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Preface

Hi freshman IBA'er!

After a very long and hopefully joyful summer holiday, the time has come to get back to business. And as the business students you are as of this September, you can take this literally! You probably just witnessed one of the first lectures of many to come, and there is much more to think about. You have to order books, find your way around campus, maybe move the last few things to your new room, and build up your new social life. All this can be very overwhelming, and we understand. All the people working for SlimStuderen.nl IBA have been in your exact position. Together we form a diverse and motivated group of IBA students that are dedicated to make your lives a little easier by providing high-quality and reliable summaries for all courses.

One golden tip from us: planning is everything. Do not waste time doing things other people can do for you. Hopefully this free example summary for Organizational Behavior can convince you of all the good we have to offer. It consists, like all our first-year summaries, of a drained-down version of the mandatory literature of the course.

To help you save you some money, you can now use the discount code **WELCOME1516** to get a 10% discount on your order at www.slimstuderen.nl; this is where you can find all of our offerings throughout the year. Moreover, you can always drop by StudyStore (located in Polak building) to purchase our products. The discount code is valid until October 28th, the very last day of your midterms!

Anyway, we want to wish you the best of luck this year, we believe you can do it!

Kind regards,

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A. Behavior that is organizational

In this chapter the definition of organizational behavior will be discussed. Also some important disciplines will be identified and explained.

Interpersonal skills

Because companies need to get and keep high performing employees, there is a strong necessity for developing a manager's interpersonal skills. Companies who are ranked as good places to work have a big advantage over other companies. Managers with good interpersonal skills are likely to make the workplace more interesting and pleasant, because they understand the need of the quality of the employees' job and the supportiveness of the work environment. Also these companies are to be found amongst the best companies to work at with outstanding financial performance. **Interpersonal skills** are seen as good people skills and excellent technical skills.

Managers

A **manager** is someone who gets things done through other people. In order to attain their goals they direct the activities of others, allocate resources and make certain decisions. An **organization** is a consciously coordinated social unit that functions on a relatively continuous basis and is composed of two or more people to achieve a common goal or set of goals.

Functions

Planning is necessary to define organizational goals and to establish an overall strategy for achieving those goals. Coordination of activities should be supported with a comprehensive set of plans. This function increases the most as managers move from lower-level to middle management.

Organizing is the name of another important manager's responsibility in order to design an organizational structure. It is important to direct and coordinate the people within this structure using the **leading** function. The organization's performance is monitored by management with the **controlling** function. If there are any significant deviations from a previous set of goals, management needs to get the organization in the right direction again.

Roles

Based on a study of Henry Mintzberg it is defined that managers perform 10 different, highly related roles:

- Interpersonal role;
- Informational role;
- Decisional role.

Within the **interpersonal role** three main types of roles can be distinguished. The *figurehead* role is someone who performs a symbolic and ceremonial function, secondly all managers have a *leadership* role, and the third role is the *liaison* role.

According to Mintzberg this activity means to contact outsiders to provide the manager with information.

Informational roles should be seen as the need for managers to collect information from outside organizations and institutions by reading magazines and talking to other people to learn about changes and what competitors may be planning. This is the *monitor* role. Managers also act as a conduit to transmit information to organizational members, this is the *disseminator* role. Managers also perform a *spokesperson* role when they represent the organization or institution to outsiders.

Mintzberg also defined a category of **decisional roles**. There is the *entrepreneur* role, wherein managers initiate and oversee new projects that need to improve the organization's performance. When managers discuss issues and bargain with other units to gain advantages they perform the *negotiator* role. *Resource allocators* are managers that are responsible for the allocation of human, physical and monetary resources. At last there are the *disturbance handlers*, these are managers who act upon unforeseen problems.

Skills

Katz defined three different necessary management skills:

- **Technical skills:** these show the ability to apply specialized knowledge or expertise;
- **Human skills:** these reflect the ability to understand, work with and motivate others;
- **Conceptual skills:** this is the mental ability to analyze and diagnose complex problems.

