

# CHAPTER 1

## *Introduction to Organizational Behaviour*

### LEARNING OUTCOMES

After reading the material in this chapter, you should be able to:

1. Define organizational behaviour and explain why it is important for managers.
2. Identify the four principles of quality management.
3. Define the term *e-business*, and specify five ways the Internet is affecting the management of people at work.
4. Describe the four layers of diversity in an organization's workforce. Explain three general diversity management practices.
5. Define *globalization* and explain the OB research finding that is particularly significant in this regard.

## CANADA'S TOP 100 EMPLOYERS "SHOWING THE LOVE"

"Gone are the days of lifetime employment in exchange for lifetime commitment," says the Conference Board of Canada in a report on public trust, which states that the changing nature of the employee-employer relationship is a factor contributing to a broader decline of trust in Canada's public institutions. Companies have been asking their workforce for flexibility without providing compensation in return. While a more nimble workforce has allowed business to compete better in an increasingly global marketplace, this has come at a price. Workers have been advised that managing their work lives is their responsibility, that the five-career lifetime is the norm. The end result has been the demise of employee loyalty.

At the leading edge of enlightened employers are those who have renewed their focus on employee loyalty. But unlike in an earlier era of paternalistic bosses, today's best employers see the link between contented employees and the bottom line. They know that, soon, the strongest businesses will be those with the most engaged and stable workforces.

For example, Dofasco now spends \$15 million a year on training and development, much of it on a revitalized apprenticeship program. For each of the 200 to 250 apprentices in the company's system at any given time, Dofasco spends \$250,000. The program is regarded as part of Dofasco's competitive strategy and a way to keep the

company viable. "It's not just a noble thing to do," says Brian Mullen, director of human resources. "There's a solid business case."

Hewlett-Packard is another company committed to its employees. Unlike many IT companies, where many workers are on contract, HP limits the length of contracts to a maximum of two years. At that point, a manager should know if the work being done is a core function—and if it is, the person doing it should become a permanent employee,

says Paul Tsaparis, CEO of HP's Canadian operations. "Employee loyalty and engagement is a critical success factor for us," Tsaparis says. "By committing to full-time employees, you absolutely get back commitment from them."

Not only are progressive employers looking forward and training the next generation of workers, but they are also using increasingly sophisticated methods to sell their companies as good places to work, to both current and potential employees.

Borrowing from their marketing departments, some have started to think of themselves as brands, not with regard to consumers but to workers. "Employer as a brand," says Richard Yerema, author of *Canada's Top 100 Employers*, "is new this year." The recruiters are becoming marketers, adds Anthony Meehan, president of Mediacorp Canada Inc., the publishing company that creates the list.



# UNDERSTANDING PEOPLE AT WORK

How important are people for organizational effectiveness in the 21st century? Stanford University's Jeffrey Pfeffer and his colleagues recently drew this conclusion:

There is a substantial and rapidly expanding body of evidence, some of it quite methodologically sophisticated, that speaks to the strong connection between how firms manage their people and the economic results achieved.<sup>1</sup>

Thus there has been a growing awareness that the study of human behaviour in organizations is important. Specifically, effective management of organizations requires the ability to understand, predict, and influence behaviour. **Organizational behaviour**, commonly referred to as OB, is a field of study dedicated to better understanding and managing people at work, both individually and in groups. OB involves the study of what people think and feel and the resulting effect on individual and group behaviour within organizations. OB researchers investigate unanswered questions relating to effective management of behaviour in organizations, and the results are intended to be used by managers and other employees to improve workplace effectiveness.

Research evidence indicates that *people-centred practices* are strongly associated with much higher profits and significantly lower employee turnover. In order for any team of managers and other employees to contribute to organizational goals and objectives, they must all work together and reinforce people-centred practices. The following seven people-centred practices have been identified in successful companies:

1. Job security (to eliminate fear of layoffs)
2. Careful hiring (emphasizing a good fit with the company culture)
3. Power to the people (via decentralization and self-managed teams)
4. Generous pay for performance
5. Lots of training
6. Less emphasis on status (to build a “we” feeling)
7. Trust building (through the sharing of critical information)<sup>2</sup>

*Importantly*, these factors are a *package deal*, meaning they need to be installed in a coordinated and systematic manner—not in bits and pieces.

Sadly, too many organizational leaders and managers tend to act counter to their declarations that people are their most important asset. For example, undue emphasis on short-term profit precludes long-term efforts to nurture human resources. Also, excessive layoffs, when managers view people as a cost rather than an asset, erode trust, commitment, and loyalty.<sup>3</sup> *Only 12 percent of today's organizations have the systematic approaches and persistence to qualify as true people-centred organizations, thus giving them a competitive advantage.*<sup>4</sup>

The purpose of this first chapter is to define and examine organizational behaviour and its evolution, and look at important current issues affecting organizational behaviour today. It is important to study organizational behaviour because knowledge about OB provides the foundation for effective management of people in organizations. New knowledge can be applied directly, as in stress reduction techniques; can have a conceptual impact, as when a more positive attitude to hiring older workers results from learning their absenteeism rates are low; and can reinforce existing policies and procedures.<sup>5</sup>

## Organizational behaviour

A field of study dedicated to better understanding and managing people at work, both individually and in groups.

It is also important to study organizational behaviour because today's successful managers need to creatively envision and actively sell bold new directions in an ethical and sensitive manner. Effective managers are team players empowered by the willing and active support of others who are driven by conflicting self-interests.

