

CHAPTER 1

ORGANIZATIONAL BEHAVIOUR AND MANAGEMENT

CHAPTER LEARNING OBJECTIVES

After reading Chapter 1, students should be able to:

- LO1.1 Define organizations and describe their basic characteristics.
- LO1.2 Explain the concept of organizational behaviour and describe the goals of the field.
- LO1.3 Define management and describe what managers do to accomplish goals.
- LO1.4 Contrast the classical viewpoint of management with that which the human relations movement advocated.
- LO1.5 Describe the contemporary contingency approach to management.
- LO1.6 Explain what managers do — their roles, activities, agendas for action, and thought processes.
- LO1.7 Describe the societal and global trends that are shaping contemporary management concerns.

CHAPTER OUTLINE AND TEACHING NOTES

This first chapter introduces several basic concepts that provide students with a frame of reference upon which to integrate the more complex topics to come. It is useful to spend some time explaining just what organizational behaviour is, since students may have some difficulty in grasping the meaning of this wholly qualitative term.

What Are Organizations?

Organizations are social inventions for accomplishing common goals through group effort. There are three important elements of this definition highlighted in the chapter.

Social inventions

There is a fundamental requirement for a coordinated presence of people which is the essential characteristic of organizations as social inventions. *The field of organizational behaviour is about understanding people and managing them to work effectively.*

Goal Accomplishment

The reason organizations exist is to achieve goals. Survival is the overriding goal of all organizations. *The field of organizational behaviour is concerned with how organizations can survive and adapt to change.*

Group Effort

Individuals who function in an organization must be coordinated to achieve goals efficiently. This coordination is accomplished through group effort. *The field of*

organizational behaviour is concerned with how to get people to practise effective teamwork.

What Is Organizational Behaviour?

Organizational behaviour refers to the attitudes and behaviours of individuals and groups in organizations. The field of organizational behaviour involves the systematic study of these attitudes and behaviours.

Human resources management refers to programs, practices, and systems to acquire, develop, and retain employees in organizations. Common examples of human resources practices are recruitment and selection, compensation, and training and development. Students should be informed of how human resources management is different from organizational behaviour and how knowledge of organizational behaviour will help them understand the use and effectiveness of human resource practices.

Why Study Organizational Behaviour?

There are three good reasons to study organizational behaviour.

Organizational Behaviour Is Interesting

We see the subject matter every day, although we may not understand it completely. Organizational behaviour is interesting because it is about people and human nature.

Organizational Behaviour Is Important

Organizational behaviour is important to managers, employees, and consumers and understanding it can make us more effective managers, employees, or consumers and improve organizational effectiveness and efficiency.

Organizational Behaviour Makes a Difference

Effective management and organizational behaviour can provide an organization with a competitive advantage. Today, the main factor that differentiates organizations is their workforce or human capital and the most successful organizations are those that effectively manage their employees. Furthermore, there is increasing evidence that management practices and organizational behaviour not only influence employee attitudes and behaviour, but also have an effect on an organization's effectiveness. The research described in the Research Focus feature shows that the best companies to work for are also among the best performing companies. Thus, organizational behaviour makes a difference in terms of good management and organizational performance and competitiveness.

How Much Do You Know about Organizational Behaviour?

Students often make the erroneous assumption that much of organizational behaviour can be explained by common sense. The problem with this assumption is that what is common sense to one person may not be to another. This suggests that common sense is

no substitute for the systematic study of organizational behaviour. Management practice should be based on informed opinion and systematic study, not common sense. Some discussion of the material in the Appendix can help to show how the systematic study of organizational behaviour can improve management decision making and practice. Students can begin to understand these concepts and the importance of systematic study by answering the five questions in the textbook and seeing how easy it is to make up answers that are both true and false.

Goals of Organizational Behaviour

There are three goals of organizational behaviour.

Predicting Organizational Behaviour

Predicting the behaviour of others is an essential requirement of everyday life. Although some prediction about future behaviour in organizations is possible because of the very regularity of much behaviour, its accuracy requires systematic study. Through systematic study, the field of organizational behaviour provides a scientific foundation that helps improve predictions of organizational events.

Explaining Organizational Behaviour

A second goal of organizational behaviour is to explain events in organizations and why they occur. It is usually more difficult to explain a behaviour than to predict it, since a given behaviour may have multiple causes, and the reasons people do things tend to change over time and circumstances. The ability to understand behaviour is a necessary prerequisite for effectively managing it.

Managing Organizational Behaviour

Management is defined as the art of getting things accomplished in organizations through others. If behaviour can be predicted and explained, it can often be managed. If prediction and explanation constitute analysis, then management constitutes action. Responding to the information gathered through prediction and explanation helps to influence organizational behaviour. A number of technologies or interventions have been developed in a conscious attempt to make practical much of the information learned in the field. Future chapters will introduce many of these interventions to students, including pay systems and job enrichment. Students should understand that a systematic understanding of behavioural science and organizational behaviour can improve management practice and decision. This then leads into a discussion of evidence-based management.

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. 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.

Understanding how to predict, explain, and manage behaviour is a prerequisite to accomplishing two basic managerial tasks — analysis and action. To help students understand the practical and applied use of organizational behaviour in organizations, discuss the You Be the Manager feature on Toronto's Troubled Transit System. This is a good example that most students will be able to relate to about how the goals of organizational behaviour are relevant for organizational change and effectiveness.

Early Prescriptions Concerning Management

There are two basic phases in the pursuit of the “correct” way to manage an organization to achieve its goal. Experts often call these the classical view and bureaucracy and the human relations view.

The Classical View and Bureaucracy

A brief history on the evolution of management thought and background material on the classical view of management and bureaucracy will be helpful for students who have not had a previous course in management. A discussion of the work of Henri Fayol, Frederick Taylor, and Max Weber allows students to see that management practice was not, and should not, be static in a dynamic and changing environment.

The *classical viewpoint* advocated high specialization of labour, intensive coordination, and centralized decision making. *Scientific management* is Frederick Taylor's system for using research to determine the optimum degree of specialization and standardization of work tasks. *Bureaucracy* is 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. When describing these aspects of the classical viewpoint make sure students realize the conflict of interest between managers and employees and then you can begin to discuss the human relations movement and its critique of bureaucracy.