Management activities

Managers all engage in four kinds of managerial activities. There is **traditional management**, which revolves around decision making, planning and controlling. The exchanging of information and processing of paperwork is the **communication** category. Everything around people, motivating them, disciplining and training them is called **human resource management**. **Networking** reflects socializing and interacting with outsiders. Successful managers mostly engage in networking activities, on the contrary effective managers contribute most of their time in communication activities.

Organizational behavior

It has been investigated what impact that individual groups and structure have on behavior within organizations to improve an organizations effectiveness. **Organizational behavior** implies it is a distinct area of expertise with a common body of knowledge. It studies three areas:

- Individuals;
- Groups;
- Structure.

Organizational behavior is concerned with the study of what people do in an organization and how their behavior affects the organization's performance. It includes also core topics of motivation, leader behavior and power, interpersonal communication, group structure and processes, learning, attitude development and perception, change processes, conflict, work design, and work stress.

Complementing intuition with systematic study

Within the systematic approach, important facts and relationships will be uncovered which will secure a base to make more accurate predictions of behavior. There are certain fundamental consistencies underlying the behavior of all individuals that can be identified and then modified to reflect individual differences. These fundamental consistencies are very important, because they allow predictability.

Systematic study means looking at relationships, attempting to attribute causes and effects, and basing our conclusions on scientific evidence.

Evidence-based management (EBM) is an approach that complements systematic study and involves managerial decisions on the best available scientific evidence.

Systematic study and EBM add to **intuition**, or those "gut feelings" about "why I do what I do" and "what makes others tick". Since one tends to overestimate the accuracy of what we think we know, the limits of relying on intuition are made worse. One should enhance the intuitive views of behavior with a systematic analysis, because that such analysis will improve your accuracy in explaining and predicting behavior. It is advised to use evidence as much as possible to inform your intuition and experience.

OB disciplines

There are several disciplines of which OB gets its building blocks. Amongst them is the discipline of psychology. **Psychology** is involved with the measurement and the explanation of behavior of humans and other animals. Another discipline OB relates to is **social psychology**. This discipline is a mixture between psychology and sociology. It focuses on people's influence on one another. **Sociology** looks at the way people behave in relation to their social environment. Finally OB also derives some elements from **anthropology**, this is the study about human beings in general and their activities.

Difficulties for OB

There are practically none universal principles which would be able to explain organizational behavior. But there can be said that OB concepts must reflect situational or contingency conditions. It is a challenge to respond to globalization, the world has become a global village, therefore the manager's job is constantly changing. It is likely that you will be transferred to another division or subsidiary in another country. As a consequence you will face other needs, aspirations and attitudes. You will need to cope with their culture, because the geography and religion is different. It is necessary to understand their differences in order to make your management style work. Furthermore managers at global companies need to realize that economic values are not universally transferable. It is a trend that jobs will be transferred to countries with low-cost labor. This is a comparative advantage to these companies. However, there should be a balance between the interests of the organization and their responsibility towards the communities in which they operate.

The fear for terrorism is not to be underestimated. Security precautions should be taken to be able to deal with employees' fears.

Workplace diversity

Adapting to people who are different is a so called **workforce diversity**. Organizations become a heterogeneous mix of people in terms of gender, age, race, ethnicity, and sexual orientation. It will be a real challenge for companies to accommodate the diverse groups of people by addressing their different lifestyles, family needs and work styles. In other words they should embrace diversity. Treating people in the same way besides all the differences will secure employee retention and greater productivity, so they will not feel discriminated.

Quality and production

Since the 1990's capacity has been added in response to the increased demand. New facilities, expanded services and added staff were the result, and consequently the industry suffers today from excess supply due to the increased competition. Managers need to reduce costs and at the same time increase productivity and the quality of products and services. In order to achieve that, programs like quality management and process reengineering are implemented.

Customer service

Nowadays in developed countries, the majority of employees work in service jobs. These jobs all have in common that they require substantial interaction with the customers of these organizations.

