishing Inc.)

Interpreting the significance of a stimulus

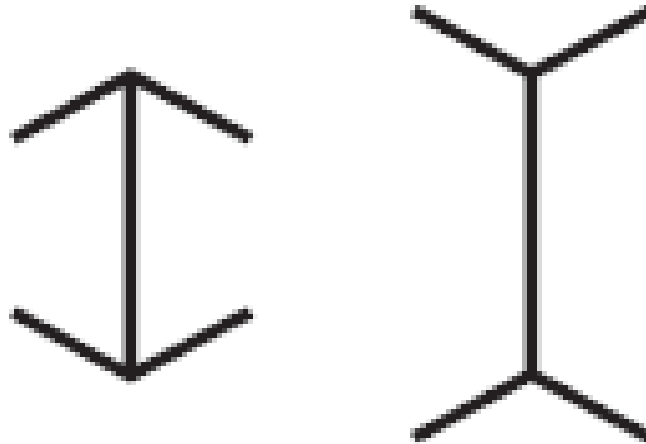
- Language & perception shaping
- Perceptual errors and biases
- Primacy and recency effects
- Selective perceptual biases
- Halo & Horns effect
- Self-fulfilling prophecies and knowledge of predictor bias

Response behaviour to a stimulus

- Internal behaviour shapers
- Observable behaviour

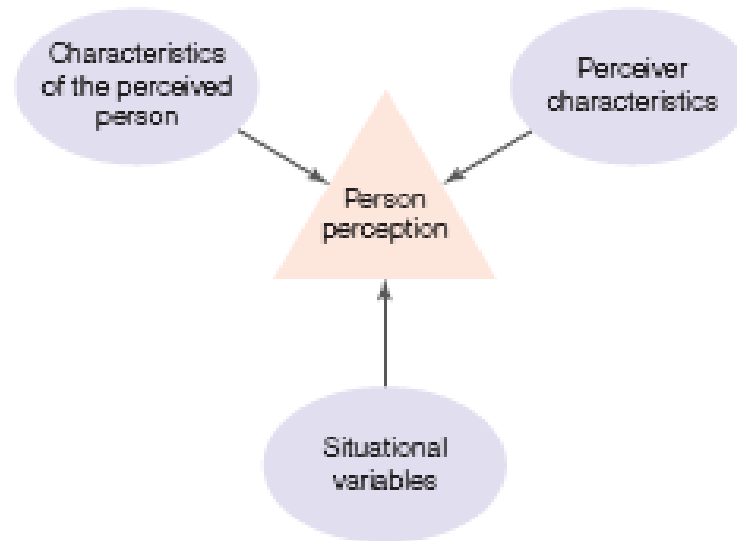
The Müller-Lyon illusion

- Figure 4.10



Person perception – simplified model

Figure 4.12



Perceptions of supervisors and subordinates about each other

- Table 4.2

Table of recognition	Frequency with which supervisors say they give various types of recognition for good performance (per cent)	Frequency with which subordinates say supervisors give various types of recognition for good performance (per cent)
Gives privileges	52	14
Gives more responsibility	48	10
Gives more interesting work	82	13
Gives sincere and thorough praise	80	14
Trains for better jobs	64	9
Gives more interesting work	51	5

Source: Adapted from Likert, R (1961) *New Patterns in Management*, New York: McGraw-Hill.

Stereotyping and projection

- Tendency attribute everyone or thing in a particular category with the characteristics from a single example
- Not all information perceived is supportive or contradictory towards a particular stereotype
- Information that supports a stereotype processed more intensively
- Benefit of stereotyping - categorisation
- Projection implies that others have the same characteristics as ourselves
- Assumption of behaviour that is similar to our own is dangerous



Body language & perception

- Posture
- Tone of voice
- Gestures
- Facial expressions
- Cultural aspects

ATTRIBUTION THEORY

- The process by which we ascribe causes to events as well as to our own and others' behaviour
- People use three fundamental attribution cues:
 - Consensus (across different actors)
 - Distinctiveness. (distinctiveness to specific target)
 - Consistency (over time)

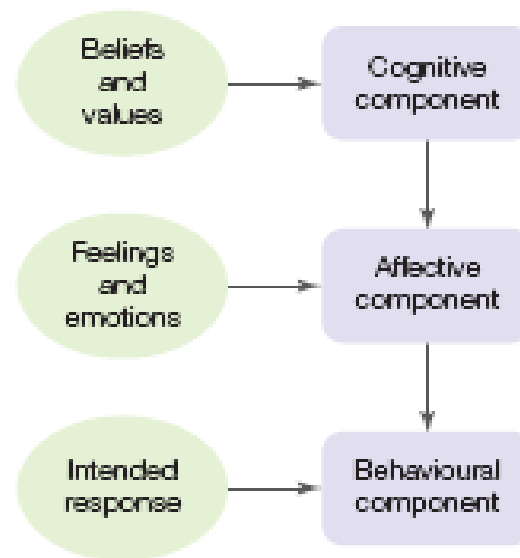
Linkage between covariation clues and causal attributions about behaviour

- Table 4.3

Consensus (of actor's behaviour with other people's behaviour)	Distinctiveness (of actor's behaviour to target or situation)	Consistency (of actor's behaviour over time)	Likely type of attribution about causes of behaviour
Low	Low	High	Internal
High	High	Low	External

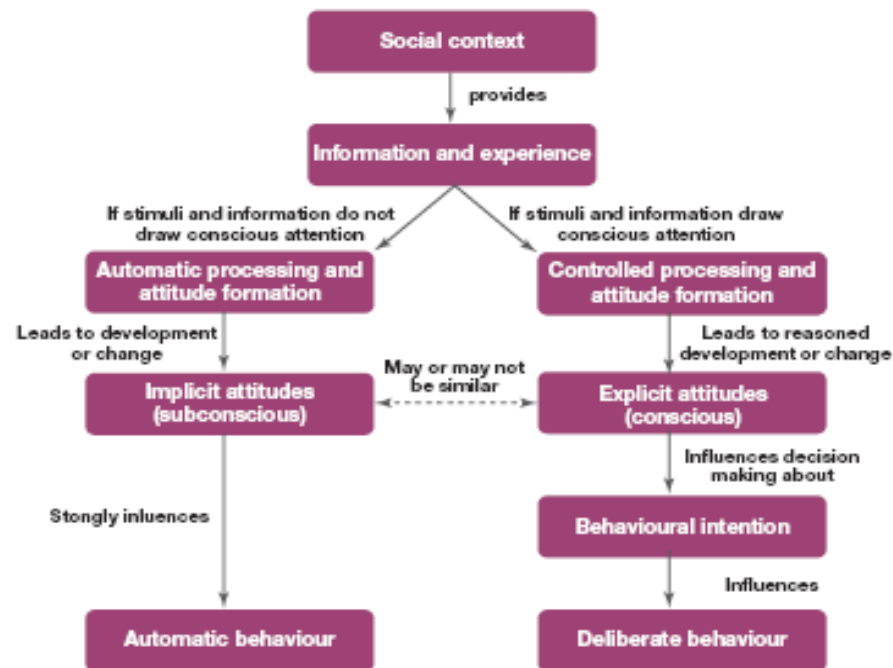
Construction of an attitude

- Figure 4.14



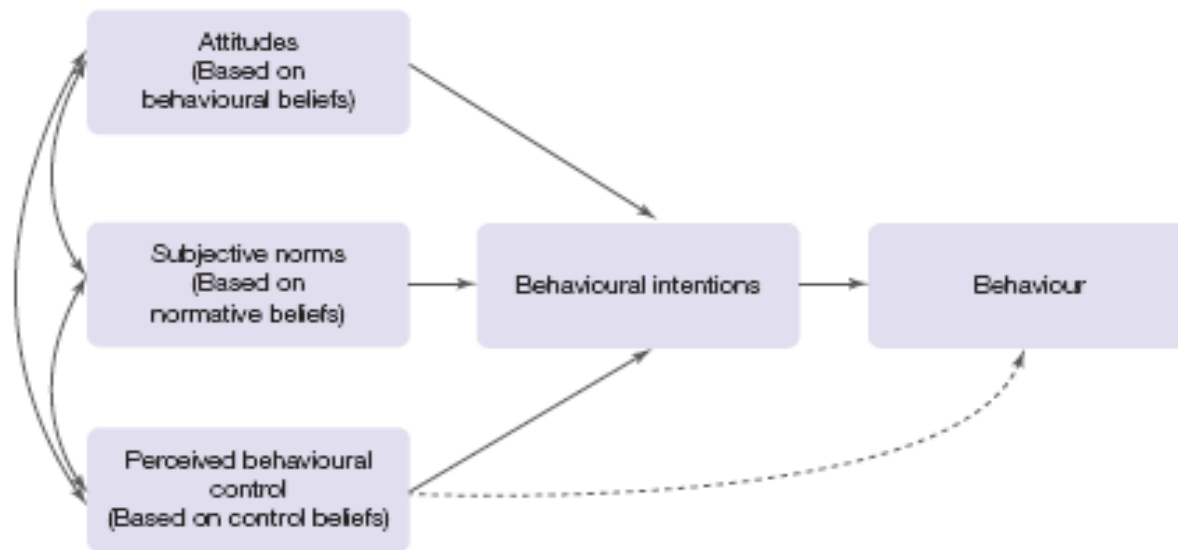
Situational construction of implicit and explicit attitudes

