



**BITS Pilani**

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# Managing People and Organization

## Lecture 1

Source : Organizational Behavior Robbins, Judge and Vohra

Dr. Annapoorna Gopal

# Introduction to OB – Learning Outcomes

- After studying this chapter you should be able to:
  - Demonstrate the importance of interpersonal skills in the workplace.
  - Describe the manager's functions, roles, and skills.
  - Define organizational behavior (OB).
  - Demonstrate why few absolutes apply to OB.
  - Identify the challenges and opportunities managers have in applying OB concepts.

# The Importance of Interpersonal Skills

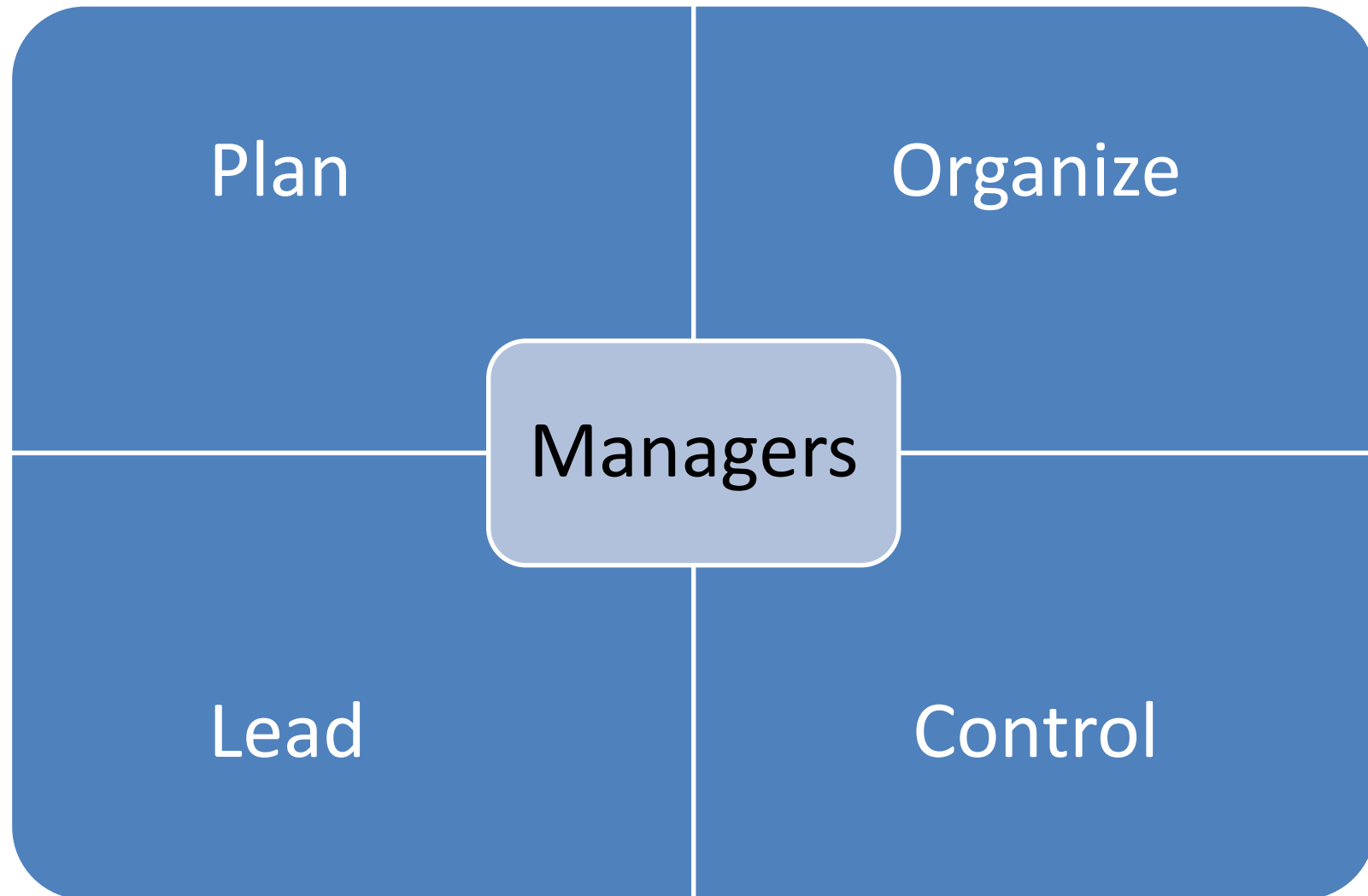
- Understanding OB helps determine manager effectiveness
  - Technical and quantitative skills are important
  - But leadership and communication skills are CRITICAL
- Organizational benefits of skilled managers
  - Lower turnover of quality employees
  - Higher quality applications for recruitment
  - Better financial performance

# What Managers Do

*They get things done through other people.*

- Management Activities:
  - Make decisions
  - Allocate resources
  - Direct activities of others to attain goals
- Work in an *organization*
  - A consciously coordinated social unit composed of two or more people that functions on a relatively continuous basis to achieve a common goal or set of goals.

# Management Functions



# Mintzberg's Managerial Roles

Discovered ten managerial roles and separated them into three groups:

- Interpersonal
  - Figurehead, Leader, Liaison
- Informational
  - Monitor, Spokesperson, Disseminator
- Decisional
  - Entrepreneur, Negotiator, Disturbance handler, Resource allocator

# Essential Management Skills

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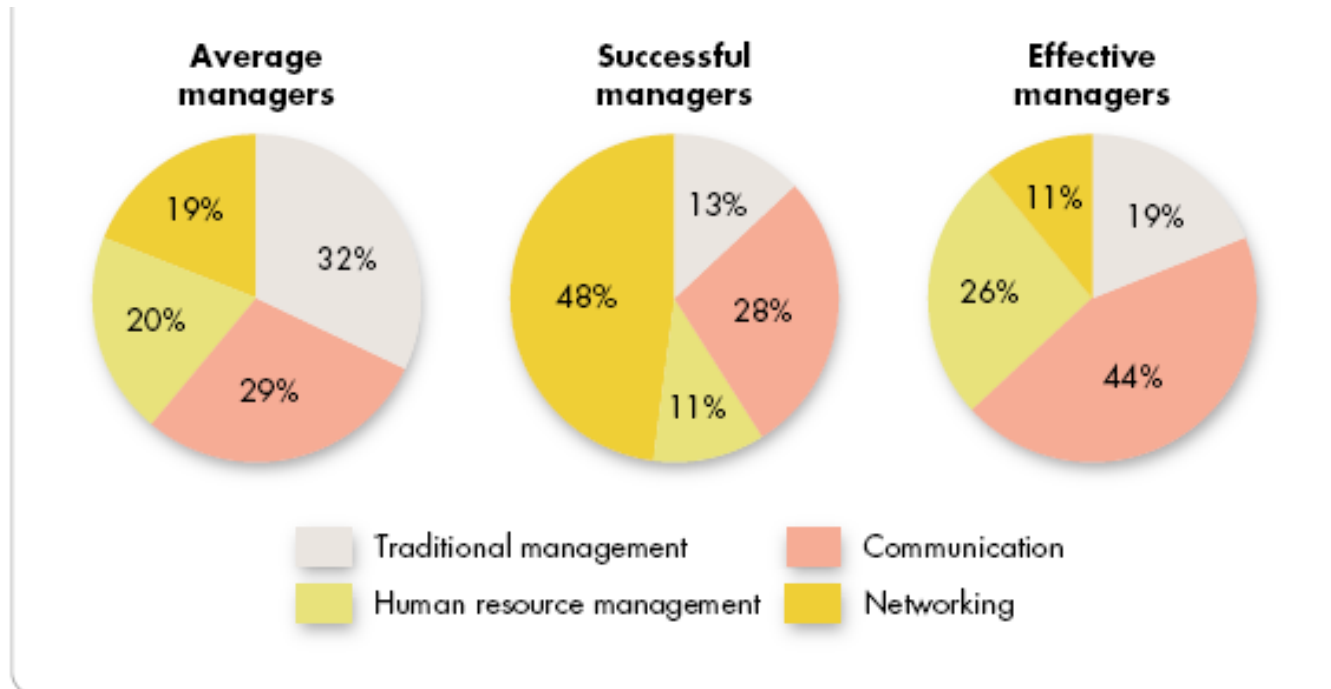
- Technical Skills
  - The ability to apply specialized knowledge or expertise
- Human Skills
  - The ability to work with, understand, and motivate other people, both individually and in groups
- Conceptual Skills
  - The mental ability to analyze and diagnose complex situations

# Luthans' Study of Managerial Activities

- Four types of managerial activity:
  - Traditional Management
    - Decision making, planning, and controlling
  - Communication
    - Exchanging routine information and processing paperwork
  - Human Resource Management
    - Motivating, disciplining, managing conflict, staffing, and training
  - Networking
    - Socializing, politicking, and interacting with others



# Successful vs. Effective Allocation by Time



Source: Based on F. Luthans, R. M. Hodgetts, and S. A. Rosenkrantz, *Real Managers* (Cambridge, MA: Ballinger, 1988).

**Managers who got promoted faster (were successful) did different things than did effective managers (those who did their jobs well)**

# Organizational Behavior

A field of study that investigates the impact that individuals, groups, and structure have on behavior within organizations, for the purpose of applying such knowledge toward improving an organization's effectiveness.

## Two complementary ways of predicting behavior

### Intuition

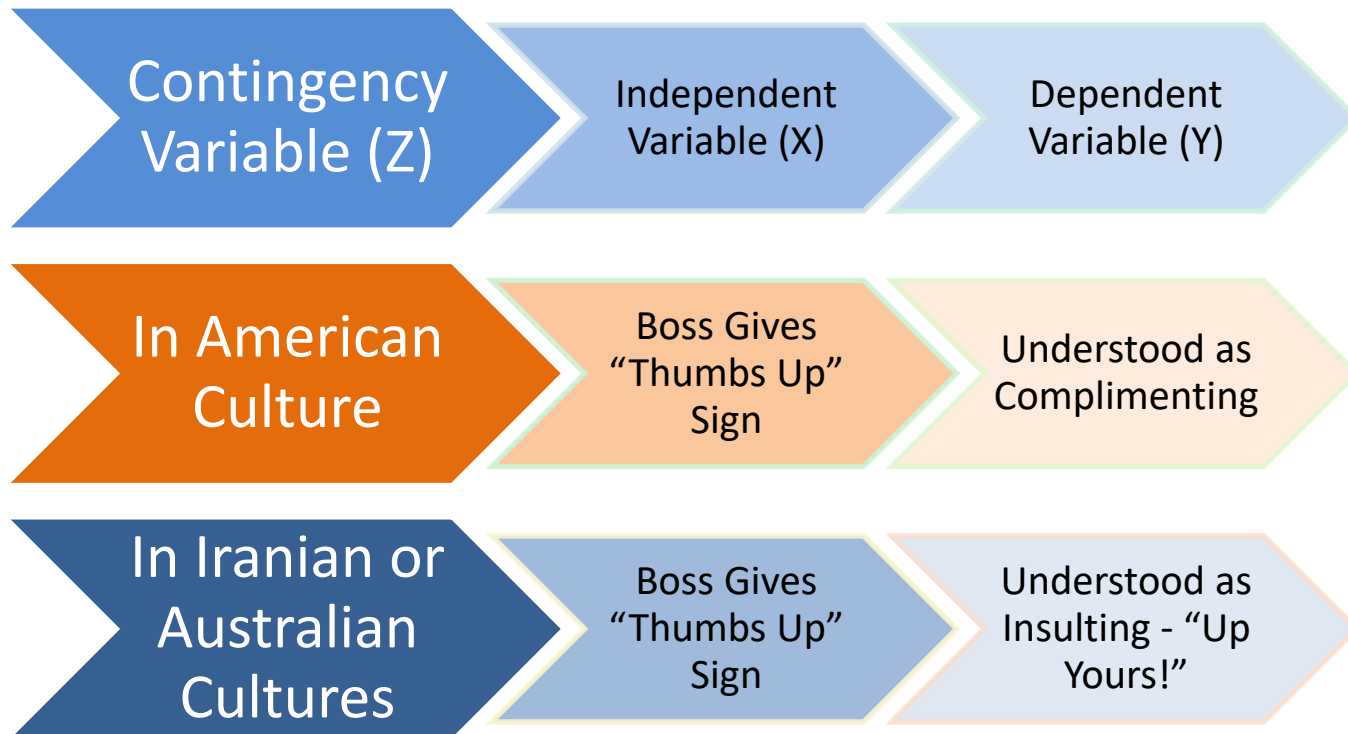
- Gut feelings
- Individual observation
- Common sense

### Systematic Study

- Looks at relationships
- Scientific evidence
- Predicts behaviors

# Few Absolutes in OB

Situational factors that make the main relationship between two variables change—e.g., the relationship may hold for one condition but not another.



# Challenges and Opportunities for OB

The major challenges and opportunities are:

- Responding to Economic Pressures
- Responding to Globalization
- Managing Workforce Diversity

Some other challenges and opportunities include:

- Improving Customer Service
- Improving People Skills
- Stimulating Innovation and Change
- Coping with “Temporariness”
- Working in Networked Organizations
- Helping Employees Balance Work-Life Conflicts
- Creating a Positive Work Environment
- Improving Ethical Behavior

<https://hstalks.com/t/2339/positive-organizational-behavior/?business>

# Summary and Managerial Implications

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- Managers need to develop their interpersonal skills to be effective.
- OB focuses on how to improve factors that make organizations more effective.
- The best predictions of behavior are made from a combination of systematic study and intuition.
- Situational variables moderate cause-and-effect relationships, which is why OB theories are contingent.
- There are many OB challenges and opportunities for managers today.
- The textbook is based on the contingent OB model.

# Nature, Scope and Context of HRM – Learning Outcomes

- After studying this chapter you should be able to:
  - Explain what human resource management(HRM) is and its relation to the management process
  - Discuss trends in HRM
  - Identify and discuss environmental factors that have a bearing on HRM

# People lend competitive advantage

1. Human resource management (HRM) is the most happening function as of now
2. How do people lend competitive advantage? There are several ways.
  1. First, people offer skills, capabilities, systems, practices, speed, language, bonding and behaviours, which help execute firm's strategies successfully
  2. Secondly, by aligning human resources (HR) plans to business plans, HR managers are becoming strategic partners
  3. Third, innovation is the key to competitive advantage
  4. Fourth, HR function seeks to convert an adverse situation into an opportunity
  5. Fifth, organisational designs do not remain static over a period of time
  6. Sixth, HR executive is becoming an effective change agent



# 'Best fit' approach to HRM

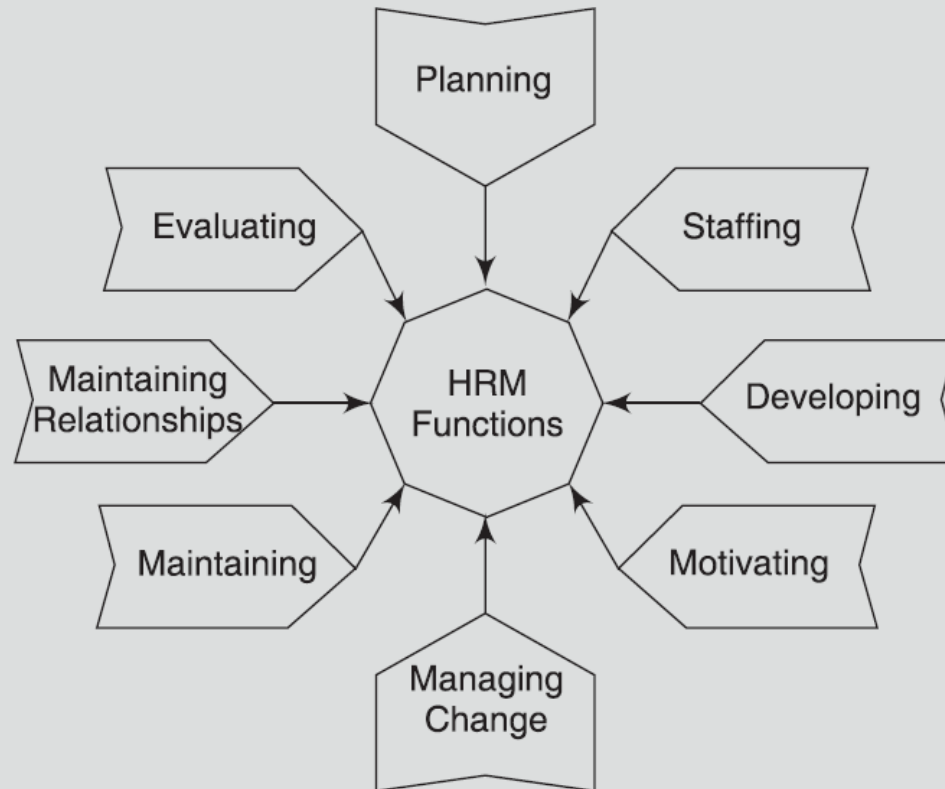
3 strategies that help an organization gain competitive advantage are

- |                           |  |
|---------------------------|--|
| <b>1. Innovation</b>      | Being an unique producer                         |
| <b>2. Quality</b>         | Delivering high quality goods and services       |
| <b>3. Cost leadership</b> | Leveraging on all possible means to save on cost |

# Nature of HRM

1. HRM consists of people-related functions as hiring, training and development, performance review, compensation, safety and health, welfare, industrial relations and the like
2. HRM necessitates alignment of HR policies and practices with the organisation's strategies
3. HRM involves the application of management principles and functions
4. HRM assumes that it is the people who make the difference
5. HR activities, both doables and deliverables, are not the sole responsibility of the HR specialists
6. HR functions are not confined to business establishments only