Organizations and companies cannot exist without customers, and therefore it is essential that employees understand what it takes to please their customers. Managers need to create a customer-responsive culture, OB can provide guidance to help managers in this respect. An environment in which employees are willing to do what is necessary to please the customer, be friendly, accessible, knowledgeable, and prompt in responding to customer needs should be created. It might be necessary to improve people skills.

Innovation and change

Fostering innovation and mastering the art of change are essential for successful organizations. They will survive if they succeed to maintain their flexibility, improve their quality on a frequent basis, and beat their competition by a constant stream of innovative products and services.

Temporariness

Organizations should be fast and flexible in order to survive, this implies that employees and managers mostly work in a climate which is temporary. Jobs are being redesigned; tasks are being done by flexible teams rather than individuals. Companies are relying more and more on temporary workers, jobs are being subcontracted to other firms, and pensions are being redesigned to move with people when they change jobs. Finally, companies are in a state of flux, today's managers and employees must learn to cope with temporariness.

Employed at networked organizations

Technology changes like the Internet and the ability to link computers within organizations, allow people to communicate and work together even though they may be located in different countries.

It gives the opportunity to become independent contractors, who can communicate via computers to workplaces around the world with flexible workforce based on the demand of their customers. The manager's job is different in a networked organization.

When it comes to managing people "online" this requires different techniques than are needed in dealing with people who are physically present.

Work-life balance

Many employees are complaining that the lines between work and non-work time have become blurred, which creates personal conflicts and stress.

- The creation of global organizations means their world never sleeps;
- Communication technology allows employees to do their work at home, in their cars or at the beach;
- Organizations are asking employees to put in longer hours;
- Fewer families have only one single person working.

In fact, evidence indicates that balancing work and life demands now surpasses job security as an employee priority. Many students say that attaining a balance between work and personal life is a primary career goal. OB supplies a number of suggestions to guide managers in designing workplaces and jobs that can help employees deal with work-life conflicts.

Work environment

Some organizations are trying to create a competitive advantage by fostering a positive work environment. A real growth area in OB research has been positive organizational scholarship which concerns on how organizations develop human strength, foster vitality and resilience, and unlock potential. Studies are being done on what's good about these organizations.

Of course this doesn't mean there are no negative things, but the focus is on the positive side and on the possibility of how to use and improve their employees' strength.

Ethical behavior

Today many employees are facing **ethical dilemmas**, meaning situations in which they need to define right and wrong conduct. What is good ethical behavior? Differentiating right from wrong seems logical, but this sentence has become even more blurred. The confidence and trust of employees in management has decreased and they are more and more uncertain about appropriate ethical behavior in their organizations. Managers need to improve ethical behavior and are responding to this by:

- Writing and distributing codes of ethics to guide employees;
- Offering seminars, workshops and other training programs;
- Providing in-house advisors, who can be contacted (anonymously) for assistance in dealing with ethical issues;
- Creating protection mechanisms for employees who reveal internal unethical practices.

Managers need to create an ethically healthy environment for their employees in which they can work productively with minimal confrontation in respect to right and wrong behaviors.

Developing an OB model

A **model** is an abstraction of reality, a simplified representation of some real-world phenomenon. The basic OB model contains:

- Individual level;
- Group level;
- Organizations systems level.

The three basic levels are analogous to building blocks; each level is constructed on the previous level.

The dependent variables

A **dependent variable** is the key factor that you want to explain or predict, and that is affected by some other factor. Primary dependent variables in OB are:

- Productivity;
- Absenteeism;
- Turnover;
- Job satisfaction.

Productivity

Productivity means that the company is able to achieve its goals by transferring inputs to outputs at the lowest cost. In order to keep this up it implies a concern for both **effectiveness** and **efficiency**. Effectiveness is successfully meeting the needs of the clients and efficiency is to realize it at the lowest cost. Likely measures of organizational efficiency include:

- Return on investment;
- Profit per dollar of sales;
- Output per hour of labor.