The Human Relations Movement and a Critique of Bureaucracy

The human relations movement and the Hawthorne studies allow a smooth transition to the following section where the contingency approach to management is examined. By the 1920s, criticism of the scientific approach was growing, focusing on the basic assumptions underlying scientific principles and lack of attention to motivation and human needs. The human relations view emphasized favourable treatment of employees instead of focusing solely on their output or performance.

The human relations approach is generally considered to have started with the *Hawthorne Studies* conducted at the Hawthorne plant of Western Electric in the 1920s and 1930s that illustrated how psychological and social processes affect productivity and work adjustment. It was discovered that the most powerful incentive for increased production was not the physical working conditions, but resulted from what came to be known as the Hawthorne effect, whereby workers felt important and appreciated when they received attention and recognition. Later studies in the plant's relay assembly room were

conducted to test the effect of other working conditions on output. The results of the studies upset the traditional concepts of industrial efficiency and discovered that worker productivity increased when they felt someone was interested in them.

After World War II, researchers and theorists such as Chris Argyris, Alvin Gouldner, and Rensis Likert took up the theme of the Hawthorne studies. The *human relations movement* was a critique of classical management and bureaucracy that advocated management styles that were more participative and oriented toward employee needs. The critique of bureaucracy addressed a number of specific problems that were incompatible with human needs for growth achievement and can lead to employee alienation from the organization and its clients, resistance to change, restriction of performance, and losing sight of the overall goals of the organization. The human relations advocates called for more flexible systems of management and the design of more interesting jobs as well as open communication, employee participation in decision making, and less rigid, more decentralized forms of control.

Contemporary Management — The Contingency Approach

The concept of contingencies is important for students to understand. An essential fact is that organizations are complex entities, and accordingly, there are no simple principles that can be applied in all situations. However, what happens in organizations depends on certain critical factors. These critical factors are called *contingencies*. This *contingency approach* to management recognizes that there is no one best way to manage, and that an appropriate management style depends on the demands of the situation. The textbook will use a contingency framework to discuss the subject. Management approaches need to be tailored to fit the situation.

What Do Managers Do?

Organizational behaviour is not only useful to aspiring managers. A good understanding is useful to consumers or anyone else who has to interact with organizations to get things done. This section examines what managers actually do, using research studies as a source.

Managerial Roles

Henry Mintzberg conducted an in-depth study of the behaviour of managers and found a rather complex set of roles played by managers. The relative importance of these roles will vary with management level and organizational technology.

Interpersonal Roles. Interpersonal roles were those that were used to establish and maintain interpersonal relations. These included the *figurehead role*, *leadership role*, and *liaison role*.

Informational Roles. Informational roles were concerned with various ways the manager receives and transmits information. Roles in this group included the *monitor role*, *disseminator role*, and *spokesperson role*.

Decisional Roles. Decisional roles deal with managerial decision-making and include the *entrepreneur role*, the *disturbance handler role*, the *resource allocation role*, and the *negotiator role*.

Managerial Activities

Fred Luthans, Richard Hodgetts, and Stuart Rosenkrantz studied the behaviour of a large number of managers and have compiled data on what managers actually do with their time. The four basic activities were:

Routine communication. Formal sending and receiving of information.

Traditional management. Planning, decision making, and controlling.

Networking. Interacting with people outside the organization and informal socializing and politicking with insiders.

Human resource management. Motivating and reinforcing, disciplining and punishing, managing conflict, staffing, and training and developing employees.

One of the interesting findings of this research was how emphasis on these various activities correlated with managerial success. Networking proved most critical for moving up the ranks of the organization quickly. Human resource management proved most critical for unit effectiveness and employee satisfaction and commitment.

Managerial Agendas

John Kotter has also studied the behaviours of successful general managers and found a strong pattern of similarities that he grouped into the categories of agenda setting, networking, and agenda implementation.

Agenda Setting. The managers all gradually developed agendas of what they wanted to accomplish for the organization. These agendas were almost always informal and unwritten, and they were much more concerned with “people issues” and less numerical than most formal strategic plans.

Networking. The managers established a wide formal and informal network of key people both inside and outside of their organizations. This network provided managers with information and established cooperative relationships relevant to their agendas.

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.

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.

Managerial Minds

Other researchers have examined how managers think. Herbert Simon and Darnel Isenberg stress the role of intuition in good management. Intuition is problem

identification and solving based on systematic education and experiences that enable manager to locate problems within a network of previously acquired information.

International Managers

The style with which managers do what they do and the emphasis given 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. Geert Hofstede has done pioneering work on cross-cultural differences in values and how these differences promote contrasts in the general role that managers play across cultures. 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.

Some Contemporary Management Concerns

To conclude the first chapter, we thought it appropriate to discuss contemporary concerns such as diversity, a positive work environment and employee well-being, talent management and employee engagement, and corporate social responsibility. This material can be used to emphasize that organizational behaviour can be used as a tool for the challenges facing organizations today and for future issues that students will face in their careers. When discussing each of these issues, ask students what organizational behaviour has to do with them followed by a discussion of the relevance and role of organizational behaviour for managing each of the management concerns.

Diversity — Local and Global

Several factors are influencing the demographics of the North American workforce. As a result, both the labour force and customers are becoming increasingly culturally diverse. More women are entering the workforce, as are visible minorities, aboriginal people, and persons with disabilities. Diversity of age is also a factor. Diversity is also coming to the fore as many organizations realize that they have not treated certain segments of the population fairly in many aspects of employment and that organizations have to be able to get the best from everyone in order to be truly competitive. Both legal and social pressures have contributed to this awareness.

Multinational expansion, strategic alliances, and joint ventures between global partners are also bringing people into contact with their counterparts in organizations in other cultures as never before. Thus, managers must be able to manage these issues effectively for organizations to benefit from the considerable opportunities that a diverse workforce affords.

What does diversity have to do with organizational behaviour?

Organizational behaviour 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. Let students know that they will learn more about workforce diversity in Chapter 3 and cultural differences in values in Chapter 4.

A Positive Work Environment and Employee Well-Being

Employees are facing increasing concerns over job security, increasing job demands, and work-related stress that have contributed to a deterioration of their physical and psychological health and well-being. Employees have become disengaged, disillusioned, and are suffering from physical and mental sicknesses. Absenteeism and employee turnover in Canadian organizations are also on the rise. Although there is no one definitive cause, increasing stress levels and poorly designed jobs are major contributors. As a result, organizations have begun to focus on employee physical and mental health by creating more positive work environments.