# HRM Functions

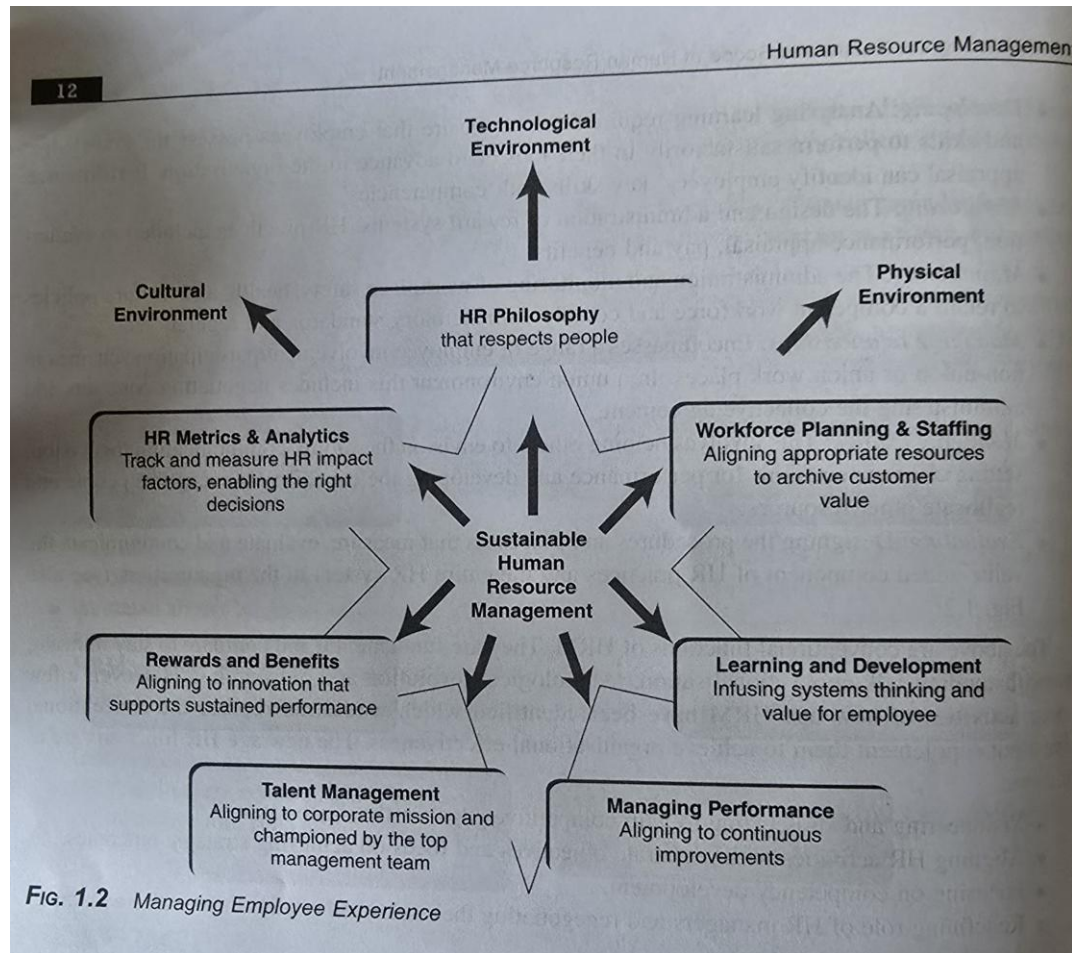


# HRM Contemporary Functions

innovate

achieve

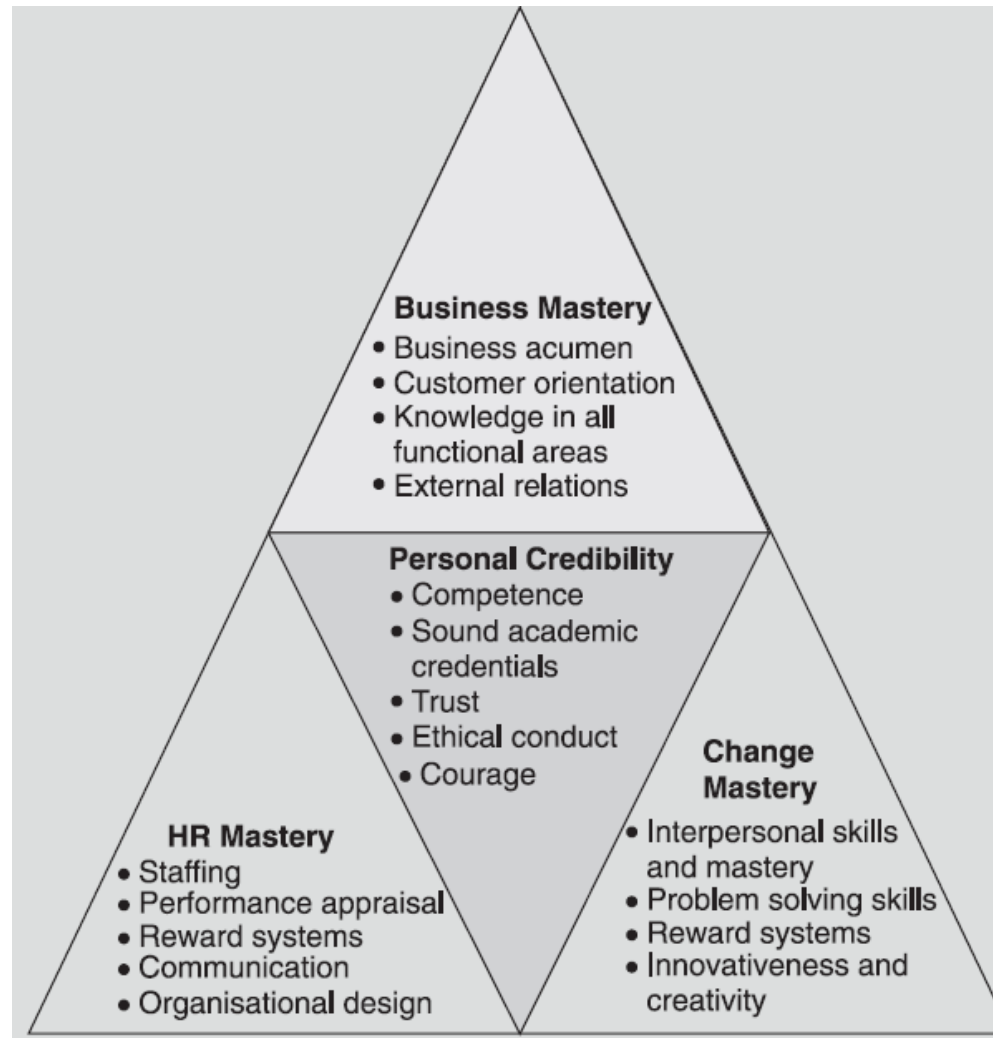
lead



# HRM Objectives



# HR Competency Model



Source: Adapted from Human Resource Management by Christopher Mabey, et. al., Blackwell Business, p. 31

# Line and Staff Managers

- Authority is the right to make decisions, to direct the work of others, and to give orders. Managers usually distinguish between line authority and staff authority
- Line authority gives you the right to issue orders
- Staff authority gives you the right to advise others in the organization

HR Duties of Line Manager	HR Duties of Staff Manager
Job placement	Line function inside of HR department
Orientation & Training	Coordination
Performance	Assist and Advice
Labor costs	
Development	

# Evolution of HRM

Period	Development Status	Outlook	Emphasis	Status
1920s–1930s	Beginning	Pragmatism of capitalists	Statutory, welfare, paternalism	Clerical
1940s–1960s	Struggling for recognition	Technical, legalistic	Introduction of techniques	Administrative
1970s–1980s	Achieving sophistication	Professional, legalistic, impersonal	Regulatory, conforming, imposition of standards on other functions	Managerial
1990s	Promising	Philosophical	Human values, productivity through people	Executive



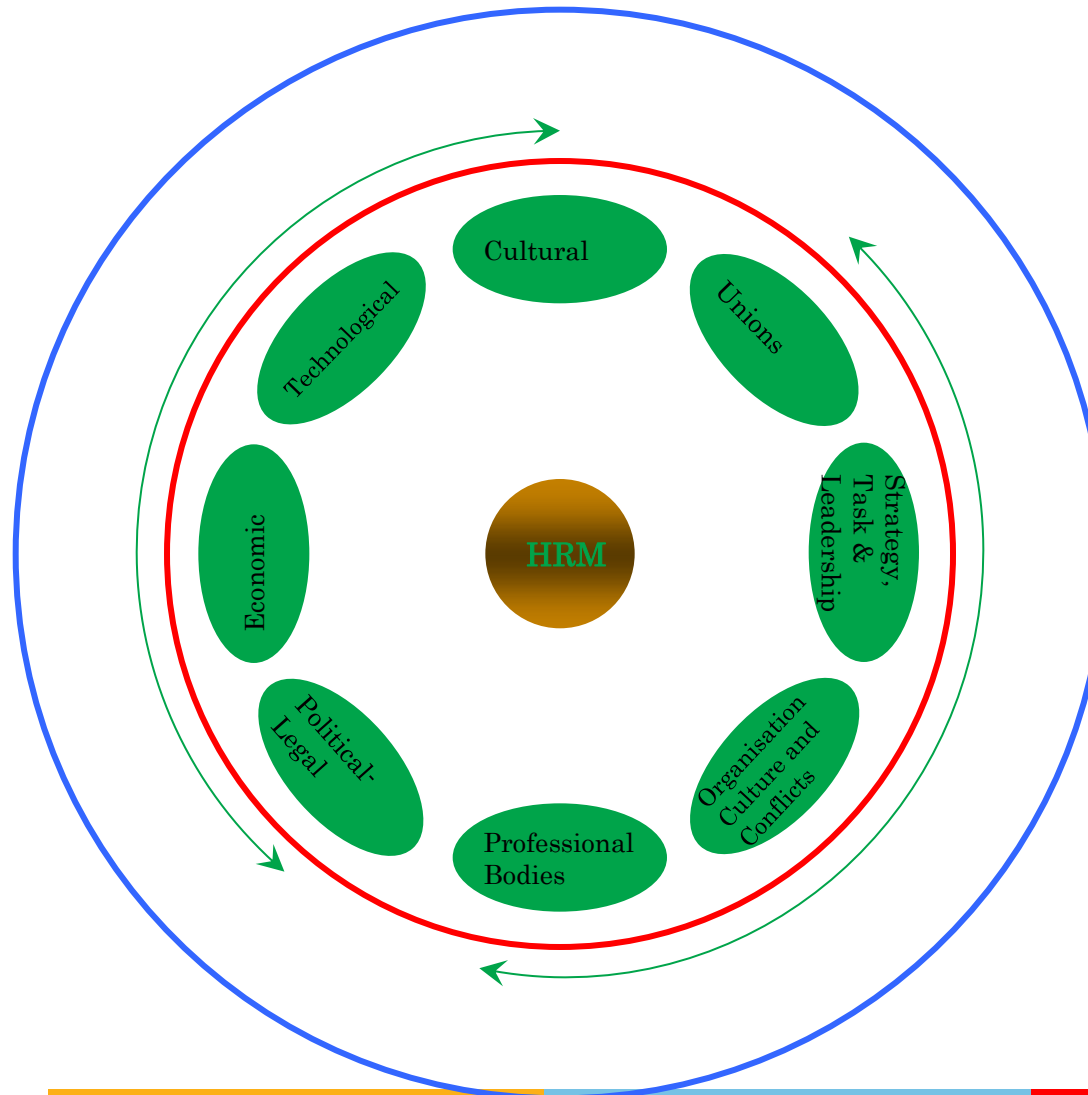
# From PM to HRM to HCM

<i>Benchmarks</i>	<i>PM</i>	<i>HRM</i>	<i>HCM</i>
Evolutionary	Succeeded IR but preceded HRM. Dates roughly during 1960's	Succeeded PM and ruled roost for a long period. Gained worldwide recognition. Started during 1980s and carried acceptance even today	Represents the latest development but yet to gain wide acceptance in management and academic circles
Emphasis	Predominantly emphasis on mundane activities such as employee hiring, remunerating, training and harmony	Treat human beings as valued assets to be valued, used and preserved	Human resources are not the company's property, are owned by employees but given on rent to companies
Outcomes of people management	Value for money	Added value	Created value
Assumptions about environment, organisations and people management	Cause and effect, simple and stable, people seen as a cost/an expense, behavioural psychology, mbo, financial reward	Dynamic systems, core-competencies, strategy-fit, people seen as assets/resources, hard and soft HRM, cognitive and humanistic psychology, learning organisations, employment value proposition	Complex processes, 'edge of chaos', short-term, strategic capability, people seen as investors, search for meaning
People management activities	Focused on service delivery, not project management	Numerous small and tactical projects, projects often annual events within service delivery	Strategic programmes, mission critical, audacious
Measurement	Efficiency of HR activities, compliance	Effectiveness of HR outputs against business plan	Strategic, differentiators, organisational capability, potential for transformation
Reporting	Regulators	Investors and stakeholders	Board, managers and employees

# Imperatives for HCM

- Not all organisations are ripe to implement HCM. It works best where:
  - The organisation is a people-oriented relatively large business
  - The environment is not simple and stable
  - The business has investors or stakeholders who are interested in the medium to longer term
  - The organisation is focused on growth through differentiation rather than cost leadership
  - The organisation is managed strategically
  - Planning is bottom-up as well as top-down
  - The organisation acknowledges complexity and is based on networks and relationships rather than structures and hierarchies
  - Managers take responsibility for people management
  - The culture is relatively sophisticated
  - The organisation uses technology effectively

# HRM Environment



# Context of HRM

## External Forces

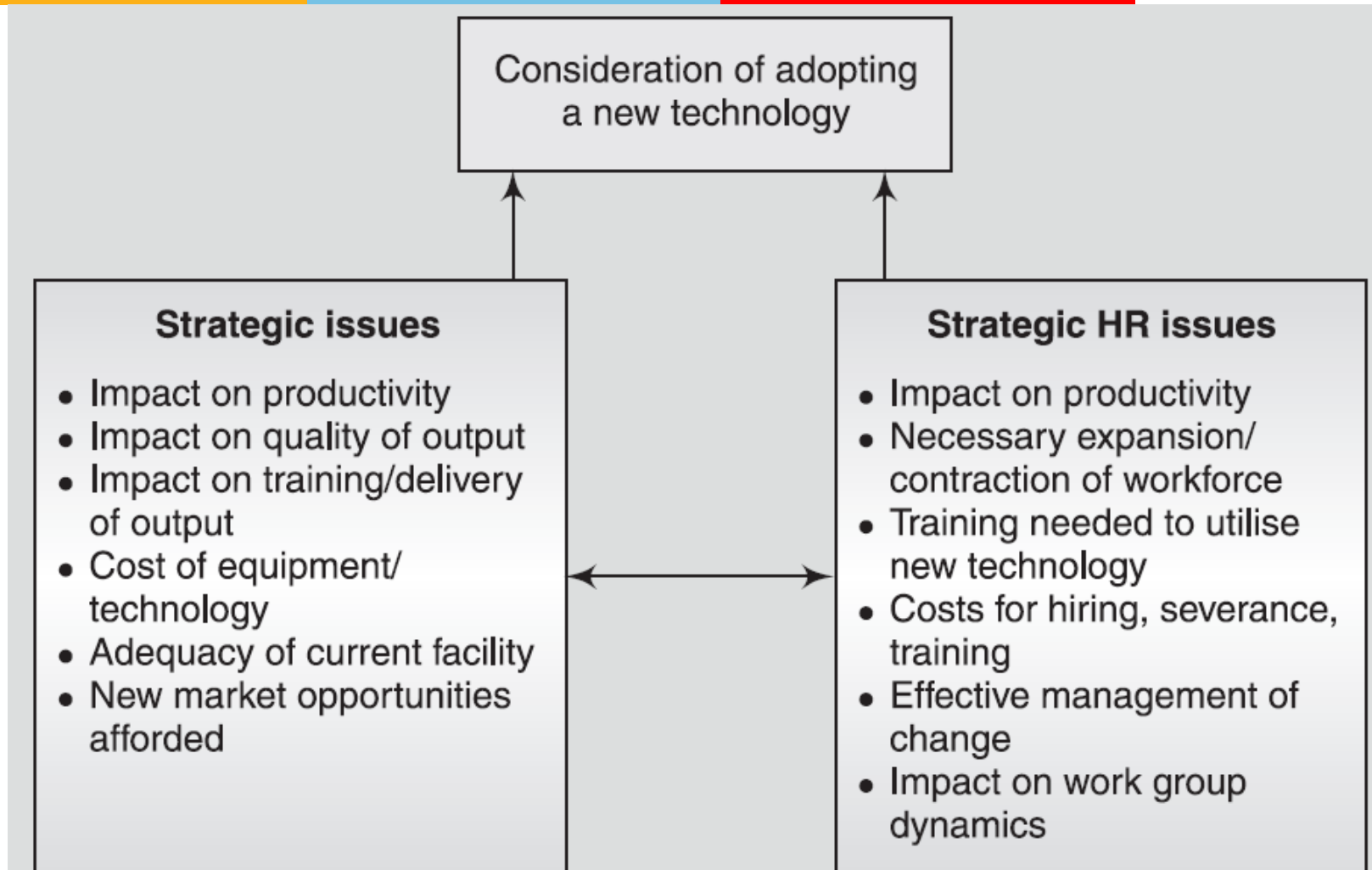
- **Political-Legal**
  - Legislature
  - Executive
  - Judiciary
- **Economic**
  - Suppliers
  - Competitors
  - Customers
  - Economic Growth
  - Industrial Labour
  - Diversity
  - Globalisation
- **Technological**
- **Cultural**

## Internal Forces

- Strategy, Task and Leadership
- Unions
- Organisational Culture and Conflict
- Professional Bodies

**Discussion : Do you think any factor been left out? Any one (out of those included) is non-contextual?**

# HR and Technology



# Attitudes and Job Satisfaction – Learning Outcomes

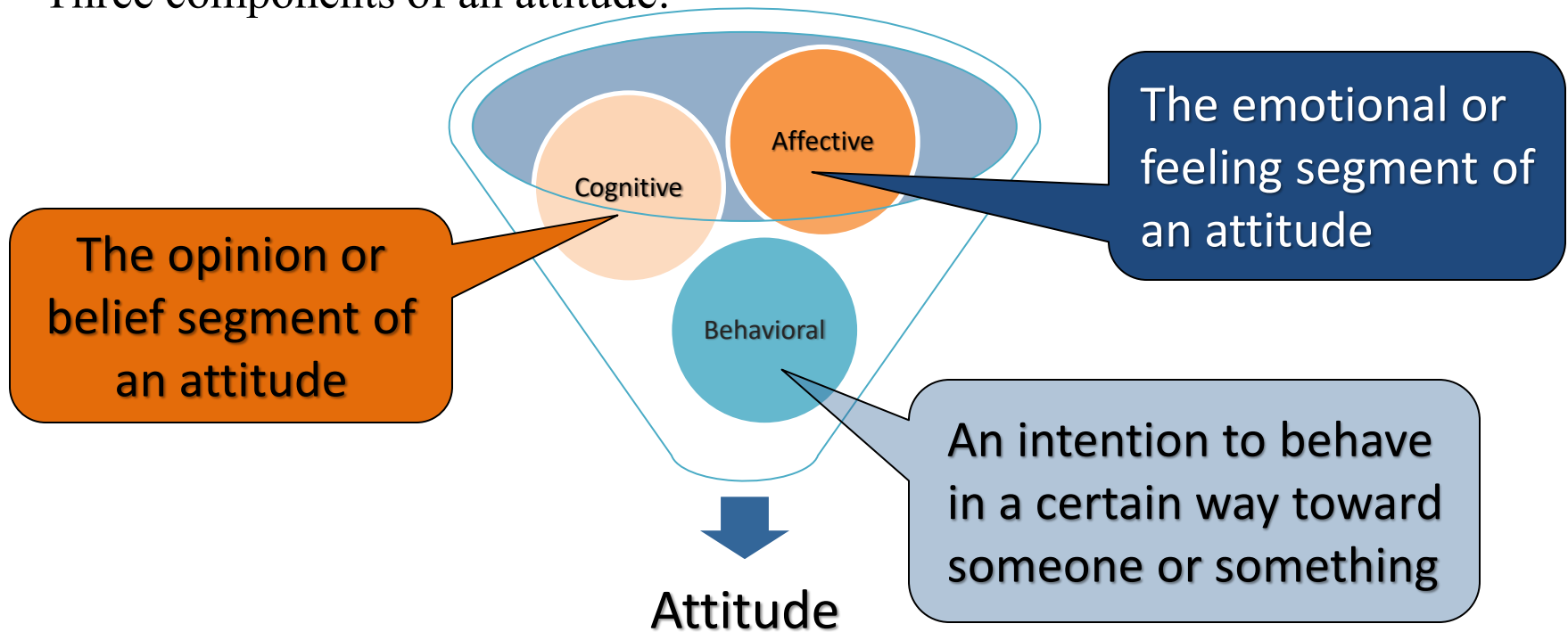
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- After studying this chapter, you should be able to:
  - Contrast the three components of an attitude.
  - Summarize the relationship between attitudes and behavior.
  - Compare and contrast the major job attitudes.
  - Define job satisfaction and show how it can be measured.
  - Identify four employee responses to dissatisfaction.
  - Show whether there are cultural differences in job satisfaction.