- Figure 4.15



Ajzen's Theory of Planned Behaviour

- Figure 4.16



IMPRESSION MANAGEMENT

- Opportunity for individuals to present a particular image to the world
- Encourages a desired response
- Several aspects associated with impression management:
 - Selection
 - Career strategies
 - Organizational image
 - Managerial



Perception within an organizational context

Perception, attitudes and organisations

- Attitudes and perceptions of actual customers
- Attitudes and perceptions of potential customers
- Attitudes and perceptions of the wider community
- Attitudes and behaviour of employees
- Supplier attitudes and perceptions
- The organization's competitors
- Regulators
- Shareholders

Perception, attitudes and control

- In order to control behaviour managers must either:
 - a) Order others to carry out management wishes
 - b) Persuade individuals willingly to undertake what is required of them

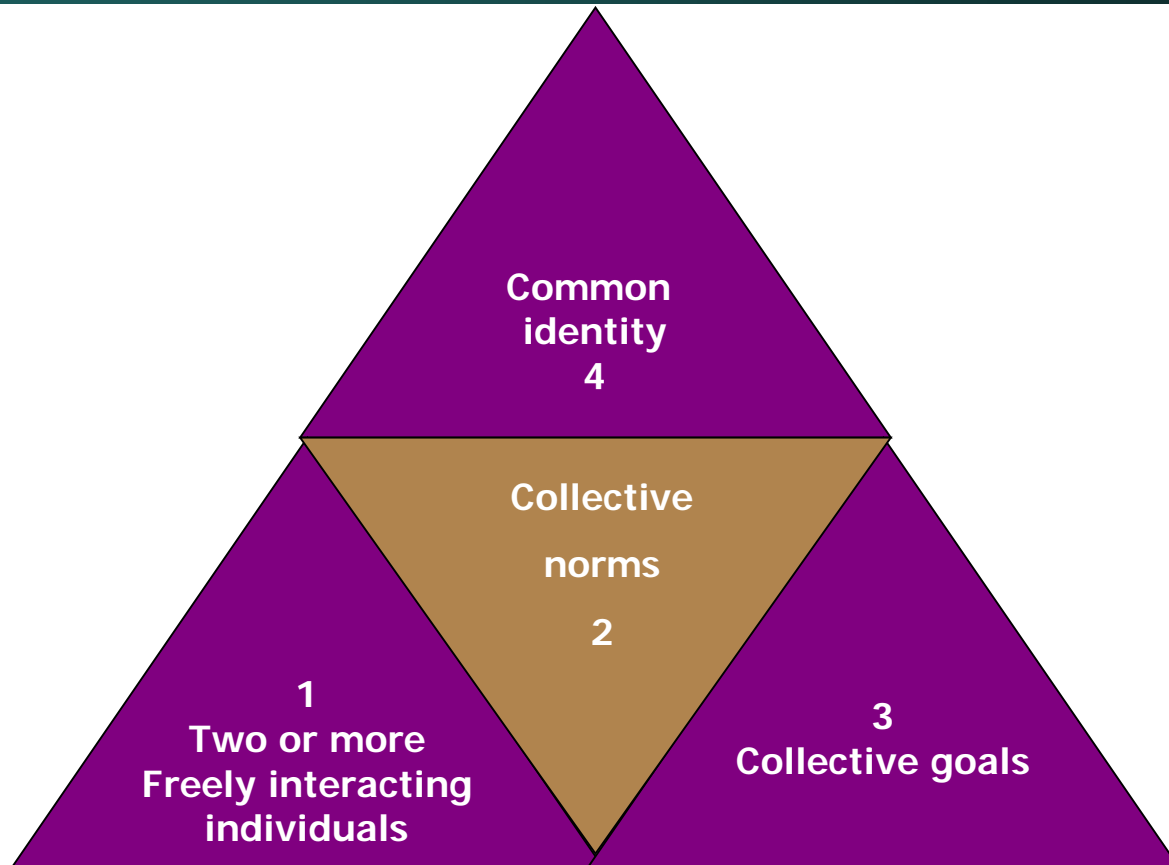


Group Dynamics

Key Social Skills Managers Need for Building Social Capital

Social Skill	Description
Social perception	Ability to perceive accurately the emotions, traits, motives and intentions of others
Impression management	Tactics designed to induce liking a favorable first impression by others
Persuasion and social influence	Ability to change others' attitudes and/or their behavior in desired direction
Social adaptability	Ability to adapt to, or feel comfortable in, a wide range of social situations

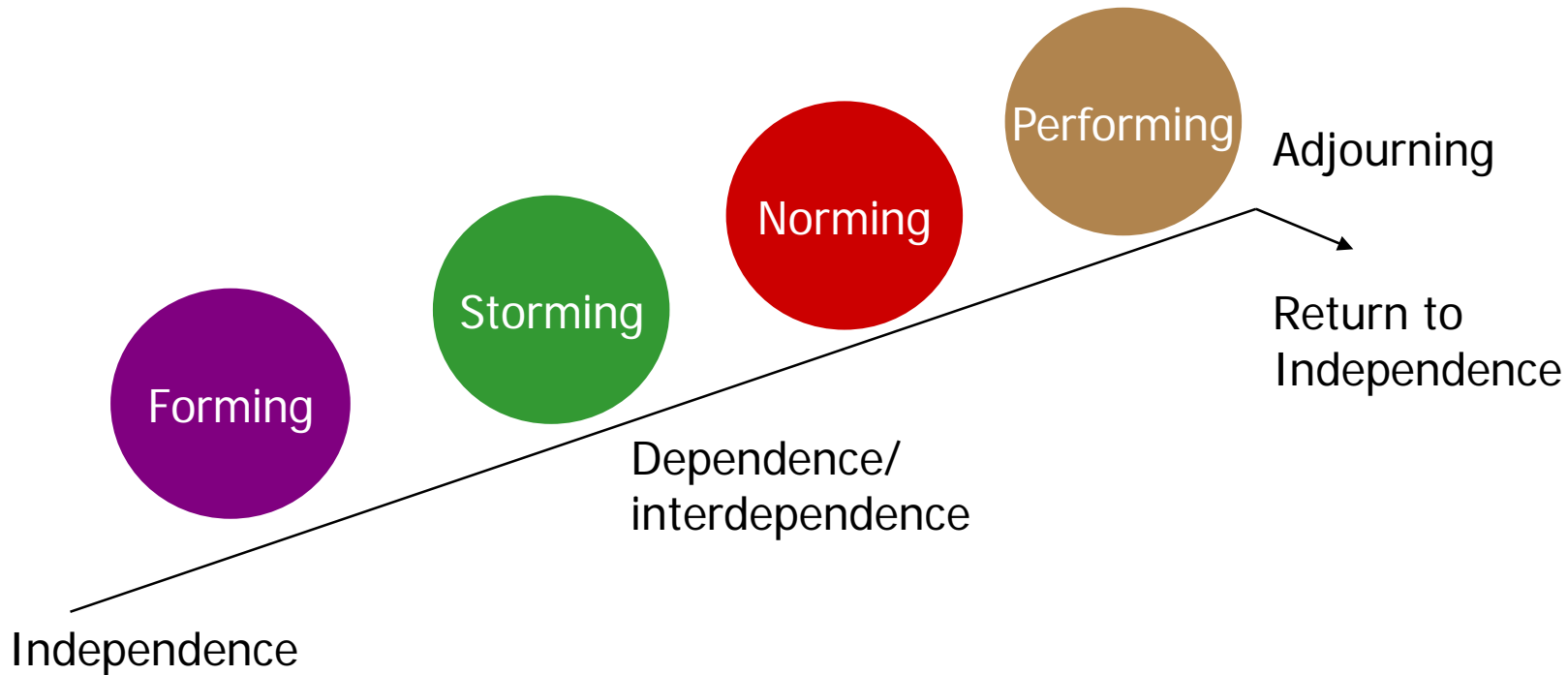
Sociological Criteria of a Group



Groups can be:

- 1) **Formal – formed by organization to accomplish organizational and individual functions**
- 2) **Informal – exists for personal reasons**

Tuckman's Five-Stage Theory of Group Development



Tuckman's Five-Stage Theory of Group Development

	Forming	Storming	Norming	Performing
Individual Issues	"How do I fit in?"	"What's my role here?"	"What do the others expect me to do?"	"How can I best perform my role?"
Group Issues	"Why are we here?"	"Why are we fighting over who's in charge and who does what?"	"Can we agree on roles and work as a team?"	"Can we do the job properly?"