What does a positive work environment and employee well-being have to do with organizational behaviour?

Organizational behaviour is concerned with creating positive work environments that contribute to employee health and wellness. A good example of this is a spiritual workplace or workplace spirituality. *Workplace spirituality* refers to workplaces that provide employees with meaning, purpose, a sense of community, and a connection to others. It is important that students understand that workplace spirituality is not about religion in the workplace but rather, providing employees with a meaningful work-life that is aligned with their values, provides them with interesting work, meaning and a sense of purpose, feeling that they belong to and are part of a caring and supportive community, and a sense of connection to their work and others.

Another important contributor to employee well-being is 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; optimism involves making internal attributions about positive events in the present and future and external attributions about negative events; hope refers to persevering toward one's goals, and when necessary making changes and using multiple pathways to achieve one's goals; and resilience refers to one's ability to bounce back or rebound from adversity and setbacks to attain success.

It is important for students to understand that each of the components of PsyCap are 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. Along these lines, there is evidence that PsyCap interventions (PCI) that focus on enhancing each of the components of PsyCap are effective for developing employees' PsyCap. Thus, one way for organizations to improve employee health and well-being is to develop their PsyCap.

Talent Management and Employee Engagement

A major challenge facing organizations today is talent management. 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. *Talent management* refers to an organization's processes for attracting, developing, retaining, and utilizing people with the required skills to meet current and future business needs. The ability of organizations to attract and retain talent has become especially critical for organizations that are struggling to find the employees they need to compete and survive. The shortage of skilled labour is expected to get even worse in the coming years as the baby boomers begin to retire.

Organizations have also become increasingly concerned about employee engagement. *Work engagement* is a positive work-related state of mind that is characterized by vigour, dedication, and absorption. Only one-third of workers are engaged and yet engaged workers have more positive work attitudes and higher job performance, and 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, innovation, and quality.

What does organizational behaviour have to do with talent management and employee engagement?

Organizational behaviour can help organizations make important changes in the workplace and provides the means for organizations to be designed and managed in ways that optimize talent attraction, development, engagement, retention, and performance. This topic can generate some lively discussion in the classroom as students discuss some of the reasons why they have accepted or would accept a job as well as the reasons why they have been engaged or disengaged. This can then lead into a discussion of the management practices of the best companies to work for in Canada (Exhibit 1.1) and how organizational behaviour can be useful for dealing with the challenge of talent management and employee engagement. You might ask students to review the practices in Exhibit 1.1 and how each practice would influence their decision to join an organization and if it would have an effect on their work engagement.

Corporate Social Responsibility

Corporate social responsibility refers to an organization taking responsibility for the impact of its decisions and actions on its stakeholders. 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. It involves a variety of issues that range from community involvement, environmental protection, safe products, ethical marketing, employee diversity, 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 and that it does so in a socially responsible way.

What does corporate social responsibility have to do with organizational behaviour?

It is important to emphasize to students that many CSR issues have to do with organizational behaviour such as an organization's treatment of employees, management practices such as managing 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 their management practices that promote employee well-being. In addition, green programs require changes in employees' attitudes and behaviours.

It might be worthwhile to ask students how important CSR is for them when choosing to work for an organization. Along these lines, you might note that an organization's CSR has implications for the recruitment and retention of employees and that an increasing number of workers want to work for organizations that are environmentally friendly and rank high on CSR.

TEACHING TIPS

If the majority of your students are taking a full business program or a number of management courses, it might be useful in discussing Chapter 1 to highlight how organizational behaviour is related to their other courses. That is, what is the function of OB in your particular curriculum, and how does it differ from other management courses? (We like to distinguish OB from basic behavioural science, introduction to management, and human resource management. We also point out relevant similarities and interfaces.) This brief exercise indicates to students that you understand the program that they are taking, and it gives them a better idea of just what to expect from your OB course in particular.

The brief vignette about Sodexo Canada that begins Chapter 1 can be used to illustrate some of the subject matter that will be covered in the course. Have your students generate a list of possible reasons why the company has been ranked as one of the world's Most Admired Companies and one of Canada's greenest employers. Many of the reasons and implications they offer will be relevant to subsequent chapters of the text (for example learning, diversity, motivation, teams, culture, communication, etc.). Briefly discuss their ideas and point out how these topics will be covered in greater detail later in the course. This is a good way to illustrate the broad domain of organizational behaviour and its role in making an organization a great place to work and a success.

SAMPLE ANSWERS TO DISCUSSION QUESTIONS

1. *What are your goals in studying organizational behaviour? What practical advantages might this study have for you?*

Students might report a diverse set of goals, ranging from completing a required course, to understanding others, to being more effective managers. They are less likely to cite being a more effective consumer or employee, and these possibilities can be called to

their attention. Practical advantages can almost always be grouped into the three categories of improved prediction, explanation, or management of behaviour. When the practical advantage of managing behaviour is mentioned, the importance of prediction and understanding should also be underlined.

2. *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.*

Both reactions to the job, such as job satisfaction, and personal factors, such as age, gender, or family commitments, might predict absence from and turnover. For example, less satisfied workers and younger workers are absent more frequently than those who are more satisfied or older. Explaining such relationships is more complicated. Some dissatisfied workers may be absent to look for another job, while others may stay home to recuperate from job-related stress. Similarly, younger workers may be absent because they occupy less rewarding, lower status roles, or because they encounter more non-work attractions than older workers. To manage absence, organizations use a variety of strategies including (1) not paying for absent days; (2) giving prizes to those with good attendance records; or (3) using sanctioning programs with visits from company nurses. Such strategies should be effective to the extent that they correspond to the *reasons* for the absence. Some of the reasons for turnover are discussed in Chapter 4 such as job satisfaction and organizational commitment. You might inform students that the relationship between job satisfaction and turnover is far from perfect and ask them to explain why and what this means in terms of techniques to reduce turnover. You might also ask students to explain why satisfied people sometimes quit their jobs or dissatisfied people do not quit. These issues are discussed in more detail in Chapter 4. Besides increasing job satisfaction and organizational commitment, organizations can also use realistic job previews (see Chapter 8) to reduce turnover.

