> # CHAPTER 2
> # Exploring the Landscape of OB

CHAPTER OVERVIEW

This chapter contains several inset features designed to assist the student reader in applying the concepts to relevant examples. The *Opening Case* provides a look at an in-depth real world case from First Fruits Apple Orchards that demonstrates organizational behavior concepts in the chapter. *My OB* features an organizational behavior scenario that illustrates key chapter concepts in a movie, novel, visionary or inspirational way. *OB in Action* refers students to self assessment activities relevant to concepts in the chapter. The Closing Case profiles examples of organizational behavior issues and illustrates current events or trends relevant to chapter concepts. The supplemental material at the end of the chapter begins with *Multiple Choice Questions,* followed by *Short Questions,* both designed to reinforce chapter concepts and perspective. This is followed by *Questions for Reflection and Discussion,* which asks critical thinking questions that may be used for in class discussion, semester related projects, longer exam questions or online for distance learning.

Chapter two continues the discussion on OB, by taking a look at the origins of OB, which began almost a century ago and traces the progression of OB since then, exploring the different perspectives on the subject area. The chapter then takes a look at the concept of OB as a science, exploring the analyses that can be done from both quantitative and qualitative data and from Conventional and Sustainable OB perspectives. The chapter further looks at the concept of stakeholder analysis and the responsibility of stakeholders from Conventional and Sustainable OB perspectives. Five options to managing the Natural Environment are presented on a continuum, ranging from an obstructionist to an activist approach. The chapter ends by looking at the global environment with a look at the renowned Hofstede's Model of Culture and by assessing the global environment from this model.

The supplemental elements at the end of the chapter provide a number of activities that allows students to explore their own self assessments in different OB areas. These include an OB activity that is an application journal which allows students to reflect on key inputs that have helped to socially construct the reality the students live in. This is followed by a Self-Assessment exercise that allows students to explore their views on the natural environment. This is followed by a Self Assessment exercise that has students exploring their view of effective leadership. There is also an Ethics Scenario that provides students with a view of what managers' face in real world settings and places students in the position of a manager or supervisor forced to critique the decision that the manager has made and thus what they themselves would do if placed in a similar situation. In this particular case, it focuses on a publicly held company deciding to install new systems to voluntarily reduce water consumption in its facilities. The Discussion Starter has students looking at cultural comparisons of Hofstede's dimensions by assessing different countries. A second Discussion Starter takes students to Denmark where the "waste" produced by one organization is turned into valuable inputs for another organization.

CHAPTER OUTLINE

- **A Brief History of OB**
  - The Scientific Management Era (1910 – 1930)
  - The Human Relations Era (1930 to 1950)
  - The Systems Era (1950 to 1970)
  - The Beliefs Era (1970 to 1990)
  - The Sustainability Era (1990 to Present)
  - Major Challenges to the Natural Environment

- **OB As A Science**
  - Variables
  - The Science of Conventional OB and Sustainable OB

- **Stakeholder Relationships**
  - Stakeholder
  - Stakeholder Analysis: Conventional OB Versus Sustainable OB
  - Natural Environment

- **Global Environment**
  - Globalization
  - National Culture
  - Hofstede's Model of Culture
  - National Culture: Conventional OB and Sustainable OB

LEARNING OBJECTIVES

- Describe Frederick Taylor's contribution to Scientific Management theory.
- Describe the Gilbreth's contribution to Scientific Management theory.
- Describe Max Weber's contribution to Scientific Management theory.
- Describe Mary Parker Follet's contribution to the Human Relations Era
- Describe Chester Barnard's contribution to the Human Relations Era
- Describe Elton Mayo's and Fritz Roethlisberger's (Hawthorne Studies) contribution to the Human Relations Era
- Describe the assumptions of the Systems theory.
- Define the term Total Quality Management (TQM).
- Describe Philip Selznick's's contribution to the Beliefs Era
- Describe what is meant by the social construction of reality.
- Describe Samantha Ghoshal's contribution to the Sustainability Era
- Name and define the three major challenges of the Natural Environment.
- Define the term independent variable.
- Define the term dependent variable.

- Describe the science of Conventional OB and Sustainable OB.
- Define what is meant by a stakeholder.
- Describe stakeholder analysis from the Conventional OB and the Sustainable OB perspectives.
- Define what is meant by the Natural Environment.
- Name and describe the approaches organizational members must take to the Natural Environment.
- Define the term globalization.
- Define the term multinational company.
- Describe two approaches to working in other cultures from the Conventional OB perspective.
- Describe the approach to working in other cultures from the Sustainable OB perspective.
- Describe what is included in a National Culture.
- Name and describe the five elements of Hofstede's Model of Culture.
- Describe the characteristics of National Culture from the Conventional OB and Sustainable OB perspectives.

SUPPORTING MATERIALS

Figures
- Figure 2.1: Five Options to Manage The Natural Environment
- Figure 2.2: Overview of Hofstede's Five Dimensions of National Cultures
- Figure 2.3: Examples of Countries Scores on Hofstede's Materialsm/Individualism

Tables
- Table 2.3: Assumptions About Responsibilities to

Thematic Boxes
- Opening Case: Seeds of Community
- OB in Action: Hungry For Evidence
- OB in Action: Communities of Stakeholders
- Closing Case: The Bittersweet Story of Chocolate

Applications
- Questions for Reflection and Discussion
- OB Activities: Application Journal
- Self-Assessment Exercise: What Are Your Views on the Natural Environment?
- Ethics Scenario
- Discussion Starter: Cultural Comparisons
- Discussion Starter: A Case of Unusual Collaboration

INTRO TOPIC

You can start the discussion of this chapter by asking students to recall their memory of the first type of organization they have seen in print, online, in a movie or in any video source. Have them describe what that organization looked like (some students might reference Ford Motor company; others might describe women working in garment factories at the turn of the century or employees at a newspaper company). Have the students discuss what they believe the challenges were for organizations at that time.

Have students also think back to how products were made before the era of factories. Have them discuss what the advantages were to the introduction of factories and what the advantages were to the new methods of making products over the previous methods.

