Chapter 1: Introduction to the Field of Organizational Behavior

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Introduction to the Field of Organizational Behavior

LEARNING OBJECTIVES

After reading this chapter, students should be able to:

1. Define organizational behavior and organizations, and discuss the importance of this field of inquiry.
2. Debate the organizational opportunities and challenges of globalization, workforce diversity, and emerging employment relationships.
3. Discuss the anchors on which organizational behavior knowledge is based.
4. Compare and contrast the four current perspectives of organizational effectiveness as well as the early goal attainment perspective.

CHAPTER GLOSSARY

corporate social responsibility — (CSR) organizational activities intended to benefit society and the environment beyond the firm’s immediate financial interests or legal obligations.
depth-level diversity — differences in the psychological characteristics of employees, including personalities, beliefs, values, and attitudes.
ethics — the study of moral principles or values that determine whether actions are right or wrong and outcomes are good or bad.
evidence-based management — the practice of making decisions and taking actions based on research evidence.
globalization — economic, social, and cultural connectivity with people in other parts of the world.
high-performance work practices (HPWPs) — a perspective that holds that effective organizations incorporate several workplace practices that leverage the potential of human capital.
human capital — the stock of knowledge, skills, and abilities among employees that provide economic value to the organization.
intellectual capital — a company’s stock of knowledge, including human capital, structural capital, and relationship capital.
open systems — a perspective that holds that organizations depend on the external environment for resources, affect that environment through their output, and consist of internal subsystems that transform inputs to outputs.
organizational behavior (OB) — the study of what people think, feel, and do in and around organizations.
organizational effectiveness — a broad concept represented by several perspectives, including the organization’s fit with the external environment, internal subsystems configuration for high performance, emphasis on organizational learning, and ability to satisfy the needs of key stakeholders.

organizational efficiency — the amount of outputs relative to inputs in the organization’s transformation process.

organizational learning — a perspective that holds that organizational effectiveness depends on the organization’s capacity to acquire, share, use, and store valuable knowledge.

organizations — groups of people who work interdependently toward some purpose.

relationship capital — the value derived from an organization’s relationships with customers, suppliers, and others.

stakeholders — individuals, groups, and other entities that affect, or are affected by, the organization’s objectives and actions.

structural capital — knowledge embedded in an organization’s systems and structures.

surface-level diversity — the observable demographic or physiological differences in people, such as their race, ethnicity, gender, age, and physical disabilities.

values — relatively stable, evaluative beliefs that guide a person’s preferences for outcomes or courses of action in a variety of situations.

virtual work — work performed away from the traditional physical workplace by using information technology.

work-life balance — the degree to which a person minimizes conflict between work and nonwork demands.

CHAPTER SUMMARY BY LEARNING OBJECTIVE

LO1 Define organizational behavior and organizations, and discuss the importance of this field of inquiry.

Organizational behavior is the study of what people think, feel, and do in and around organizations. Organizations are groups of people who work interdependently toward some purpose. OB theories help people (a) make sense of the workplace, (b) question and rebuild their personal mental models, and (c) get things done in organizations. OB knowledge is for everyone, not just managers. OB knowledge is just as important for the organization’s financial health.

LO2 Debate the organizational opportunities and challenges of globalization, workforce diversity, and emerging employment relationships.

Globalization, which refers to various forms of connectivity with people in other parts of the world, has several economic and social benefits, but it may also be responsible for work intensification, reduced job security, and lessening work–life balance. Workforce diversity is apparent at both the surface level (observable demographic and other overt differences in people) and deep level (differences in personalities, beliefs, values, and attitudes). There is some evidence of deep-level diversity across generational cohorts. Diversity may be a competitive advantage that improves decision making and team performance on complex tasks, but it also imposes numerous challenges, such as dysfunctional team conflict and lower team performance. Work–life balance — minimizing conflict between work and nonwork demands — is an emerging employment trend. Another is virtual work, particularly working from home (telework). Working from home potentially increases employee productivity and reduces employee stress, but it also may lead to social isolation, reduced promotion opportunities, and tension in family relations.

LO3 Discuss the anchors on which organizational behavior knowledge is based.

The multidisciplinary anchor states that the field should develop from knowledge in other disciplines (e.g., psychology, sociology, economics), not just from its own isolated research base. The systematic research anchor states that OB knowledge should be based on systematic research, consistent with evidence-based management. The
contingency anchor states that OB theories generally need to consider that there will be different consequences in different situations. The multiple levels of analysis anchor states that OB topics may be viewed from the individual, team, and organizational levels of analysis.

**LO4 Compare and contrast the four perspectives of organizational effectiveness.**

The open systems perspective views organizations as complex organisms that “live” within an external environment. They depend on the external environment for resources, then use organizational subsystems to transform those resources into outputs, which are returned to the environment. Organizations receive feedback from the external environment to maintain a good “fit” with that environment. Fit occurs by adapting to the environment, managing the environment, or moving to another environment. According to the organizational learning perspective, organizational effectiveness depends on the organization’s capacity to acquire, share, use, and store valuable knowledge. Intellectual capital consists of human capital, structural capital, and relationship capital. Knowledge is retained in the organizational memory; companies also selectively unlearn.