# Attitudes

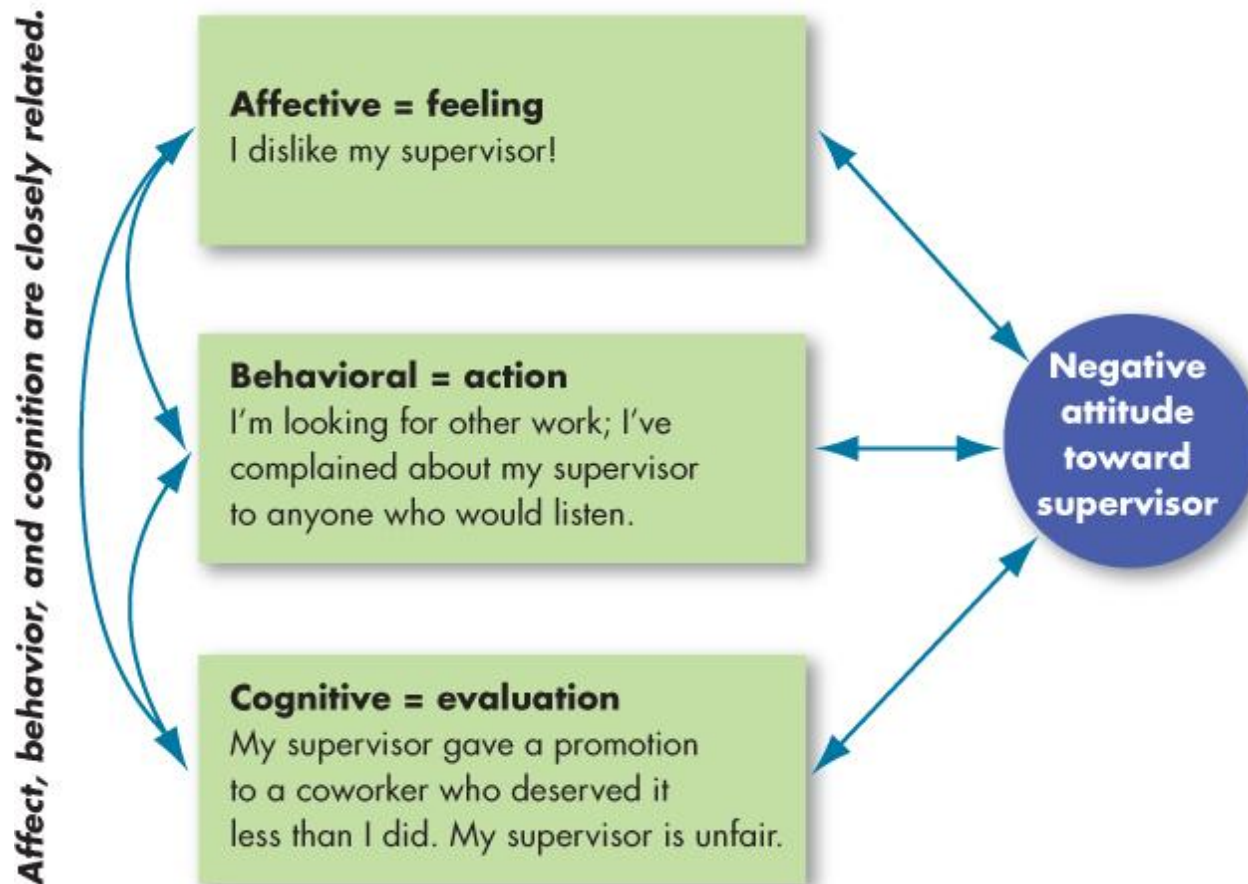
*Evaluative statements or judgments concerning objects, people, or events*

Three components of an attitude:



# Contrast the Three Components of an Attitude

## Exhibit 3-1 The Components of an Attitude





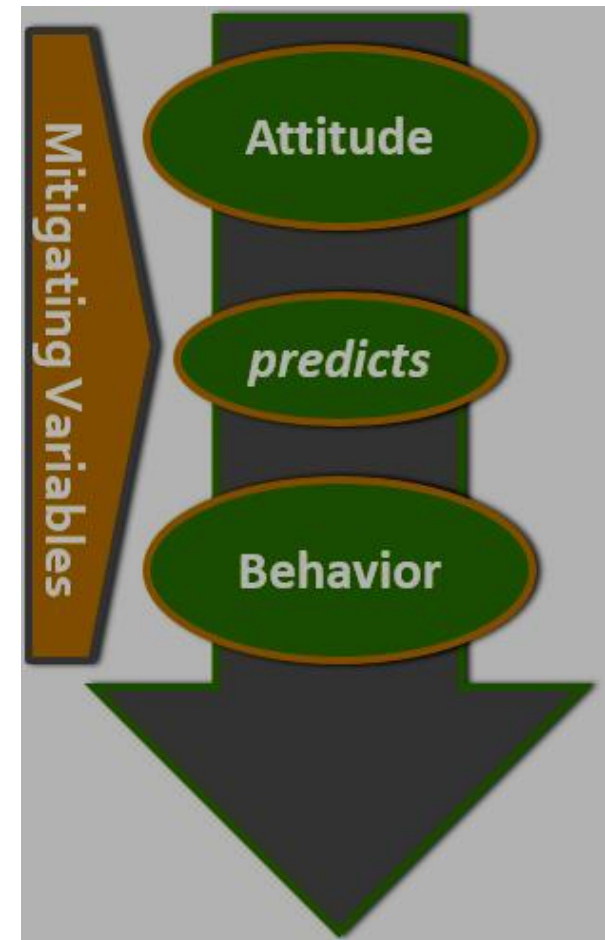


# Summarize the Relationship Between Attitudes and Behavior (1 of 2)

- The attitudes that people hold determine what they do.
  - Festinger: cases of attitude following behavior illustrate the effects of cognitive dissonance.
  - **Cognitive dissonance** is any incompatibility an individual might perceive between two or more attitudes or between behavior and attitudes.
- Research has generally concluded that people seek consistency among their attitudes and between their attitudes and their behavior.

# Summarize the Relationship Between Attitudes and Behavior (2 of 2)

- Moderating Variables:
  - Attitude's importance
  - Correspondence to behavior
  - Accessibility
  - Presence of social pressures
  - Whether a person has direct experience with the attitude
- The attitude-behavior relationship is likely to be much stronger if an attitude refers to something with which we have direct personal experience.





# Compare the Major Job Attitudes (1 of 3)

- **Job Satisfaction**

- A positive feeling about the job resulting from an evaluation of its characteristics.

- **Job Involvement**

- Degree to which a person identifies with a job, actively participates in it, and considers performance important to self-worth.

- **Psychological Empowerment**

- Belief in the degree of influence over one's job, competence, job meaningfulness, and autonomy.

- **Organizational Commitment**

- Identifying with a particular organization and its goals and wishing to maintain membership in the organization.
- Employees who are committed will be less likely to engage in work withdrawal even if they are dissatisfied, because they have a sense of organizational loyalty.

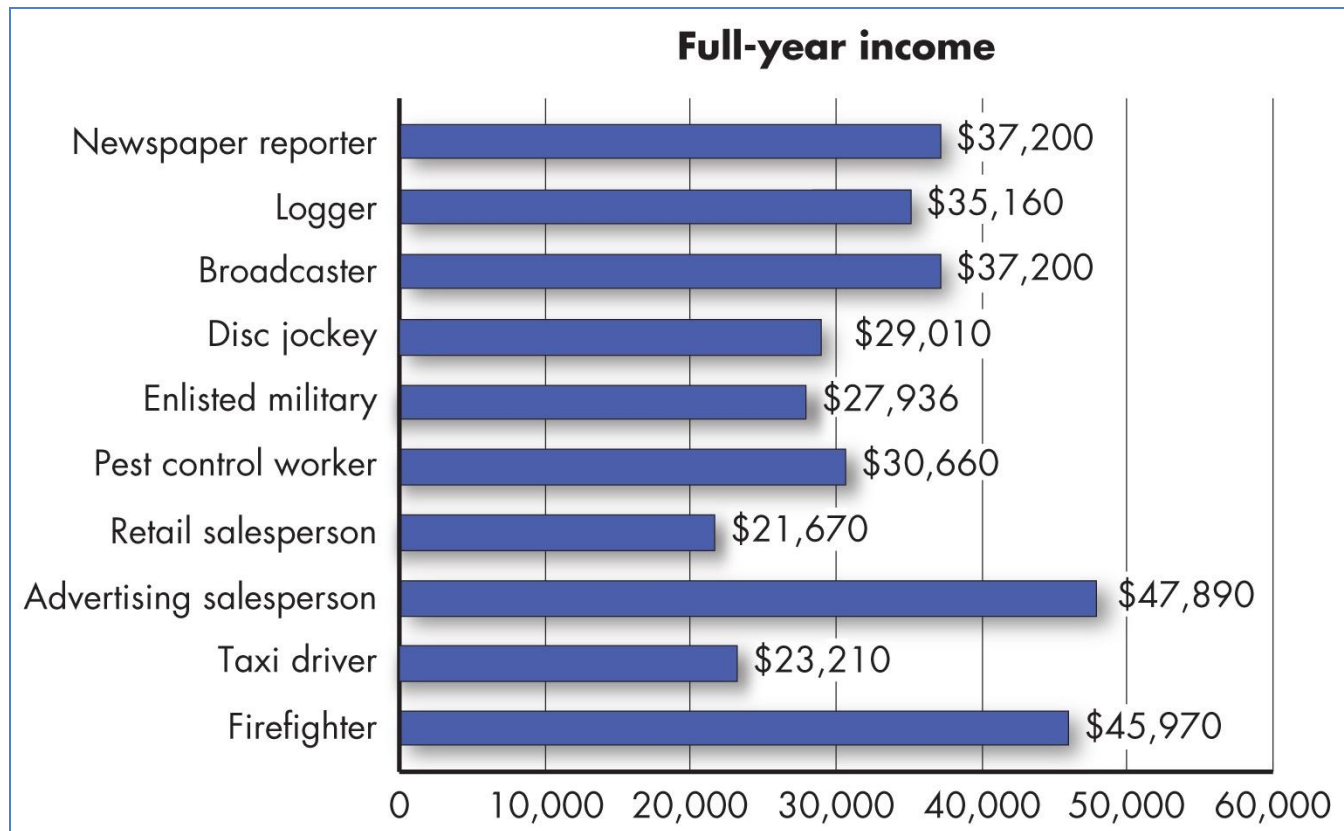
# Compare the Major Job Attitudes (2 of 3)

- **Perceived Organizational Support (POS)**
  - Degree to which employees believe the organization values their contribution and cares about their well-being.
  - Higher when rewards are fair, employees are involved in decision making, and supervisors are seen as supportive.
  - POS is important in countries where **power distance** is lower.
- **Employee Engagement**
  - The individual's involvement with, satisfaction with, and enthusiasm for the work.
  - Engaged employees are passionate about their work and company.

# Compare the Major Job Attitudes (3 of 3)

- **Are these job attitudes really all that distinct?**
  - No, these attitudes are highly related; and while there is some distinction, there is also a lot of overlap that may cause confusion.

# Define Job Satisfaction (1 of 4)

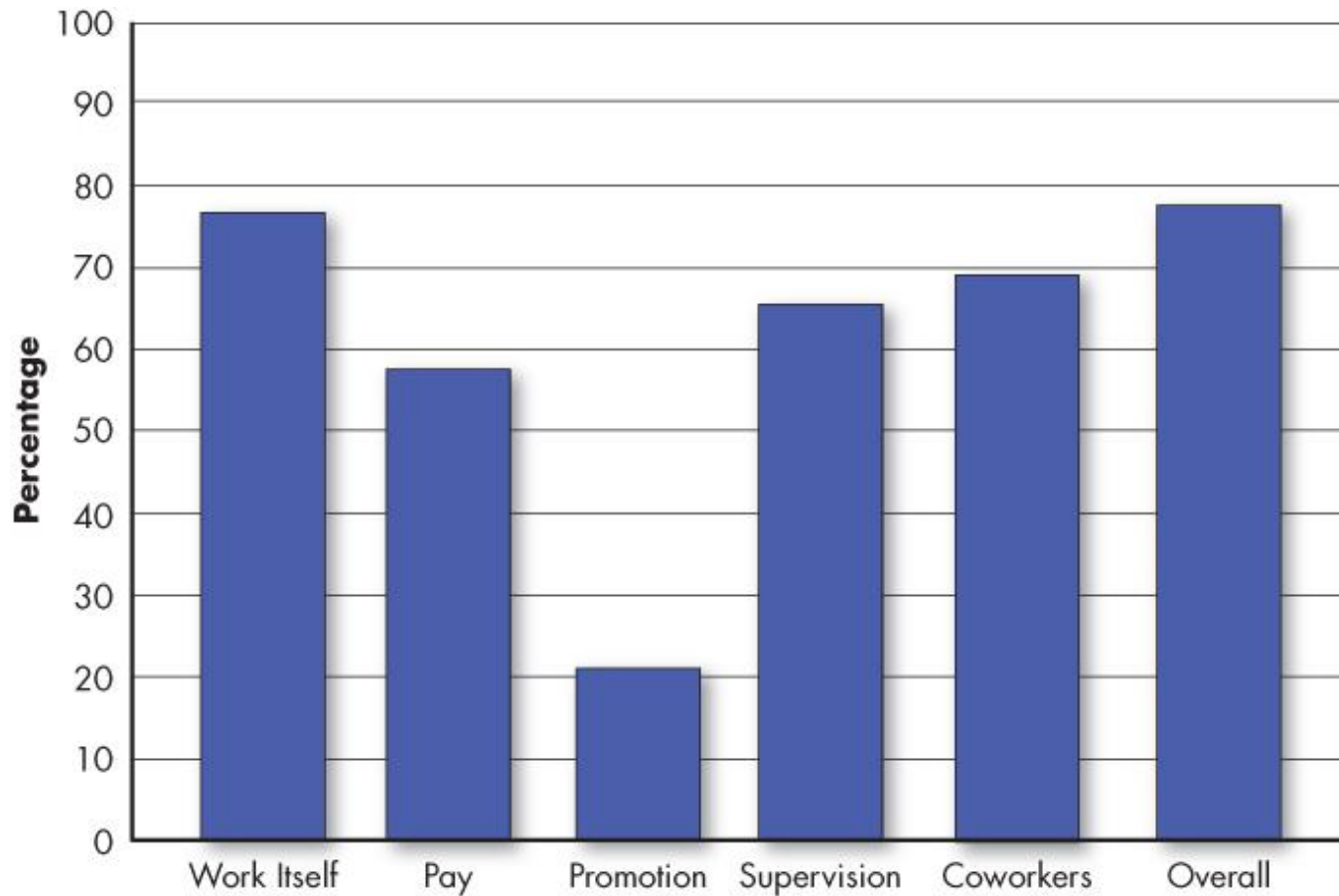


# Define Job Satisfaction (2 of 4)

- **Job Satisfaction**
  - A positive feeling about a job resulting from an evaluation of its characteristics.
- **Two approaches for measuring job satisfaction are popular**
  - The single global rating.
  - The summation of job facets.
- **How satisfied are people in their jobs?**
  - Over the last 30 years, employees in the U.S. and most developed countries have generally been satisfied with their jobs.
    - With the recent economic downturn, more workers are less satisfied.
    - Satisfaction levels differ depending on the facet involved.
    - There are cultural differences in job satisfaction.