Roles Defined

- **Role** expected behaviors for a given position
 - Task-oriented – giving and seeking information, coordinating activities
 - Helping – resolving conflicts, reinforcing positive behaviors



Role Outcomes

- **Role Overload** others' expectations exceed one's ability
- **Role Conflict** others have conflicting or inconsistent expectations
- **Role Ambiguity** Others' expectations are unknown

Norms



- **Norm** shared attitudes, opinions, feelings, or actions that guide social behavior

How Norms are Formed

- 1) **Explicit statements by supervisors or coworkers**
- 2) **Critical events in the group's history**
- 3) **Primacy**
- 4) **Carryout behaviors from past situations**

Why Norms are Enforced

- **Group/organization survival**
- **Clarification of behavioral expectations**
- **Avoidance of embarrassment**
- **Clarification of central values/unique identity**

Ethnicity and group performance

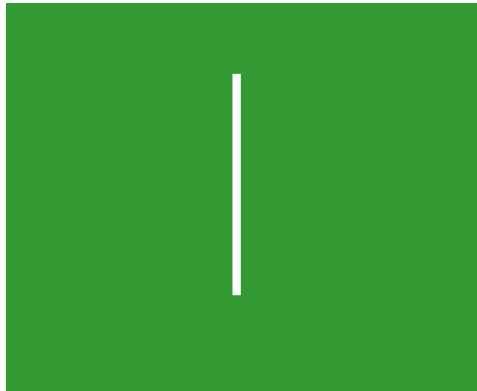
- Ethnically homogeneous groups perform better during early stages of development
- Ethnically heterogeneous groups develop more effective, higher quality ideas
- Members of homogenous groups are more attracted to their groups
- There is more gender equality in African American groups than in white American groups

Gender and group performance

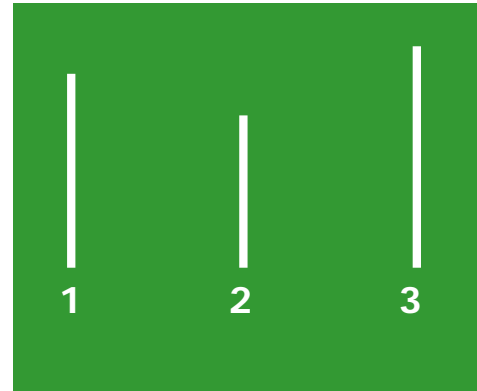
- Men interrupt women significantly more than they interrupt other men
- Women interrupt others less frequently and less successfully
- Women moving into male-dominated fields face greater resistance than males moving into female-dominated fields
- Increases social contact between women and men at work has lead to increased sexualization of the workplace

Threats to Group Effectiveness: The Asch Effect

Standard Line Card

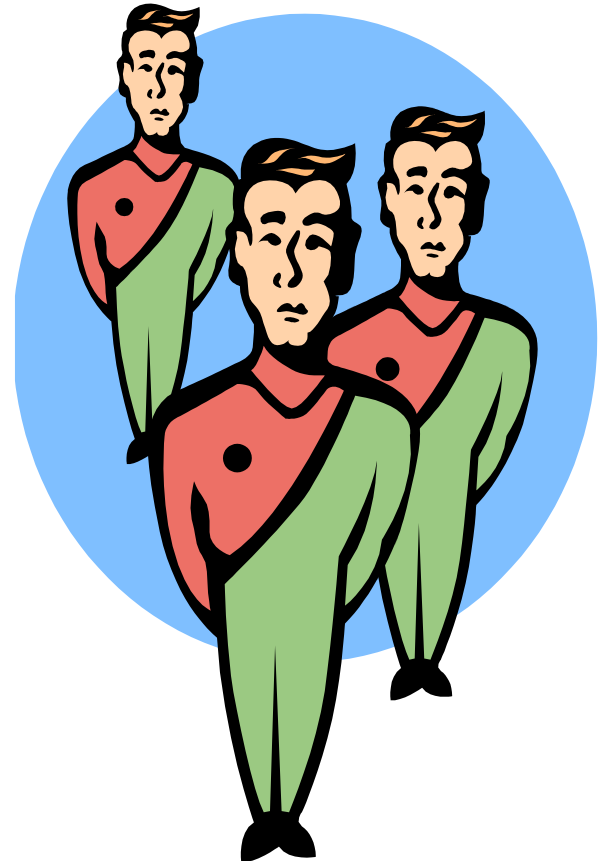


**Comparison Lines
Card**




Threats to Group Effectiveness: Groupthink

- **Groupthink** term for a cohesive in-group's unwillingness to realistically view alternatives
- **Symptoms:**
 - Invulnerability
 - Inherent morality
 - Rationalization
 - Stereotyped views of opposition
 - Self-censorship
 - Illusion of unanimity
 - Peer pressure
 - Mindguards



Symptoms of Groupthink Lead to Defective Decision Making

Symptoms of Groupthink

- Invulnerability
 - Inherent morality
 - Rationalization
 - Stereotyped views of opposition
 - Self-censorship
 - Illusion of unanimity
 - Peer pressure
 - Mindguards
- 

Decision-making Defects

- 1) Few alternatives
- 2) No reexamination of preferred alternatives
- 3) No reexamination of rejected alternatives
- 4) Rejection of expert opinions
- 5) Selective bias of new information
- 6) No contingency plans

Preventing Groupthink

- 1) Each member of the group should be assigned the role of critical evaluator
- 2) Top-level executives should not use company policy committees to rubber-stamp decisions that have already been made
- 3) Different groups with different leaders should explore the same policy questions

Preventing Groupthink Cont.

- 4) Subgroup debates and outside experts should be used to introduce fresh perspectives
- 5) Someone should be given the role of devil's advocate when discussing major alternatives
- 6) Once a consensus has been reached, everyone should be encouraged to rethink their position to check for flaws

Social Loafing

- **Social Loafing** decrease in individual effort as group size increases
 - **Equity of effort**
 - **Loss of personal accountability**
 - **Motivational loss due to sharing of rewards**

OXFORD

Organizational Behaviour

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Chapter 12

CONFLICT & NEGOTIATION



DEFINITION: CONFLICT

- ❑ Relational disputes between two or more parties, in which those involved perceive a threat to their interests coming from those on the other side of the disagreement.
- ❑ A clash of interests, values, actions, views or directions.



SOURCES OF CONFLICT

- Three major sources of conflict:
 - Differentiation
 - Tasks Relationships
 - Scarcity of Resources



EFFECTS OF CONFLICTS

- ❑ Positive effects of conflicts
 - Diffusion of more serious conflicts.
 - Stimulation of a search for new facts or resolutions.
 - Increase in group cohesion and performance.
 - Assessment of power or ability.
- ❑ Negative effects of conflicts
 - Barriers to smooth working.
 - Weakening output.
 - Hindrances in the decision making process.
 - Formation of competing affiliations.



CONFLICT PROCESS

- Involves five stages:
 - Latent Conflict
 - Perceived Conflict
 - Felt Conflict
 - Manifest Conflict
 - Conflict Aftermath



CONFLICT PROCESS

- ❑ Latent Conflict
 - A stage where no actual conflict arises.
- ❑ Perceived Conflict
 - Individuals or groups become aware that their goals are being thwarted by another party.
- ❑ Felt Conflict
 - The parties in conflict develop negative feelings about each other, have an “us-versus-them” attitude, and blames the other group for the problem.



CONFLICT PROCESS

- ❑ Manifest Conflict
 - One party decides how to react to or deal with the party that is seen as the source of the conflict.
 - Both parties try to hurt each other and thwart each other's goals.
- ❑ Conflict Aftermath
 - The consequences of conflict.
 - Affects the way both parties perceive and respond to future episodes.



WAYS TO DEAL WITH CONFLICT

- Fighting
- Negotiating
- Problem-solving
- Designing



CONFLICT-RESOLUTION BEHAVIOUR

- Competition
- Collaboration
- Compromise
- Avoidance
- Accommodation



CONFLICT-RESOLUTION BEHAVIOUR

- ❑ Competition
 - A win-or-lose style of handling conflicts.
 - Asserting one's one viewpoint at the potential expense of another.
- ❑ Collaboration
 - Finding some solution that can satisfy the conflicting parties.
 - Disagreement is addressed openly and alternatives are discussed to arrive at the best solution.



CONFLICT-RESOLUTION BEHAVIOUR

- ❑ **Compromise**
 - Based on the belief that a middle route should be found to resolve the conflict situation.
 - Concerned for personal goals and relationships.
- ❑ **Avoidance**
 - Avoiding direct confrontation.
 - Parties in conflict get time to cool down.
- ❑ **Accommodation**
 - One party accepts that it is wrong and has a lot to lose and little to gain.



STRATEGIES FOR MANAGING CONFLICTS

- ❑ Encouraging appropriate conflict-handling styles
- ❑ Improving organizational practices
- ❑ Special roles and structure
- ❑ Using confrontation techniques



DEFINITION: NEGOTIATION

- A process in which groups with conflicting interests meet together to make offers, counteroffers, and concessions to each other in an effort to resolve their differences.



NEGOTIATION STRATEGIES

- ❑ Distributive negotiation
- ❑ Integrative negotiation



Managing Change and Innovation



LEARNING OUTLINE

Follow this Learning Outline as you read and study this chapter.

- Forces for Change
 - Define organizational change.
 - Discuss the external and internal forces for change.
 - Contrast internal and external change agents.



LEARNING OUTLINE (cont'd)

Follow this Learning Outline as you read and study this chapter.

- Two Views of the Change Process
 - Contrast the calm waters and white-water rapids metaphors of change.
 - Explain Lewin's three-step model of the change process.
 - Discuss the environment that managers face today.



LEARNING OUTLINE (cont'd)

Follow this Learning Outline as you read and study this chapter.