3. *Describe the assumptions about organizational behaviour that are reflected in television shows, such as situation comedies and police dramas. How accurate are these portrayals? Do they influence our thinking about what occurs in organizations?*

It is fairly safe to say that TV portrayals of work and behaviour in organizations are biased and/or often inaccurate. For one thing, many shows consciously downplay the working life of their characters. This means that the impact of work on individuals is also deemphasized. Secondly, the broad range of jobs in our society is not portrayed on TV. One finds few blue-collar workers, but many detectives, doctors, lawyers, and police officers. These jobs are not typical in the demands they make on workers nor in the rewards they provide to their incumbents. Finally, TV emphasizes the *personality* of job holders and discounts the tremendous influence of the occupational role itself. Often, the job is just a convenient setting for an interesting character. Television may contribute substantially to inaccurate occupational stereotypes and to the expectations young people develop about certain kinds of jobs. In the past, about the only people we *really* would see working on TV were reporters and professional athletes. In recent years, however, a

number of television shows have begun to show lawyers, doctors, nurses, and police officers and detectives actually working.

4. *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?*

Closeness of supervision should be contingent on factors such as employee experience, trustworthiness, need for independence, and the importance of the project in question. Close supervision is indicated for employees with little experience, those who have not proven their trustworthiness, and those who are dependent. Looser supervision is indicated for those who are experienced, trustworthy, and independent. As project importance increases, some increase in supervision might be provided to preclude costly errors, but this itself is contingent on the other factors mentioned.

5. *Management is the art of getting things accomplished in organizations through others. Given this definition, what are some factors that make management a difficult, or at least a challenging, occupation?*

Challenges come about as a result of changes in the domestic and international world. Specific challenges include increased global competition, the emergence of new technologies, the added challenge of diversity, changing employee expectations, and societal pressures regarding ethical behaviour. Organizational success requires effective management.

6. *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.*

The contingency approach theorizes that different conditions and situations require the application of different management techniques. Advocates of this approach say that there are no universal truths, concepts, or principles that can be applied under all conditions. A more classical style of management may be more appropriate for a professional football coach, where discipline, execution, and technical precision are of paramount importance. A human relations style may be more appropriate for the coach of a figure skater, where expression and artistry may be more important.

7. *What is corporate social responsibility (CSR) and what does it have to do with organizational behaviour? Explain how an understanding of organizational behaviour can help organizations become more socially responsible?*

Corporate social responsibility refers to an organization taking responsibility for the impact of its decisions and actions on its stakeholders and an organization's overall impact on society at large. CSR has a great deal to do with organizational behaviour including how an organization treats its employees, the management of diversity, work-family balance, employment equity, issues of fairness, and employee well-being. Organizations that rank high on CSR are good employers because of the way they treat their employees and because their management practices promote the well-being of employees. CSR has implications for an organization's reputation and financial performance and an increasing number of organizations are placing greater emphasis on

CSR initiatives. An understanding of OB can help organizations become more socially responsible because it involves changing management practices as well as employees' attitudes and behaviours. This has implications for learning, communication, rewards and recognition, motivation, values, and leadership, to name just a few OB areas. As indicated in the chapter, 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. The "Applied Focus, *Green Management at the Delta Chelsea Hotel*," is also a good example of how OB can help organizations become more socially responsible. It is also worth noting that an organization's CSR has implications for the recruitment and retention of employees and talent management as an increasing number of workers want to work for organizations that are environmentally friendly and rank high on CSR.

8. *Why do studies of managerial behaviour reveal the importance of networking? What about human resource management? Explain the differences between these two behaviours and their importance for success.*

When you examine what managers actually do, and the amount of time they spend with people, the role of networking and human resource management and their importance becomes evident. Networking consists of interacting with people outside of the organization and informal socializing and politicking with insiders. Networking has been found to be critical for moving up the ranks of the organization quickly. Human resource management involves motivating and reinforcing, disciplining and punishing, managing conflict, staffing, and training and developing employees. It is associated with unit effectiveness and employee satisfaction and commitment. Thus, both networking and human resource management are important managerial activities and both are associated with success; however, the meaning of success is what differs (i.e., moving up quickly for networking, and unit effectiveness and positive employee attitudes for human resource management).

9. *What are some of the demands that increased workforce diversity and increased global operations make on managers? What are some of the opportunities that these trends offer to managers?*

Challenges that come about as a result of changes in international operations and because of a diverse workplace both here and abroad challenge managers who must be able to cope with these changes. The ability to communicate in other languages and the ability to understand and accept subtle cultural differences are among the things that managers must be able to do. Managers who are able to successfully compete in this environment will experience greater career opportunities and the rewards that come with them.

10. *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. create a positive work environment and improve employee well-being, c. improve and facilitate the management of talent and employee engagement, and d. promote corporate social responsibility.

Organizational behaviour offers many possible solutions to address each of the contemporary management concerns. For example, an awareness of cultural differences and stereotypes can improve the management of *local and global diversity*. Diversity training programs can be especially effective. Understanding how the effectiveness of leadership styles and motivational practices might vary across cultures is also important. Organizations can create a more positive work environment and improve employee well-being by creating a more spiritual workplace that provides employees with interesting work that gives them meaning and a feeling of purpose, and by providing them with opportunities for growth and development. Organizations can also develop employees' PsyCap through the use of PsyCap interventions (PCI) that focus on enhancing each of the components of PsyCap. Some of the practices from organizational behaviour that can improve talent management and employee engagement can be found in Exhibit 1.1, which lists some of the management practices of the best companies to work for in Canada, such as flexible work schedules, incentive compensation, extensive training and development programs, and employee recognition and reward programs to mention just a few. Organizations can use OB practices to communicate to employees the importance of CSR and to recognize and reward employees for socially responsible behaviours such as volunteer work in the community and initiatives that make the organization more environmentally friendly. Management practices and organizational behaviour are key to creating an organization that ranks high on CSR.