Managerial skills research yields three useful lessons:

1. Dealing effectively with *people* is what management is all about. Thus, *knowledge about OB is critical for management success.*
2. Managers with high people skills mastery tend to have better business unit performance and employee morale than managers with low people skills mastery.<sup>6</sup>
3. *Effective* female and male managers *do not* have significantly different skill profiles,<sup>7</sup> contrary to claims in the popular business press in recent years.<sup>8</sup>

Today's workplace is indeed undergoing immense and permanent changes.<sup>9</sup> Organizations are being "reengineered" for greater speed, efficiency, and flexibility.<sup>10</sup> Entrepreneurial spirit is needed in both small and large businesses. Teams are pushing aside the individual as the primary building block of organizations.<sup>11</sup> Costs are being managed by use of contract workers. Command-and-control management is giving way to participative management and empowerment.<sup>12</sup> Ego-centred leaders are being replaced by customer-centred leaders. Employees increasingly are being viewed as internal customers. E-business is growing rapidly. All this creates a mandate for a new kind of manager in the 21st century. Table 1-1 contrasts the characteristics of past and future managers. As the balance of this book will demonstrate, the managerial shift in Table 1-1 is not just a good idea, it is an absolute necessity in the new workplace.

## Queen's Stripping Radler's Name from Business Wing

One day after David Radler, Conrad Black's right-hand man, pleaded guilty to fraud charges in a US District Court, Queen's University said it is stripping Mr. Radler's name from a wing of its business school and giving back a \$1 million pledge he made to the university. It is believed to be the first time a Canadian charity had returned a gift because the donor later committed a crime. Mr. Radler, who earned an MBA from Queen's in 1967, made the gift in May 2000, on behalf of himself and several Hollinger newspapers, including the *Kingston Whig-Standard*.

In September 2005, Mr. Radler pleaded guilty in a Chicago court to one count of mail fraud, as part of a scheme to divert more than \$32 million from the Hollinger newspaper company into the pockets of senior executives of the company. In exchange for a 29-month jail term and a fine of US\$250,000, he has agreed to cooperate with the continuing criminal probe into Lord Black and other former executives at Chicago-based Hollinger.

Convictions of high-profile white-collar criminals have been mounting in the United States, as regulators try to reassure investors and clean up the image of corporate America that was tarnished by major frauds such as that which brought about Enron's collapse in 2001.

Queen's University stated in a press release: "This decision was made after considerable reflection upon the most appropriate course of action given the circumstances. Queen's University very much regrets having to take this action."

### You Decide ...

Was the decision of Queen's University appropriate in the circumstances? Would it be ethical for Mr. Radler to testify against Mr. Black in the future?

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**Sources:** "David Radler Agrees to 29-Month Jail Term," CTV.ca, September 21, 2005 <[www.ctv.ca/servlet/ArticleNews/story/CTVNews/20050921/radler\\_hollinger\\_050920?s\\_name=&no\\_ads=](http://www.ctv.ca/servlet/ArticleNews/story/CTVNews/20050921/radler_hollinger_050920?s_name=&no_ads=)>, accessed May 27, 2006; Paul Waldie, "Queen's Stripping Radler's Name from Business Wing," *GlobeandMail.com*, September 22, 2005 <[www.theglobeandmail.com/servlet/story/LAC.20050922.RADLER22/BNPrint/ldx](http://www.theglobeandmail.com/servlet/story/LAC.20050922.RADLER22/BNPrint/ldx)>, accessed May 27, 2006; "Queen's Statement about Radler Gift," press release, Queen's University site, September 21, 2005 <[http://qnc.queensu.ca/story\\_loader.php?id=4331ade32a459](http://qnc.queensu.ca/story_loader.php?id=4331ade32a459)>, accessed May 27, 2006.

TABLE 1-1

Evolution of the 21st-Century Manager

	Past Managers	Future Managers
Primary role	Order giver, privileged elite, manipulator, controller	Facilitator, team member, teacher, advocate, sponsor, coach
Learning and knowledge	Periodic learning, narrow specialist	Continuous lifelong learning, generalist with multiple specialties
Compensation criteria	Time, effort, rank	Skills, results
Cultural orientation	Monocultural, monolingual	Multicultural, multilingual
Primary source of influence	Formal authority	Knowledge (technical and interpersonal)
View of people	Potential problem	Primary resource
Primary communication pattern	Vertical	Multidirectional
Decision-making style	Limited input for individual decisions	Broad-based input for joint decisions
Ethical considerations	Afterthought	Forethought
Nature of interpersonal relationships	Competitive (win-lose)	Cooperative (win-win)
Handling of power and key information	Hoard and restrict access	Share and broaden access
Approach to change	Resist	Facilitate

## THE EVOLUTION OF THE FIELD OF ORGANIZATIONAL BEHAVIOUR

OB is not an everyday job category such as accounting, marketing, or finance. Students of OB typically do not get jobs in organizational behaviour per se. This reality in no way lessens the importance of OB in effective organizational management. OB is a *horizontal* discipline that cuts across virtually every job category, business function, and professional specialty. Anyone who plans to make a living in a large or small, public or private, organization needs to study organizational behaviour.

In order to understand behaviour in organizations, it is necessary to draw upon a diverse array of disciplines, including psychology, management, sociology, organization theory, social psychology, statistics, anthropology, general systems theory, economics, information technology, political science, vocational counselling, human stress management, psychometrics, ergonomics, decision theory, and ethics. This rich heritage has spawned many competing perspectives and theories about human work behaviour.

Let us examine five significant landmarks in the evolution of understanding and managing people:

1. The human relations movement
2. The total quality management movement
3. The information technology and e-business revolution
4. Workforce diversity
5. Globalization

## The Human Relations Movement

A unique combination of factors during the 1930s fostered the human relations movement. First, following legalization of union–management collective bargaining in North America in the early 20th century, management began looking for new ways of handling employees. Until then, management was based on a *scientific management* approach that focused on the worker as a machine to be managed for maximum efficiency. Second, behavioural scientists conducting on-the-job research started calling for more attention to the “human” factor. Managers who had lost the battle to keep unions out of their factories heeded the call for better human relations and improved working conditions.