- **Managing Change**
 - Explain how managers might change structure, technology, and people.
 - Explain why people resist change and how resistance might be managed.



LEARNING OUTLINE (cont'd)

Follow this Learning Outline as you read and study this chapter.

- **Stimulating Innovation**
 - Explain why innovation isn't just creativity.
 - Explain the systems view of innovation.
 - Describe the structural, cultural, and human resources variables that are necessary for innovation.
 - Explain what idea champions are and why they're important to innovation.



LEARNING OUTLINE (cont'd)

Follow this Learning Outline as you read and study this chapter.

- Contemporary Issues in Managing Change
 - Explain why changing organizational culture is so difficult and how managers can do it.
 - Describe employee stress and how managers can help employees deal with it.
 - Discuss what it takes to make change happen successfully.



What Is Change?

- Organizational Change
 - Any alterations in the people, structure, or technology of an organization
- Characteristics of Change
 - Is constant yet varies in degree and direction
 - Produces uncertainty yet is not completely unpredictable
 - Creates both threats and opportunities
 - *Managing change is an integral part of every manager's job*



Forces for Change

- External forces
 - Marketplace
 - Governmental laws and regulations
 - Technology
 - Labour markets
 - Economic changes
- Internal Forces
 - Changes in organizational strategy
 - Workforce changes
 - New equipment
 - Employee attitudes



The Manager as Change Agent

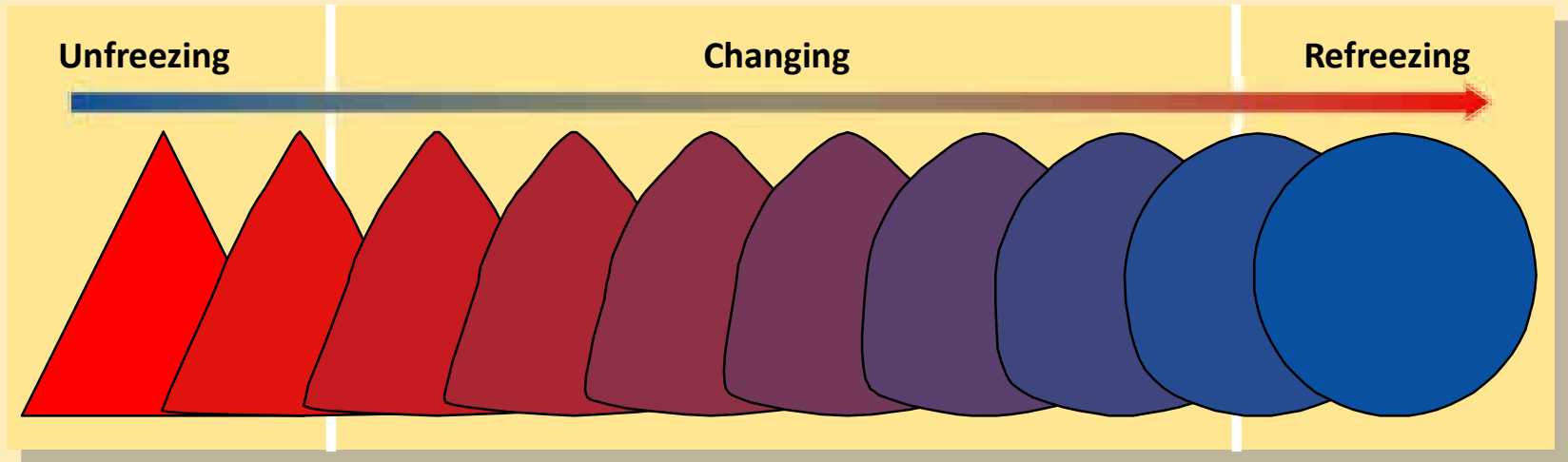
- Change Agents
 - People who act as catalysts and assume the responsibility for changing process
- Types of Change Agents
 - Managers: internal entrepreneurs
 - Nonmanagers: change specialists
 - Outside consultants: change implementation experts



Change Process Viewpoints

- The Calm Waters Metaphor
 - Lewin: a break in the organization's equilibrium state
 - Unfreezing the status quo
 - Changing to a new state
 - Refreezing to make the change permanent
- White-water Rapids Metaphor
 - The lack of environmental stability and predictability requires that managers and organizations continually adapt (manage change actively) to survive

The Change Process



Three Categories of Change

Structure

Work specialization, departmentalization, chain of command, span of control, centralization, formalization, job redesign, or actual structural design

Technology

Work processes, methods, and equipment

People

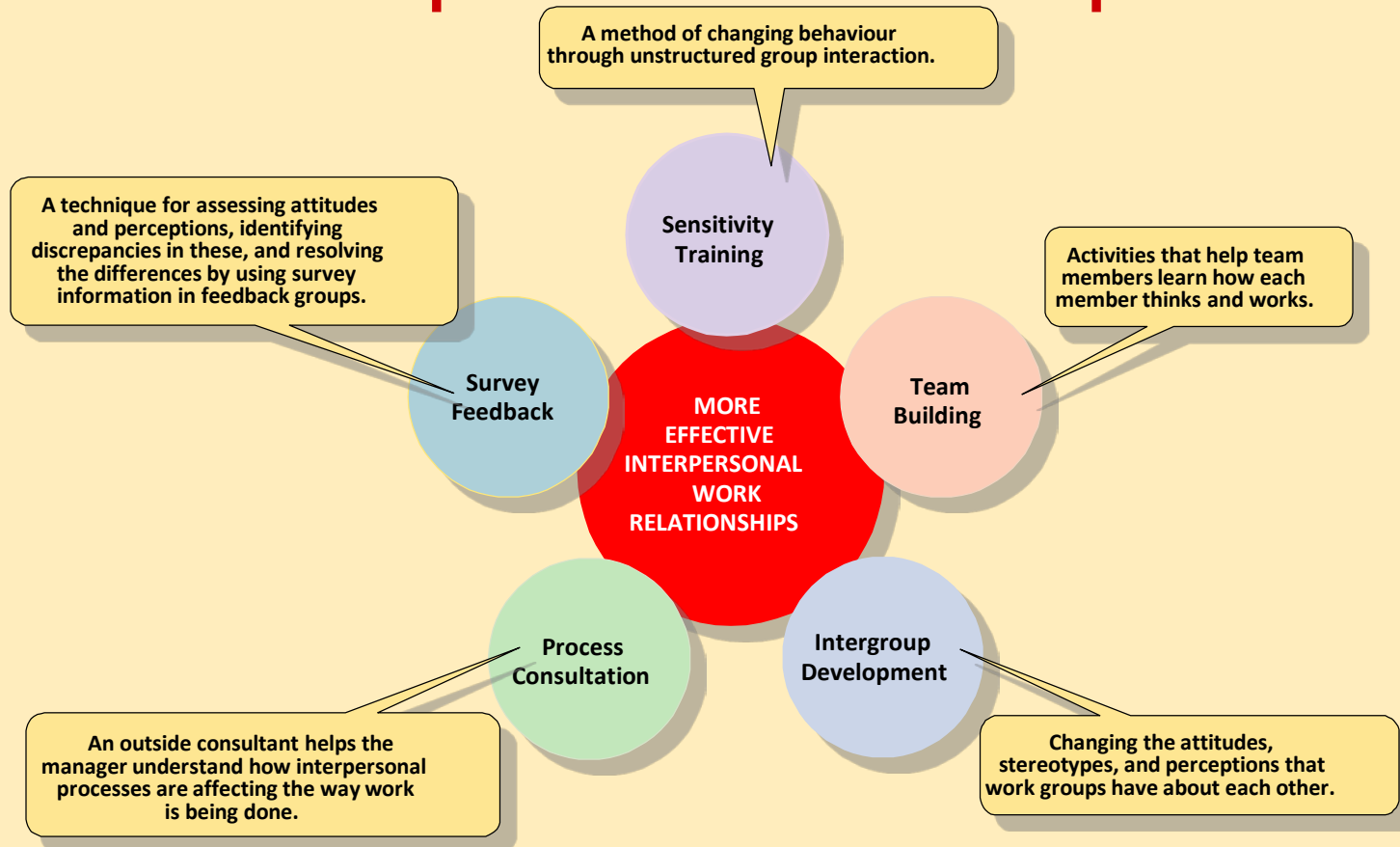
Attitudes, expectations, perceptions, and behaviour



Types of Change

- Structural
 - Changing the organization's structure or its structural components
- Technological
 - Adopting new equipment or operating methods that displace old skills and require new ones
 - Automation: replacing certain tasks done by people with machines
 - Computerization
- People
 - Changing attitudes, expectations, perceptions, and behaviours of the workforce.