In organizations in service industries it is necessary to include attention on customer needs and requirements in assessing their effectiveness. In these types of businesses there is a clear chain of cause and effect. Employee attitudes and behavior to customer attitudes and behavior, result in the organization's productivity.

Therefore one of OB's major concerns is productivity. The effectiveness and efficiency of individuals, groups and the overall organization is influenced by certain factors.

Absenteeism

Absenteeism is defined as the failure to report to work. For employers this implies huge cost and disruption of daily work. Because the workflow is disrupted it is often necessary to delay important decisions. Levels of absenteeism beyond the normal range have a direct impact on effectiveness and efficiency within these companies or organizations.

Turnover

The voluntary and involuntary permanent withdrawal from an organization is called **turnover**. Increased recruiting, selection, and extra training costs are the result from a high turnover rate. Besides that, it can disrupt the efficiency of an organization when knowledgeable and experienced personnel leave. In that case, replacements must be found for positions of responsibility. However, when the "right" people are leaving the company, meaning non-performers, it can be positive because employers are able to replace the positions with better/higher skilled and motivated people, and it might create opportunities for promotions. However, often turnover involves the loss of respected employees and valuable performers. In that case it disrupts the organization's effectiveness.

Deviant workplace behavior

Deviant workplace behavior is voluntary behavior that violates significant organizational norms and, in doing so, threatens the well-being of the organization or its members. It is essential that managers understand why an employee is acting like this, because otherwise the problem will never be solved. Deviant workplace behavior is an important concept, because it relates to dissatisfaction.

Organizational Citizenship Behavior (OCB) is discretionary behavior that is not part of an employee's formal job requirements, but that nevertheless promotes the effective functioning of the organization. Employees doing more than their normal duties, and thus performing beyond expectations, are vital for successful organizations. OB is concerned with OCB as a dependent variable.

Job satisfaction

This is the final dependent variable to be discussed. **Job satisfaction** is defined as a positive feeling about one's job resulting from an evaluation of its characteristics. It represents an attitude rather than a behavior. Job satisfaction has become a primary dependent variable for two reasons:

- Its demonstrated relationship to performance factors;
- Value preferences held by many OB researchers.

Satisfied employees are more productive than dissatisfied employees was a belief among managers for years, but now research has proved the **satisfaction-performance relationship**.

Independent variables

An independent variable is the presumed cause of some change in a dependent variable.

- **Individual-Level Variables;**
- **Group-Level Variables;**
- **Organization System-Level Variables.**

Individual level variables

People enter organizations with certain intact characteristics that will influence their behavior at work.

The most obvious are personal or biographical characteristics like age, gender and marital status. Personality characteristics include emotional framework, values, attitudes, and ability. These factors will be discussed as independent variables.

There are four other individual-level variables which effect employee behavior:

- Perception;
- Individual decision making;
- Learning;
- Motivation.

Group level variables

People's behavior in groups is different from their behavior when they are alone. Therefore group behavior has been studied. Later on the dynamics of group behavior will be explained.

Organization system level variables

The design of the formal organization, the organization's internal culture, and the organization's human resource policies and practices (selection processes, training and development programs, performance evaluation methods) all have an impact on the dependent variables.

B. The foundation of the individual behavior

Within this chapter two different types of abilities will be discussed. The definition of learning will be given and some major theories will be shown.

Ability

For managers it is good to know how people differ in abilities. They should use that knowledge to increase the likelihood that employees will do their jobs well.

Ability can be defined as: an individual's capacity to perform the various tasks in a job. Overall abilities of an individual contain two sets of factors, namely intellectual and physical.

Intellectual ability

These are abilities needed to perform mental activities (thinking, reasoning and problem solving). Most mentioned dimensions to define intellectual abilities are:

- Number aptitude;
- Verbal comprehension;
- Perceptual speed;
- Inductive reasoning;
- Deductive reasoning;
- Special visualization;
- Memory.