11. *What is the meaning of workplace spirituality and how is it different from religion in the workplace? What does an organization have to do to become a spiritual workplace? Would you want to work in a spiritual workplace? Explain your answer.*

Workplace spirituality refers to a workplace that provides employees with meaning, purpose, a sense of community, and a connection to others. Make sure that students understand that workplace spirituality is not about religion in the workplace and that it has nothing to do with religion at work. Some students might have difficulty understanding the difference. Therefore, it is important to emphasize that this has to do with creating a positive work environment that provides employees with meaning and a sense of purpose rather than just a pay cheque. Some students might wonder why this matters. You might ask them if they would want to work in an organization that provides them with interesting work, opportunities for growth and development, meaningful relationships with others, and part of a caring and supportive community. Most students will probably see these things as good to have and you can tell them that these are the makings of a spiritual workplace. It might be interesting to hear from any students who would not want to work in such a workplace and to explain why. This might further help to emphasize that a spiritual workplace is not the same as a religious workplace.

12. *What is the meaning of psychological capital and what does it have to do with organizational behaviour? Describe each of the components of psychological capital and how they can help you in your studies.*

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; optimism involves making internal attributions about positive events in the present and future and external attributions about negative events; hope refers to persevering toward one's goals, and when necessary making changes and using multiple pathways to achieve one's goals; and resilience refers to one's ability to bounce back or rebound from adversity and setbacks to attain success. PsyCap is important because it is related to various aspects of organizational behaviour including more positive employee attitudes, behaviours, and job performance as well as employee well-being and lower anxiety, stress, and turnover intentions. Remind students that each of the components of PsyCap are states or positive work-related psychological resources that can be changed, modified, and developed and they are not fixed, stable, or static personality traits. Students should describe and understand that if they have higher self-efficacy, optimism, hope, and resilience they will do better in their studies and very likely will get higher grades. Thus, it is worth the effort to learn about each component and how they can be developed and improved.

SAMPLE ANSWER TO ON-THE-JOB CHALLENGE QUESTION: THE ULTIMATE PERK

NOTE: The video “Playing Hooky” features Social Media Group and its unlimited time-off vacation policy. You might want to show the video before discussing the questions.

What do you think about Social Media Group's unlimited vacation policy? Using an organizational behaviour perspective, what effect do you think the unlimited vacation policy will have on employees' attitudes and behaviour? Discuss the implications of the unlimited vacation policy for each of the contemporary management concerns discussed in the chapter. Do you think it is a good idea for organizations to have an unlimited vacation policy? Explain your answer.

Students will probably like the idea of an unlimited vacation policy. After all, who wouldn't want to take a vacation whenever they want! Clearly, from an organizational behaviour perspective, such a policy is likely to have a positive effect on employees' attitudes (e.g., job satisfaction, organizational commitment) and behaviours (absenteeism, turnover, job performance). Perhaps more interesting and worth discussing, is why? Answering this question can help introduce students to other topics in later chapters such as trust and organizational support (Chapter 3), fairness (Chapter 4), motivation (Chapters 5 and 6), culture (Chapter 8), leadership style (Chapter 9), and stress (Chapter 13). In terms of the contemporary management concerns, such a policy will address the needs of a diverse workforce as do the various forms of alternative working schedules (Chapter 6); the policy will help to contribute to a positive work environment that promotes employee health and well-being; it will help in the management of talent by

attracting and recruiting employees as well as engaging and retaining them; and it will contribute to an organization's corporate social responsibility (contributes to work-life balance and promotes employee well-being). In terms of whether this is a good idea, many students might think so since it is something they would probably like to have in a job and also because of its potential to meet the four contemporary management concerns discussed in the chapter. However, it is worth asking students if it is something that other organizations should do or does it have its limits. The point should be made that it will not work in all organizations. Ask students why they think it works for Social Media Group. Part of the answer should have to do with the small size of the company, the type of work and employees, and the leadership style and culture. Clearly, this is something that will not work in all organizations or even be practical.

After a discussion of this question, you can introduce the rest of the course (if you have not already done so) by explaining how in later chapters students will learn more about employee job attitudes and behaviours, and how to improve job satisfaction, organizational commitment, motivation, and employee engagement as well as how to lower absenteeism and turnover and manage stress (Chapters 4, 5, 6, and 13). You can also discuss the importance of culture (Chapter 8) and leadership (Chapter 9) and how it can influence employee attitudes and behaviours. In effect, the issues and problems raised in this On-the-Job Challenge questions can lead you into a discussion of almost any topic in the text. Relevant topics and chapters that you might want to mention include trust and perceived organizational support (Chapter 3), fairness, job satisfaction, emotions, organizational commitment, absence from work, turnover, performance, and organizational citizenship behaviour (Chapter 4), theories of motivation (Chapter 5), job design and alternative working schedules (Chapter 6), organizational culture (Chapter 8), leadership (Chapter 9), and stress (Chapter 13). Ultimately, you can take this question anywhere you want as you introduce students to organizational behaviour and the course.

EXTRA ESSAY QUESTIONS

1. Discuss how the goals of the field of organizational behaviour are related to the managerial tasks of analysis and action.
2. Why is survival a goal of virtually all organizations?
3. Discuss the following statement: Organizational behaviour technologies should not be developed to control the behaviour of individuals in organizations.
4. What does the term *contingency* mean? Why are contingencies so central to an understanding of how organizations function?
5. Why is it important to study organizational behaviour?
6. Discuss how organizational behaviour can influence the competitiveness and success of an organization.
7. Discuss some of the contemporary concerns of management and the role of organizational behaviour in the successful management of these concerns.

TEACHING NOTES FOR GOOD JOB, BAD JOB EXPERIENTIAL EXERCISE

This exercise is essentially self-explanatory. It makes a good “ice breaker,” and unlike some ice breakers, it is clearly tied to the content of the course. Note that it could also be used as an introduction to job satisfaction in conjunction with Chapter 4.

For the debriefing, you may want to address the following issues in addition to those noted in the exercise:

1. Is a good job simply the opposite of a bad job, or are there qualitative differences between the two?
2. Although it is possible to list dozens of good and bad qualities, are there any more basic and general dimensions being tapped here? One might be the distinction between intrinsic job qualities (e.g., interesting work) and extrinsic job qualities (e.g., high pay).
3. To what extent can good job aspects compensate or make up for bad job aspects? Can a nice boss make up for boring work?
4. What accounts for the fact that a good job for one person could be a bad job for another? (This is a good opportunity to preview need patterns and individual differences.)
5. Is there a tendency toward social desirability in the response to this exercise? That is, do people tend to describe good and bad jobs in a way that they think might elicit approval from others? (This is probably less likely when students reflect on jobs they have actually held versus giving abstract opinions about good and bad jobs in general.)