The human relations movement gathered momentum through the 1950s, as academics and managers alike made stirring claims about the powerful effect that individual needs, supportive supervision, and group dynamics apparently had on job performance.

**The Writings of Mayo and Follett** Essential to the human relations movement were the writings of Elton Mayo and Mary Parker Follett. Australian-born Mayo advised managers to attend to employees’ emotional needs in his 1933 classic *The Human Problems of an Industrial Civilization*. Follett was a true pioneer, not only as a woman management consultant in the male-dominated industrial world of the 1920s, but also as a writer who saw employees as complex combinations of attitudes, beliefs, and needs. Mary Parker Follett was way ahead of her time in telling managers to motivate job performance instead of merely demanding it, a “pull” rather than “push” strategy.<sup>13</sup>

**McGregor’s Theory Y** In 1960, Douglas McGregor wrote a book entitled *The Human Side of Enterprise*, which has become an important philosophical base for the modern view of people at work.<sup>14</sup> Drawing upon his experience as a management consultant, McGregor formulated two sharply contrasting sets of assumptions about human nature (see Table 1–2). His **Theory X** assumptions were pessimistic and

**Theory X**  
Negative, pessimistic assumptions about human nature and its effect on productivity.

McGregor’s Theory X and Theory Y

TABLE 1–2

Outdated (Theory X) Assumptions about People at Work	Modern (Theory Y) Assumptions about People at Work
1. Most people dislike work; they avoid it when they can.	1. Work is a natural activity, like play or rest.
2. Most people must be coerced and threatened with punishment before they will work. People require close direction when they are working.	2. People are capable of self-direction and self-control if they are committed to objectives.
3. Most people actually prefer to be directed. They tend to avoid responsibility and exhibit little ambition. They are interested only in security.	3. People generally become committed to organizational objectives if they are rewarded for doing so.
	4. The typical employee can learn to accept and seek responsibility.
	5. The typical member of the general population has imagination, ingenuity, and creativity.

Source: Adapted from D McGregor, *The Human Side of Enterprise* (New York: McGraw-Hill, 1960), Ch 4.

### Theory Y

Positive assumptions about employees being responsible and creative.

negative and, according to McGregor's interpretation, typical of how managers traditionally perceived employees. To help managers break with this negative tradition, McGregor formulated his **Theory Y**, a modern and positive set of assumptions about people. McGregor believed managers could accomplish more through others by viewing them as self-energized, committed, responsible, and creative beings.

**New Assumptions about Human Nature** However, modern research methods have shown that the human relationists embraced some naive and misleading conclusions. Despite its shortcomings, the human relations movement opened the door to more progressive thinking about human nature. Rather than continuing to view employees as passive economic beings, managers began to see them as active social beings and took steps to create more humane work environments. This evolution toward the creation of more humane work environments continued with the emergence of the total quality management movement in the mid-20th century.

### Total quality management

An organizational culture dedicated to training, continuous improvement, and customer satisfaction

## The Total Quality Management Movement

Thanks to the concept of **total quality management (TQM)**, the quality of much of what we buy today is significantly better than in the past. The underlying principles of TQM are more important than ever given the growth of both e-business on the Internet and the overall service economy. A number of other quality initiatives, including Six Sigma (a reference to the statistical unlikelihood of a defective product), ISO, and QS, have also become widespread.

TQM means that an organization's culture is focused on the constant attainment of customer satisfaction. This involves the continuous improvement of organizational processes, resulting in high-quality products and services.<sup>15</sup> TQM is necessarily employee-driven, because product/service quality cannot be continuously improved without the active learning and participation of *every* employee. Thus, in successful quality improvement programs, quality principles are embedded in the organization's culture.

**The Deming Legacy** TQM is firmly established today thanks in large part to the pioneering work of W Edwards Deming.<sup>16</sup> Ironically, he rarely talked in terms of quality. He instead preferred to discuss "good management" during the hard-hitting seminars he delivered right up until his death at age 93 in 1993.<sup>17</sup> He had much to say about how employees should be treated. Regarding the human side of quality improvement, Deming called for the following:

- Formal training in teamwork
- Helpful leadership, rather than order-giving and punishment
- Elimination of fear so employees will feel free to ask questions
- Emphasis on continuous process improvements rather than on numerical quotas
- Teamwork
- Elimination of barriers to good workmanship<sup>18</sup>

One of Deming's most enduring lessons for managers is his 85–15 rule.<sup>19</sup> Specifically, when things go wrong, there is roughly an 85% chance the *system* (including management, machinery, and rules) is at fault. Only about 15% of the time is the individual employee at fault. Unfortunately, as Deming observed, the typical manager spends most of his or her time wrongly blaming and punishing individuals for system failures. Statistical analysis is required to uncover system failures.

**Principles of Quality Management** Despite variations in the language and scope of quality programs, it is possible to identify four common quality principles:

1. Do it right the first time to eliminate costly rework.
2. Listen to and learn from customers and employees.
3. Make continuous improvement an everyday matter.
4. Build teamwork, trust, and mutual respect.<sup>20</sup>

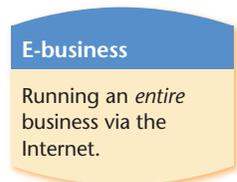
Once again, as with the human relations movement, we see people as the key factor in organizational success.

In summary, TQM advocates have made a valuable contribution to the field of OB by providing a *practical* context for managing people. When people are managed according to quality principles, everyone is more likely to get the employment opportunities and high-quality goods and services they demand.<sup>21</sup> These principles are particularly useful for management of technology workers in the growing e-business sector.