# Define Job Satisfaction (3 of 4)

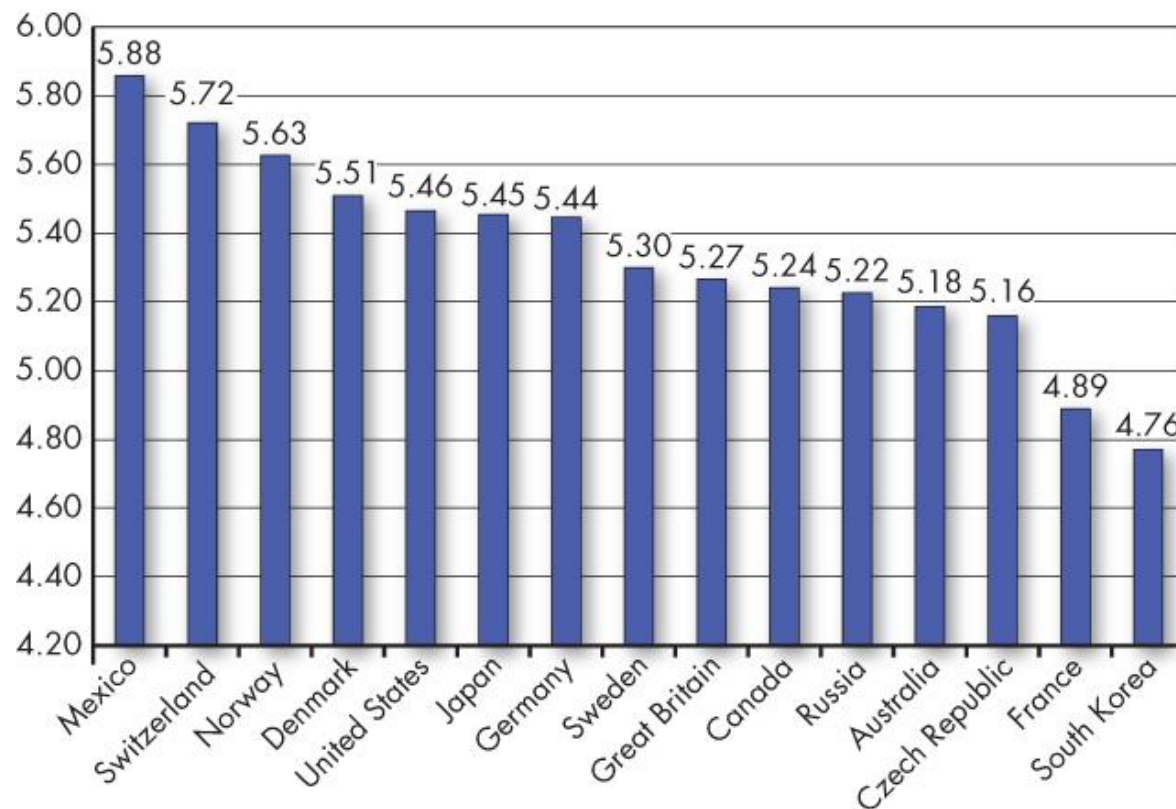
**Exhibit 3-3** Average Job Satisfaction Levels by Facet





# Define Job Satisfaction (4 of 4)

**Exhibit 3-4** Average Levels of Employee Job Satisfaction by Country

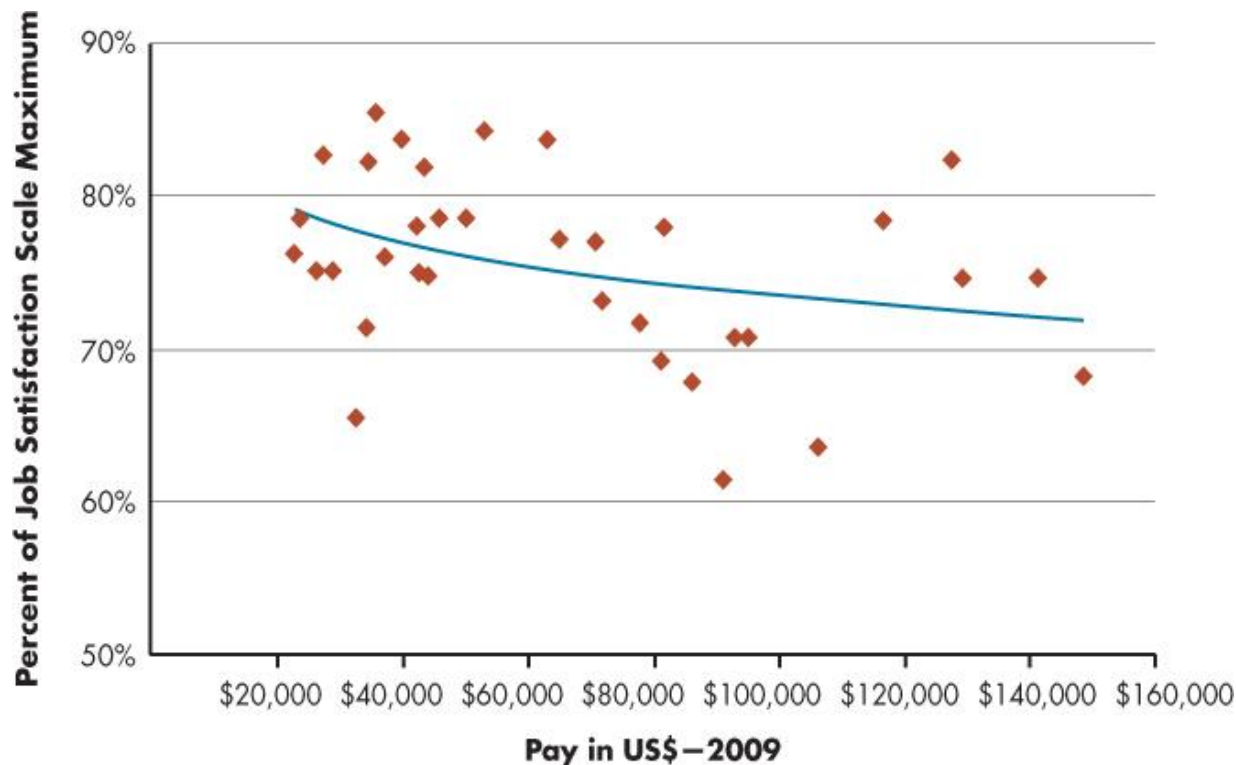


# Summarize the Main Causes of Job Satisfaction (1 of 3)

- What causes job satisfaction?
  - **Job conditions**
    - The intrinsic nature of the work itself, social interactions, and supervision are important predictors of satisfaction and employee well-being.
  - **Personality**
    - People who have positive **core self-evaluations**, who believe in their inner worth and basic competence, are more satisfied with their jobs than those with negative core self-evaluations.

# Summarize the Main Causes of Job Satisfaction (2 of 3)

**Exhibit 3-5** Relationship between Average Pay in Job and Job Satisfaction of Employees in That Job



## Summarize the Main Causes of Job Satisfaction (3 of 3)

- Corporate Social Responsibility (CSR)
  - **Corporate social responsibility (CSR):** self-regulated actions to benefit society or the environment beyond what is required by law.
    - Includes environmental sustainability initiatives, nonprofit work, and charitable giving.
    - Increasingly affects employee job satisfaction.
  - CSR is particularly important for Millennials.
    - But, not everyone finds value in CSR.

# Outcomes of Job Satisfaction

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- **Job Performance**
  - Happy workers are more likely to be productive workers.
- **OCB**
  - People who are more satisfied with their jobs are more likely to engage in OCB.
- **Customer Satisfaction**
  - Satisfied employees increase customer satisfaction and loyalty.
- **Life Satisfaction**
  - Research shows that job satisfaction is positively correlated with life satisfaction.

# Four Employee Responses to Dissatisfaction (1 of 2)

## Exhibit 3-6 Responses to Dissatisfaction from

	Constructive	Destructive
Active	VOICE	EXIT
Passive	LOYALTY	NEGLECT

## Four Employee Responses to Dissatisfaction (2 of 2)

- Counterproductive Work Behavior (CWB)
  - **Counterproductive work behavior:** actions that actively damage the organization, including stealing, behaving aggressively toward coworkers, or being late or absent.
  - Absenteeism: the more satisfied you are, the less likely you are to miss work.
  - Turnover: a pattern of lowered job satisfaction is the best predictor of intent to leave.
- Managers Often “Don’t Get It”

# Implications for Managers

- Of the major job attitudes – job satisfaction, job involvement, organizational commitment, perceived organizational support (POS), and employee engagement – remember that an employee's job satisfaction level is the best single predictor of behavior.
- Pay attention to your employees' job satisfaction levels as determinants of their performance, turnover, absenteeism, and withdrawal behaviors.
- Measure employee job attitudes objectively and at regular intervals to determine how employees are reacting to their work.
- To raise employee satisfaction, evaluate the fit between the employee's work interests and the intrinsic parts of his/her job to create work that is challenging and interesting to the individual.
- Consider the fact that high pay alone is unlikely to create a satisfying work environment.

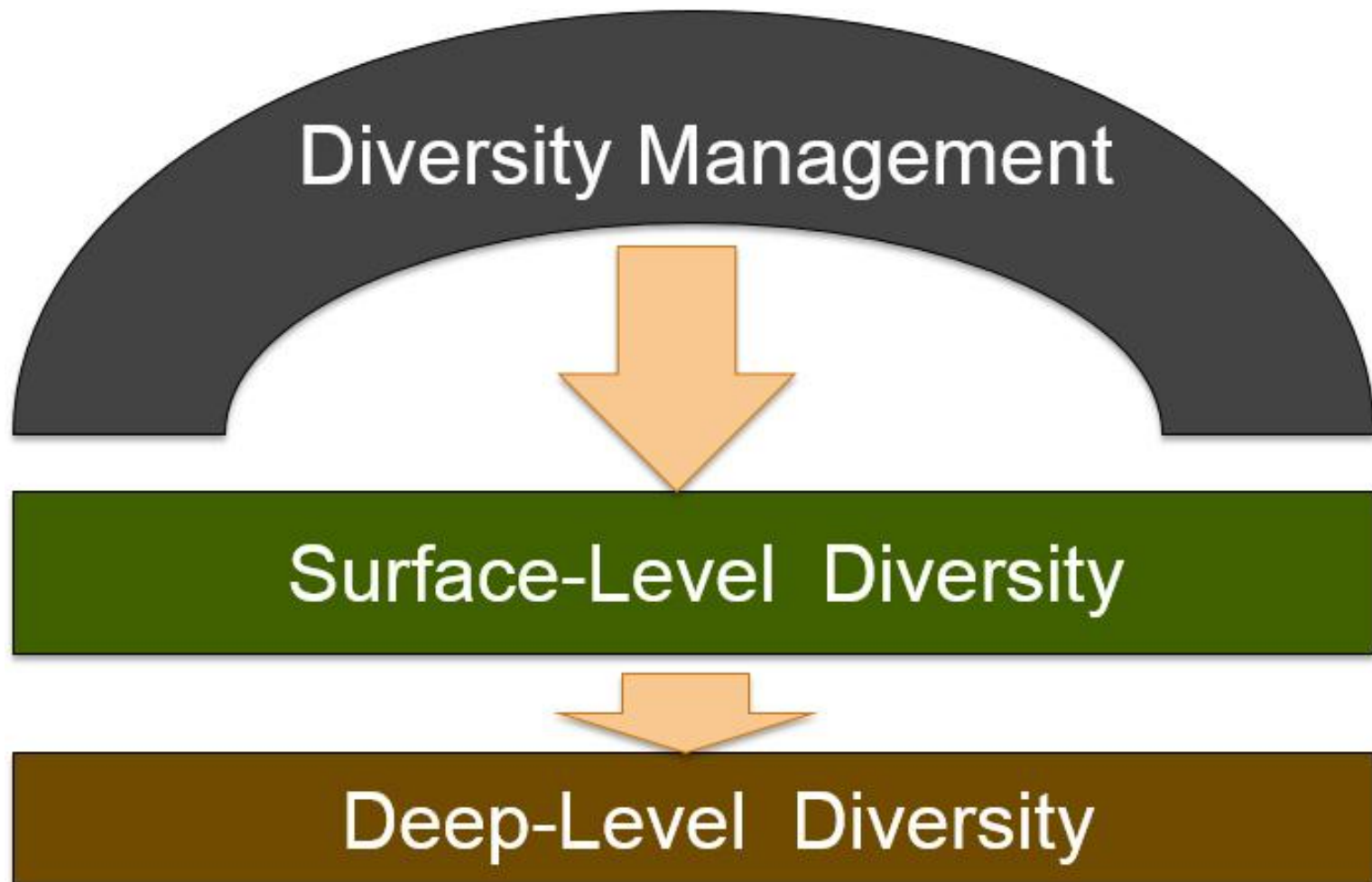


# Diversity in Organizations – Learning outcomes

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1. Describe the two major forms of workplace diversity.
2. Demonstrate how workplace discrimination undermines organizational effectiveness.
3. Describe how the key biographical characteristics are relevant to Organizational Behavior (OB).
4. Explain how other differentiating characteristics factor into OB.
5. Demonstrate the relevance of intellectual and physical abilities to OB.
6. Describe how organizations manage diversity effectively.

# Workplace Diversity



# Workplace Discrimination and Organizational Effectiveness (1 of 3)

- **Discrimination** is to note a difference between things.
- Unfair discrimination assumes stereotypes about groups.
  - Refusal to recognize individual differences is harmful to organizations and employees.
- **Stereotype threat** describes the degree to which we agree internally with the generally negative stereotyped perceptions of our groups.
  - Can be combatted by treating employees as individuals and not highlighting group differences.

# Workplace Discrimination and Organizational Effectiveness (2 of 3)

Type of Discrimination	Definition	Examples from Organizations
<b>Discriminatory policies or practices</b>	Actions taken by representatives of the organization that deny equal opportunity to perform or unequal rewards for performance.	Older workers may be targeted for layoffs because they are highly paid and have lucrative benefits.
<b>Sexual harassment</b>	Unwanted sexual advances and other verbal or physical conduct of a sexual nature that create a hostile or offensive work environment.	Salespeople at one company went on company-paid visits to strip clubs, brought strippers into the office to celebrate promotions, and fostered pervasive sexual rumors.
<b>Intimidation</b>	Overt threats or bullying directed at members of specific groups of employees.	African-American employees at some companies have found nooses hanging over their work stations.
<b>Mockery and insults</b>	Jokes or negative stereotypes; sometimes the result of jokes taken too far.	Arab-Americans have been asked at work whether they were carrying bombs or were members of terrorist organizations.
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# Workplace Discrimination and Organizational Effectiveness (3 of 3)

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<b>Mockery and insults</b>	Jokes or negative stereotypes; sometimes the result of jokes taken too far.	Arab-Americans have been asked at work whether they were carrying bombs or were members of terrorist organizations.
<b>Exclusion</b>	Exclusion of certain people from job opportunities, social events, discussions, or informal mentoring; can occur unintentionally.	Many women in finance claim they are assigned to marginal job roles or are given light workloads that don't lead to promotion.
<b>Incivility</b>	Disrespectful treatment, including behaving in an aggressive manner, interrupting the person, or ignoring his or her opinions.	Female lawyers note that male attorneys frequently cut them off or do not adequately address their comments.

# Biographical Characteristics and Organizational Behavior (1 of 3)

- **Biological characteristics** are personal characteristics that are objective and easily obtained from personnel records.
  - Variations in these can be the basis for discrimination
- **Age**
  - The U.S. workforce is aging.
  - Does job performance decline with increasing age?
  - Studies show that turnover and absenteeism rates are lower among older workers, and age is not associated with lower productivity.
- **Sex**
  - There are no consistent male-female differences in problem-solving ability, analytical skills, competitive drive, motivation, sociability, or learning drive.
  - But women earn less than men for the same positions and have fewer professional opportunities.

# Biographical Characteristics and Organizational Behavior (2 of 3)

- **Race and Ethnicity**
  - Laws against race and ethnic discrimination are in effect in many countries.
  - But:
    - Employees tend to favor colleagues of their own race in performance evaluations, promotion decisions, and pay raises.
    - African Americans generally fare worse than Whites in employment decisions.
- **Disabilities**
  - The U.S. Equal Employment Opportunity Commission classifies a person as disabled who has any physical or mental impairment that substantially limits one or more major life activities.
  - Workers with disabilities receive higher performance evaluations, but may have lower performance expectations.

# Biographical Characteristics and Organizational Behavior (3 of 3)



- **Hidden Disabilities**

- Sensory disabilities, chronic illness or pain, cognitive or learning impairments, sleep disorders, and psychological challenges.
- U.S. organizations must accommodate employees with a very broad range of impairments.





# Other Characteristics and Organizational Behavior

- **Tenure**
  - Tenure is a good predictor of employee productivity.
  - Tenure and job performance are positively related.
- **Religion**
  - U.S. law prohibits discrimination based on religion, but it is still an issue, especially for Muslims.
- **Sexual Orientation and Gender Identity**
  - Federal law does not protect employees against discrimination based on sexual orientation, though many states and municipalities do.
  - Many Fortune 500 companies have policies covering sexual orientation and about half now have policies on gender identity.
- **Cultural Identity**
  - Need to accommodate and respect individual cultural identities.

# Intellectual and Physical Abilities and OB

- **Ability** is an individual's current capacity to perform various tasks in a job.
- **Intellectual abilities** are abilities needed to perform mental activities – thinking, reasoning, and problem solving.
  - Most societies place a high value on intelligence.
  - **General mental ability** is an overall factor of intelligence as suggested by the positive correlations among specific intellectual ability dimensions.
- **Physical Abilities**
  - The capacity to do tasks demanding stamina, dexterity, strength, and similar characteristics.
  - Nine basic abilities related to strength, flexibility, and other factors are needed to perform physical tasks.