The high-performance work practices (HPWPs) perspective identifies a bundle of systems and structures to leverage workforce potential. The most widely identified HPWPs are employee involvement, job autonomy, development of employee competencies, and performance- or skill-based rewards. HPWPs improve organizational effectiveness by building human capital, increasing adaptability, and strengthening employee motivation and attitudes. The stakeholder perspective states that leaders manage the interests of diverse stakeholders by relying on their personal and organizational values for guidance. Ethics and corporate social responsibility (CSR) are natural variations of values-based organizations because they rely on values to determine the most appropriate decisions involving stakeholders. CSR consists of organizational activities intended to benefit society and the environment beyond the firm’s immediate financial interests or legal obligations.
Chapter 1: Introduction to the Field of Organizational Behavior

LECTURE OUTLINE (WITH POWERPOINT® SLIDES)

Introduction to the Field of Organizational Behavior

The Field of Organizational Behavior

Organizational behavior (OB) -- the study of what people think, feel, and do in and around organizations

Organizations -- groups of people who work interdependently toward some purpose

- Collective entities – people interact with each other in an organized way
- Organizations have a collective sense of purpose -- e.g. developing Internet products or designing better aircraft

Historical Foundations of Organizational Behavior

OB emerged as a distinct field around the early 1940s, but organizations have been studied for centuries

- Plato wrote about leadership
- Confucius extolled the virtues of ethics and leadership
- Elton Mayo and his focus, “the human relations” school, laid the foundation for today’s field of organizational behavior
Chapter 1: Introduction to the Field of Organizational Behavior

**Why Study OB?**

Helps us to make sense of and predict the world in which we live

Use OB theories to question our personal beliefs and assumptions

- Adopt more accurate models of workplace behavior

Helps us to get things done in the workplace

- Helps people to get things done
- Provides knowledge and tools for working with and through others

Organizational behavior is for everyone

- Valuable for everyone who works in and around organizations

**OB and the Bottom Line**

- OB practices are powerful predictors of the organization’s survival and success

**Contemporary Challenges for Organizations**

**1. Globalization**

Economic, social, and cultural connectivity with people in other parts of the world

- Actively participate in other countries and cultures
- Increased globalization due to improved information technology and transportation systems

Effects of Globalization on Organizations

- Benefits – larger markets, lower costs, greater access to knowledge and innovation
- Increases work intensification, reduces job security, and work/life balance
- Requires additional knowledge and skills e.g. global mindset

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Chapter 1: Introduction to the Field of Organizational Behavior

2. Increasing Workforce Diversity

Surface-level diversity
- Observable demographic or physiological differences in people (e.g. race, ethnicity, gender, age, physical disabilities)
- Increasing surface-level diversity in Canada and other countries

Deep-level diversity
- Differences in the psychological characteristics of employees (e.g. personalities, beliefs, values, and attitudes)
- Example: Generational differences

Consequences of diversity – opportunities and challenges
- Better (more diverse) knowledge, decisions on complex problems, representation, higher financial returns (at least in the short run)
- Challenges of diversity (e.g. team development, conflict)
- Surface-level diversity is a moral and legal imperative

3. Emerging Employment Relationships

Work-life balance
- Minimizing conflict between work and nonwork demands
- One of the most important employment issues over the past decade

Virtual Work
- Work performed away from the traditional physical workplace by using information technology
- Potential benefits of telework
  - attracts job applicants
  - improves work-life balance for most people
  - improves employee productivity
  - allows employees to remain productive when weather or natural disaster block access to the office
  - reduces employee work costs (e.g. commuting)
  - provides environmental benefits (less car pollution)
- Potential limitations of telework
  - employees experience social isolation
  - reduced promotion opportunities where companies reward face time
  - Telework is better suited to people who are self-motivated, organized, work effectively with technology, and fulfill social needs elsewhere
**Organizational Behavior Anchors: Systematic research anchor**

OB knowledge should be based on systematic research involving forming research questions, collecting data, and testing hypotheses

Produces evidence-based management

- making decisions and taking actions guided by research evidence
- i.e. researchers rely on scientific method (rather than accepting fads and other knowledge that lacks sufficient evidence)

Why corporate leaders follow fads rather than research evidence

1. Bombarded with popular books, consultant reports, so difficult to know which is based on good evidence
2. OB knowledge is generic, so managers need to translate theory into specific practice
3. Sources of popular books/fads rewarded for marketing, not validating their ideas
4. Perceptual biases — leaders embrace sources that readily support their pet beliefs

Creating a more evidence-based organization

- Be skeptical of hype ("new", "revolutionary")
- Embrace collective expertise, not charismatic stars
- Use stories to illustrate and as preliminary evidence, not validation of the theory
- Avoid following the herd — remain neutral while seeking out validity of a new trend

**Organizational Behavior Anchors: Multidisciplinary anchor**

OB should welcome theories and knowledge in disciplines e.g. psychology (individual and interpersonal behavior); sociology (team dynamics, organizational power); communications; marketing; information systems, etc.