## The Information Technology Revolution and E-Business

In just a few short years, an explosion of information technology has revolutionized business. Clearly, the Internet is here to stay as a business tool.<sup>22</sup> The purpose of this section is to define *e-business* and identify its significant OB implications.

**E-Business Is Much More than E-Commerce** Experts on the subject draw an important distinction between *e-commerce* (buying and selling goods and services over the Internet) and **e-business**, using the Internet to facilitate *every* aspect of running a business.<sup>23</sup> Intel, as a case in point, is striving to become an e-corporation, one that relies primarily on the Internet to not only buy and sell things, but also facilitate all business functions, exchange knowledge among its employees, and build partnerships with outsiders as well. E-business has significant implications for managing people at work, because it eventually will seep into every corner of life both on and off the job.



**E-Business Implications for OB** The following list is intended to suggest some of the implications of e-business relating to OB issues:

- *E-management*. Twenty-first-century managers, profiled earlier in Table 1–1, are needed in the fast-paced Internet age. They are able to create, motivate, and lead virtual teams of far-flung specialists linked by email and project management software. Networking skills, applied both inside and outside the organization, are essential today. (See Chapters 3, 10, and 11.)
- *E-communication*. Email has become one of the most used and abused forms of organizational communication. Today’s managers need to be masters of concise, powerful email and voice-mail messages. Additionally, employees who “telecommute” from home via the Internet present their managers with unique motivational and performance measurement problems. For their part, telecommuters must strike a productive balance between independence and feelings of isolation. (See Chapter 8.)
- *Goal setting and feedback*. Abundant research evidence supports the coupling of clear and challenging goals with timely and constructive feedback for keeping employees headed in the right direction. Thanks to Web-based software, managers can efficiently create, align, and track their employee’s goals.<sup>24</sup> (See Chapter 4.)

- *Organizational structure.* The Internet and modern telecommunications technology have given rise to “virtual teams” and “virtual organizations.” Time zones, facilities, and location no longer are hard constraints on getting things accomplished. Got a great product idea but don’t have the time to build a factory? No problem, just connect with someone via the Internet who can get the job done. This virtual workplace, with less face-to-face interaction, requires managers and employees who are flexible and adaptable and not bound by slow and rigid bureaucratic communication and methods. (See Chapter 11.)
- *Job design.* The *work itself* is a powerful motivator for many employees today, especially those in information technology. Boring and unchallenging and/or dead-end jobs will repel rather than attract top talent in the Internet age (see Chapter 3).
- *Decision making.* Things indeed are moving faster and faster in the Internet age. Just ask the typical overloaded manager who reports making more decisions in less time than he or she used to.<sup>25</sup> Adding to the pressure, databases linked to the Internet give today’s decision makers unprecedented amounts of both relevant and irrelevant data. Moreover, decision makers cannot ignore the trend away from command-and-control tactics and toward employee empowerment and participation. In short, there is more “we” than “me” for Internet-age decision makers. (See Chapter 6.)
- *Speed, conflict, and stress.* Unfortunately, conflict and stress are unavoidable byproducts of strategic and operational speed. Problems with balancing work and family responsibilities are widespread, particularly for female workers. The good news is that conflict and stress can be managed. (See Chapters 5 and 9.)
- *Change and resistance to change.* As “old economy” companies race to become e-corporations, employees are being asked to digest huge doses of change in every aspect of their work lives. (See Chapter 13.)
- *Ethics.* Internet-centred organizations are littered with ethical landmines needing to be addressed humanely and responsibly. Among them are round-the-clock work binges, exaggerated promises about rewards, electronic monitoring, repetitive-motion injuries from excessive keyboarding, unfair treatment of part-timers, and privacy issues.<sup>26</sup> (See Chapter 6.)

Telecommuters need to strike a productive balance between independence and feelings of isolation.



Overall, it is easy to see why the information technology revolution represents a significant new era for understanding and managing people at work. The problems, challenges, and opportunities are immense. At the same time, the Canadian workforce has become much more diverse.

## Workforce Diversity

Workforce diversity management is one of the most important issues facing organizations today. **Diversity** represents the multitude of individual differences and similarities that exist among people.<sup>27</sup> There are many different dimensions or components of diversity that make all of us unique and different from others. Figure 1–1 shows the “diversity wheel” and its four layers. Personality is at the centre of the diversity wheel because it represents a stable set of characteristics that is responsible for a person’s individual identity. The dimensions of personality are discussed further in Chapter 2.

The next layer of diversity consists of a set of internal dimensions such as age, race, and gender that are referred to as the primary dimensions of diversity.<sup>28</sup> These dimensions, for the most part, are not within our control, but strongly influence our attitudes, expectations, and assumptions about others, which in turn influence our behaviour.

The next layer of diversity is composed of external, or secondary, dimensions such as religion and marital status. They represent individual differences that we have a greater ability to influence or control. These dimensions also exert a significant influence on our perceptions, behaviour, and attitudes. The final layer of diversity includes organizational dimensions such as job title, union affiliation, and seniority. The Royal Bank of Canada encourages this aspect of diversity by encouraging staff mobility within the bank. Every year, 25% of employees assume new work roles.<sup>29</sup>

One of the most well-known problems faced by women and visible minorities in the workplace is the **glass ceiling**. The glass ceiling represents an invisible barrier that blocks certain workers, primarily qualified women and visible minorities, from advancing into top management positions. It can be particularly de-motivating because employees can look up and see coveted top management positions through the transparent ceiling but are unable to obtain them. One study found that the barrier is much greater for minorities, and called it a “concrete ceiling.”<sup>30</sup>

In Canada, legislation covering federal workers and those in some provinces requires employers to actively pursue **employment equity**. Employment equity involves working to increase the number of workers from groups that have historically been underrepresented in an organization’s workforce. In particular, the legislation requires that steps be taken to increase the representation of qualified women, visible minorities, Aboriginal people, and persons with disabilities at all levels of an organization.