Organizational Development Techniques

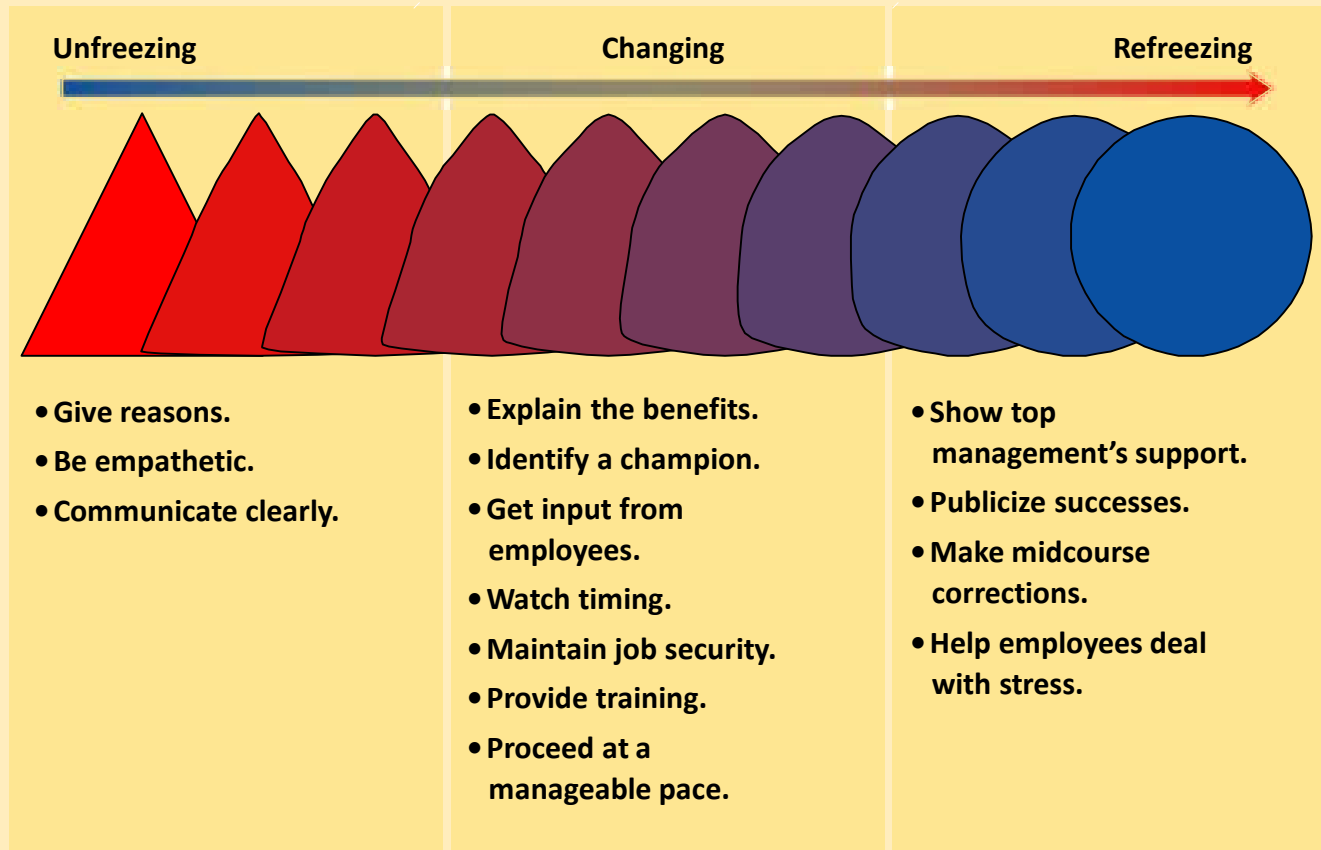




Managing Resistance to Change

- Why People Resist Change
 - The ambiguity and uncertainty that change introduces
 - The comfort of old habits
 - A concern over personal loss of status, money, authority, friendships, and personal convenience
 - The perception that change is incompatible with the goals and interests of the organization

Helping Employees Accept Change





Stimulating Innovation

- Creativity
 - The ability to combine ideas in a unique way or to make an unusual association
- Innovation
 - Turning the outcomes of the creative process into useful products, services, or work methods

Systems View of Innovation



Source: Adapted from R.W. Woodman, J.E. Sawyer, and R.W. Griffin, "Toward a Theory of Organizational Creativity," *Academy of Management Review*, April 1993, p. 309.

Innovation Variables

Structural Variables

- Organic Structures
- Abundant Resources
- High Interunit Communication
- Minimal Time Pressure
- Work and Nonwork Support

Human Resource Variables

- High Commitment to Training and Development
- High Job Security
- Creative People

**STIMULATE
INNOVATION**

Cultural Variables

- Acceptance of Ambiguity
- Tolerance of the Impractical
- Low External Controls
- Tolerance of Risks
- Tolerance of Conflict
- Focus on Ends
- Open-System Focus
- Positive Feedback



Creating the “Right” Environment for Innovation

- Structural Variables
 - Adopt an organic structure
 - Make available plentiful resources
 - Engage in frequent interunit communication
 - Minimize extreme time pressures on creative activities
 - Provide explicit support for creativity



Creating the “Right” Environment for Innovation (cont’d)

- Cultural Variables
 - Accept ambiguity
 - Tolerate the impractical
 - Have low external controls
 - Tolerate risk taking
 - Tolerate conflict
 - Focus on ends rather than means
 - Develop an open-system focus
 - Provide positive feedback



Creating the “Right” Environment for Innovation (cont’d)

- Human Resource Variables
 - Actively promote training and development to keep employees’ skills current
 - Offer high job security to encourage risk taking
 - Encourage individuals to be “champions” of change



Issues in Managing Change

- Changing Organizational Cultures
 - Cultures are naturally resistant to change
 - Conditions that help cultural change:
 - Dramatic crisis
 - Change of leadership
 - Young, flexible, and small organization
 - Weak organizational culture



Tips for Managers: Strategies for Managing Cultural Change

- Set the tone through management behaviour. Managers, particularly top management, need to be *positive role models*.
- Create *new stories, symbols, and rituals* to replace those currently in vogue.
- Select, promote, and support employees who *adopt the new values* that are sought.
- *Redesign socialization processes* to align with the new values.



Tips for Managers: Strategies for Managing Cultural Change (cont'd)

- Change the reward system to *encourage acceptance* of a new set of values.
- Replace unwritten norms with *formal rules and regulations* that are tightly enforced.
- *Shake up current subcultures* through transfers, job rotation, and/or terminations.
- Work to get peer-group consensus through *employee participation* and creation of a climate with a high level of trust.



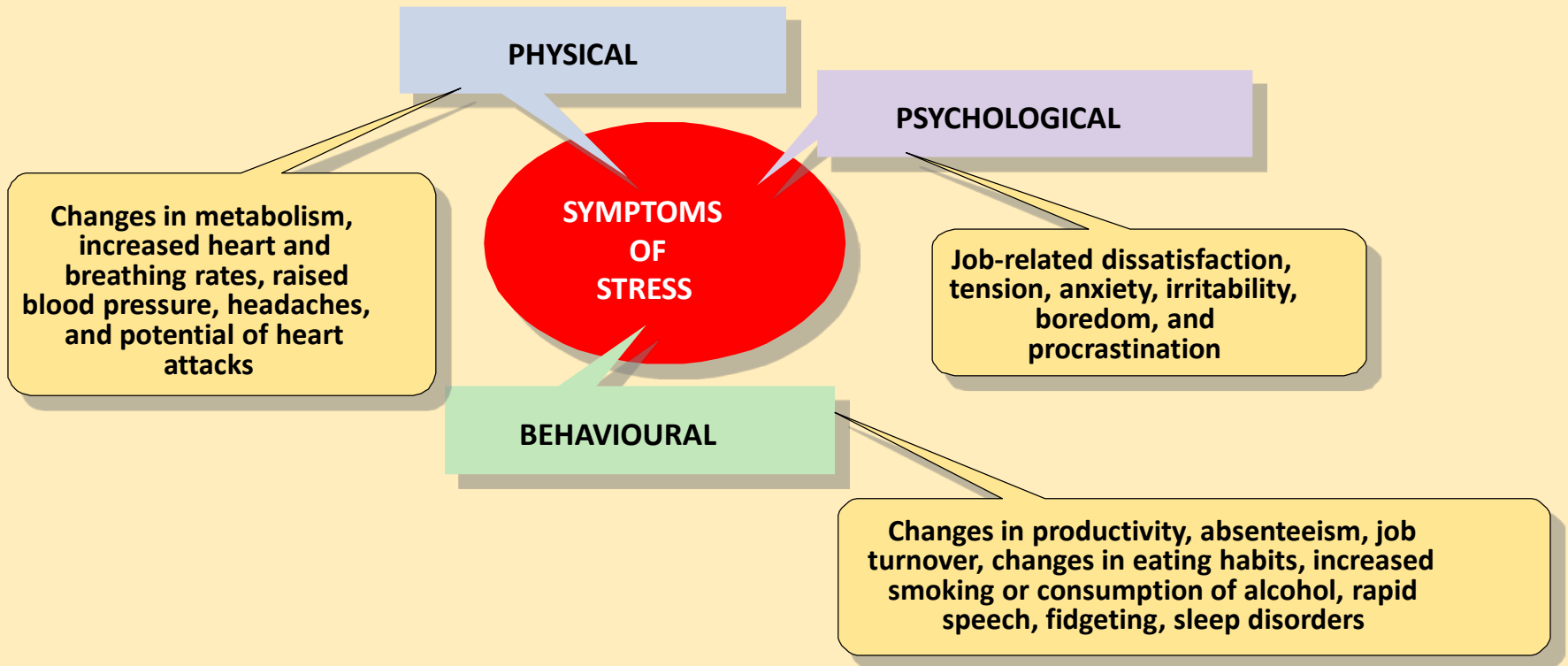
Issues in Managing Change (cont'd)