TEACHING NOTES FOR OB ON TV EXPERIENTIAL EXERCISE

The purpose of this exercise is to get students to reflect on the factors that influence their views of organizational life. One element of popular culture, television, plays a role in this influence. The exercise is meant to be assigned a week in advance of its class discussion if possible. Variations might involve developing additional questions for students to consider or assigning certain regularly-scheduled shows in a systematic way for comparison and contrast purposes. Given at least a week's notice, almost all students will be able to devote a half an hour or an hour to this assignment. For some student populations, you might be sensitive to the unlikely but not impossible lack of access to TV. Also, part-time jobs or other such factors may interfere with doing the assignment during prime time. Encourage the students to do the assignment actively rather than working from memory of some familiar series.

Leah Van de Berg and Nick Trujillo conducted a comprehensive study of the portrayal of organizational life on U.S. television in the 1980's (*Organizational Life on Television*,

Ablex Publishing, 1989). They used quantitative content analysis and qualitative textual analysis of both printed descriptions of TV programming and actual videotapes of TV shows. Here are some of their findings which may be somewhat less valid today:

1. In terms of industrial sector, the service and public administration industries dominate prime time TV. Among these, police work, national security, and private detective services are most prominent. Work in these domains is featured much more frequently than its actual base rate in the population. On the other hand, manufacturing, agriculture, mining, and construction are greatly underrepresented on TV.
2. In terms of jobs, major characters are most often professionals, service workers, or managers with fairly high positions.
3. With the exception of lawbreakers and managers making a one-shot appearance, the portrayal of all job groups on TV is more positive than negative.
4. Prime time TV stresses hard work, cooperation, and creativity in organizations. People are stressed over products or profits. The best laid plans often are messed up. Personal and professional life are hard to separate.
5. Prime time TV fails to illustrate the economic role of organizations. It also fails to cover the need for organizational change and the conditions under which organizations are instruments of domination. The dullness of much organizational life is not portrayed on TV.

In debriefing the class, you might wish to have them consider the extent to which the portrayal of organizational life on television creates realistic or unrealistic expectations about work. In this regard, note that this exercise would also work nicely in conjunction with Chapter 8 (Social Influence, Socialization, and Organizational Culture see section on Unrealistic Expectations and the Psychological Contract as well as the section on Realistic Job Previews).

Finally, you might find a clip of prime time organizational behaviour to show in class when discussing this exercise.

TEACHING NOTES FOR *OB IN THE NEWS* EXPERIENTIAL EXERCISE

This exercise is meant to serve a number of purposes. For starters, it demonstrates to students that management and OB is pervasive in our world and that there are frequent examples of it in the news. A second purpose is for students to make connections between the events and information described in the article and organizational behaviour. At a more advanced level, this exercise is designed for students to learn how an understanding of organizational behaviour can help them understand the world in a new and more informed manner. Thus, the questions for this exercise require students to

examine the article through the lens of OB and begin to see things in a new and more informed light.

Finally, this exercise provides students a way to apply the material in the chapter to an actual event or story that they have chosen to focus on. Thus, by using their article and answering the questions they can better understand what organizations are and what organizational behaviour is about; why organizational behaviour is important and how it makes a difference; the goals of organizational behaviour; and what contemporary management concerns are facing organizations.

From this exercise students should not only learn the material in Chapter 1, but they should also come to understand that learning about organizational behaviour can improve their understanding and interpretation of everyday stories and events that they read and hear about in the news.

TEACHING NOTES FOR *MY MOTHER'S VISIT* CASE INCIDENT

This Case Incident is similar to a story that a student conveyed to one of the authors several years ago. His mother was visiting from overseas and he had to leave work early on the last day of her visit to drive her to the airport. His boss was unwilling to give him permission to leave early even after he made sure all of his work was completed and in order. A similar story can be found in an article by Gary Powell, "The abusive organization" which appeared in the *Academy of Management Executive* (1998, Vol. 12, No. 2, pp. 95-96). Powell notes that such stories are common in organizations. As Powell notes, "It seems that everyone has one to tell or knows someone who has one to tell." As a result, this is an excellent way to begin the course because students can and do relate to this incident. Powell uses the incident to describe what he calls an "abusive organization" which is an organization that "operates with callous disregard for its employees, not even displaying what might be considered a minimum amount of concern for human needs." According to Powell, the number of abusive organizations is on the rise.

The two case incident questions can be used to introduce students to some of the major issues in organizational behaviour. The first question is designed to flesh out various topics in organizational behaviour, and the second question is designed to apply the goals of organizational behaviour. Before discussing the questions, you might pique student interest by asking some general questions such as what they think about the incident; was it appropriate for George's boss to make him complete the assignment; did George do the right thing by staying; what would you have done; and have you ever had a boss like George's or ever experienced a similar incident?

1. *What does this incident tell you about management and organizational behaviour at George's organization?*

This question is designed to get students to think about some of the major topics in organizational behaviour. For example, what type of personality does the boss have? Why does he behave the way he does? Perhaps he has a high need for power and uses his

power for personal gain (personal power manager, Chapter 12). Other personality characteristics to consider might be Type A Behaviour Pattern (Chapter 13), low agreeableness (Chapter 2), or machiavellianism (Chapter 12). The discussion could also focus on perception. You might ask students what their perception is of George's boss, and then introduce topics such as perceptions of trust and perceived organizational support (Chapter 3) and fairness (Chapter 4). You can also discuss the leadership style of George's boss and introduce leader behaviours such as directive, supportive, participative, reward, punishment, and leader-member exchange theory (Chapter 9). A discussion of culture can focus on what it must be like to work in George's organization (Chapter 8). This might involve some discussion of Powell's description of an abusive organization as well as the notion of pathological cultures (Chapter 8). The meaning of power can also be introduced (Chapter 12) by describing how George is dependent on his boss for his job as well the bases of power (Chapter 12) that his boss can use to influence George's behaviour (e.g., legitimate, reward, and coercive).