**Diversity management** involves activities aimed at managing individual differences in order to enable people to perform up to their maximum potential, including but not limited to those required for employment equity. It



### Diversity

The host of individual differences that make people different from and similar to each other.

### Glass ceiling

Invisible barrier blocking qualified women and minorities from top management positions.

### Employment equity

Legislation intended to remove employment barriers and promote equality for the members of four designated groups—women, visible minorities, Aboriginal people, and persons with disabilities.

### Diversity management

Policies, activities, and organizational changes aimed at managing individual differences in order to enable all people to perform up to their maximum potential.

One of the few Canadian women to break through the glass ceiling is Annette Verschuran, president of Home Depot Canada.



## FOCUS ON DIVERSITY

### Legal Firms Concerned about Staff Diversity

Large legal firms are growing alarmed as they watch women and visible minority lawyers leave private practice after a few years, says Amy Gough Farnsworth, chair of the equality committee at the Canadian Bar Association. A lot of women are leaving large firms and going into in-house counsel in corporations or in the government. Private firms are losing a lot of people at a certain point in their career. The firms train people and they leave. The same goes for lawyers of racial minorities. And these are people who are successful in obtaining new positions.

Gough Farnsworth says that it is a complex issue, and there may be subtle systemic factors. For example, files may be distributed in the men's washroom, and client development may happen on the golf course where there aren't many women or persons from other countries.

Every step along a lawyer's career path should be assessed, she said. At articling interviews, for example, what do firms project as what they offer and what they expect? In terms of training and development, how do associates get feedback on their work? How are they helped along in terms of client development?

Legal firms need to look for mechanisms that, though unintentionally, may be cutting people out of opportunities do develop within the structure of the firm, and hence impact retention because people feel doors are closed to them.

The Canadian Bar Association is setting up an equity audit template to help firms identify the reasons they're not able to hang on to lawyers from the four employment equity groups: women, visible minorities, Aboriginals, and people with disabilities.

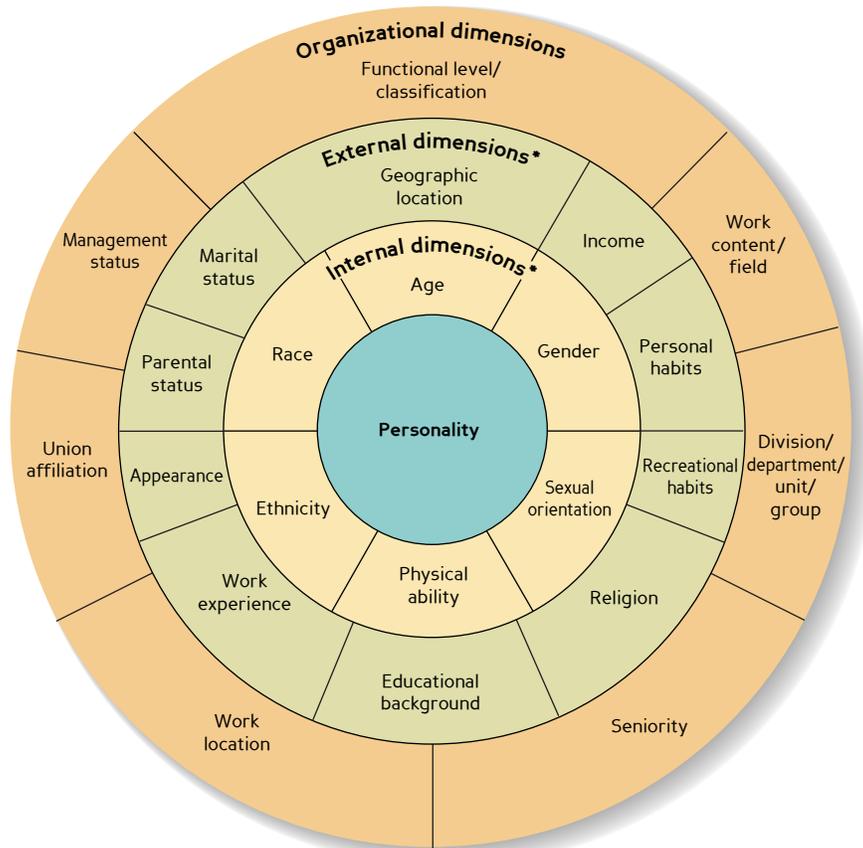
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Source: Adapted from Uyen Vu, "Legal Firms Concerned about Staff Diversity," *Canadian HR Reporter*, May 17, 2004, p 2.

focuses on changing an organization's culture, policies, and procedures such that employees can perform at their highest level of productivity. To attract and retain the best workers, companies need to adopt policies and programs that meet the needs of a diverse group of workers. Programs such as daycare, eldercare, flexible work schedules, less rigid relocation policies, and mentoring programs are likely to assist workers from all backgrounds to perform their job duties at an optimal level.

A landmark study of the diversity practices used by 16 organizations that successfully managed diversity uncovered 52 different practices, 20 of which were used by the majority of the companies sampled. The 52 practices were classified into three main types: accountability; developmental; and recruitment.<sup>31</sup> The top practices associated with each type are shown in Table 1–3. They are discussed below in relative order of importance.

**Accountability Practices** Accountability practices relate to managers' responsibility to treat diverse employees fairly. Table 1–3 reveals that companies predominantly accomplish this objective by creating administrative procedures aimed at integrating diverse employees into the management ranks (practices numbered 3, 4, 5, 6, 8, 9, and 10). In contrast, work and family policies (practice 7) focus on creating an environment that fosters employee commitment and productivity. Moreover, organizations increasingly are attempting to build an accountability component into their diversity programs in order to motivate managers to effectively manage diversity.