- Handling Employee Stress
 - Stress
 - The physical and psychological tension an individual feels when confronted with extraordinary demands, constraints, or opportunities and their associated importance and uncertainties
 - Functional Stress
 - Stress that has a positive effect on performance

Causes of Stress



Symptoms of Stress

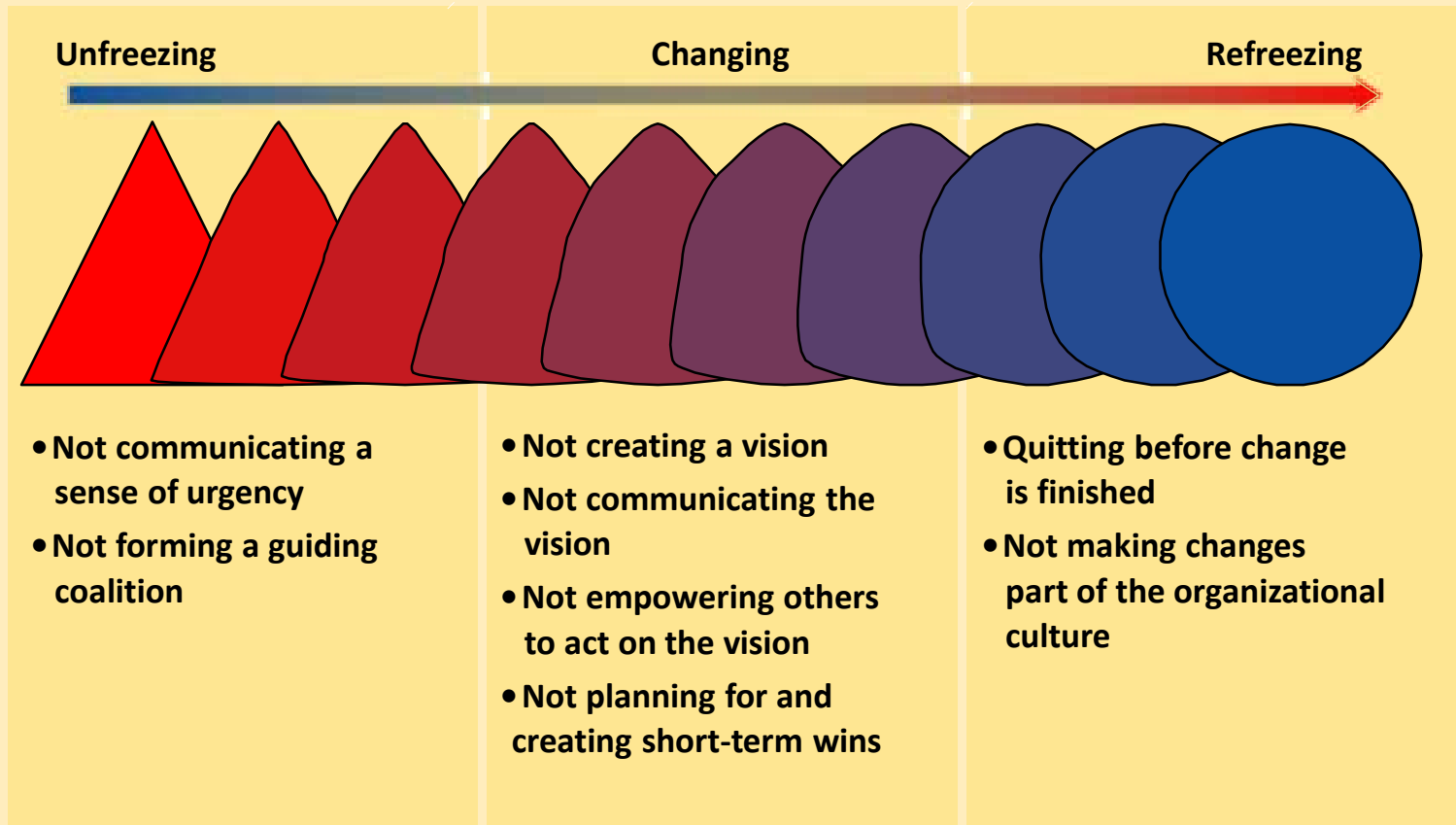




Issues in Managing Change (cont'd)

- Reducing Stress
 - Engage in proper employee selection
 - Match employees' abilities to job requirements
 - Use realistic job previews to reduce ambiguity
 - Improve organizational communications
 - Develop a performance planning program
 - Use job redesign
 - Provide a counselling program
 - Offer time planning management assistance
 - Sponsor wellness programs


Mistakes Managers Make When Leading Change





Issues in Managing Change (cont'd)

- Making Change Happen Successfully
 - Embrace change
 - Explain why change is necessary
 - Communicate constantly and honestly
 - Encourage employee participation
 - Encourage employee flexibility
 - Remove those who resist and cannot be changed



Characteristics of Change-Capable Organizations

- Link the present and the future
- Make learning a way of life
- Actively support and encourage day-to-day improvements and changes
- Ensure diverse teams
- Encourage mavericks
- Shelter breakthroughs
- Integrate technology
- Build and deepen trust

ORGANIZATIONAL BEHAVIOR

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Module 4: The Organization

PART FOUR

**THE
ORGANIZATION
SYSTEM**

Organizational Culture

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18

Institutionalization: A Forerunner of Culture

institutionalization

When an organization takes on a life of its own, apart from any of its members, and acquires immortality.



What Is Organizational Culture?

organizational culture

A common perception held by the organization's members; a system of shared meaning.

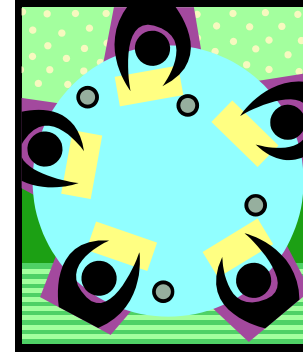
Characteristics:

- 1. Innovation and risk taking**
- 2. Attention to detail**
- 3. Outcome orientation**
- 4. People orientation**
- 5. Team orientation**
- 6. Aggressiveness**
- 7. Stability**

What Is Organizational Culture? (cont'd)

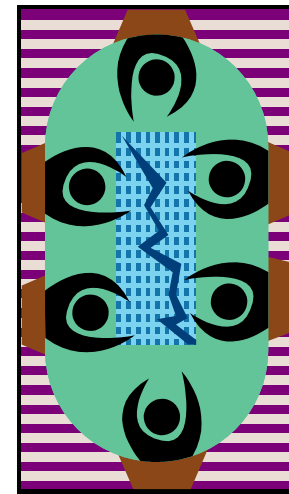
dominant culture

Expresses the core values that are shared by a majority of the organization's members.



subcultures

Minicultures within an organization, typically defined by department designations and geographical separation.



What Is Organizational Culture? (cont'd)

core values

The primary or dominant values that are accepted throughout the organization.

strong culture

Culture in which the core values are intensely held and widely shared.



What Is Organizational Culture? (cont'd)

➤ **Culture Versus Formalization**

- A strong culture increases behavioral consistency and can act as a substitute for formalization.

➤ **Organizational Culture Versus National Culture**

- National culture has a greater impact on employees than does their organization's culture.
- Nationals selected to work for foreign companies may be atypical of the local/native population.

What Do Cultures Do?

Culture's Functions:

- 1. Defines the boundary between one organization and others.**
- 2. Conveys a sense of identity for its members.**
- 3. Facilitates the generation of commitment to something larger than self-interest.**
- 4. Enhances the stability of the social system.**

What Do Cultures Do?

Culture as a Liability:

- 1. Barrier to change**
- 2. Barrier to diversity**
- 3. Barrier to acquisitions and mergers**

Keeping Culture Alive

➤ Selection

- Concerned with how well the candidates will fit into the organization.
- Provides information to candidates about the organization.

➤ Top Management

- Senior executives help establish behavioral norms that are adopted by the organization.

➤ Socialization

- The process that helps new employees adapt to the organization's culture.

Stages in the Socialization Process

prearrival stage

The period of learning in the socialization process that occurs before a new employee joins the organization.