LECTURE OUTLINE

A BRIEF HISTORY OF OB

- **The Scientific Management Era (1910 to 1930)**

- **Frederick Taylor's Work**
  - Frederick W. Taylor (1856–1915), is often called the father of scientific management.
  - Taylor's most famous study helped increase the shoveling productivity at the Bethlehem Steel plant.
  - Rather than have workers bring their own shovels, as had been the custom at that time, Taylor carried out studies to determine the best-designed tool for their task, which proved to be different shovels for different types and weights of materials.
  - In one study, after management provided optimally designed shovels for workers, the average output per worker increased almost 350 percent, from 12.5 tons per day to 47.5 tons per day. At the same time, workers' pay was increased about 50 percent from $1.15 per day to $1.85 per day.

- **Gilbreths' Work**
  - Frank B. Gilbreth (1868–1924) and his wife Lillian, who conducted studies identifying the most efficient way to organize work to reduce time and motion.
  - The Gilbreths were known for their quest to find the "one best way" to do work.
  - Frank may be best known for his work with bricklayers, where his analysis resulted in simplifying the bricklaying process from 18 different motions down to 5, which resulted in a productivity increase of more than 200 percent.
  - The Gilbreths' pioneering work in time and motion studies inspired such innovations as foot levers for garbage cans and contributed to the design of many ergonomic products and practices.

- **Max Weber's Work**
  - Max Weber (1864–1920) described how the scientific management approach contributed to the rise of the "bureaucratic organization," where work was reorganized based on rules and procedures, and reporting relationships were designed to maximize efficiency.
  - Henry Ford pioneered the development of mass production manufacturing. By 1920, seven years after he opened the Model T–producing Highland Park car manufacturing plant in Detroit, the cost of a car had been reduced by two-thirds.
  - Efficiency was enhanced by things like conveyor belts to move the car to workers along a production line. Each worker did one job, like bolting the door to the frame or attaching the handle to the door. Each job was highly specialized and repetitive.

- **The Human Relations Era (1930 to 1950)**

- **Mary Parker Follett's Work**
  - Mary Parker Follett (1868–1933) is referred to as the mother of the **human relations** era that focused on the social environment of work.
  - Follett argued that authority should not always go to the person who formally holds the position of manager, but rather that power is fluid and should flow to the worker whose knowledge and experience makes him or her best able to serve the company at any given time.
  - Follett viewed organizations as "communities" in which managers and workers work in harmony, neither dominates the other, and each has the freedom to discuss and resolve differences and conflicts.
  - Follett was far ahead of her time and drew from sociology and psychology to promote a human rather than a mechanistic approach to OB.

- **Chester Barnard's Work**
  - Chester Barnard (1886–1961) was an executive with AT&T and president of New Jersey Bell Telephone.
  - Barnard drew attention to the importance of leadership and the informal organization and pointed out that all organizations have social groups and cliques that form alongside their formal structures.
  - In his view, organizations were not machines and could not be managed effectively in the impersonal way implied by scientific management theory.

- **Elton Mayo's and Fritz Roethlisberger's Work – Hawthorne Studies**
  - Sponsored by General Electric, who wanted to sell more light- bulbs by demonstrating to potential business customers that factory workers' productivity would increase with improved lighting.
  - Researchers walked around and monitored workers in varying lighting conditions.
  - As expected, productivity increased when lighting was increased.
  - However, productivity also increased when the lighting remained consistent and even when it was decreased.
  - Only when lighting was dimmed to the level of moonlight did productivity decrease. Not

> surprisingly.
> o General Electric soon after withdrew its sponsorship of the study.
> o After further studies tried to account for these odd results, researchers concluded that *workers' productivity will increase whenever managers give them special attention.*
> o The results—labeled the **Hawthorne Effect**—suggested that relationships are important in understanding behavior in organizations.

These findings expanded our understanding of how the social environment of work influences attitudes and behavior. This movement stimulated much of the OB research and practices described throughout this text.

- **The Systems Era (1950 to 1970)**

- **Systems Theory**
  - o *Systems analysis* is a method used to analyze complex problems that could not be solved by intuition, straightforward mathematics, or simple experience.
  - o Systems theory highlights the interdependences between individuals, features of organizations, and the broader organizational context.
  - o The systems theory approach draws attention to the complexity of managing organizations and, in particular, to the need to look beyond their organizational boundaries.
  - o Rather than look at an organization as a *closed system* and managing activities only within an organization's boundaries, managers should adopt an *open-systems* perspective.

- **Total Quality Management (TQM)**
  - o TQM emphasizes how managers can continuously improve organizational work systems so products or services better meet the quality level customers desire. Indeed,
  - o W. Edwards Deming, a founder of the quality movement, considers it to be a "deadly disease" when individual workers are evaluated on their numerical output or quantified standards.
  - o For Deming, variability in quality of output is largely attributable to *organizational* systems and processes, not to the efforts of individual workers.
  - o An emphasis on systems helped to expand the understanding of OB beyond theories focusing primarily on the individual.
  - o During the systems era scholars moved toward a contingency view, arguing that the best decisions or behaviors depend on the situation.

- **The Beliefs Era (1970 to 1990)**

- **Philip Selznick's Work**
  - o Philip Selznick described how scripts may become dysfunctional over time.
  - o He found that many standard operating procedures (organizational scripts) at the TVA had been rational when they were initially developed, but they were no longer rational when he studied the organization.

- o   Selznick called this change **institutionalization** which means certain practices or rules have become valued in and of themselves, even though they may no longer be useful for the organization.
- o   Institutionalized social norms and expectations control people's actions by setting up predefined patterns of behavior, and these patterns in turn channel behavior in one direction instead of the many different directions that are theoretically possible.

Although research indicates that these routines and taken-for-granted norms often lie beneath the level of our consciousness, they can change when someone deliberately chooses to adopt a new script.

- • **Social Construction of Reality**
  - o   The idea of this concept is that what we experience as real and the meanings we attach to ideas, objects, and events have been socially constructed.
  - o   The experiences members have in organizations are critical to their social construction of reality.
  - o   Organizational leaders also have a powerful influence in constructing the meaning of reality for their members.
  - o   In this era, OB found a deeper understanding of human behavior by emphasizing the informal and unconscious beliefs influencing organizational life.

- • **The Sustainability Era (1990 to present)**

- • **Sumantra Ghoshal's Work**
  - o   Sumantra Ghoshal pointed out that all management theory is value-laden, and that conventional management theory and practice has given too much emphasis to narrow self-regarding behavior.
  - o   Ghoshal argued that organizational scholars should help students build "delightful organizations" that positively affect their members and society for generations to come.