\*Internal Dimensions and External Dimensions are adapted from Loden and Rosener, *Workforce America!* (Homewood, IL: Business One Irwin, 1991).

Source: L Gardenswartz and A Rowe, *Diverse Teams at Work: Capitalizing on the Power of Diversity* (New York: McGraw-Hill, 1994), p 33. © 1994. Reproduced with permission of The McGraw-Hill Companies.

**Developmental Practices** The use of developmental practices to manage diversity is relatively new compared with the historical use of accountability and recruitment practices. Developmental practices focus on preparing diverse employees for greater responsibility and advancement. These activities are needed because most non-traditional employees have not been exposed to the types of activities and job assignments that develop effective leadership and social networks.<sup>32</sup> Table 1-3 indicates that diversity training programs, networks and support groups, and mentoring programs are among the most frequently used developmental practices.

**Recruitment Practices** Recruitment practices focus on attracting diverse job applicants at all levels who are willing to accept challenging work assignments. This focus is critical because people learn the leadership skills needed for advancement by successfully accomplishing increasingly responsible work assignments. As shown in Table 1-3, targeted recruitment of nonmanagers (practice 1), and managers (practice 9)

TABLE 1–3

Common Diversity Practices

Accountability Practices	Development Practices	Recruitment Practices
1. Top management's personal intervention	1. Diversity training programs	1. Targeted recruitment of nonmanagers
2. Internal advocacy groups	2. Networks and support groups	2. Key outside hires
3. Emphasis on employment equity statistics, profiles	3. Development programs for all high-potential managers	3. Extensive public exposure on diversity
4. Inclusion of diversity in performance evaluation goals, ratings	4. Informal networking activities	4. Corporate image as liberal, progressive, or benevolent
5. Inclusion of diversity in promotion decisions, criteria	5. Job rotation	5. Partnerships with educational institutions
6. Inclusion of diversity in management succession planning	6. Formal mentoring program	6. Recruitment incentives such as cash supplements
7. Work and family policies	7. Informal mentoring program	7. Internships
8. Policies against racism, sexism	8. Entry development programs for all high-potential new hires	8. Publications or PR products that highlight diversity
9. Internal audit or attitude survey	9. Internal training (such as personal safety or language)	9. Targeted recruitment of managers
10. Active employment equity committee, office	10. Recognition events, awards	10. Partnership with nontraditional groups

Source: Abstracted from Tables A.10, A.11, and A.12 in A M Morrison, *The New Leaders: Guidelines on Leadership Diversity in America* (San Francisco: Jossey-Bass, 1992). Reprinted with permission of John Wiley & Sons, Inc.

are commonly used to identify and recruit workers in groups that are commonly under-represented in the workforce.

In summary, effective workforce diversity management requires a number of OB skills, including managing change (Chapter 13), dealing with conflict (Chapter 9), and political issues (Chapter 10), and most of all, exhibiting strong leadership skills (Chapter 11).

### Globalization

The extension of business operations to markets around the globe.

## Globalization

**Globalization** refers to the major trend whereby firms are extending their sales or manufacturing to new markets abroad. The world is fast moving toward becoming a single huge integrated marketplace. Globalization is increasing the intensity of competition in virtually all manufacturing and service industries. Major shifts in world economic power are anticipated as China overtakes the United States to become the most important economic player in the world.<sup>33</sup>

Expatriate managers struggle to find effective methods of managing employees in countries as diverse as Kazakhstan, Bangladesh, and the Philippines. Cross-cultural training is essential, and specific knowledge regarding motivation, decision making, communication, and leadership practices in the country of operation are required to assist in maintaining smooth day-to-day operations.

Globalization means that organizations manage people all over the world—people speaking different languages, governed by different political systems, under widely differing social, ethical, and behavioural norms. This situation has created a major challenge for managers from Western countries who are deployed in other parts of the world. Managerial approaches based on OB knowledge from North America will not necessarily apply in other cultures.



## INTERNATIONAL OB

### Farewell, Canada: Expat Numbers to Grow

During the next five years, Canadian multinational employers will require more ongoing management of foreign operations or sales, resulting in more expatriate employees moving, and in some instances relocating entire families, to foreign countries. This is according to a news survey co-sponsored by CIGNA International Expatriate Benefits, Mercer Human Resource Consulting, WorldatWork, and International SOS Canada Inc.

In the third *Global Trends and Issues: International HR Executive Survey*, and the first to focus on Canadian multinationals, results show that employers will be looking to HR to be substantially involved in every aspect of an expatriates program's success—from pre-departure to repatriation.

"An expatriate involves a huge direct investment by the company and plays a pivotal role in the ultimate success of a global operation, as well as representing the image of the company overseas," said Virginia Hollis, vice-president of global markets for CIGNA. "With all this riding on an expat assignment, clearly, candidates should be selected carefully."

"There's a wide range of practices in managing expatriates," said Tom Mitchell, a principal at Mercer Human Resource Consulting's Toronto office. "Some companies involve HR and others don't. Each company has its own approach and sometimes it differs from expatriate to expatriate. Companies are learning through trial and error, and this is a rude teacher. Good tools and a consistent approach are essential to managing the costs of the program and the experience of the expatriate."

Source: Adapted from Bonnie Serino, "Farewell, Canada: Expat Numbers to Grow," *WorldatWork Canadian News*, Fourth Quarter 2003, pp 12–15.

One general research finding of great importance in global management is that in OB, there is rarely one best way to manage people; the specific situation must also be considered. The **contingency approach** calls for using management concepts and techniques in a situationally appropriate manner, instead of trying to rely on "one best way."