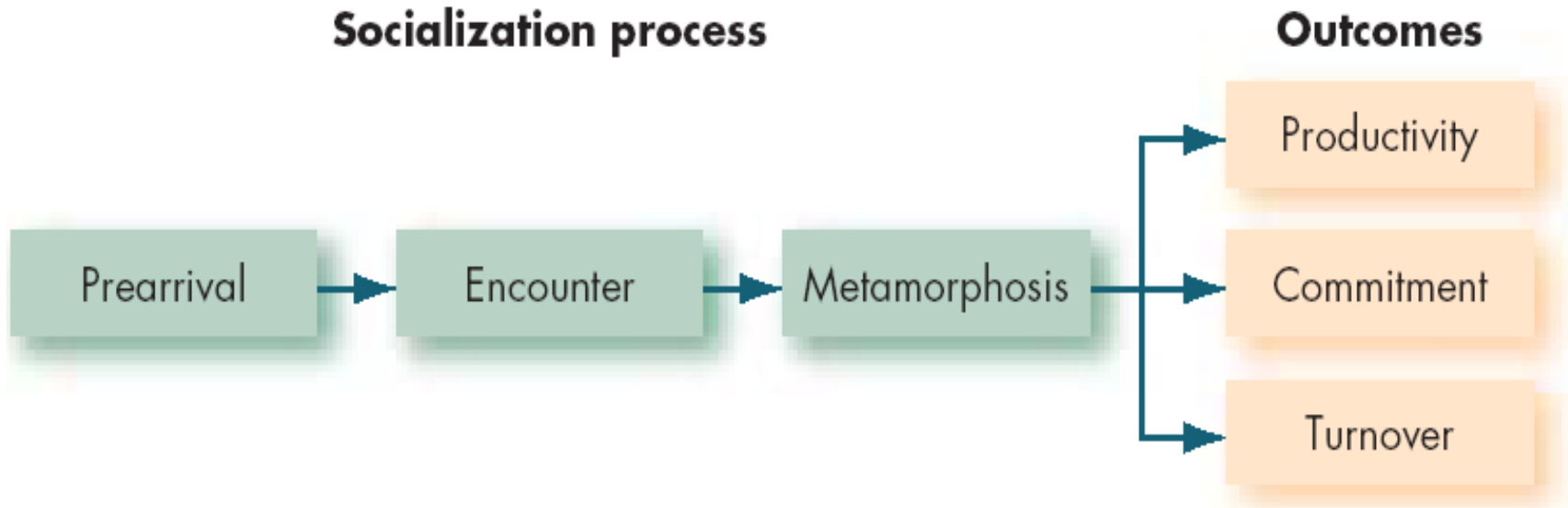
Metamorphosis stage

The stage in the socialization process in which a new employee changes and adjusts to the job, work group, and organization.

encounter stage

The stage in the socialization process in which a new employee sees what the organization is really like and confronts the possibility that expectations and reality may diverge.

A Socialization Model



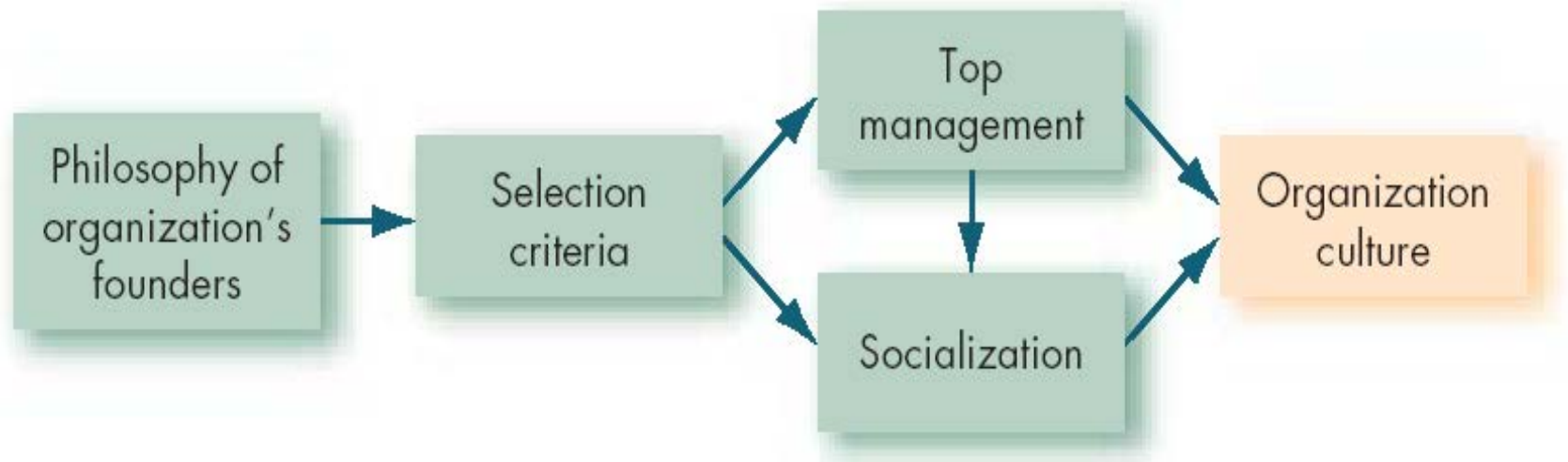
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18-2

Entry Socialization Options

- **Formal versus Informal**
- **Individual versus Collective**
- **Fixed versus Variable**
- **Serial versus Random**
- **Investiture versus Divestiture**

How Organization Cultures Form



EXHIBIT

18-4

How Employees Learn Culture

- Stories
- Rituals
- Material Symbols
- Language



Creating An Ethical Organizational Culture

- **Characteristics of Organizations that Develop High Ethical Standards**
 - High tolerance for risk
 - Low to moderate in aggressiveness
 - Focus on means as well as outcomes
- **Managerial Practices Promoting an Ethical Culture**
 - Being a visible role model.
 - Communicating ethical expectations.
 - Providing ethical training.
 - Visibly rewarding ethical acts and punishing unethical ones.

Creating a Customer-Responsive Culture

➤ **Key Variables Shaping Customer-Responsive Cultures**

1. The types of employees hired by the organization.
2. Low formalization: the freedom to meet customer service requirements.
3. Empowering employees with decision-making discretion to please the customer.
4. Good listening skills to understand customer messages.
5. Role clarity that allows service employees to act as “boundary spanners.”
6. Employees who engage in organizational citizenship behaviors.

Creating a Customer-Responsive Culture

Managerial Actions:

- **Select new employees with personality and attitudes consistent with high service orientation.**
- **Train and socialize current employees to be more customer focused.**
- **Change organizational structure to give employees more control.**
- **Empower employees to make decision about their jobs.**

Creating a Customer-Responsive Culture

Managerial Actions (cont'd) :

- **Lead by conveying a customer-focused vision and demonstrating commitment to customers.**
- **Conduct performance appraisals based on customer-focused employee behaviors.**
- **Provide ongoing recognition for employees who make special efforts to please customers.**

Spirituality and Organizational Culture

workplace spirituality

The recognition that people have an inner life that nourishes and is nourished by meaningful work that takes place in the context of community.

Characteristics:

- Strong sense of purpose
- Focus on individual development
- Trust and openness
- Employee empowerment
- Toleration of employee expression

How Organizational Cultures Have an Impact on Performance and Satisfaction



Wrapping-Up Organizational Culture:

Imagine:

We run the management of Yeti Airlines in Nepal. We have made a strategic alliance with Air Arabia and extended our services along the international air route – the license for which was pending with us due to financial crunch despite permission from the Government of Nepal two years ago. As per this alliance, we will be conducting KTM-KUL-KTM direct flights along the Nepal-Malaysia air route. We need to send one of our colleagues as our Station Manager in Kuala Lumpur, Malaysia. Let us choose that colleague and advise him/her about the new workplace.

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Module 4: The Organization

PART FIVE

**ORGANIZATIONAL
DYNAMICS**

PowerPoint Compilation by Course Moderator Satish Jung Shahi

Forces for Change

Force

Examples

Nature of the workforce

- More cultural diversity
- Increase in professionals
- Many new entrants with inadequate skills

Technology

- Faster and cheaper computers
- New mobile communication devices
- Deciphering of the human genetic code

Economic shocks

- Rise and fall of dot.com stocks
- Decline in the value of the Euro
- Collapse of Enron Corp.

EXHIBIT

19-1a

Forces for Change (cont'd)

Force

Examples

Competition

- Global competitors
- Mergers and consolidations
- Growth of e-commerce

Social trends

- Internet chat rooms
- Retirement of Baby Boomers
- Increased interest in urban living

World politics

- Escalation of hostilities in the Middle East
- Opening of markets in China
- The war on terrorism following 9/11/01

Managing Planned Change

change

Making things different.

planned change

Change activities that are intentional and goal oriented.

change agents

Persons who act as catalysts and assume the responsibility for managing change activities.

Goals of Planned Change:

Improving the ability of the organization to adapt to changes in its environment.