- • **Major Challenges to the Natural Environment**
  - o   **Ecological sustainability.** Consensus is building that managers, consumers, and investors must take greater account of their impact on the natural environment. Understanding and adopting practices that contribute to ecological sustainability may be critical for organizations to remain competitive and viable. Further, more people are recognizing there is little satisfaction in achieving financial wealth if future generations will suffer clean-up costs.[i]
  - o   **Societal well-being**. A growing body of scholarly research indicates that the conventional obsession with materialism—that is, with maximizing productivity and profitability—results in significant physical and emotional costs such as increased stress and decreased overall health and happiness.
  - o   **Holistic concerns.** Beyond material success, people are increasingly acting with regard to less tangible concerns such as aesthetics and spirituality. For example, some communities are resisting spreading commercialism that they fear decreases the beauty of their surroundings.

DISCUSSION TOPIC

There are many ways to incorporate the above sections into a lesson plan for classes.

First, the above section could be used as a mid-semester project. Have students research the different OB eras in depth and write a report that compares and contrasts the different eras.

Second, divide the class into groups and have each group choose one of the eras to analyze, what are the advantages and disadvantages to the perspectives offered by the particular area the group has chosen, especially as it relates to Sustainable OB?

Third, students could also do the former exercise with more in-depth research beyond the information in this textbook.

Finally, have students look at each of the assumptions and perspectives from each of the eras and provide examples of how they see those perspectives being applied in organizations today. Further have the students think of ways to possibly improve those perspectives from each era (if needed) to align the application of each perspective to a more Sustainable perspective.

OB AS A SCIENCE

- **Variables**
  - Overall, OB scholars examine factors that help to explain, predict, and ultimately influence behavior. Researchers describe each factor as a *variable* because it varies across individuals (as do personality, self-confidence, and skills) and context (whether organizations, industries, or countries).
  - The variable a researcher wants to predict is called the **dependent variable** because it is proposed to "depend on" or be influenced by other variables that **are independent variables**.
  - After we identify the variables of interest, we must measure them by observation, assessment, interviews, or surveying, or by compiling historical information.
  - Then we analyze the *association* between the variables. A simple statistic that represents the association between two variables is a *correlation*.
  - When two variables are *positively* correlated, they related in the same direction—as one goes up or is higher, the other variable also goes up or is higher.
  - If two variables are *negatively* correlated, when one goes up the other goes down.
  - OB research generally adheres to the following basic process. It starts with a question, expressed in terms of a theory (a collection of assertions explaining what is likely to cause behavior and why), and the development of hypotheses that are specific predictions about the relationships between the variables of interest.
  - These hypotheses are then tested in the context of organizations or in behavioral laboratories, which yield information and data that are analyzed to draw conclusions. In turn, these conclusions are confirmed or disconfirmed by additional studies.
  - As research studies accumulate around a specific question or set of associations, a *meta-analysis* can be conducted. A meta-analysis is a study that combines the evidence from numerous studies to draw general conclusions.

- **The Science of Conventional OB and Sustainable OB:**
  - Conventional and sustainable OB researchers follow similar norms of scientific methods and rigor, but there are some different tendencies within each stream.
  - Many conventional OB research designs have a quantitative or positivistic orientation. A positivistic approach to research insists on research that is directly available by sensory perception and empirically verifiable. These studies have specific variables that we can measure and analyze quantitatively.
  - Research in sustainable OB is more likely to engage in qualitative research designs.
  - As a result of challenges, sustainable OB research is more likely to explore a variety of research designs, many of which are qualitative in nature.
  - Just as conventional OB research utilizes some qualitative research, sustainable OB also is concerned with quantitative research, and indeed we have already seen considerable improvement in empirical measurement of virtues and aspects of the Triple Bottom Line.

Many important individual and organizational variables are difficult to measure or assess and, thus, are ignored in research. Further, OB deals with people and complex organizational contexts that offer specific challenges that make it difficult for OB scholars to draw broadly applicable conclusions

STAKEHOLDER RELATIONSHIPS

- **Stakeholder**
  - A **stakeholder** is any group within or outside the organization that is directly affected by the organization and has a stake in its performance. Stakeholders all want the organization to remain viable. For example:
    - ✓ *Customers* want products and services that meet their needs and wants.
    - ✓ *Members* want rewarding and meaningful work and interactions on the job.
    - ✓ *Owners* want to receive an appropriate reward for their investment.
    - ✓ S*uppliers* want predictable orders with on-time payment.
    - ✓ *Competitors* expect fair and legal actions.
    - ✓ *Community members* want organizations to operate in ways that benefit or at least do no harm to the community and the environment.

DISCUSSION TOPIC

Have students look at an organization that they are familiar with and describe what each of the stakeholders want from that organization. Alternatively, students could describe what each stakeholder might want but is not currently getting from the said organization. How could the organization go about satisfying each of those wants?

- **Stakeholder Analysis: Conventional OB versus Sustainable OB**
  - **Conventional OB**
    - ✓ Conventional OB is more consistent with the classical view that emphasizes the **organization-specific responsibility (OSR)** to focus on serving one particular stakeholder group and one particular form of well-being, namely the financial

interests and goals of the organization's owners.
✓ Conventional OB seeks to manage customers to serve the financial interests of the organization.

- o **Sustainable OB**
  - ✓ Sustainable OB is consistent with the growing interest in the **corporate social responsibility (CSR)** of organizations to act in ways that protect and improve the welfare of multiple stakeholders, and in particular of society *over and above* the owners' financial self-interests.
  - ✓ A sustainable approach recognizes OSR responsibilities but does not always act to *maximize* financial well-being.
  - ✓ Sustainable OB also actively seeks to consider the interests of other stakeholders, including the natural environment and future generations.
  - ✓ Sustainable OB is based on the belief that with the considerable power organizations have to affect other stakeholders, there also is considerable responsibility to these stakeholders.
  - ✓ Sustainable OB is characterized by its service and relationship-building orientation with customers.
  - ✓ Sustainable managers seek to benefit from inviting suppliers' expertise.
  - ✓ A sustainable approach is more likely to engage co-creation, a collaborative process of multiple organizations working with customers to provide solutions to customer's needs, and in joint ventures, in which two organizations share the risk and gain for developing a new technology or delivering products or services.
  - ✓ Sustainable OB is more likely to emphasize that serving others provides a sense of purpose for members.
  - ✓ Rather than see stakeholders as outsiders who must be managed to maximize the organization's financial well-being, Sustainable OB strives to enhance multiple forms of well-being for multiple stakeholders. In essence, they foster a sense of community.