Overall, today's managers need considerable knowledge of organizational behaviour in order to effectively manage the individuals and groups they are responsible for. Business realities such as quality management programs, e-business, workforce diversity, and globalization all have a major impact on the behaviour of employees, both individually and in groups, and even on the behavior of organizations themselves. No manager can be successful unless he or she can effectively manage other people. Your chances of becoming a successful manager can be enhanced by studying the material in this textbook.

#### Contingency approach

Using management tools and techniques in a situationally appropriate manner; avoiding the "one best way" mentality.

# Summary of Key Concepts

1. *Define organizational behaviour and explain why it is important for managers.* Organizational behaviour (OB) is a field of study dedicated to better understanding and managing people at work, both individually and in groups. OB is important for managers because of the increasing evidence that there is a strong connection between how organizations manage their people and the economic results achieved by the organization.
2. *Identify the four principles of quality management.* The four principles of quality management are (a) do it right the first time to eliminate costly rework, (b) listen to and learn from customers and employees, (c) make continuous improvement an everyday matter, and (d) build teamwork, trust, and mutual respect.
3. *Define the term e-business, and specify five ways the Internet is affecting the management of people at work.* E-business involves using the Internet to more effectively and efficiently manage every aspect of a business. The Internet is reshaping the management of people in the following areas: e-management (networking), e-communication (email and telecommuting), goal setting and feedback, organizational structure (virtual teams and organizations), job design (desire for more challenge), decision making (greater speed and employee empowerment), conflict and stress triggered by increased speed, rapid change and inevitable conflict and resistance, and ethical problems such as overwork and privacy issues.
4. *Describe the four layers of diversity in an organization's workforce. Explain three general diversity management practices.* The four layers of diversity are: (1) personality, which is unique to every individual, (2) internal dimensions such as age and race, (3) external dimensions such as religion and marital status, and (4) organizational dimensions such as job title. Three general diversity management practices are: (a) accountability practices to ensure that diverse employees are treated fairly, (b) development practices to prepare diverse employees for greater responsibility and advancement, and (c) recruitment practices to attract diverse job applicants at all levels.
5. *Define globalization and explain the OB research finding that is particularly significant in this regard.* Globalization is the extension of business operations to markets around the globe. The contingency approach to OB is particularly relevant here, as it suggests that it is better to use management tools and techniques in a situationally appropriate manner than to rely on "one best way" to manage.

## Key Terms

contingency approach, 15  
diversity, 11  
diversity management, 11  
e-business, 9

employment equity, 11  
glass ceiling, 11  
globalization, 14  
organizational behaviour, 4

Theory X, 7  
Theory Y, 8  
total quality management, 8

## Discussion Questions

1. How would you respond to a fellow student who says, "I have a hard time getting along with other people, but I think I could be a good manager?"
2. Judging on the basis of either personal experience as a manager or your observation of managers at work, are the 11 skills in Table 1-1 a realistic portrayal of what managers do?
3. What is your personal experience with Theory X and Theory Y managers (see Table 1-2)? Which did you prefer? Why?
4. How would you respond to a new manager who made this statement? "TQM is about statistical process control, not about people."
5. Consider a situation when you felt like a "telecommuter" while working on a group assignment for a class. How did you strike a balance between independence and feelings of isolation?
6. Using the "diversity wheel," analyze a group of people you belong to (family, sports team, study group, etc.). What are the main sources of similarities and differences among members of the group on each layer of diversity? Do any of the areas of diversity create strength on the team? Weaknesses? Explain.

## Internet Exercises

Hewlett-Packard is a well-known company with a reputation as a good employer. Go to the OLC to investigate how Hewlett-Packard utilizes the seven people-centred practices discussed at the beginning of this chapter.

Many organizations exist to promote employment equity. Go to the OLC to find out more about two such organizations, (1) the Alliance for Employment Equity and (2) the Global Applied Disability Research and Information Network on Employment and Training.

## Experiential Exercises

### 1. What Are the Strategies for Breaking the Glass Ceiling?

#### INSTRUCTIONS

Read the 13 career strategies shown below that may be used to break the glass ceiling. Next, rank-order each strategy in terms of its importance for contributing to the advancement of a woman to a senior management position. Rank the strategies from 1 (most important) to 13 (least important). Once this is completed, compute the gap between your rankings and those provided by the women executives who participated in this research. Their rankings are presented in endnote 34 at the back of the book. In computing the gaps, use the absolute value of the gap. (Absolute values are always positive, so just ignore the sign of your gap.) Finally, compute your total gap score. The larger the gap, the greater the difference in opinion between you and the women executives. What does your total gap score indicate about your recommended strategies?

Strategy	My Rating	Survey Rating	Gap	
			(Your Rating)	(Survey Rating)
1. Develop leadership outside office	_____	_____	_____	_____
2. Gain line management experience	_____	_____	_____	_____
3. Network with influential colleagues	_____	_____	_____	_____
4. Change companies	_____	_____	_____	_____
5. Be able to relocate	_____	_____	_____	_____
6. Seek difficult or high-visibility assignments	_____	_____	_____	_____
7. Upgrade educational credentials	_____	_____	_____	_____
8. Consistently exceed performance expectations	_____	_____	_____	_____
9. Move from one functional area to another	_____	_____	_____	_____
10. Initiate discussion regarding career aspirations	_____	_____	_____	_____
11. Have an influential mentor	_____	_____	_____	_____
12. Develop style that men are comfortable with	_____	_____	_____	_____
13. Gain international experience	_____	_____	_____	_____

Source: Strategies and data were taken from B R Ragins, B Townsend, and M Mattis, "Gender Gap in the Executive Suite: CEOs and Female Executives Report on Breaking the Glass Ceiling," *The Academy of Management Executive*, February 1998, pp 28–42.