With respect to the material in Chapter 1, you might ask students to think about the management style of George's organization. Is the organization more like the classical view and bureaucracy or the human relations movement? Based on the behaviour of George's boss, it would seem that this is a good example of a bureaucracy with a strict chain of command, detailed rules, regulations, and procedures ensuring that the job gets done, and the centralization of power with management. Clearly, George's boss is not showing the kind of participative management and concern toward employee needs that is characteristics of the human relations movement. Ask students to describe what George's boss might have done if the human relations movement was the dominant approach to management in the organization. Then consider the impact of the two approaches on employee attitudes and behaviour.

2. *How can organizational behaviour help to predict and explain the behaviour of George and his boss? What advice would you give to George and his boss in terms of managing organizational behaviour in the future?*

This question can be used to describe the importance and goals of organizational behaviour. For example, George is likely to form negative attitudes toward his boss and organization as a result of this experience. The incident could lower his perceptions of organizational support as well as his job satisfaction and organizational commitment, and might also influence his behaviour. For example, he might consider quitting his job; he might decide to be absent the next time he needs time off work; he might refrain from organizational citizenship behaviours; and/or his performance might be affected. In terms of the goals of organizational behaviour, George should be able to predict his boss's future behaviour in similar circumstances. He might see him as uncaring and unlikely to consider his needs. To manage the situation, George might avoid future incidents by scheduling non-work events like his mother's arrival at a time when his boss cannot force him to stay at work (e.g., on a Sunday or in the evening); he might find a backup at work who can cover for him; or perhaps he can make arrangements with his boss in advance and complete any work prior to the day he must be absent from work, assuming that his boss will cooperate. From the organization's perspective, they should realize that the kind of behaviour displayed by George's boss could have a negative effect on employees'

attitudes and behaviour, and ultimately, on the organization itself. Such behaviour could result in a high rate of turnover when the labour market becomes more favourable and a high rate of absenteeism. To ensure that employees have positive attitudes and choose to remain in the organization, the organization should implement work-family programs so employees have more flexible work schedules and should also provide support to employees to help them meet their family-related needs and obligations. More understanding of employees' needs and a more participative leadership style on the part of George's boss would also be a good idea. LMX theory of leadership which is discussed in Chapter 9 might be worth noting.

3. *What does this incident tell you about management and organizational behaviour in general?*

This question provides a good opportunity to discuss the importance of management and organizational behaviour and how it affects employees and organizations. The case incident helps to demonstrate different approaches to management (classical vs. human relations movement) and how different approaches and practices can impact employee attitudes and behaviours. You might ask students to think about how the incident described in the case might influence George's future attitudes and behaviours - how it might cause his commitment to the organization to decline, lower his performance, and perhaps increase his absenteeism (next time he is probably likely to just not come to work), and his likelihood of quitting. You can relate the incident to several issues in the chapter such as why study organizational behaviour, the goals of organizational behaviour, what managers do (discuss George's boss in terms of managerial roles and activities), and contemporary management concerns (especially creating a positive work environment and employee well-being, talent management and employee engagement, and CSR). You might also relate the case to the Research Focus, "Are the Best Companies to Work for the Best Companies?" and how organizational behaviour not only makes organizations great places to work, but also makes them more successful. Finally, you can point out the importance of various topics in organizational behaviour such as leadership, communication, culture, power, and stress (work-family conflict).

TEACHING NOTES FOR A ZERO WAGE INCREASE AGAIN? CASE STUDY

The questions for this case were developed specifically for Chapter 1 and focus on the goals of organizational behaviour and managerial roles and activities. However, the case illustrates a number of other issues and topics in organizational behaviour that can also be discussed with this case including: learning and operant learning theory (Chapter 2), attributions and performance appraisals (Chapter 3), fairness perceptions and equity theory (Chapter 4), motivation theories (Chapter 5) and linking pay to performance (Chapter 6), psychological contracts (Chapter 8), leadership (Chapter 9), and decision making (Chapter 11). Furthermore, the case can also be used as a case study for Chapter 2 (with a focus on operant learning theory, positive and negative reinforcement, punishment, recognition programs) and Chapter 6 (with a focus on money as a motivator and linking pay to performance). For the purpose of Chapter 1, it serves as a good way to

begin talking and thinking about organizational behaviour and management and for introducing other topics to be covered later in the course.

1. *Explain the relevance and importance of organizational behaviour for the issues described in the case and the wage review dilemma. What are the main issues and what do they have to do with organizational behaviour?*

This case is all about organizational behaviour. In fact, throughout the case there are many examples of organizational behaviour such as the fact that some employees dislike their job and have low morale, an absenteeism problem that follows long weekends, and a problem of employee theft. The focus of the case is the fact that employees did not receive a raise in 2009 or in 2010 and while they seem to have understood why this was necessary, they may not be willing to accept a zero percent wage increase once again for the third year in a row. At the heart of the case is the use of pay to motivate and reward employees and if some or all of the employees should receive a pay increase. The potential effect of a pay increase or lack of one on employee attitudes and behaviour is the main issue in the case. Organizational behaviour is concerned about the attitudes and behaviours of individuals and groups in organizations. The case is about the possible effect of a zero wage increase on employees' attitudes and behaviours. It also touches on the issue of linking pay to performance which is discussed in Chapter 6 and equity theory and fairness perceptions which are covered in Chapters 4 and 5.

2. *Use the goals of organizational behaviour to address the wage review dilemma. In other words, what needs to be predicted, explained, and managed? What do you think will happen if there is not a wage increase? What will happen if there is a wage increase? What will happen if only some employees receive a wage increase? How can the goals of organizational behaviour help Mark make a decision about the wage dilemma?*