Both conventional and sustainable OB recognizes that the customer stakeholder group provides financial resources that organizations require to be financially viable.

DISCUSSION TOPIC

Have students look again at an organization they are familiar with. It could be the organization they analyzed in the previous discussion or a new organization. Does the organization practice Conventional OB or Sustainable OB for each of the stakeholders? Students should be aware that it is possible for an organization to practice Conventional OB towards some organizational stakeholders and Sustainable OB towards others.

- • **Natural Environment**
  - o The **natural environment** is composed of all living and nonliving things that have not been created by human technology or human activity.
  - o Organizations depend on the natural environment for inputs like raw material, natural resources, minerals, water, and air, and to dispose of organizational outputs such as

waste.

- o Growing awareness of ecological problems like global warming and nonsustainable ecological footprints has prompted organizational members to become increasingly sensitive to the natural environment.
- o Many leading organizations have announced "green" initiatives.
- o The approach organizational members take to the natural environment varies along a continuum:
    - ✓ The *obstructionist stance* is the least sensitive to the natural environment. Organizational members taking this approach do as little as possible to address environmental problems. Instead, their focus is on narrowly defined economic priorities, and they resist any social demands lying outside the organization's perceived financial self-interests.
    - ✓ With a *defensive strategy* or *legal approach*, organizational members do only as much as is legally required and may even try to use the law to their own advantage. They will insist that their employees behave legally, but they will put the interests of shareholders above those of other stakeholders and the environment.
    - ✓ With the *market approach,* organizational members show concern for environmental concerns in response to demands or opportunities in the marketplace. If customers are willing to pay for environmentally friendly products and services, then organizations will provide them.
    - ✓ The *accommodation* or *stakeholder approach* goes beyond the market approach and responds to the environmental concerns of various stakeholder groups, including customers, the local community, business partners, and special-interest groups. Organizational members acknowledge the need to be socially responsible and desire to make ecological choices that are reasonable in the eyes of society.
    - ✓ Organizational members exhibit a *proactive approach* when they take the initiative and actively seek out opportunities to enhance the natural environment. They go out of their way to learn about the needs of different stakeholder groups, and they are willing to use organizational resources to promote the interests of the community and the environment.
- o Sustainable OB tends to focus on the proactive end of the continuum; it is interested in **sustainable development** that is, "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."
- o National culture and laws also influence the orientation of organizational members to the natural environment.
- o Stakeholders of an organization may span the globe. In order to work in or partner with people and organizations in other countries.

DISCUSSION TOPIC

For each of the above five approaches organizations take to the natural environment, what are the advantages and disadvantages of each approach for various stakeholders? Whish of the approaches come closest to the one practiced by an organization the students have worked in or are familiar with. Encourage the students to find examples of each approach being practiced by an organization.

GLOBAL ENVIRONMENT

- **Globalization**
  - **Globalization** refers to the increased interdependence and integration among people and organizations around the world.
  - According to a conventional approach, increasing global trade promises to improve economic conditions for everyone in the world, as captured in the motto: The reason is relatively simple. Just as specialization helps to improve productivity *within* organizations, so also there are mutual advantages *among nations* when each develops and focuses on different strengths.
  - Some countries have expertise in growing flowers; other countries are good at making watches or cameras or computer components. Instead of every country having its own car companies, it is more efficient for fewer car companies to manufacture cars for use around the world. This creates a web of interdependence and integration across nations.
  - **A Multinational company (MNC)** is often defined as an organization that receives more than 25 percent of its total sales revenue from outside its home country.
  - To some, the proliferation in number and power of multinationals is a concern, while others argue it is beneficial, but clearly one result is that more people will be exposed to other cultures in their work.
  - Conventional OB typically follows two basic approaches to working in other cultures: polycentrism and ethnocentrism.
    - ✓ **Polycentrism**
      - ➢ Polycentrism assumes organizational members in a host country know the best way to manage an organization in their country. Organizational members with a polycentric orientation believe the best way to maximize their firms' profits is to adapt to the practices found in foreign countries.
    - ✓ **Ethnocentrism**
      - ➢ **Ethnocentrism** is the belief that your own country offers the best way to manage in a foreign country.
      - ➢ An ethnocentric approach may be especially likely when organizational members believe that their home country is more developed or more advanced than the foreign country in which they are working.
      - ➢ Ethnocentrism has potential dangers.

- Sustainable OB takes an **Egalicentrism** approach:
    - ➢ Rather than an ethnocentric or a polycentric approach, sustainable OB emphasizes an egalicentric approach, which recognizes that a key opportunity of cross-cultural relationships is the ability to learn from one another.
    - ➢ Egalicentrism is characterized by two-way, give-and-take communication that fosters mutual understanding and community.
    - ➢ Sustainable OB does not assume a one-size-fits-all approach in foreign

> countries (ethnocentrism), nor does it simply assume the locals know best (polycentrism).

➢ Sustainable OB acknowledges that when people from different cultures interact with and learns from one another, the result is knowledge and practices that neither could imagine on their own.

➢ Egalicentrism is more a means of developing new practices than a process of picking and choosing the "best of" existing practices from around the world.

➢ A sustainable approach does not discount the impact of culture in shaping how people behave and respond to each another.

➢ The emphasis is not on arguing about which culture is best, but on understanding the differences among them and learning how to interact with each other to accomplish shared interests.

DISCUSSION TOPIC

This is a great out of class exercise. Have students find examples of organizations that practice each of the above three approaches to working in other countries. After sharing this information with the rest of the class, have students engage in some critical thinking and explore the advantages and disadvantages to various stakeholders of adapting a particular approach.

- **National Culture**
    - o **National culture** includes the shared values, beliefs, knowledge, and general patterns of behavior that characterize a country's citizens.
    - o People's beliefs about what is good, right, desirable, or beautiful are influenced by the national cultures in which they grow up.
    - o A variety of research frameworks exist to measure culture, including the World Values Survey and the GLOBE project.