## 2. Who Comes First? Employees, Customers, or Stockholders?

### INSTRUCTIONS

1. Drawing on your own value system and business philosophy, rank the three groups in the title of this exercise first, second, and third in terms of managerial priority. What is the rationale for your ranking?
2. Read the two brief quotes after these questions.
3. In view of the opinions of these two respected business leaders, would you change your initial priority ranking? Why? With whom do you agree more, Iacocca or Kelleher? Why?

Consult our Web site for an interpretation of this exercise:  
[www.mcgrawhill.ca/college/kreitner](http://www.mcgrawhill.ca/college/kreitner).

Lee Iacocca, former president of Ford and retired CEO of Chrysler:

Just be sure to take care of your customers. You have to go eyeball to eyeball with them and say, "Do I have a deal for you!" And then stand behind your product or service. Don't worry about stockholders or employees. If you take care of your customers, everything else will fall into place.\*

Herb Kelleher, cofounder and chairperson of Southwest Airlines:

In the old days, my mother told me that in business school they'd say, "This is a real conundrum: Who comes first, your employees, your shareholders, or your customers?" My mother taught me that your employees come first. If you treat them well, then they treat the customers well, and that means your customers come back and your shareholders are happy.\*\*

Sources: \*As quoted in L McCauley and C Canabou, eds, "Unit of One: The Voice of Experience," *Fast Company*, May 2001, p 82. \*\*As quoted in J Huey, "Outlaw Flyboy CEOs," *Fortune*, November 13, 2000, p 246.

# Personal Awareness and Growth Exercise

## How Does Your Diversity Profile Affect Your Relationships with Other People?

### OBJECTIVES

1. To identify the diversity profile of yourself and others
2. To consider the implications of similarities and differences across diversity profiles

### INTRODUCTION

People vary along four layers of diversity: personality, internal dimensions, external dimensions, and organizational dimensions. Differences across these four layers are likely to influence interpersonal relationships and the ability or willingness to work with others. You will be asked to compare yourself with a group of other people you interact with and then to examine the quality of the relationships between yourself and these individuals. This enables you to gain a better understanding of how similarities and differences among people influence attitudes and behaviour.

### INSTRUCTIONS

Complete the diversity profile by first selecting five current or past co-workers/work associates or fellow students. Alternatively, you can select five people you interact with in order to accomplish your personal goals (e.g., team members on a class project). Write their names on the diagonal lines at the top of the worksheet. Next, determine whether each person is similar to or different from you with respect to each diversity dimension. Mark an "S" if the person is the same or a "D" if the person is different from yourself. Finally, answer the Questions for Discussion.

### QUESTIONS FOR DISCUSSION

1. To whom are you most similar and different?
2. Which diversity dimensions have the greatest influence with respect to whom you are drawn to and whom you like the best?
3. Which dimensions of diversity seem relatively unimportant with respect to the quality of your interpersonal relationships?
4. Consider the individual with whom you have the most difficult time working or getting along. Which dimensions are similar and different? Which dimensions seem to be the source of your difficulty?
5. If you choose co-workers for this exercise, discuss the management actions, policies, and/or programs that might be used to increase inclusiveness, reduce turnover, and increase job satisfaction.

## DIVERSITY WORKSHEET

### Work Associates

Diversity Dimensions					
<b>Personality</b>					
E.g., Loyalty					
<b>Internal Dimensions</b>					
Age					
Gender					
Sexual orientation					
Physical ability					
Ethnicity					
Race					
<b>External Dimensions</b>					
Geographic location					
Income					
Personal habits					
Recreational habits					
Religion					
Educational background					
Work experience					
Appearance					
Parental status					
Marital status					
<b>Organizational Dimensions</b>					
Functional level/classification					
Work content/field					
Division/department/unit/group					
Seniority					
Work location					
Union affiliation					
Management status					

Source: This exercise was modified from Garden Swartz and Rowe, *Diverse Teams at Work* (New York: McGraw-Hill, 1994), pp 60–61. © 1994. Reprinted with permission of The McGraw-Hill Companies.

## POLICE DIVERSITY

Jean-Luc Morin's lifelong dream was to become a member of the RCMP. "I had strong confidence and high hopes of being able to serve and protect the Canadian population," says Morin. But his dream came true only briefly.

The RCMP has faced accusations of racism before, but it has not changed the way it handles complaints. Former constable Morin says he faced discrimination and harassment during his time at the RCMP, and that eventually he was forced to leave his job.

Morin did his basic training in Regina. But when he began his field training in Burnaby, British Columbia, things began to fall apart. He alleges that his supervisor criticized his English, yelled at him, and used racist terms. Specifically, he says his white supervisor called him a "curvy bucket ass," which refers to a "black man with a big behind." After a year in his job, Morin was told to quit his job or otherwise he would be fired. He left the job, came to Montreal, and filed a complaint with the Human Rights Commission. He wants \$300,000, an investigation into the matter, a public apology, and his job back for the harassment and discrimination he had to go through during his term.

Corporal Calvin Lawrence is another visible-minority officer who has faced racism as an RCMP officer. He says that although he had 25 years of commendations on his file, it took a complaint to the Human Rights Commission before he got the promotion he deserved.

The RCMP admits that hiring visible minorities has been a challenge. Only 5% of the RCMP's 15,000 officers are members of visible minorities. The RCMP also says that any harassment complaints brought to the attention of a supervisor will result in a thorough investigation.

## QUESTIONS FOR DISCUSSION

1. Which of the four layers of diversity is involved in this case?
2. What employment equity-related issues are raised in this case?
3. What could the RCMP do to improve diversity management and avoid legal actions such as this?

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**Source:** Based on "Police Diversity," *CBC The National*, June 16, 2004.