The goals of organizational behaviour are highly relevant to this case since Mark is concerned about the effect of a zero wage increase for the third year in a row on employees' attitudes and behaviours. He understands that it is unreasonable to ask employees to accept a wage freeze again. The goals of organizational behaviour are predicting, explaining, and managing organizational behaviour. Therefore, Mark needs to predict what might happen if there is another zero wage increase; explain why this might happen; and then manage it. In terms of predicting organizational behaviour, Mark should first consider the effect of a zero wage increase on employees attitudes and behaviours. As he states in the case, some employees already seem to dislike their jobs and it is quite possible that their morale will sink even lower, they will be difficult to deal with, and they might even quit if there is a third year without an increase. Furthermore, as contemplated by Mark, a zero wage increase might also lead to an increase in employee theft as employees who feel cheated might find this an acceptable way to obtain a different kind of raise. On the other hand, providing a wage increase might increase the morale and job satisfaction of some employees, reduce employee theft, and lower the likelihood that employees will quit. If only some employees receive a wage increase while others are subject to a zero increase for the third year in a row, there could be an angry backlash that leads to a host of other problems including conflict, lack of

cooperation among employees, increased absenteeism, sabotage, and other counterproductive work behaviours. Given these predictions, the other goals of organizational behaviour can help Mark make a decision about the wage dilemma. First, he must explain why employees might respond in these different ways. One explanation might be a lack of fairness or equity. That is, some employees might not think it is fair to not receive a wage increase for the third year in a row or they might not think it is fair to give some employees an increase and not others. You might want to inform students about equity theory which they will learn about later in the course and which is described in Chapters 4 and 5. If the explanation for these predictions revolves around equity and fairness issues, then Mark might want to manage the wage dilemma by making a decision that will be perceived as fair and equitable to all employees. This might mean giving all employees a raise but basing it on their performance and making it clear to them what their performance is and why they are receiving a given percentage wage increase. This might help to create some sense of equity and fairness among employees and therefore limit the negative types of reactions and behaviours that Mark predicted might result from a zero wage increase or limiting a wage increase to only some employees. It might be worth mentioning the importance of procedural, distributive, and interactional fairness in this process and inform students that fairness will be discussed in more detail later in the course (Chapter 4).

3. *Consider the relevance of each of the managerial roles and activities for Mark Coglin. What roles and activities are most important for dealing with the wage dilemma? What does Mark need to do and how should he proceed?*

In terms of managerial roles, all of Mintzberg's roles are important. That is, Mark has to have good relations with all employees (interpersonal role), he has to receive and transmit information (informational role), and he has to make important decisions (decisional role). In terms of the wage dilemma, the most important role is the decisional role. In particular, Mark has to decide if he should use the additional funds for a wage increase (resource allocation role). The interpersonal role is also important as Mark is also concerned about rewarding the best employees (leadership role). Among the various managerial activities, the human resource management activity is most relevant to Mark as he is concerned about motivating and reinforcing employees' behaviour and performance. As described in the text, the human resource management activity is most strongly associated with unit effectiveness and employee satisfaction and commitment which are of course important consequences that will be affected by Mark's decision about the wage dilemma.

4. *Do you think Mark should give all or none of the employees a wage increase? Should Mark give only some of the employees a wage increase? What are the implications of each decision and how can organizational behaviour help Mark make this decision and understand the implications?*

It is first worth noting that Mark could give all of the employees an increase. As indicated in the case, if all of the ideas suggested by Aaron to cut expenses were implemented, there would be enough money to give all employees a 2.5 to 3.0 percent increase. Thus, Mark certainly can give all employees an increase and avoid a third year of zero wage

increases. However, the question is whether he should give them all an increase and if he does, should they all get the same increase. Clearly, the dilemma Mark is facing is that some of his employees really do deserve an increase while others do not even deserve what they already get paid according to Mark. Thus, the dilemma for Mark is that if he gives everybody an increase then there will be some employees who get a raise but don't deserve it. If nobody gets an increase, then many employees who deserve an increase will not receive one. Furthermore, as indicated in the answer to question #2, there are many potential negative consequences of another zero wage increase. Thus, it makes most sense to either give some employees an increase and not others, or give all employees an increase but give those more deserving a higher increase. The implications of no increase are that some good employees will leave while other employees will become more dissatisfied and engage in various forms of counterproductive behaviours such as theft. In answering this question, it might be helpful to list each alternative on the board and have students discuss the pros and cons of each: 1. Zero wage increase for all employees, 2. Equal increase for all employees, 3. Wage increase for all employees but those most deserving receive a higher increase. Ask students to vote on each option and to explain their preferred course of action. You might also have students form groups and have each group choose an option and then defend it. As with the answer to question #2, organizational behaviour can help Mark make this decision with an understanding that he needs to manage the attitudes and behaviours of all employees. That is, he wants to keep his best employees and motivate and reward them, but at the same time try to avoid negative attitudes and behaviours on the part of other employees.

5. *What do you think Mark should do and why? Is there something else he could do besides a wage increase? Will Mark's decision have an effect on the attitudes and behaviours of the employees? Explain your answers.*

From the previous answer, students should have some idea of what Mark should do. The two extremes (zero wage for everybody, wage increase for only some) are likely to lead to a number of problems. The problem with a wage increase for some employees and not others is that this will come as a surprise and even a shock to those who do not get an increase because it has never been done before and they were not informed of this new policy. If, however, Mark gives all employees an increase and bases the percent of the increase on their behaviour and performance, then employees are more likely to be understanding and accepting. This will of course require that he first discuss their performance with them which is noted throughout the case with respect to various employees who are both very good and not so good (e.g., Simon, Doug, Marie, and Anne, Aaron, Wes, and Kyle). The case indicates that if all of the ideas are implemented, then all employees can receive a 2.5 to 3.0 increase. However, it is possible to give the best employees such as Aaron, Simon, and Wes a higher increase (e.g., 4 percent) and give the poorer performing employees a lower increase (e.g., 2 percent). This avoids the problem of a third year zero wage increase and it also rewards those employees who are the best performers. Furthermore, all employees, especially those at the lower end of performance and the wage increase, will be motivated to do better with the expectation that future raises will be based on performance. The fact that all employees receive a wage increase and that there is some sense of fairness because it is based on their

performance should help to create more positive attitudes and behaviours. That is, it should help to keep the best employees in the organization and performing at a high level, and hopefully improve the attitudes, motivation, and performance of the lower performing employees who might now be motivated to do better. You might also ask students if there is anything else they think Mark might do. One answer might be some kind of celebration (e.g., company lunch) in recognition of the fact that everybody is receiving an increase. Perhaps special recognition can also be given to the best employees as another way to show appreciation and to motivate other employees to work harder and do better. You might ask students to consider other forms of recognition and non-financial rewards such as prizes and cash rewards. Mark might also have to consider other approaches for dealing with the attendance problem and employee theft. This might require a discipline program and it would certainly require more attention to performance appraisals and performance management.