- **Hofstede's Model of Culture**
    - o Arguably the most influential research looking at cross-cultural differences and their implications for OB was done by Geert Hofstede, who gathered data between 1967 and 1973 from more than 100,000 IBM employees working in 64 different countries
    - o Hofstede's five dimensions can be described as individualism, materialism, short-term time orientation, power distance, and uncertainty avoidance.
    - o Low levels of each dimension can be described alternatively as collectivism (low Individualism), quality of life (low materialism), long-term time orientation (low short-term time orientation), challenge to authority (low power distance), and comfort with uncertainty (low uncertainty avoidance).
    - o **Five Dimensions**
        - ✓ *Individualism.*
            - ➢ Some cultures place a strong emphasis on individualism, which makes individuality and individual rights paramount and encourages people to act in their own self-interest.
            - ➢ Members of these cultures tend to be motivated by opportunities to achieve personal gain and to look out for themselves or immediate family.

- ➢ In countries with high levels of individualism, effective ways to increase workers' productivity may include using piece-rate systems and basing promotions and salary on workers' *individual* performance, rather than on the length of time they have worked in an organization.
- ➢ In contrast, other cultures emphasize collectivism, in which the interests of the group take precedence, people look out for one another, and loyalty to the group is higher.
- ➢ These societies emphasize extended families and groups in which everyone takes responsibility for the general well-being of all.
- ✓ *Materialism.*
  - ➢ Cultures that emphasize materialism place high value on assertiveness and achievements such as better paying jobs, material possessions, and money.
  - ➢ Members of high materialism cultures tend to be motivated by competition for extrinsic rewards.
  - ➢ By contrast, cultures that emphasize quality of life tend to place high value on cooperation, relationships, and overall well-being.
  - ➢ People may be more interested in aesthetic and spiritual concerns, the intrinsic satisfaction of meaningful work, and be less motivated by financial rewards and status symbols. It follows that members of these cultures emphasize personal relationships, camaraderie in the workplace, and the welfare of others.
- ✓ *Time orientation.*
  - ➢ The concept of time orientation differentiates between cultures that have a short-term view and those that take a long-term perspective.
  - ➢ Cultures with a short-term orientation emphasize living for the present. Members tend to prefer immediate rewards to delayed gratification and may cut corners now that won't get noticed until much later.
  - ➢ By comparison, cultures with a long-term orientation have a greater concern for the future, are more likely to persevere patiently in the face of short-term setbacks, and are more likely to save for purchases than to buy on credit.
  - ➢ Members tend to make decisions that consider and respect the future.
- ✓ *Power distance.*
  - ➢ The relative emphasis placed on power differences in a culture is called power distance (or deference to authority).
  - ➢ In cultures with high power distance managers are expected to make decisions, and lower-level employees will hesitate to voice disagreement. In addition, subordinates will react negatively when they are asked to do work that is traditionally part of managers' jobs.
  - ➢ In some cases, high power distance is found in countries with totalitarian governments and distinct social class systems.
  - ➢ In cultures characterized by low power distance, people are willing to challenge authority, and power differences across different positions are less readily evident. In these cultures, many people are involved in decision making—not just the manager.

> ➢ Thus, in countries (which had one of the lowest scores on this dimension), managers may have relatively little authority over other members; leadership is often rotated on a cyclical basis so that everyone gets a turn at various jobs in the organization.

✓ *Uncertainty avoidance.*

> ➢ Cultures with high uncertainty avoidance scores prefer predictable rules and regulations to ambiguity and risk.
> ➢ When working in these countries, managers should expect members to respond well to stable and predictable structures and systems, to have a heightened appreciation for conformity, and to become anxious when routines are disrupted.
> ➢ People in these cultures prefer to make only small improvements to the "tried-and-true" traditions that have served society well in the past.
> ➢ In cultures characterized by low uncertainty avoidance, are more likely to value and to be comfortable with risk taking and innovativeness.
> ➢ Managers expect members to be relatively adaptable and willing to try new things.
> ➢ Organizations in countries with low uncertainty avoidance are likely to reinforce risk taking by recognizing and rewarding members who take reasonable chances that result in benefits for the organization.
> ➢ Furthermore, a culture with low uncertainty avoidance is likely to encourage investments in novel research and development.

DISCUSSION TOPIC

Students can research further on Hofstede's Model of Culture and choose five countries that they are familiar or want to become familiar with (this could be countries they have travelled to, etc.), how do these countries compare to the country the country of their birth on the five dimensions? If the information is not provided on the country, encourage them to decipher where they believe that country would place based on what they know about that country.

   Further ask the students if they disagree with the placement of any particular country's placement on any of the five dimensions by Hofstede. If there are differences, remind the students of the possible limitations of Hofstede's study (looked at managers, completed several decades ago).

- **National Culture: Conventional OB and Sustainable OB**
    o Understanding cultural differences can be useful to all organizational members, regardless of where their perspective lies on the continuum between conventional and sustainable perspectives.
    o It also is apparent that the national cultural descriptions of materialism and individualism are similar to values that characterize conventional versus sustainable thinking and action.
    o Countries that rate high in both materialism and individualism are precisely the ones where conventional OB theory and practice have been most thoroughly developed.
    o Countries which are low on individualism and materialism, may have ideas to offer regarding developing sustainable OB

TEACHING NOTES

*In the sections below, ideas, exercises, and assignments are provided to assist you in integrating the concepts in Organizational Behavior 1e for your students, especially the **special features** of the text.*

Opening Case: Seeds of Community

The Opening Case looks at First Fruits. Since starting their First Fruits apple orchard in Washington state in 1980, Ralph and Cheryl Broetje have taken a different approach to managing the challenges and opportunities facing their organization. Today, First Fruits is among the largest privately owned contiguous apple orchards in the United States, covering more than 6,000 acres stretching for nearly 10 miles along the Snake River. Its mission is to be a "Quality fruit company committed to bearing fruit that will last," and its values-based approach to running the business promotes "Quadruple Bottom Line of Profits, Planet, People, and Purpose."

The Broetjes believe the real key to building a successful organization is the people who work there. Rather than provide only seasonal apple-picking jobs for migrant workers, the Broetjes deliberately changed the manner in which they employed and organized the work in the field to provide year-round jobs for employees.