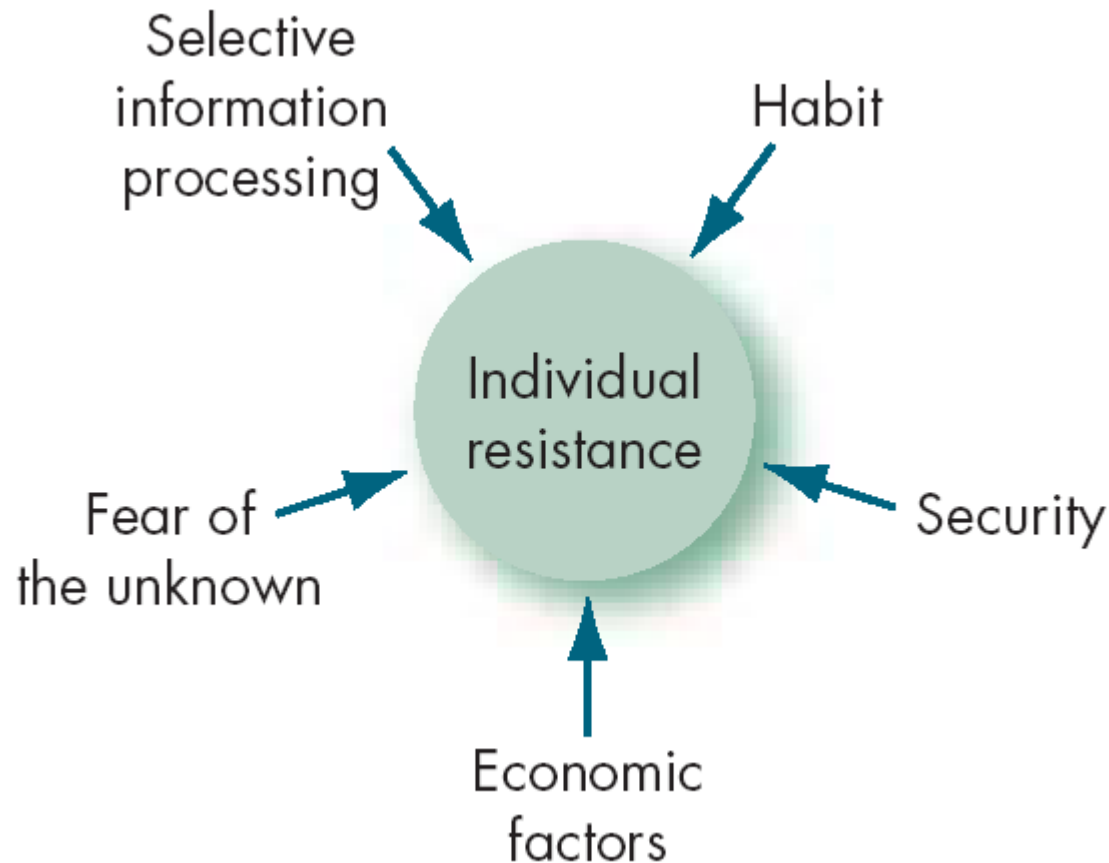
Changing the behavior of individuals and groups in the organization.

Resistance to Change

➤ Forms of Resistance to Change

- Overt and immediate
 - **Voicing complaints, engaging in job actions**
- Implicit and deferred
 - **Loss of employee loyalty and motivation, increased errors or mistakes, increased absenteeism**

Sources of Individual Resistance to Change



EXHIBIT

19-2

Sources of Organizational Resistance to Change



Overcoming Resistance to Change

Tactics for dealing with resistance to change:

- **Education and communication**
- **Participation**
- **Facilitation and support**
- **Negotiation**
- **Manipulation and cooptation**
- **Coercion**

Lewin's Three-Step Change Model

unfreezing

Change efforts to overcome the pressures of both individual resistance and group conformity.

refreezing

Stabilizing a change intervention by balancing driving and restraining forces.

driving forces

Forces that direct behavior away from the status quo.

restraining forces

Forces that hinder movement from the existing equilibrium.

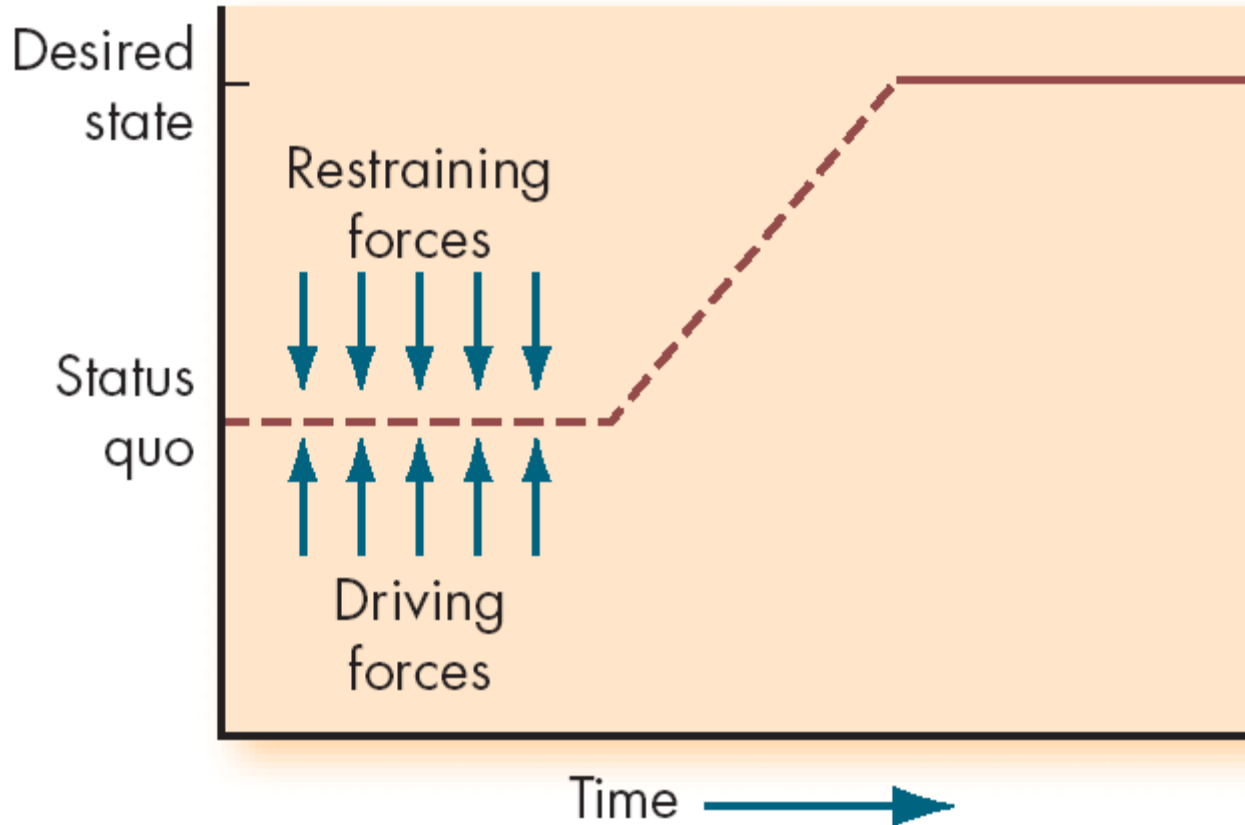
Lewin's Three-Step Change Model



EXHIBIT

19-5

Unfreezing the Status Quo



EXHIBIT

19-6

Contemporary Change Issues for Today's Managers: Stimulating Innovation

innovation

A new idea applied to initiating or improving a product, process, or service.

Sources of Innovation:

- **Structural variables**
 - **Organic structures**
 - **Long-tenured management**
 - **Slack resources**
 - **Interunit communication**
- **Organization's culture**
- **Human resources**

Contemporary Change Issues for Today's Managers: Creating a Learning Organization

learning organization

An organization that has developed the continuous capacity to adapt and change.

Characteristics:

- 1. Holds a shared vision**
- 2. Discards old ways of thinking.**
- 3. Views organization as system of relationships.**
- 4. Communicates openly.**
- 5. Works together to achieve shared vision.**

Contemporary Change Issues for Today's Managers: Knowledge Management (KM)

knowledge management

A process of organizing and distributing an organization's collective wisdom so the right information gets to the right people at the right time.

Why KM is important:

Intellectual assets are as important as physical assets.

When individuals leave, their knowledge and experience goes with them.

A KM system reduces redundancy and makes the organization more efficient.

Contemporary Change Issues for Today's Managers: Culture-Bound Organizations

Questions for culture-bound organizations:

1. Do people believe change is even possible?
2. How long will it take to bring about change in the organization?
3. Is resistance to change greater in this organization due to the culture of the society in which it operates?
4. How will the societal culture affect efforts to implement change?
5. How will idea champions in this organization go about gathering support for innovation efforts?

Additional: Theories of “Learning”

1) Classical Conditioning.

- Grew out of experiments to teach dogs to salivate in response to the ringing of a bell, Ivan Pavlov.
- Involves the creation of unconditioned stimulus that creates unconditioned response. Learning a conditioned response involves building up an association between a conditioned stimulus and an unconditioned stimulus.
- E.g.: Malshree Dhun often brings pleasant memories of the festive season.

Additional: Theories of “Learning” (...cont.)

2) Operant Conditioning.

- Behavior is a function of its consequences.
- People learn to behave to get something they want or to avoid something they don't want.
- It involves voluntary or learned behavior in contrast to reflexive or unlearned behavior.
- Brought about by B. F. Skinner.
- E.g.: You tend to work overtime if your boss assures and implements his commitment to compensate you in your next performance appraisal.

Additional: Theories of “Learning” (...cont.)

3) Social Learning.

- Individuals can learn by observing what happens to other people and just by being told about something, as well as by direct experiences.
- Extension of operant conditioning, but also acknowledges the existence of observational learning and the importance of perception in learning.
- Processes: Attention; Retention; Motor Reproduction; and, Reinforcement.

END

Case Study:

“Pack Your Bags, You’ve Been Transferred to Kenya”

You have to read this case and answer at least two questions given at the end of the case. Your submission deadline is within this class. This is the final of the seven case studies you have dealt so far. Only top five marks will be considered for your final grading. Each case is worth 6/100 for your final grading.

NOTE: NEXT CLASS IS YOUR FINAL FOR THIS MODULE THIS SEMESTER AND WILL INCLUDE YOUR FINAL GROUP PRESENTATIONS!