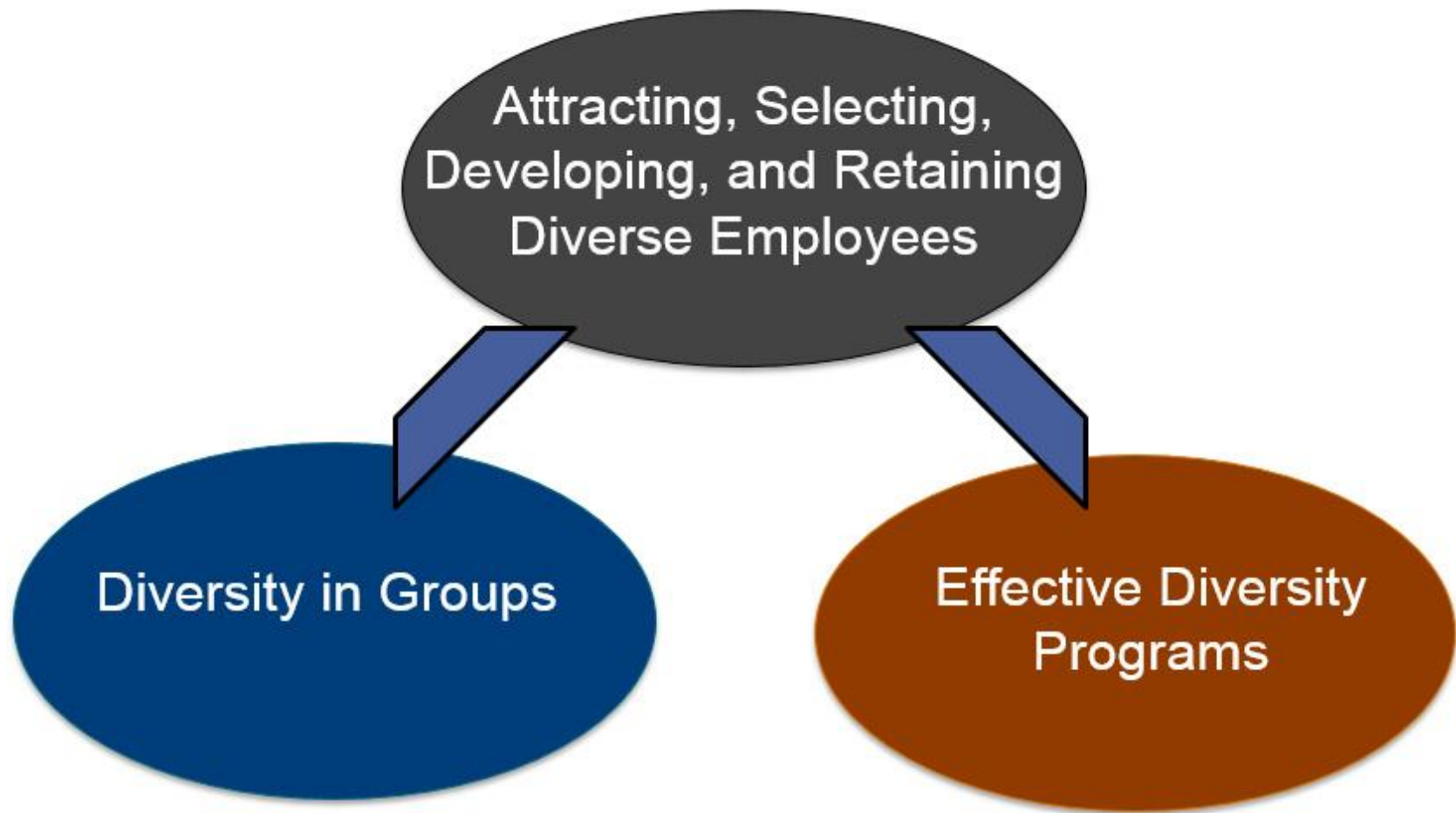
# Diversity management in organizations 1 of 4

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- **Diversity management** is the process and programs by which managers make everyone more aware of and sensitive to the needs and differences of others.
  - Diversity is more successful when it is everyone's business, not just for certain groups of employees.

# Diversity management in organizations 2 of 4

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# Diversity management in organizations 3 of 4

- **Attracting, selecting, developing, and retaining diverse employees**
  - Target recruiting messages to specific demographic groups.
  - Some companies have been actively working toward recruiting less-hired groups.
- **Diversity in Groups**
  - Most people in groups need a common way of looking at and accomplishing major tasks, and they need to communicate well with each other.
    - Emphasize higher-level similarities among people.
- **Expatriate Adjustment**
  - Organizations should select employees for international assignments who are capable of adjusting quickly and ensure they have the support they need for their assignment.

# Diversity management in organizations 4 of 4

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- Effective diversity programs
  - Teach managers about the legal framework for equal employment opportunity and encourage fair treatment of all people.
  - Teach managers how a diverse workforce will be more effective at serving a diverse customer base.
  - Foster personal development practices that bring out the skills and abilities of everyone.

# Implications for Managers

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- Understand your organization's anti-discrimination policies thoroughly and share them with your employees.
- Assess and challenge your own stereotype beliefs to increase your objectivity.
- Look beyond readily observable biographical characteristics and consider the individual's capabilities before making management decisions.
- Fully evaluate what accommodations a person with disabilities will need and then fine-tune a job to that person's abilities.
- Seek to understand and respect the unique biographical characteristics of your employees; a fair but individualistic approach yields the best performance.



# Personality and Values – Learning Outcome

- Comprehend Linking individual's personality and values to workplace
- Understand and apply psychometric tools to workplace scenarios
- Describe values and understand the Hofstede's and GLOBE framework



# Linking individual's personality and values to workplace



- **Person-job fit**
  - Effort to match job needs with personality characteristics
  - Holland presented six personality types and proposed that satisfaction and propensity to leave a job depends on how well individuals match their personalities to a job
- **Person-Organization Fit**
  - People high on extraversion fit well with aggressive and team-oriented cultures.
  - People high on agreeableness match up better with a supportive organizational climate than one focused on aggressiveness.
  - People high on openness to experience fit better in organizations that emphasize innovation rather than standardization.

# Person-Job Fit vs. Person-Organization Fit (1 of 3)

## Exhibit 4-5 Holland's Typology of Personality and Congruent Occupations

Type	Personality Characteristics	Congruent Occupations
<i>Realistic</i> : Prefers physical activities that require skill, strength, and coordination	Shy, genuine, persistent, stable, conforming, practical	Mechanic, drill press operator, assembly-line worker, farmer
<i>Investigative</i> : Prefers activities that involve thinking, organizing, and understanding	Analytical, original, curious, independent	Biologist, economist, mathematician, news reporter
<i>Social</i> : Prefers activities that involve helping and developing others	Sociable, friendly, cooperative, understanding	Social worker, teacher, counselor, clinical psychologist
<i>Conventional</i> : Prefers rule-regulated, orderly, and unambiguous activities	Conforming, efficient, practical, unimaginative, inflexible	Accountant, corporate manager, bank teller, file clerk
<i>Enterprising</i> : Prefers verbal activities in which there are opportunities to influence others and attain power	Self-confident, ambitious, energetic, domineering	Lawyer, real estate agent, public relations specialist, small business manager
<i>Artistic</i> : Prefers ambiguous and unsystematic activities that allow creative expression	Imaginative, disorderly, idealistic, emotional, impractical	Painter, musician, writer, interior decorator



# Person-Job Fit vs. Person-Organization Fit (3 of 3)

- Other Dimensions of Fit
  - Although person-job fit and person-organization fit are considered the most salient dimensions for workplace outcomes, other avenues of fit are worth examining.
    - **Person-group fit**
    - **Person-supervisor fit**

# Describe Personality and the Way It Is Measured

- Defining Personality
  - **Personality** is a dynamic concept describing the growth and development of a person's whole psychological system.
  - The sum of ways in which an individual reacts to and interacts with others.
- Measuring Personality
  - Managers need to know how to measure personality.
    - Personality tests are useful in hiring decisions and help managers forecast who is best for a job.
  - The most common means of measuring personality is through self-report surveys.

# Factors that Shape personality

- Personality Determinants
  - Is personality the result of heredity or environment?
  - **Heredity** refers to those factors that were determined at conception.
    - The heredity approach argues that the ultimate explanation of an individual's personality is the molecular structure of the genes, located in the chromosomes.
  - Early research tried to identify and label enduring personality characteristics.
    - Shy, aggressive, submissive, lazy, ambitious, loyal, and timid.
    - These are **personality traits**.

# Strengths and Weakness of the MBTI model

- The most widely used personality framework is the **Myers-Briggs Type Indicator (MBTI)**.
- Individuals are classified as:
  - **Extroverted or Introverted (E or I)**
  - **Sensing or Intuitive (S or N)**
  - **Thinking or Feeling (T or F)**
  - **Perceiving or Judging (P or J)**
    - INTJs are visionaries.
    - ESTJs are organizers.
    - ENTPs are conceptualizers.

# Strengths and Weakness of the Big Five Model

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- The **Big Five Model**
  - Extraversion
  - Agreeableness
  - Conscientiousness
  - Emotional stability
  - Openness to experience

# Traits That Matter Most to Business Success at Buyout Companies

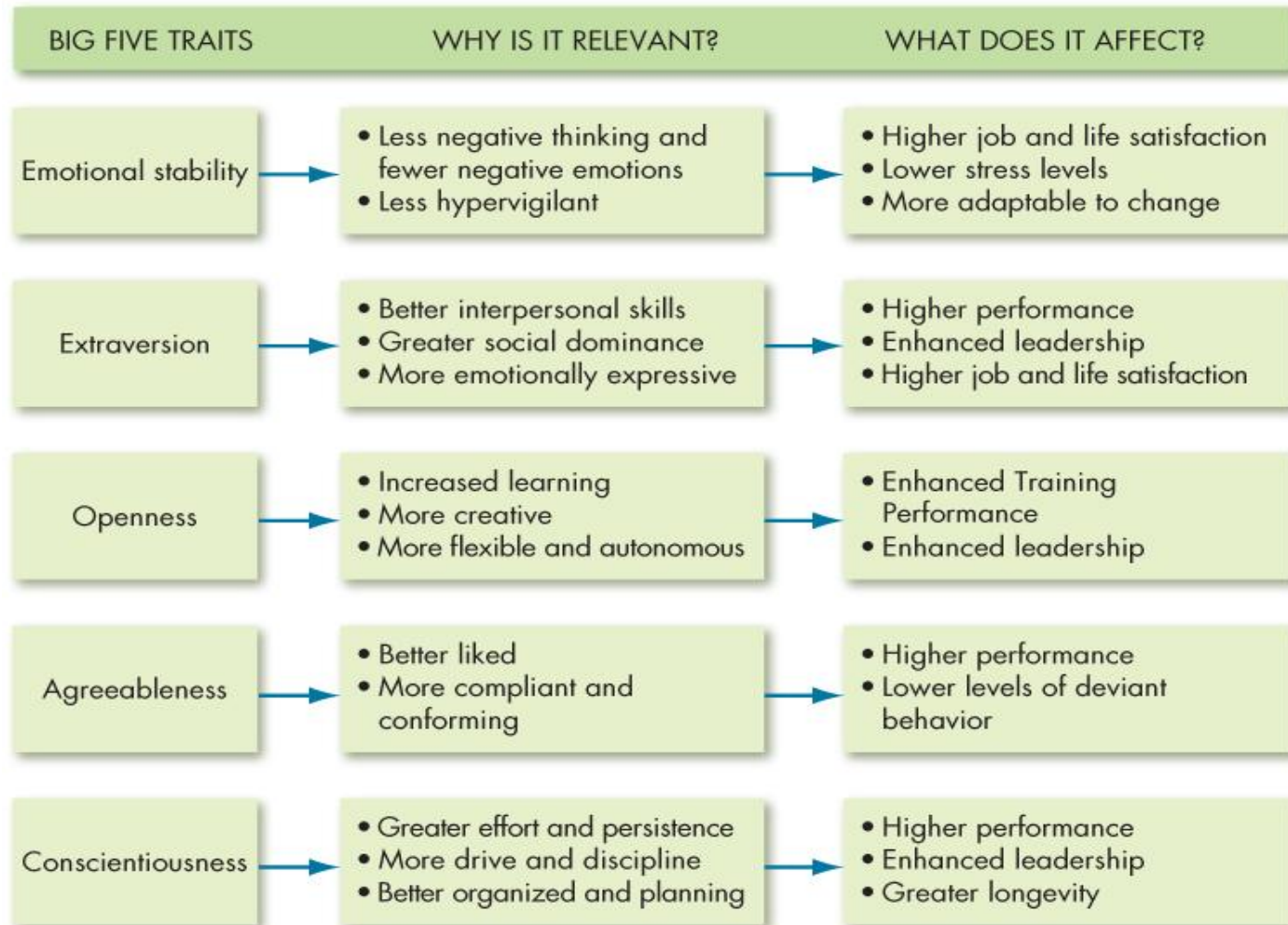


Most Important	Less Important
Persistence	Strong oral communication
Attention to detail	Teamwork
Efficiency	Flexibility/adaptability
Analytical skills	Enthusiasm
Setting high standards	Listening skills

Source: Based on S. N. Kaplan, M. M. Klebanov, and M. Sorensen, "Which CEO Characteristics and Abilities Matter?" *The Journal of Finance* 67, no. 3 (2012): 973–1007.



# Model of how the big five traits influence OB criteria





# Contrast Terminal and Instrumental Values

- **Values:** basic convictions about what is right, good, or desirable.
  - **Value system:** ranks values in terms of intensity.
- The Importance and Organization of Values
  - Values:
    - Lay the foundation for understanding of attitudes and motivation.
    - Influence attitudes and behaviors.
- Terminal vs. Instrumental Values
  - **Terminal values:** desirable end-states of existence.
  - **Instrumental values:** preferred modes of behavior or means of achieving terminal values.

# Work values on today's workforce

## Exhibit 4-4 Dominant Work Values in Today's Workforce

Cohort	Entered the Workforce	Approximate Current Age	Dominant Work Values
Boomers	1965–1985	50s to 70s	Success, achievement, ambition, dislike of authority; loyalty to career
Xers	1985–2000	Mid-30s to 50s	Work-life balance, team-oriented, dislike of rules; loyalty to relationships
Millennials	2000 to present	To mid-30s	Confident, financial success, self-reliant but team-oriented; loyalty to both self and relationships

# Hofstede's Five Value Dimensions

- Hofstede's Framework
  - **Power distance**
  - **Individualism versus collectivism**
  - **Masculinity versus femininity**
  - **Uncertainty avoidance**
  - **Long-term versus short-term orientation**

# GLOBE framework

- The GLOBE Framework for Assessing Culture
  - The Global Leadership and Organizational Behavior Effectiveness (GLOBE) research program updated Hofstede's research.
    - Data from 825 organizations and 62 countries.
    - Used variables similar to Hofstede's.
    - Added some new ones.



# Implications for Managers

- Consider screening job candidates for high conscientiousness—and the other Big Five traits—depending on the criteria your organization finds most important. Other aspects, such as core self-evaluation or narcissism, may be relevant in certain situations.
- Although the MBTI has faults, you can use it for training and development; to help employees better understand each other, open communication in work groups, and possibly reduce conflicts.
- Evaluate jobs, work groups, and your organization to determine the optimal personality fit.
- Consider situational factors when evaluating observable personality traits, and lower the situation strength to better ascertain personality characteristics more closely.
- The more you consider people's different cultures, the better you will be able to determine their work behavior and create a positive organizational climate that performs well.

# Perception and individual decision making– Learning Outcome

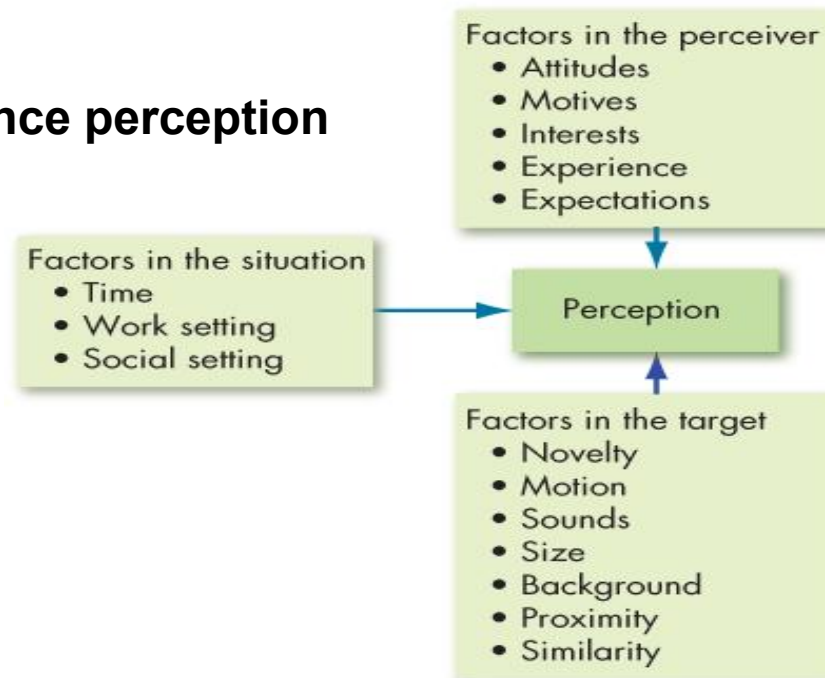


- Explain the factors that influence perception.
- Describe attribution theory.
- Explain the link between perception and decision making.
- Contrast the rational model of decision making with bounded rationality and intuition.
- Explain how individual differences and organizational constraints affect decision making.
- Contrast the three ethical decision criteria.

# Explain the Factors That Influence Perception

- **Perception** is a process by which individuals organize and interpret their sensory impressions to give meaning to their environment.
- It is important to the study of OB because people's behaviors are based on their perception of what reality is, not on reality itself.

## Factors that influence perception



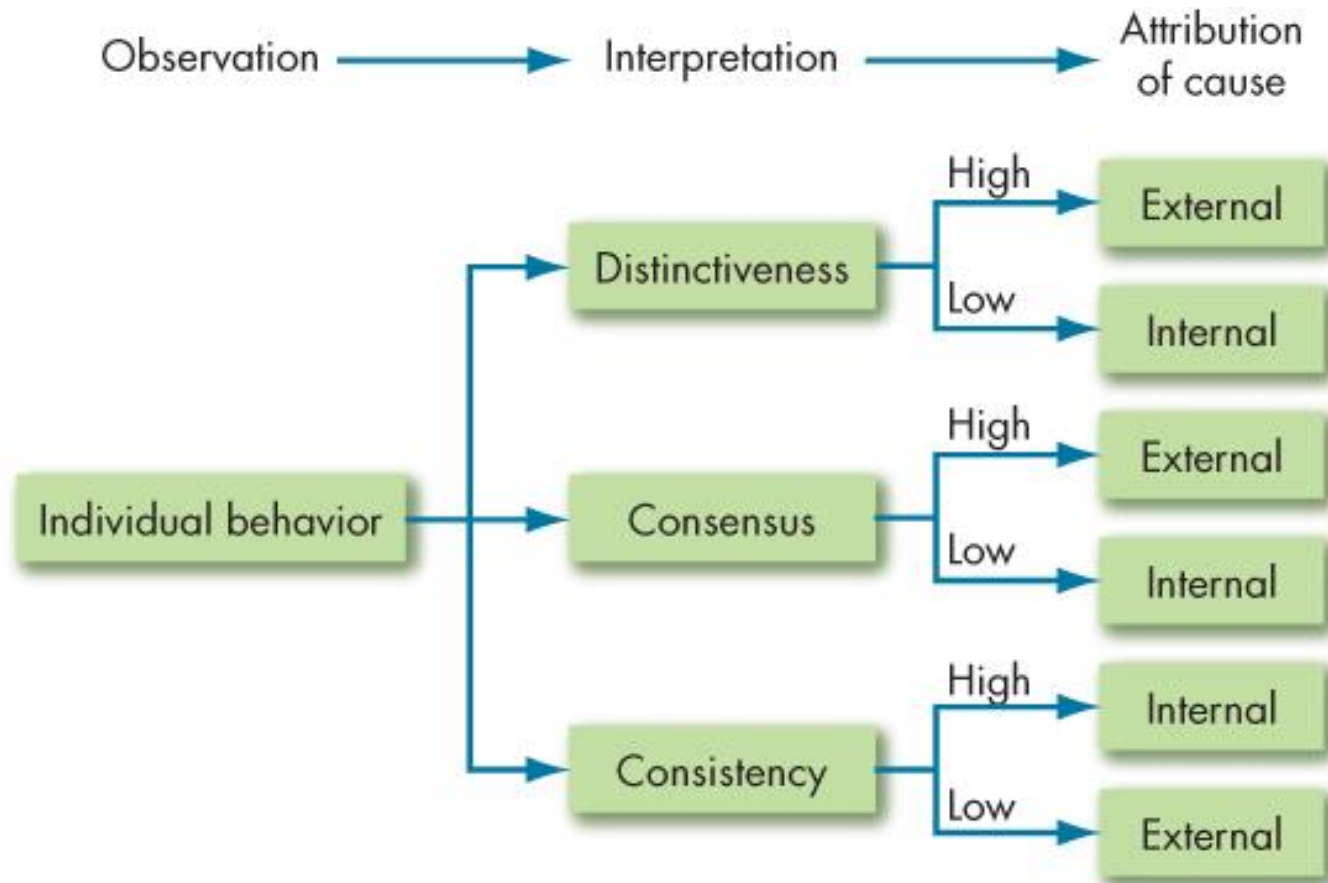


# Explain Attribution Theory- 1

- **Attribution theory** suggests that when we observe an individual's behavior, we attempt to determine whether it was internally or externally caused.
- Determination depends on three factors:
  - Distinctiveness
  - Consensus
  - Consistency
- Clarification of the differences between internal and external causation
  - **Internally caused** – those that are believed to be under the personal control of the individual.
  - **Externally caused** – resulting from outside causes.