Teaching Note: Students will love this feel good case. They will be particularly touched by the treatment towards the employees here, who are often exploited and mistreated by organizations. Ask students to explore the following questions. Why do you believe First Fruits has decided to pursue a "quadruple bottom line: profits, planet, people and purpose"? Why do you think First Fruits started a child care facility, hired the workers permanently rather than seasonally, and focusing on adequate housing for the employees? What are the advantages and disadvantages of pursuing such actions? Do you think it is plausible for all organizations to simultaneously pursue "business goals and spiritual values"? What are some in which the owners of First Fruits have invested in long term working relationships?

OB in Action: Hungry For Evidence

This feature introduces the students to the concept of willpower. An interesting research experiment by Walter Mischel and colleagues was conducted in which preschoolers were put in a room and given the option of (a) eating a marshmallow now or (b) waiting for a period of time (15–20 minutes) and receiving two marshmallows to eat. Having more willpower is associated with higher educational achievement, the ability to cope with stress, and less drug use. Further, in organizations will power is positively related to work performance.

Teaching Note: Students will more than likely point out that willpower is related to self-discipline and self-control and these concepts are related to being able to control their impulses and focus on the task at hand. Being able to perform these latter functions is key to avoiding bad behavior and focusing on positive and productive behavior.

In addition to the questions asked in the exercise, ask students if they believe willpower can be

learned? What theories or concepts (if any) learned so far would help students to improve their will power? What can organizations do to assist employees in improving their will power? What would the sustainable perspective say about willpower?

OB in Action: Communities of Stakeholders

Latex International, based in Connecticut, is the world largest producer of premium Talaly Latex cores for mattresses. Thanks to the work of its co-founders, Latex International has the reputation of treating stakeholders well. This helps to explain why, when its 10-acre factory burned down, many stakeholders were willing to help out. For example, news of the fire prompted the CEO of the Webster Bank to phone the president of Glenn Equities, who owned the building across the street from the burned factory and had been planning to move some of its organization into that building. However, upon hearing about the fire, Glenn Equities delayed the move "just as a neighborly favor" so that Latex International could open temporary offices there starting the next day.

Teaching Note: In addition to the questions asked at the end of the case, have students explore the following questions. Why do you think Webster Bank assisted Latex International? Why do you think Glenn Equities assisted Latex International? Do you think this would have been possible in a larger city such as New York or Chicago?

As an out of class exercise, have students research further what type of community Latex belonged to and then analyze if they believe that played a part in the actions that took place? Have students further research if other companies who are competitors have assisted each other in times of crises? Why might it be beneficial for companies to assist their competitors in times of crisis?

Closing Case: The Bittersweet Story of Chocolate

The closing case looks at the chocolate industry. As a mass-consumption item, chocolate is big business. In the United States, chocolate sales now exceed $15 billion per year. Globally, about 60 percent of all chocolate is consumed in the United States and European Union. As the industry has grown, it has become dominated by three very large firms: Cadbury, Mars, and Nestlé. Unfortunately, the farmers who grow the 3.5 million tons of cocoa beans produced every year experience the bitter taste of an industry structure where so much power is concentrated in the hands of a few major players. Recognizing some of the problems especially facing small producers in an economic system where large-scale companies are trying to maximize their profits, "fair trade" companies such as the Day Chocolate Company have started with the intention of mixing social and business goals. Fair Trade is a system of international trade based on dialogue, transparency, and respect that benefits producers in poorer countries, consumers in richer countries, and the earth. Unfortunately, Fair Trade chocolate represents only about 2 percent of the global market.

Since the 1990s, the chocolate industry has been working on expanding sustainable cocoa farming efforts. The World Cocoa Foundation, formed in 2000, has helped to increase farm incomes by teaching cocoa farmers how to reduce crop losses and costs and how to diversify the crops grown for family income. It also helps farmers organize themselves into cooperatives to sell their cocoa. Farm families participating in such programs have seen their income rise by as much as 24 percent (Ivory Coast) or even 55 percent (Cameroon). Initiatives like the Cadbury Cocoa Partnership—designed to address the wages

and working conditions of its cocoa farmer stakeholders—helped to secure the economic, social, and environmental sustainability of around a million cocoa farmers. In addition to working with farmers to improve yields, the partnership directed funds toward community development such as educational and environmental projects that enhance biodiversity and ensure clean water for residents.

Through the initial efforts of Cadbury, now owned by Kraft Foods spinoff Mondelez International, and International Day Chocolate Company, now Divine Chocolate, the sweet taste of chocolate is increasingly extending to the stakeholders who produce it.

Teaching Note: In addition to the questions asked at the end of the case, students should explore the following questions. Why do they believe that fair trade chocolate only makes up approximately 2% of the global market? What are the advantages and disadvantages to having a fair trade system? Do students believe that customers would refrain from purchasing chocolate if they knew more about the unfair practices throughout?

As an out of class exercise, have students research and compare and contrast what is taking place in the chocolate industry versus another industry where fair trade is more prevalent (more than 2% of the global market) or not so prevalent (less than 2%). Students could further explore the issue of fair trade. Is fair trade practiced in non-agricultural industries? What industries are those? Do students see the issue of fair trade as being viable long term? Why or why not?

KEY TERMS

Corporate social responsibility (CSR) is the responsibility of organizations to act in ways that protect and improve the welfare of society *over and above* the owners' financial self-interests.

Egalicentrism is the assumption that people from different cultures working together in a manner characterized by two-way, give-and-take communication fosters deeper mutual understanding, community, and new insights.

Ethnocentrism is the assumption that members of one's own home country offer the best way to manage in a host country.

Globalization refers to the increased interdependence and integration among people and organizations around the world.

Hawthorne effect is an improvement in work productivity resulting from people receiving attention from observers.

Human relations focus on how the social environment of work influences attitudes and behavior.

Institutionalization has occurred when organizational practices or rules are accepted and perpetuated without regard to rationality.

Multinational company (MNC) is an organization that receives more than 25 percent of its total sales revenue from outside its home country.

National culture includes the shared values, beliefs, knowledge, and general patterns of behavior that characterize a country's citizens.

Natural environment is composed of all living and nonliving things that have not been created by human technology or human activity.

Organization-specific responsibility (OSR) is the responsibility of organizations to focus on serving the financial interests and goals of the organization's owners.

Polycentrism is an assumption that members in a host country know the best way to manage an organization in their country.

Scientific management focuses on analyzing and improving the efficiency of work processes.