Intelligence dimensions are positively related, meaning that high scores on one dimension are most likely correlated with high scores on another. Researchers have recognized a general factor of intelligence, called **general mental ability (GMA)**. This is an overall factor for intelligence, as suggested by the positive correlations among specific intellectual ability dimensions. For certain complex jobs, it will be necessary to select people with a high IQ. The correlation between intelligence and job satisfaction is non-existing. In general intelligent people perform better and have more interesting jobs, but they are also more critical in evaluating their job conditions. As a consequence smart people have it better, but they also expect more.

Physical ability

Physical abilities can be defined as the capacity to do tasks that demand stamina, dexterity, strength, and similar characteristics. Based on extensive research there are nine basic abilities involved in the performance of physical tasks:

Strength Factors:

- **Dynamic strength;**
- **Trunk strength;**
- **Static strength;**
- **Explosive strength.**

Flexibility Factors:

- **Extent flexibility;**
- **Dynamic flexibility.**

Other Factors:

- **Body coordination;**
- **Balance;**
- **Stamina.**

Biographical characteristics

Personal characteristics – such as age, gender, race, and length of tenure – that are objective, can easily be obtained from personnel records. Studies of the age-turnover relationship have concluded that older employees are less likely to quit their jobs. This is related to having less alternative job opportunities, having higher wage rates, longer paid vacations and more attractive pension benefits which make it more difficult to change jobs.

Over the past 40 years significant changes have taken place in terms of female participation rates in the workforce and rethinking of what female and male jobs are. You should make the assumption that there is no significant difference in job productivity between men and women. The only thing that seems to differ between genders is preference for work schedules, mainly when the employee has preschool-age children. Women quit rates are similar to men, but research indicates that women have higher rates of absenteeism than men do.

We will define **race** as the biological heritage people use to identify themselves. In OB, race has been studied quite a lot i.e. selection decisions, performance evaluations, pay, and workplace discrimination. It is not possible to discuss every single item, but we will summarize a few

- Tendency for individuals to favor colleagues of their own race in performance reviews;
- Substantial racial differences in attitudes toward affirmative action, with African Americans approving of such programs to a greater degree than whites;
- African Americans generally fare worse than whites in employment decisions.

The use of mental ability tests for selection, promotion, training, and personnel decisions might have a negative impact on racial and ethnic groups, because it has been shown that some minority groups score 1 standard deviation lower than whites on verbal, numeric and special ability tests. Thus, only 10 percent of minority group members score above the average for whites.

However, researchers have concluded – after reviewing the evidence - that despite group differences in mean test performance, there is little convincing evidence that well-constructed tests are more predictive of educational, training, or occupational performance for members of the majority group than for members of minority groups.

Other biographical characteristics

Seniority can be defined as time on a particular job. Recent research shows that there is a positive relationship between seniority and job productivity. However it also demonstrates that seniority is negatively related to absenteeism. The longer a person is in a job, the less likely it is that he or she will quit. The evidence indicates that tenure and job satisfaction are positively related to each other.

Religion

Religion is a touchy subject. U.S. Federal Law prohibits employers from discriminating against employees based on their religion, with very few exceptions. But this doesn't mean that religion is a non-issue in OB.

Sexual orientation and gender identity

Federal law does not prohibit discrimination against employees based on sexual orientation, though many states and municipalities do have anti-discrimination policies. In relation to gender identity, companies are increasingly putting in place policies to govern how their organization treats employees who change genders (often called transgender employees).

Learning

What is learning? A generally accepted definition of **learning** is: "Any relatively permanent change in behavior that occurs as a result of experience". This means that we can see changes taking place, but we can't see the learning itself. The definition above deserves clarification.

- Learning involves change. Change may be good or bad from an organizational point of view;
- Change must become ingrained. Immediate changes may not represent learning, because they are reflexive or based on sudden burst of energy;
- Some form of experience is necessary for learning.