# Explain Attribution Theory - 2

## Exhibit 5-2 Attribution Theory



# Explain Attribution Theory - 3

- **Fundamental attribution error**
  - We have a tendency to underestimate the influence of external factors and overestimate the influence of internal or personal factors.
- **Self-serving bias**
  - Individuals attribute their own successes to internal factors.

# Explain Attribution Theory- 4

- **Selective perception**
  - Any characteristic that makes a person, object, or event stand out will increase the probability that it will be perceived
  - Since we can't observe everything going on around us, we engage in selective perception.
- **Halo effect**
  - The halo effect occurs when we draw a general impression based on a single characteristic.
- **Contrast effects**
  - We do not evaluate a person in isolation.
  - Our reaction to one person is influenced by other persons we have recently encountered.
- **Stereotyping**
  - Judging someone based on one's perception of the group to which that person belongs.
    - We have to monitor ourselves to make sure we're not unfairly applying a stereotype in our evaluations and decisions.

# Explain Attribution Theory - 5

- Applications of Shortcuts in Organizations
  - Employment Interview
    - Evidence indicates that interviewers make perceptual judgments that are often inaccurate.
      - Interviewers generally draw early impressions that become very quickly entrenched.
      - Studies indicate that most interviewers' decisions change very little after the first four or five minutes of the interview.

# Explain Attribution Theory - 6

- Performance Expectations
  - Evidence demonstrates that people will attempt to validate their perceptions of reality, even when those perceptions are faulty.
    - **Self-fulfilling prophecy**, or the **Pygmalion effect**, characterizes the fact that people's expectations determine their behavior.
      - Expectations become reality.

# Explain Attribution Theory - 7

- Performance Evaluation
  - An employee's performance appraisal is very much dependent upon the perceptual process.
    - Many jobs are evaluated in subjective terms.
    - Subjective measures are problematic because of selective perception, contrast effects, halo effects, and so on.

# Explain the Link Between Perception and Decision Making



- Individuals make **decisions** – choosing from two or more alternatives.
- Decision making occurs as a reaction to a **problem**.
  - There is a discrepancy between some current state of affairs and some desired state, requiring consideration of alternative courses of action.
    - One person's problem is another's satisfactory state of affairs.



# Rational Model of Decision Making vs. Bounded Rationality and Intuition -1



## Exhibit 5-3 Steps in the Rational Decision-Making Model

1. Define the problem.
2. Identify the decision criteria.
3. Allocate weights to the criteria.
4. Develop the alternatives.
5. Evaluate the alternatives.
6. Select the best alternative.

# Rational Model of Decision Making vs. Bounded Rationality and Intuition - 2



- Assumptions of the Rational Model
  - The decision maker...
    - Has complete information.
    - Is able to identify all the relevant options in an unbiased manner.
    - Chooses the option with the highest utility.
- Most decisions in the real world don't follow the rational model.

# Rational Model of Decision Making vs. Bounded Rationality and Intuition - 3



- Bounded Rationality
  - Most people respond to a complex problem by reducing it to a level at which it can be readily understood.
    - People **satisfice** – they seek solutions that are satisfactory and sufficient.
  - Individuals operate within the confines of **bounded rationality**.
    - They construct simplified models that extract the essential features.

# Rational Model of Decision Making vs. Bounded Rationality and Intuition - 4



- How does bounded rationality work?
  - Once a problem is identified, the search for criteria and options begins.
    - A limited list of the more conspicuous choices is identified.
    - The decision maker then reviews the list, looking for a solution that is “good enough.”

# Rational Model of Decision Making vs. Bounded Rationality and Intuition - 5



- Intuition
  - **Intuitive decision making** occurs outside conscious thought; it relies on holistic associations, or links between disparate pieces of information, is fast, and is affectively charged, meaning it usually engages the emotions.
  - The key is neither to abandon nor rely solely on intuition, but to supplement it with evidence and good judgment.

# Rational Model of Decision Making vs. Bounded Rationality and Intuition - 6



## Exhibit 5-4 Reducing Biases and Errors

**Focus on Goals.** Without goals, you can't be rational, you don't know what information you need, you don't know which information is relevant and which is irrelevant, you'll find it difficult to choose between alternatives, and you're far more likely to experience regret over the choices you make. Clear goals make decision making easier and help you eliminate options that are inconsistent with your interests.

# Rational Model of Decision Making vs. Bounded Rationality and Intuition - 7



## [Exhibit 5-4 Continued]

**Look for Information That Disconfirms Your Beliefs.** One of the most effective means for counteracting overconfidence and the confirmation and hindsight biases is to actively look for information that contradicts your beliefs and assumptions. When we overtly consider various ways we could be wrong, we challenge our tendencies to think we're smarter than we actually are.

**Don't Try to Create Meaning out of Random Events.** The educated mind has been trained to look for cause-and-effect relationships. When something happens, we ask why. And when we can't find reasons, we often invent them. You have to accept that there are events in life that are outside your control. Ask yourself if patterns can be meaningfully explained or whether they are merely coincidence. Don't attempt to create meaning out of coincidence.

**Increase Your Options.** No matter how many options you've identified, your final choice can be no better than the best of the option set you've selected. This argues for increasing your decision alternatives and for using creativity in developing a wide range of diverse choices. The more alternatives you can generate, and the more diverse those alternatives, the greater your chance of finding an outstanding one.

# Rational Model of Decision Making vs. Bounded Rationality and Intuition - 8



- Common Biases and Errors in Decision Making
  - **Overconfidence Bias:** individuals whose intellectual and interpersonal abilities are weakest are most likely to overestimate their performance and ability.
  - **Anchoring Bias:** fixating on initial information as a starting point and failing to adequately adjust for subsequent information.



# Rational Model of Decision Making vs. Bounded Rationality and Intuition - 9



- **Confirmation Bias:** type of selective perception.
  - Seek out information that reaffirms past choices, and discount information that contradicts past judgments.
- **Availability Bias:** tendency for people to base judgments on information that is readily available.

# Rational Model of Decision Making vs. Bounded Rationality and Intuition - 10



- **Escalation of Commitment:** staying with a decision even when there is clear evidence that it's wrong.
  - Likely to occur when individuals view themselves as responsible for the outcome.
- **Randomness Error:** our tendency to believe we can predict the outcome of random events.
  - Decision making becomes impaired when we try to create meaning out of random events.

# Rational Model of Decision Making vs. Bounded Rationality and Intuition - 11



- **Risk Aversion:** the tendency to prefer a sure thing instead of a risky outcome.
  - Ambitious people with power that can be taken away appear to be especially risk averse.
  - People will more likely engage in risk-seeking behavior for negative outcomes, and risk-averse behavior for positive outcomes, when under stress.
- **Hindsight Bias:** the tendency to believe falsely that one has accurately predicted the outcome of an event, after that outcome is actually known.



# Contrast the Three Ethical Decision Criteria (1 of 3)

- **Utilitarianism:** decisions are made solely on the basis of their outcomes or consequences.
- Focus on **rights**: calls on individuals to make decisions consistent with fundamental liberties and privileges as set forth in documents such as the Bill of Rights.
  - Protects **whistle-blowers**.
- Impose and enforce rules fairly and impartially to ensure **justice** or an equitable distribution of benefits and costs.



# Contrast the Three Ethical Decision Criteria (2 of 3)

- **Behavioral ethics:** an area of study that analyzes how people behave when confronted with ethical dilemmas.
  - Individuals do not always follow ethical standards promulgated by their organizations, and we sometimes violate our own standards.
  - There are ways to increase ethical decision making in organizations.
  - Consider cultural differences.

# Contrast the Three Ethical Decision Criteria (3 of 3)

- **Lying**
  - One of the top unethical activities we may indulge in daily.
  - It undermines all efforts toward sound decision making.
- » Managers—and organizations—simply cannot make good decisions when facts are misrepresented and people give false motives for their behaviors.
- Lying is a big ethical problem as well.

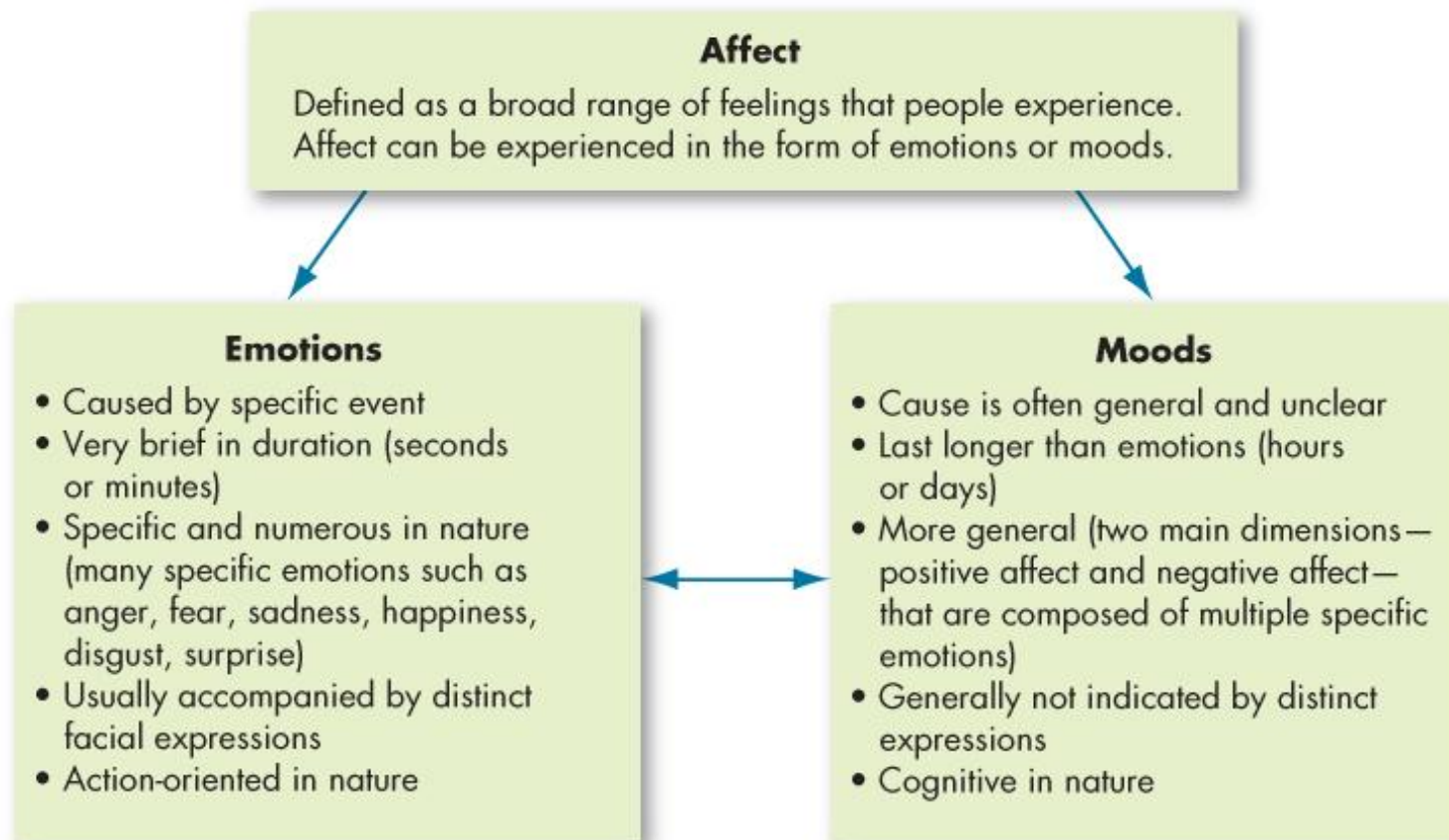
# Learning Objectives

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1. Differentiate between emotions and moods.
2. Identify the sources of emotions and moods.
3. Show the impact emotional labor has on employees.
4. Describe affective events theory.
5. Describe emotional intelligence.
6. Apply concepts about emotions and moods to specific OB issues.

# Differentiate Between Emotions and Moods-1

## Exhibit 6-1 Affect, Emotions, and Moods





# Differentiate Between Emotions and Moods - 2

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- Six essentially universal emotions
  1. Anger
  2. Fear
  3. Sadness
  4. Happiness
  5. Disgust
  6. Surprise

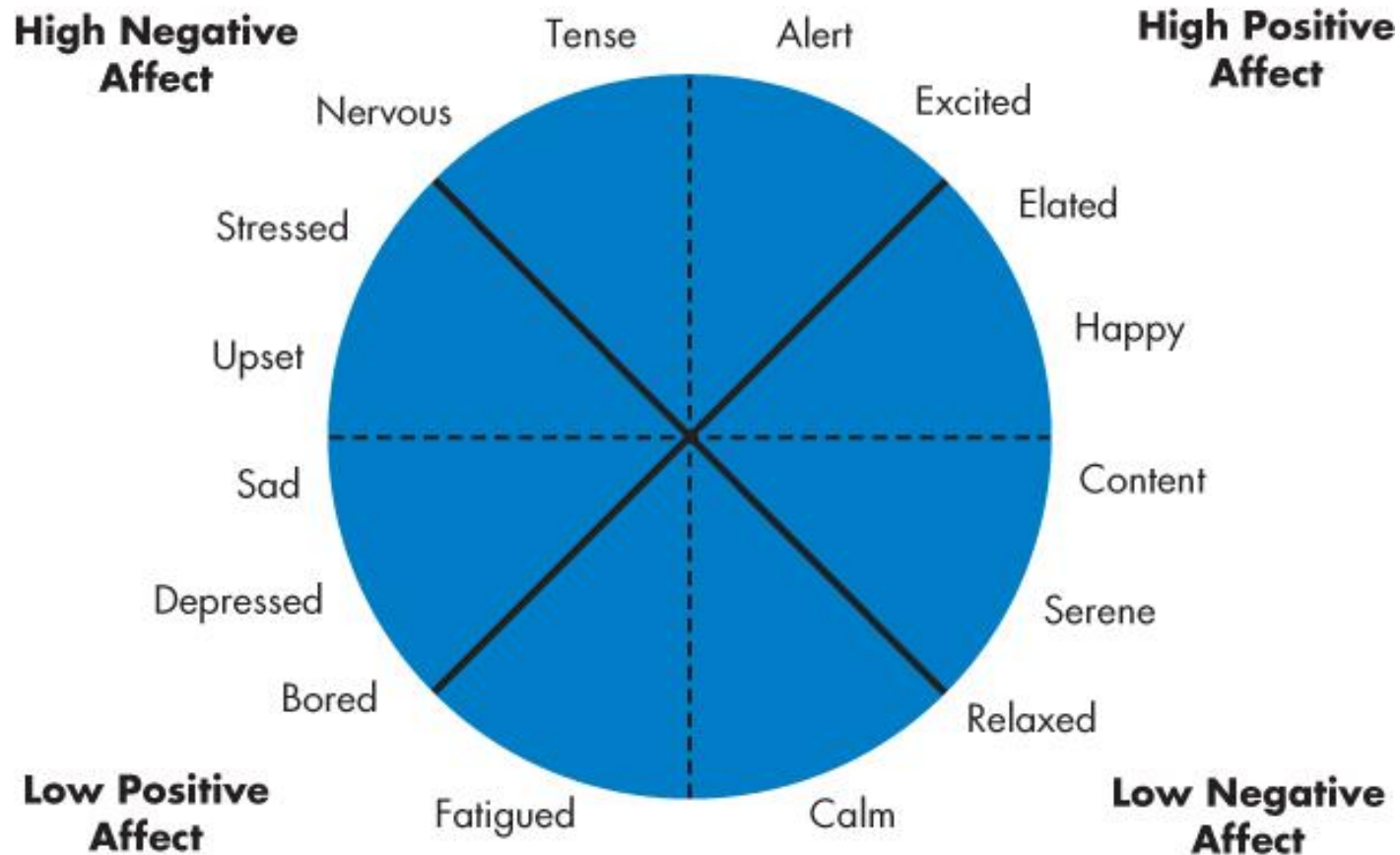
# Differentiate Between Emotions and Moods-3