Social construction of reality is the idea that what we perceive to be real is influenced by the social environment.

Stakeholder is any group within or outside the organization that is directly affected by the organization and has a stake in its performance.

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Systems theory highlights the complex interdependences between individuals, features of organizations, and the broader organizational context.

QUESTIONS FOR REFLECTION AND DISCUSSION

The questions in this section can be used to generate in class discussion throughout the semester, as take home or exam essay questions or as a hand in assignment for a quarter semester or mid semester hand in long paper. The questions go beyond the multiple choice and short answer questions and serve to get the students to utilize their critical thinking skills.

1. **History can teach us lessons about how to act in the present. Is there a specific lesson or era in OB history that seems particularly important to your current understanding of OB?**

Teaching Note: Students will have their own personal preference. Some may see Scientific Management perspective (in terms of efficiency) as being relevant or the theory of bureaucracy (rules and procedures and responsibilities) as relevant. Others may see all the periods during the era of OB's history as relevant in some respects. However, most will agree that a mixture of the Hawthorne period and the Contingency period is probably most relevant to the current trend of Sustainable OB.

2. **OB research is the basis of some OB practices in organizations, but many OB research findings are ignored. Why do you think this is the case? What can be done to improve the use of OB research?**

Teaching Note: Students may point out that the outlets in which OB research is published is not necessarily available to a wide audience. Instead, it is limited to scholars, researchers and students for the most part. In addition, the actual research is sometimes not user friendly for the average person to read, interpret and apply. In addition OB research does not always have a practical component to it – a component that actually says how the OB research can be applied in organizations. This latter reason is probably one of the main reasons for the limitations and for it being ignored. The question of what do you do with the research once it has been completed and there are findings, is critical to having the research gain wider applicability.

3. **History can teach us lessons about how to act in the present. Is there a specific lesson or era in OB history that seems particularly important to your current understanding of OB?**

- *Stakeholder Analysis: Conventional OB versus Sustainable OB*
  - *Conventional OB*
    - *Conventional OB is more consistent with the classical view that emphasizes the* ***organization-specific responsibility (OSR)*** *to focus on serving one particular*

> *stakeholder group and one particular form of well-being, namely the financial interests and goals of the organization's owners.*
> ✓ *Conventional OB seeks to manage customers to serve the financial interests of the organization.*

- o **Sustainable OB**
  - ✓ *Sustainable OB is consistent with the growing interest in the **corporate social responsibility (CSR)** of organizations to act in ways that protect and improve the welfare of multiple stakeholders, and in particular of society over and above the owners' financial self-interests.*
  - ✓ *A sustainable approach recognizes OSR responsibilities but does not always act to maximize financial well-being.*
  - ✓ *Sustainable OB also actively seeks to consider the interests of other stakeholders, including the natural environment and future generations.*
  - ✓ *Sustainable OB is based on the belief that with the considerable power organizations have to affect other stakeholders, there also is considerable responsibility to these stakeholders.*
  - ✓ *Sustainable OB is characterized by its service and relationship-building orientation with customers.*
  - ✓ *Sustainable managers seek to benefit from inviting suppliers' expertise.*
  - ✓ *A sustainable approach is more likely to engage co-creation, a collaborative process of multiple organizations working with customers to provide solutions to customer's needs, and in joint ventures, in which two organizations share the risk and gain for developing a new technology or delivering products or services.*
  - ✓ *Sustainable OB is more likely to emphasize that serving others provides a sense of purpose for members.*
  - ✓ *Rather than see stakeholders as outsiders who must be managed to maximize the organization's financial well-being, Sustainable OB strives to enhance multiple forms of well-being for multiple stakeholders. In essence, they foster a sense of community.*

Both conventional and sustainable OB recognize that the customer stakeholder group provides financial resources that organizations require to be financially viable.

4. The conventional and sustainable approaches to stakeholders differ in a number of ways. Describe how the approaches are different.

- **Stakeholder Analysis: Conventional OB versus Sustainable OB**
  - o **Conventional OB**
    - ✓ *Conventional OB is more consistent with the classical view that emphasizes the **organization-specific responsibility (OSR)** to focus on serving one particular stakeholder group and one particular form of well-being, namely the financial interests and goals of the organization's owners.*
    - ✓ *Conventional OB seeks to manage customers to serve the financial interests of the organization.*

      o *Sustainable OB*

- ✓ *Sustainable OB is consistent with the growing interest in the **corporate social responsibility (CSR)** of organizations to act in ways that protect and improve the welfare of multiple stakeholders, and in particular of society over and above the owners' financial self-interests.*
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Both conventional and sustainable OB recognize that the customer stakeholder group provides financial resources that organizations require to be financially viable.

5. Identify a set of stakeholders for a particular organization and discuss the relative importance of addressing the needs of each.

Stakeholders have many different expectations, but with a few exceptions, they all want the organization to remain viable. For example:

- ✓ *Customers want products and services that meet their needs and wants.*
- ✓ *Members want rewarding and meaningful work and interactions on the job.*
- ✓ *Owners want to receive an appropriate reward for their investment.*
- ✓ *Other organizations such as suppliers want predictable orders with on-time payment, and competitors expect fair and legal actions.*
- ✓ *Community members want organizations to operate in ways that benefit or at least do no harm to the community and the environment.*

Teaching Note: The list above is a basic list of the many stakeholders in an organization. Students may feel the need to add others to the list or subtract from the above list. Students will delve into why it is important to cater to each stakeholder and may even point out that fulfilling each stakeholder's needs may result in these needs being in conflict with each other.

6. **Hofstede found that there is a strong relationship (correlation = 0.67) between a country's power distance score and its gross national product (GNP) per capita. In particular, he found that countries with the highest GNP per capita were more likely to challenge authority. What are some plausible explanations for this relationship?**

Teaching Note: A high GNP means that a country's economy is robust, industry growth is good and people are earning more and therefore have more disposable income to spend. Spending in turn drives the economy and the services / manufacturing sectors. the end result is the economy booms and grows. It is plausible that a country with a high GNP will question authority since in so doing they are able to possibly pursue unpopular but innovative and creative ideas. Innovative and creative ideas come from questioning authority. Innovative and creative ideas are more likely to lead to products and services that will garner higher revenues and thus a higher GNP.