If the experience results in a relatively permanent change in behavior, then we can say that learning has taken place.

Theories of learning

The question is: "How do we learn"? Three theories have been identified by which we acquire patterns of behavior:

- Classical conditioning;
- Operant conditioning;
- Social learning.

Classical conditioning

Classical conditioning is a type of conditioning in which an individual responds to some stimulus that would not ordinarily produce such a response.

Ivan Pavlov (a Russian physiologist) did experiments to teach dogs to salivate in response to the ringing of a bell and presenting a piece of meat. In Pavlov's experiment, the meat was an **unconditioned stimulus**; it invariably caused the dog to react in a specific way. The reaction that took place whenever the unconditioned stimulus occurred was called the **unconditioned response**. The bell was an artificial stimulus or a so called **conditioned stimulus**. Although it was originally neutral, after the bell was paired with the meat (an unconditional stimulus), it eventually produced a response when presented alone. The last key concept is the **conditioned response**. This describes the behavior of the dog: it salivated in reaction to the bell alone. Using these concepts, we can summarize classical conditioning. Essentially, learning a conditioned response involves building up an association between a conditioned stimulus and an unconditioned stimulus.

When the stimuli, one compelling and the other one neutral, are paired the neutral one becomes a conditioned stimulus and takes on the properties of the unconditioned stimulus. Classical conditioning is passive.

Operant conditioning

Operant conditioning is a type of conditioning in which desired voluntary behavior leads to a reward or prevents a punishment. In other words: people learn to behave to get something they want or to avoid something they don't want. Operant behavior means voluntary or learned behavior in contrast to reflexive or unlearned behavior. The tendency to repeat such behavior is influenced by the reinforcement or lack of reinforcement brought about by the consequences of the behavior.

What Pavlov did for classical conditioning, the Harvard psychologist B.F. Skinner did for operant conditioning. The concept of operant conditioning was part of Skinner's broader concept of **behaviorism**, which argues that behavior follows stimuli in a relatively unthinking manner. People learn to associate stimulus and response, but their conscious awareness of this association is irrelevant.

Social learning

The view that we can learn from both observation and direct experience is called the **social learning theory**. Four processes have an influence on an individual:

- **Attentional processes:** there needs to be recognition, and attention needs to be paid to the critical features of a model;
- **Retention processes:** when the model is no longer readily available, the influence depends on how well it is remembered;
- **Motor reproduction processes:** watching must be converted into doing;
- **Reinforcement processes:** in case of rewards or incentives, people are more motivated to exhibit a certain behavior.

When we try to guide the learning experience of individuals through graduated steps, this is called **shaping behavior**. **Positive reinforcement** is in place when a response is followed by something pleasant. The other way around is called **negative reinforcement**.

Continuous reinforcement reinforces the desired behavior each and every time necessary. When not every instance of the desired behavior is reinforced, this is called **intermittent reinforcement**. Ratio schedules depend on how many responses the subject makes. When looking at how much time passed since the previous reinforcement this is called an **interval schedule**. A **fixed interval schedule** looks at the uniform time intervals. Whenever reinforcements are unpredictable such a schedule is called a **variable-interval schedule**. After a fixed amount of responses a reward is given, this type of reinforcement is called a **fixed-ratio schedule**. At last we have a **variable-ratio schedule** in which the reward varies to the behavior of the individual.

In general, variable schedules will lead to higher performance as opposed to fixed schedules. The application of reinforcement concepts to individuals in a work setting is the popularly called **OB mod**. It consists of a five-step problem-solving model.

- Identify critical behaviors;
- Develop baseline data;
- Identify behavioral consequences;
- Develop and implement an intervention strategy;
- Evaluate performance improvement.

Global implications

The structures and measures of intellectual abilities generalize across cultures. Persons from different countries do not have a different set of mental abilities. However some biographical characteristics vary across cultures. It is not known in what kind of way these biographical factors vary in importance for predicting Organizational Behavior in different countries.