## Moral Emotions

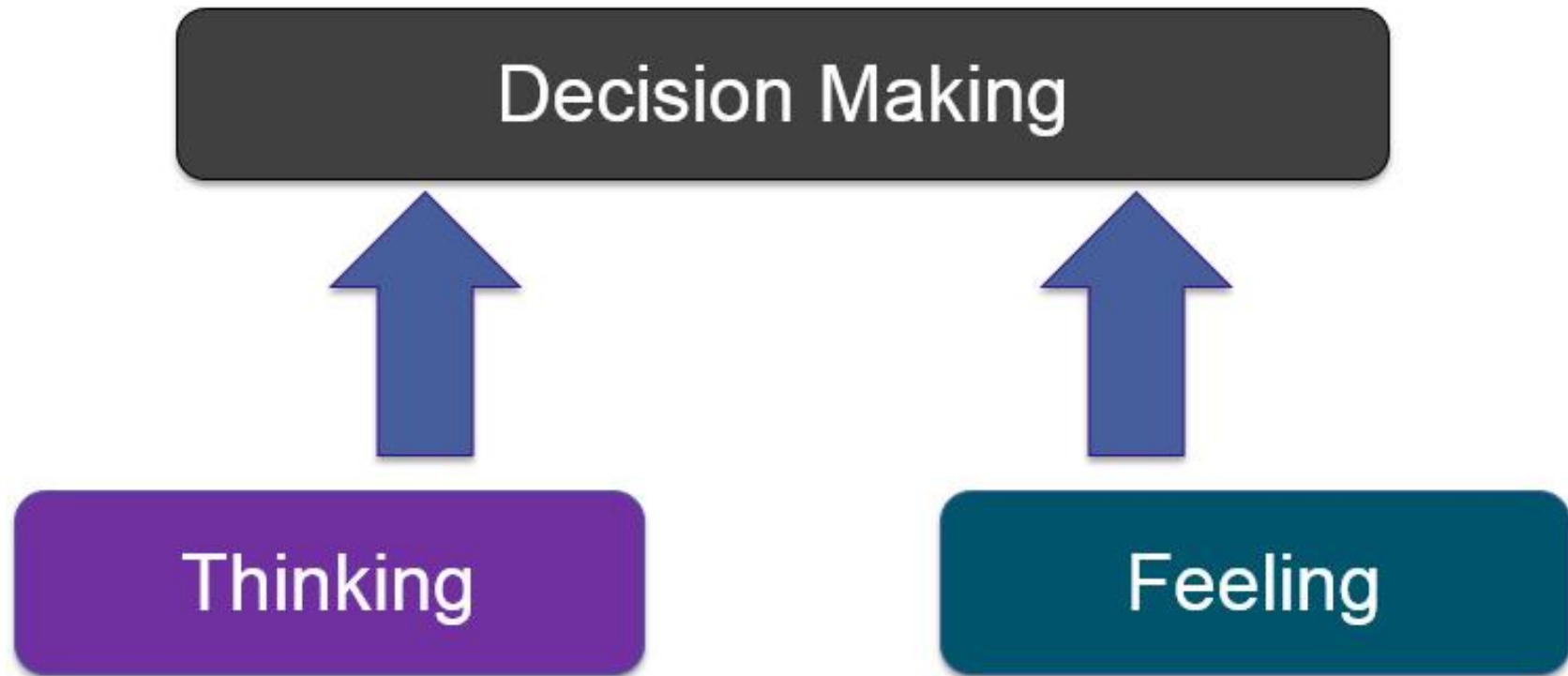
- **Moral emotions:** emotions that have moral implications because of our instant judgement of the situation that evokes them.
  - Our responses to moral emotions differ from our responses to other emotions.
  - Moral emotions are developed during childhood.
  - Because morality is a construct that differs between cultures, so do moral emotions.

# Differentiate Between Emotions and Moods -4

**Exhibit 6-2** The Structure of Mood



## Differentiate Between Emotions and Moods - 5



# Differentiate Between Emotions and Moods - 6

- **Do emotions make us ethical?**
  - Research on moral emotions questions the previous belief that emotional decision making is based on higher-level cognitive processes.
  - Our beliefs are shaped by our groups, resulting in unconscious responses and a shared moral emotion.
    - This may allow us to justify purely emotional reactions as rationally ethical just because we share them with others.

# Identify the Sources of Emotions and Moods - 1

- **Personality**
  - Moods and emotions have a trait component.
  - **Affect intensity:** how strongly people experience their emotions.
- **Time of Day**
  - There is a common pattern for all of us.
    - Happier in the midpoint of the daily awake period.
- **Day of the Week**
  - Happier toward the end of the week.
- **Age**
  - Older people tend to focus on more positive stimuli than younger adults.
- **Sex**
  - Women tend to be more emotionally expressive, feel emotions more intensely, have longer-lasting moods, and express emotions more frequently than men.

## Identify the Sources of Emotions and Moods - 2

- **Weather**
  - **Illusory correlation** – no effect.
- **Stress**
  - Even low levels of constant stress can worsen moods.
- **Social Activities**
  - Physical, informal, and dining activities increase positive moods.
- **Sleep**
  - Poor sleep quality increases negative affect.
- **Exercise**
  - Does somewhat improve mood, especially for depressed people.



# Impact of Emotional Labor on Employees (1 of 2)

- **Emotional labor:** an employee's expression of organizationally desired emotions during interpersonal transactions at work.
- Types of Emotions
  - **Felt:** the individual's actual emotions.
  - **Displayed:** required or appropriate emotions.
    - **Surface acting:** hiding feelings and foregoing emotional expressions in response to display rules.
    - **Deep acting:** trying to modify true inner feelings based on display rules.





# Impact of Emotional Labor on Employees (2 of 2)

- **Emotional dissonance:** Inconsistencies between the emotions people feel and the emotions they project.
  - Long-term emotional dissonance is a predictor for job burnout, declines in job performance, and lower job satisfaction.

# Describe Affective Events Theory

- **Affective events theory (AET):** employees react emotionally to things that happen to them at work and this influences job performance and satisfaction.
  - Emotions provide valuable insights into how workplace events influence employee performance and satisfaction.
  - Employees and managers shouldn't ignore emotions or the events that cause them, even when they appear minor, because they accumulate.

# Describe Emotional Intelligence - 1

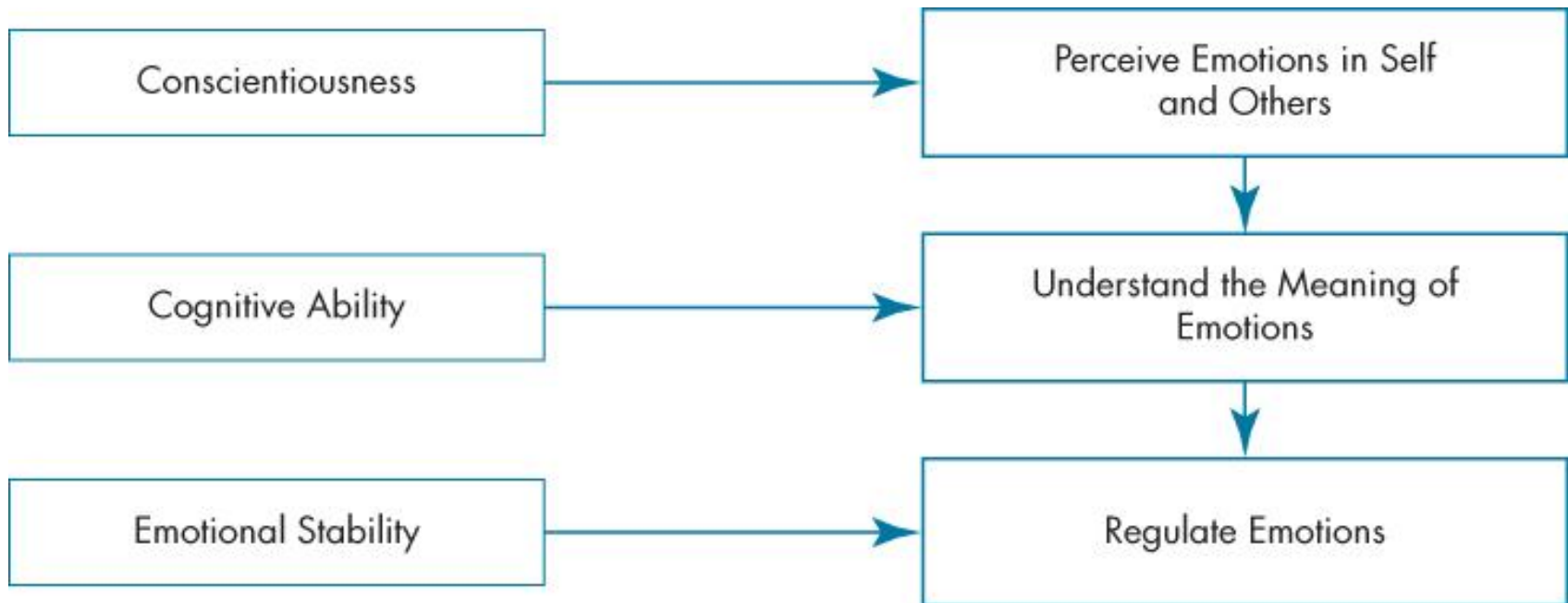
- **Emotional Intelligence:**

A person's ability to:

- Perceive emotions in the self and others.
- Understand the meaning of these emotions.
- Regulate one's emotions accordingly in a cascading model.

# Describe emotional intelligence - 2

## Exhibit 6-5 A Cascading Model of Emotional Intelligence



# Identify Strategies for Emotion Regulation

- **Emotion regulation** involves identifying and modifying the emotions you feel.
- **Emotion Regulation Influences and Outcomes**
  - Diversity in work groups may help us to regulate our emotions more consciously and effectively.
- **Emotion Regulation Techniques**
  - Surface acting
  - Deep acting
  - Emotional suppression
  - Cognitive reappraisal
  - Social sharing
  - **Mindfulness**
- The best option though is to recruit positive-minded individuals and train leaders to manage their moods, attitudes, and performance.

# Apply Concepts About Emotions and Moods to Specific OB Issues - 1



- Selection
  - EI should be a hiring factor, especially for social jobs.
- Decision Making
  - Positive emotions can lead to better decisions.
- Creativity
  - Positive mood increases flexibility, openness, and creativity.
- Motivation
  - Positive mood affects expectations of success.
    - Feedback amplifies this effect.
- Leadership
  - Emotions are important to acceptance of messages from organizational leaders.
- Negotiation
  - Emotions can affect negotiations.

# Apply Concepts About Emotions and Moods to Specific OB Issues - 2

- Customer Service
  - Emotions influence customer service.
    - Influences repeat business and customer satisfaction.
  - **Emotional contagion:** “catching” emotions.
- Work-Life Satisfaction
  - A good day at work tends to be followed by a good mood at home and vice versa.
    - This usually dissipates overnight.
- Deviant Workplace Behaviors
  - Negative emotions lead to **workplace deviant behaviors**.
    - Actions that violate norms and threaten the organization.
- Safety and Injury at Work
  - Don’t do dangerous work when in a bad mood.

# Apply Concepts About Emotions and Moods to Specific OB Issues - 3

- Deviant Workplace Behaviors
  - Negative emotions lead to **workplace deviant behaviors**.
    - Actions that violate norms and threaten the organization.
- Safety and Injury at Work
  - Don't do dangerous work when in a bad mood.



# Implications for Managers

- Recognize that emotions are a natural part of the workplace and good management does not mean creating an emotion-free environment.
- To foster effective decision making, creativity, and motivation in employees, look to model positive emotions and moods as much as is authentically possible.
- Provide positive feedback to increase the positivity of employees. Of course, it also helps to hire people who are predisposed to positive moods.
- In the service sector, encourage positive displays of emotion, which make customers feel more positive and thus, improve customer service interactions and negotiations.
- Understand the role of emotions and moods to significantly improve your ability to explain and predict your coworkers' and others' behavior.

# Motivation : Learning Outcomes

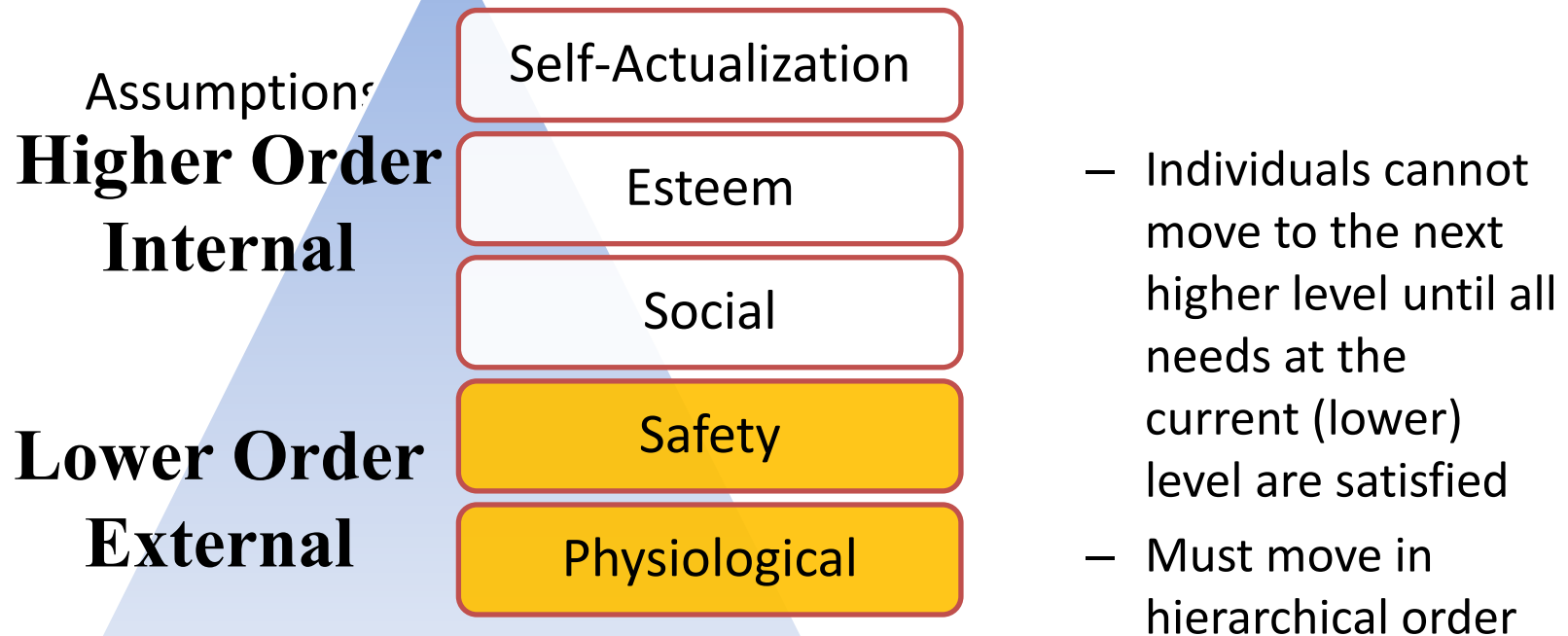
- After studying this chapter, you should be able to:
  - Describe the three elements of motivation.
  - Identify four early theories of motivation and evaluate their applicability today.
  - Apply the predictions of the self-determination theory to intrinsic and extrinsic rewards.
  - Compare and contrast goal-setting theory and management by objectives.
  - Contrast reinforcement theory and goal-setting theory.
  - Demonstrate how organizational justice is a refinement of equity theory.
  - Apply the key tenets of expectancy theory to motivating employees.
  - Compare contemporary theories of motivation.
  - Explain to what degree motivation theories are culture-bound.

# Defining Motivation

- *The result of the interaction between the individual and the situation.* The processes that account for an individual's intensity, direction, and persistence of effort toward attaining a goal – specifically, an organizational goal.
- Three key elements:
  - **Intensity** – how hard a person tries
  - **Direction** – effort that is channeled toward, and consistent with, organizational goals
  - **Persistence** – how long a person can maintain effort
- Early theories of motivation
  1. Maslow's Hierarchy of Needs Theory
  2. McGregor's Theory X and Theory Y
  3. Herzberg's Two-Factor Theory
  4. McClelland's Theory of Needs

# 1. Maslow's Hierarchy of Needs

*There is a hierarchy of five needs. As each need is substantially satisfied, the next need becomes dominant.*



## 2. McGregor's Theory X and Theory Y

- Two distinct views of human beings: Theory X (basically negative) and Theory Y (positive).
  - Managers used a set of assumptions based on their view
  - The assumptions molded their behavior toward employees

### Theory X

- Workers have little ambition
- Dislike work
- Avoid responsibility

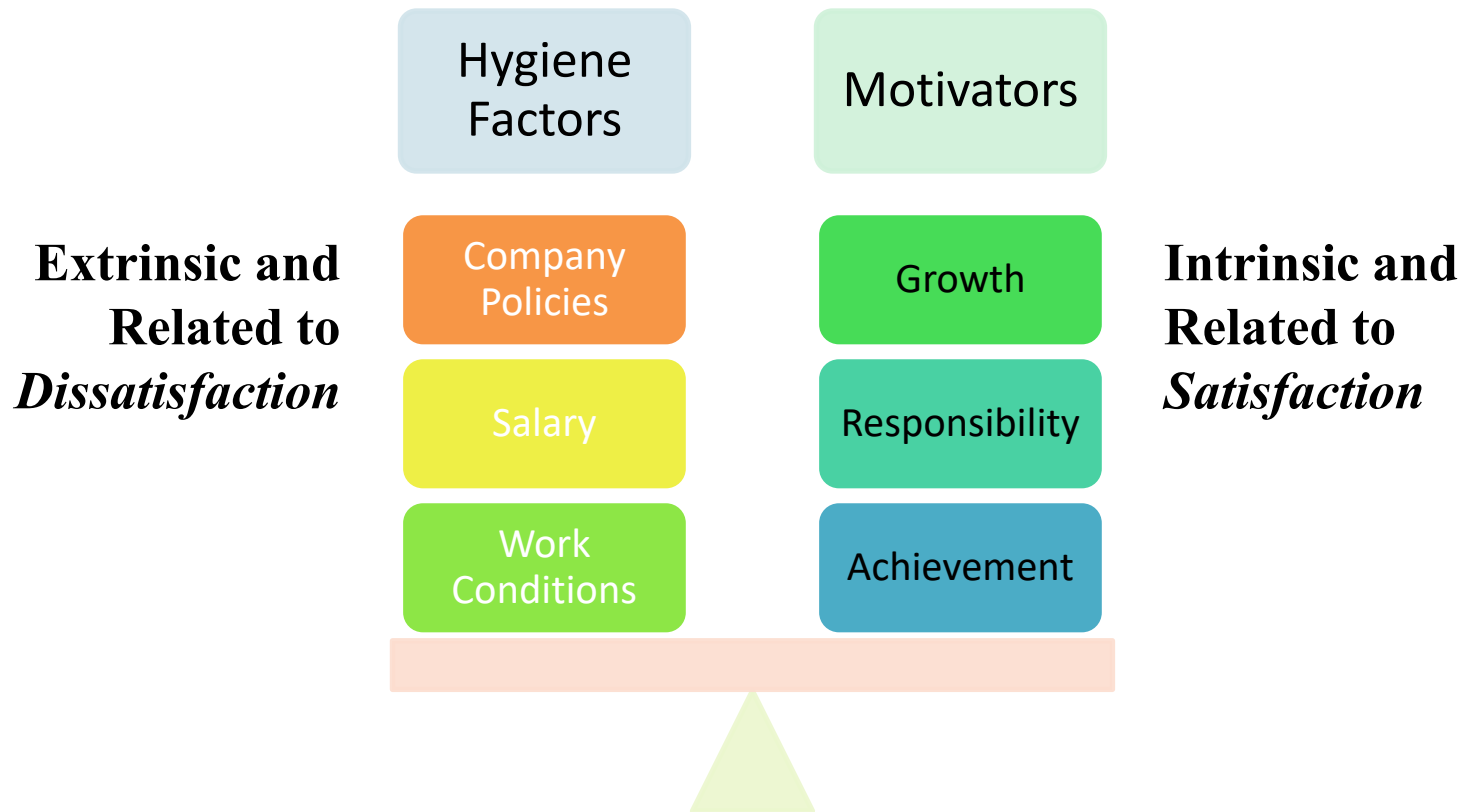
### Theory Y

- Workers are self-directed
- Enjoy work
- Accept responsibility

- No empirical evidence to support this theory.