OB ACTIVITIES

Self-Assessment Exercise: What Are Your Views on the Natural Environment?

Using a scale of 1 - Strongly Disagree (SD), 2 - Disagree (D), 3 - Neutral (N), 4 - Agree (A), and 5 - Strongly Agree (AG), indicate your level of agreement with each statement on the 5-point scale.

	SD	D	N	A	SA
1. The "ecological crisis" facing humankind has been greatly exaggerated.	1	2	3	4	5
2. The earth is like a spaceship with limited room and resources.	1	2	3	4	5
3. If things continue on their present course, we will soon experience a major ecological catastrophe.	1	2	3	4	5
4. The balance of nature is strong enough to cope with the impacts of modern industrial nations.	1	2	3	4	5
5. Humans are severely abusing the environment.	1	2	3	4	5

Key: The preceding five statements are taken from a "New Ecological Paradigm" scale that researchers have developed to measure people's attitudes toward the natural environment, and in particular whether humans have a substantial adverse effects on the natural environment. To calculate your total score, add the following:

_____ *(response to statement 1, subtracted from 6)*

+ _____ *(response to statement 2)*

+ _____ *(response to statement 3)*
+ _____ *(response to statement 4, subtracted from 6)*
+ _____ *(response to statement 5)*

= _____ *Total score*

Higher scores (16–20) on this scale indicate a greater concern for the environment, which has been linked to more environmentally sensitive behavior by students. Compare your views with those of your classmates.

Teaching Note: *In addition to completing the scale, ask students to share in class their views of the environment. Do students see a direct link with their scores and their actual concern for the environment? Do students believe that their own organization (one they work at or are affiliated with) could engage in more projects that are environmentally sensitive projects? What could those projects look like? How could the students contribute to these projects? They need to be specific. Encourage the students to pursue these projects.*

In addition to the above, do students believe that in order for an organization to say it is "socially responsible" it should be required to meet certain criteria that are endorsed by an outside government agency? This would be in place of the current system where organizations for the most part monitor and label themselves. What are the advantages and disadvantages of having an outside agency do this monitoring?

Ethics Scenario

A publicly held company decided to install new systems to voluntarily reduce water consumption in its facilities at considerable cost to the organization that will not likely be recouped.

Why might this scenario occur in organizations?

Use the following scale to indicate whether this behavior is ethically acceptable:

NEVER ACCEPTABLE		SOMETIMES ACCEPTABLE			ALWAYS ACCEPTABLE	
1	2	3	4	5	6	7

Explain the ideas you considered in arriving at your answer.

Teaching Note: *Have students explore what the advantages and disadvantages are to all stakeholders in pursuing such an action? When might it be okay and when might it not be okay to pursue such an action?*

Discussion Starter: Cultural Comparisons

If you have visited another country, Geert Hofstede and his colleagues' research on cultural values can help explain your experiences in that culture. Go to their website (http://geert-hofstede.com) and click on the countries link. Select the country you visited from the pull down list; then select your native country, the country in which you grew up. The website should show a comparison of the countries on the five dimensions of national culture.

Questions for Discussion: How does this information explain your experience in the country you visited? How might these cultural values affect how you would do business in the country you visited?

Teaching Note: This is a great semester project and could go beyond the one country to having students look at five countries and comparing and contrasting them to each other. In addition students could describe based on the characteristics what they believe their experience in other countries could be (or was if they visited) and again what they believe doing business would be like in those countries?

Discussion Starter: A Case of Unusual Collaboration

In Kalundborg, Denmark, a set of uncommon relationships exist among a diverse community of businesses in which one organization helps another and, in most cases, by doing so helps itself. In essence, these relationships take the "waste" produced by one organization and turn it into valuable inputs for another organization.

This synergetic cooperation started when the coal-fired Aesnes Power Plant stopped pouring its waste heat into a nearby fjord as condensed water. Instead, Aesnes began selling the heat directly to the Statoil refinery and the Novo Nordisk pharmaceutical firm. Shortly thereafter, the Statoil refinery installed a process to remove sulfur from its waste gas. It then sold the extracted sulfur to the Kemira chemical company and the cleaner-burning gas to both the Gyproc sheetrock factory and Aesnes (thereby saving 30,000 tons of coal). When Aesnes began to remove the sulfur from its smokestacks, it produced calcium sulfate, which it sold to Gyproc, where it was used in place of mined gypsum. Waste fly ash from Aesnes coal generation was also used for road construction and concrete production. In time, Aesnes began to provide surplus heat to greenhouses, a fish farm, and residents of the town (who were then able to shut off 3,500 oil-burning heating systems). Soon waste heat from Statoil also went to the fish farm, which produces about 200 tons of turbot and trout sold in the French market. Sludge from the fish farm is used as fertilizer by farmers, who also receive sludge from the Novo Nordisk pharmaceutical firm.

All these relationships happened spontaneously, based on shared interests and without direct government regulation. Over time the cooperation among stakeholders has yielded both ecological and financial benefits.

Questions for Discussion: What do you think is necessary to form and maintain these relationships? What problems might arise in these collaborative relationships? Do you know of any other organizations that might work together to reap mutual benefits?

Teaching Note: *In addition to the problems related to the relationships, what other issues might there be if organizations use the waste from one organization in their main process? How do students think customers would respond if they knew that the products they purchased were made from the waste products of other organizations? In the latter question, students should express the negative and positive aspects of customers' responses.*

Application Journal

This is a personal journal entry that can be used for class discussion or compiled as input into a self-reflection paper.

Based on this discussion of the landscape of OB, what are some of the key inputs that have helped to "socially construct" the reality you live in? This will likely include family, friends, media, and past jobs. Focus your journal reflections on how your current academic studies are influencing what you perceive to be "objective" facts. For example, you are likely learning about new concepts and theory and terms that you did not know previously. Is this influencing how you see other people, organizations, or yourself? Explain. In what ways might this be a good thing, and what ways might it be undesirable?

Teaching Note: Students can review these personal journals at the end of the semester to see how their thought process has grown with each chapter. For now, as students continue to write about their self-reflection, how do students see the historical concepts of OB being applied to various aspects of organizations today? In reflecting on the impact of the influence, have students explore in-depth how they viewed organizations before and how they now view organizations after acquiring this knowledge.

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[i] Barton, D. (2011). Capitalism for the long term. *Harvard Business Review*, 85–91.