# 3. Herzberg's Two-Factor Theory

Key Point: Satisfaction and dissatisfaction are not opposites but separate constructs



## 4. McClelland's Three Needs Theory

- Need for Achievement (nAch)
  - The drive to excel, to achieve in relation to a set of standards, to strive to succeed
- Need for Power (nPow)
  - The need to make others behave in a way that they would not have behaved otherwise
- Need for Affiliation (nAff)
  - The desire for friendly and close interpersonal relationships
- People have varying levels of each of the three needs.
  - Hard to measure

# Performance Predictions for High-nAch People

- People with a high need for achievement are likely to:
  - Prefer to undertake activities with a 50/50 chance of success, avoiding very low- or high-risk situations
  - Be motivated in jobs that offer high degree of personal responsibility, feedback, and moderate risk
  - Not necessarily make good managers – too personal a focus. Most good general managers are NOT high on nAch
  - Need high level of nPow and low nAff for managerial success
- Good research support, but it is not a very practical theory



# Contemporary Theories of Motivation

1. Self-Determination Theory
2. Goal-Setting Theory
  - Management by Objectives (MBO)
3. Self-Efficacy Theory
  - Also known as Social Cognitive Theory or Social Learning Theory
4. Reinforcement Theory
5. Equity Theory
6. Expectancy Theory

# 1. Self-Determination Theory

*People prefer to feel they have control over their actions, so anything that makes a previously enjoyed task feel more like an obligation than a freely chosen activity will undermine motivation.*

- Major Implications for Work Rewards

- Intrinsic and extrinsic rewards are not independent
- Extrinsic rewards may decrease intrinsic rewards
- Goal setting is more effective in improving motivation
- Verbal rewards increase intrinsic motivation; tangible rewards reduce it

## 2. Locke's Goal-Setting Theory

- Basic Premise:
  - That *specific* and *difficult* goals, with *self-generated feedback*, lead to higher performance
- Difficult Goals:
  - Focus and direct attention
  - Energize the person to work harder
  - Difficulty increases persistence
  - Force people to be more effective and efficient
- Relationship between goals and performance depends on:
  - Goal commitment (the more public the better!)
  - Task characteristics (simple, well-learned)
  - Culture

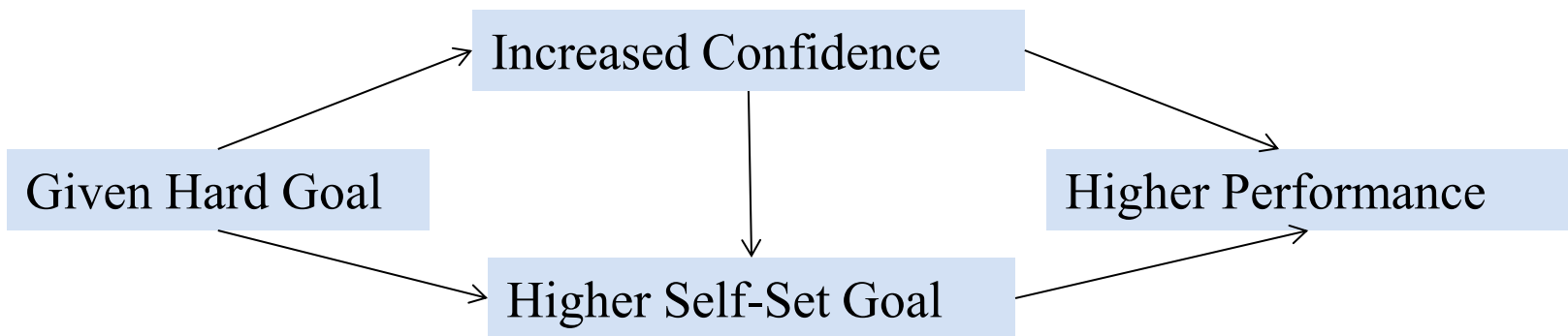


# Implementation of Goal-Setting: Management by Objectives

- MBO is a systematic way to utilize goal-setting.
- Goals must be:
  - Tangible
  - Verifiable
  - Measurable
- Corporate goals are broken down into smaller, more specific goals at each level of organization.
- Four common ingredients to MBO programs:
  - Goal specificity
  - Participative decision making
  - Explicit time period
  - Performance feedback

### 3. Bandura's Self-Efficacy Theory

- Self-efficacy is an individual's belief that he or she is capable of performing a task.
  - Higher efficacy is related to:
    - Greater confidence
    - Greater persistence in the face of difficulties
    - Better response to negative feedback (work harder)
  - Self-efficacy complements goal-setting theory



# Increasing Self-Efficacy

- Enactive mastery
  - Most important source of efficacy
  - Gaining relevant experience with task or job
  - “Practice makes perfect”
- Vicarious modeling
  - Increasing confidence by watching others perform the task
  - Most effective when observer sees the model to be similar to him- or herself
- Verbal persuasion
  - Motivation through verbal conviction
  - Pygmalion and Galatea effects – self-fulfilling prophecies
- Arousal
  - Getting “psyched up” – emotionally aroused – to complete task
  - Can hurt performance if emotion is not a component of the task

## 4. Reinforcement Theory

- Similar to goal-setting theory, but focused on a behavioral approach rather than a cognitive one.
  - Behavior is environmentally caused
  - Thought (internal cognitive event) is not important
    - Feelings, attitudes, and expectations are ignored
  - Behavior is controlled by its consequences – reinforcers
  - Is not a motivational theory but a means of analysis of behavior
  - Reinforcement strongly influences behavior but is not likely to be the sole cause

## 5. Adams' Equity Theory

- Employees compare their ratios of outcomes-to-inputs of relevant others.
  - When ratios are equal: state of equity exists – there is no tension as the situation is considered fair
  - When ratios are unequal: tension exists due to unfairness
    - Underrewarded states cause anger
    - Overrewarded states cause guilt
  - Tension motivates people to act to bring their situation into equity



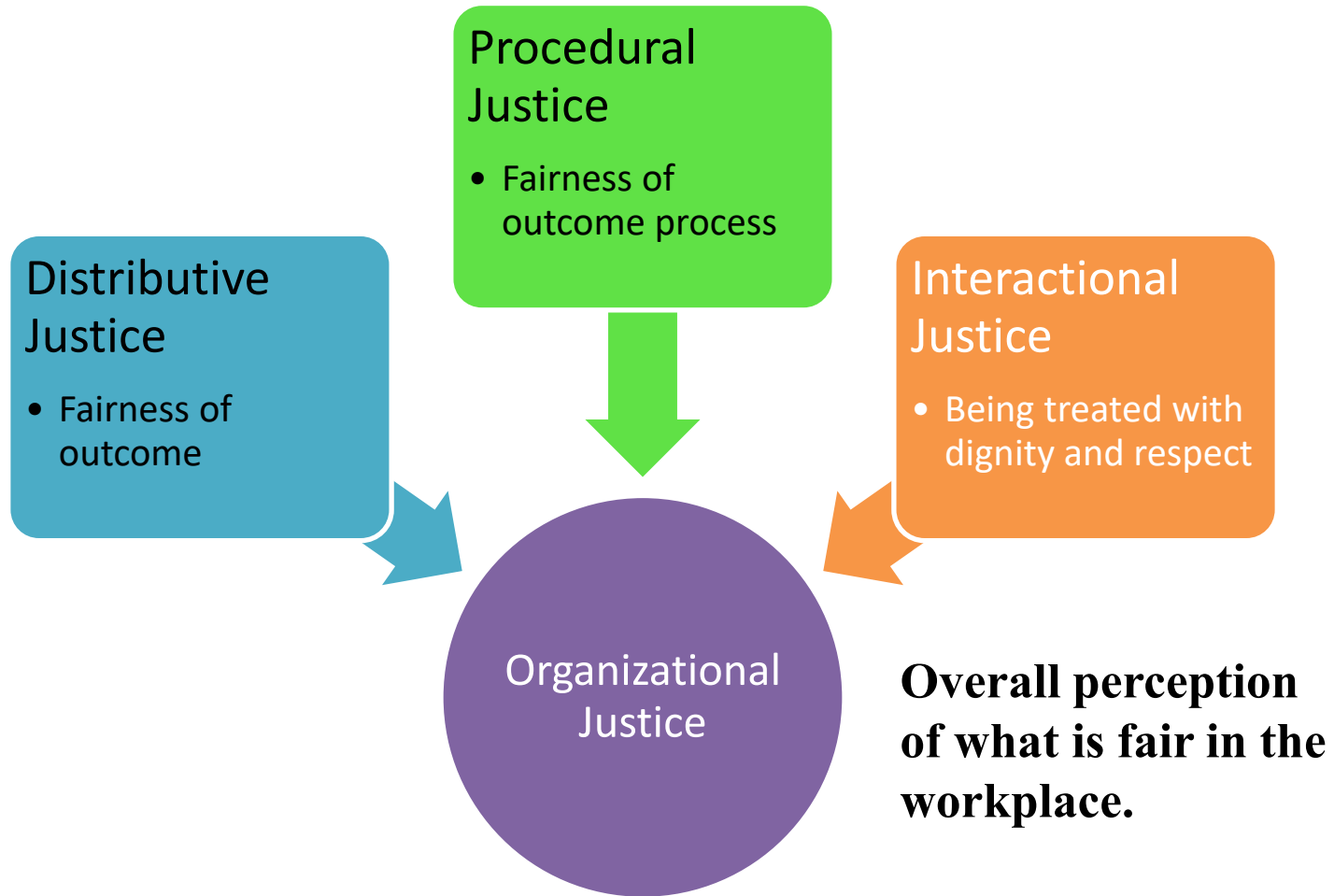
# Equity Theory's "Relevant Others"

- There can be four referent comparisons:
  - Self–Inside
    - The person's experience in a different job in the same organization
  - Self–Outside
    - The person's experience in a different job in a different organization
  - Other–Inside
    - Another individual or group within the organization
  - Other–Outside
    - Another individual or group outside of the organization

# Reactions to Inequity

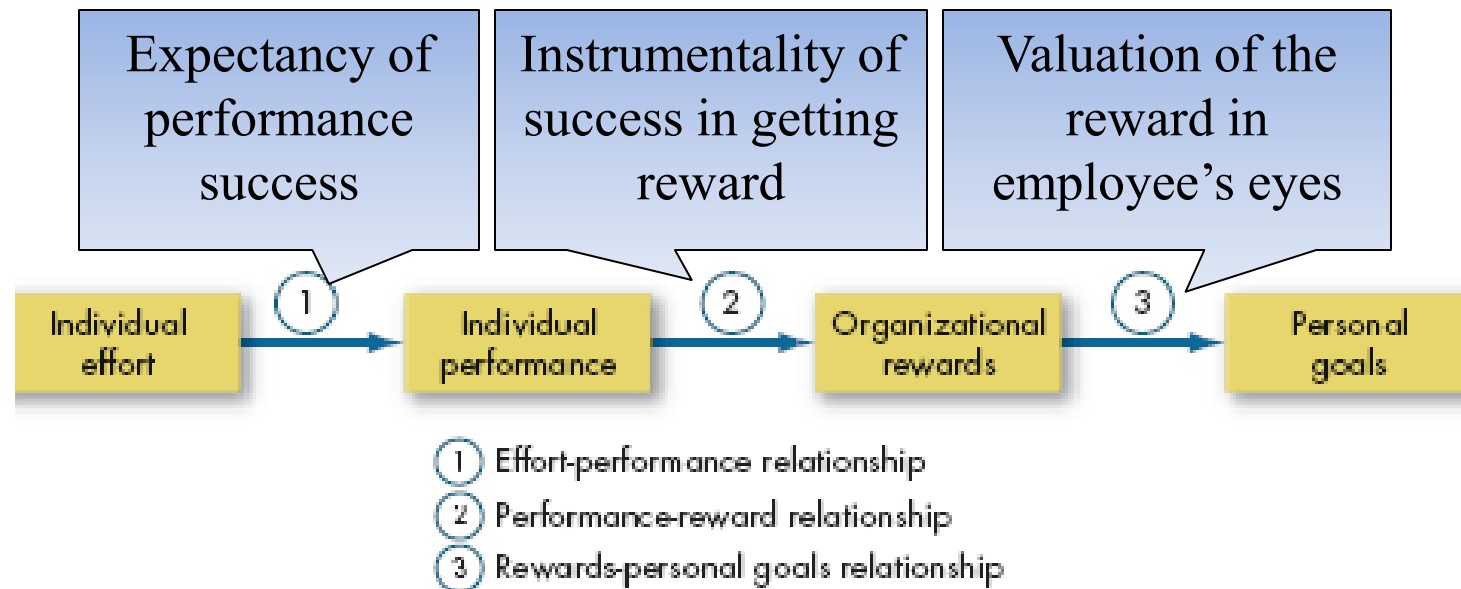
- Employee behaviors to create equity:
  - Change inputs (slack off)
  - Change outcomes (increase output)
  - Distort/change perceptions of self
  - Distort/change perceptions of others
  - Choose a different referent person
  - Leave the field (quit the job)
- Propositions relating to inequitable pay:
  - Paid by time:
    - Overrewarded employees produce more
    - Underrewarded employees produce less with low quality
  - Paid by quality:
    - Overrewarded employees give higher quality
    - Underrewarded employees make more of low quality

# Justice and Equity Theory



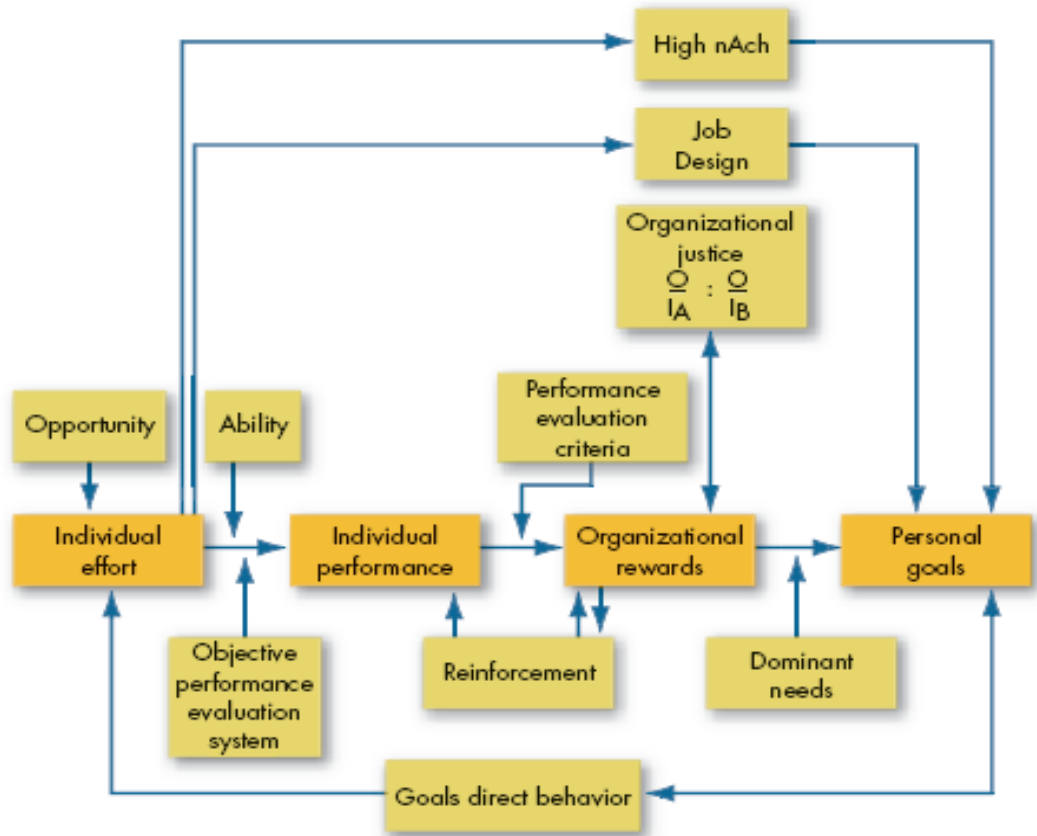
## 6. Vroom's Expectancy Theory

The strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of the outcome to the individual.



# Integrating Contemporary Motivation Theories

- Based on Expectancy Theory



# Global Implications

- Motivation theories are often culture-bound.
  - Maslow’s hierarchy of needs theory
    - Order of needs is not universal
  - McClelland’s three needs theory
    - nAch presupposes a willingness to accept risk and performance concerns – not universal traits
  - Adams’ equity theory
    - A desire for equity is not universal
    - “Each according to his need” – socialist/former communists
- Desire for interesting work seems to be universal.
  - There is some evidence that the intrinsic factors of Herzberg’s two-factor theory may be universal

# Summary and Managerial Implications

- Need Theories (Maslow, Alderfer, McClelland, Herzberg)
  - Well known, but not very good predictors of behavior
- Goal-Setting Theory
  - While limited in scope, good predictor
- Reinforcement Theory
  - Powerful predictor in many work areas
- Equity Theory
  - Best known for research in organizational justice
- Expectancy Theory
  - Good predictor of performance variables but shares many of the assumptions as rational decision making