OB theories borrows from other disciplines because the study of people in organizations naturally intersects with most disciplines that study human beings
Organizational Behavior Anchors (cont’d)

**Contingency anchor**
- A particular action may have different consequences in different situations — no single solution is best all the time
- Need to understand and diagnose the situation and select the strategy most appropriate under those conditions

**Multiple levels of analysis anchor**
1. Individual e.g. personality, motivation, etc.
2. Team (including interpersonal relations) e.g. team norms, cohesion, etc.
3. Organizational
   - OB topics usually relevant at all three levels of analysis

Organizational Effectiveness

**The ultimate dependent variable in OB**
- The outcome that most OB theories are ultimately trying to achieve

**Old (discredited) definition** — extend to which a company achieved its stated objectives
- Problem that leaders could set easy goals
- Problem that goals might aim the organization in the wrong direction

Four Perspectives of Organizational Effectiveness

**Best yardstick of organizational effectiveness is a composite of four perspectives:**
1. Open systems: firms have a good fit with their external environment
2. Organizational learning: firms are learning organizations
3. High-performance work practices: firms have efficient and adaptive internal subsystems
4. Stakeholders: firms satisfy the needs of key stakeholders
Chapter 1: Introduction to the Field of Organizational Behavior

**Open Systems Perspective**

Organizations are complex systems that live within an external environment — transform inputs to outputs

**External environment**

- Inputs — organization depends on its external environment for resources: e.g., raw materials, job applicants, financial resources
- External environment’s laws and cultural norms affect how the organization should operate
- Outputs — what the organization returns to the external environment — some outputs are beneficial and intended (e.g., products) while others are unintended and/or harmful (e.g., pollution, layoffs)

**Inside the organization**

- Internal subsystems – departments, informal groups, processes
- Subsystems transform inputs to outputs

**Open Systems and Organizational “Fit”**

Organizational “fit” — Organization’s inputs, processes, and outputs are aligned with the needs and expectations of the external environment

Three ways to maintain good fit

1. Change products/services and/or how they are produced
2. Actively manage their external environment — e.g. marketing increases demand for products
3. Move to a new environment that sustains the organization better

**Internal Subsystems Effectiveness** — how well the organization transforms inputs to outputs

- Organizational efficiency (productivity) — ratio of inputs to outputs
- Organizational adaptability — more responsive to environment
- Coordination is vital in the relationship among internal subsystems

**Organizational Learning Perspective**

Effective organizations find ways to acquire, share, use, store knowledge

Need to consider both stock and flow of knowledge

- Stock: intellectual capital
- Flow: org learning processes of acquisition, sharing, use, and storage
Chapter 1: Introduction to the Field of Organizational Behavior

Intellectual Capital

A company’s stock of knowledge including human, structural and relationship capital

Human capital

• Stock of knowledge, skills, and abilities among employees that provide economic value to the organization

Structural capital

• Knowledge embedded in an organization’s systems and structures e.g. documentation of work procedures

Relationship capital

• Value derived from an organization’s relationships with customers, suppliers, and others who provide added mutual value for the organization e.g. brand image

Organizational Learning Processes

1. Knowledge acquisition

• Extracting information and ideas from the external environment as well as through insight e.g. hiring people, acquiring companies, when employees learn from external sources, experimentation

2. Knowledge sharing

• Distributing knowledge to others across the organization e.g. structured and informal communication, various forms of learning, intranets

3. Knowledge use

• Applying knowledge in ways that add value
• Requires awareness that knowledge is available, autonomy to apply knowledge, and a culture that supports learning

4. Knowledge storage and organizational memory

• Processes to store and preserve intellectual capital
• Retain intellectual capital by:
  1. Keeping knowledgeable employees
  2. Systematically transferring knowledge to other employees
  3. Transferring human capital to structural capital (e.g. documentation)

Organizational unlearning – successful companies also unlearn

• Unlearn routines and patterns of behavior
• Removes knowledge that no longer adds value
High Performance Work Practices (HPWPs)

Effective organizations incorporate several workplace practices that leverage the potential of human capital.

Four HPWPs recognized in most studies — best when bundled together:

1. **Employee involvement**
   - Both of these strengthen employee motivation, improve decision making, organizational responsiveness, and commitment to change – together often take the form of self-directed teams.

2. **Job autonomy**
   - Recruit and select people with relevant skills, knowledge, values and other personal characteristics.
   - Invest in employee training and development.

3. **Employee competencies**
   - Recruit and select people with relevant skills, knowledge, values and other personal characteristics.
   - Invest in employee training and development.

4. **Performance/skill-based rewards**
   - Link performance and skill development to financial and non-financial rewards valued by employees.

How HPWPs Improve Effectiveness:

- Develop employee skills and knowledge (human capital) are direct predictors of individual performance.
- Human capital improves employee adaptability — able to perform diverse tasks in unfamiliar situations.
- Strengthens employee motivation and positive attitudes — HPWPs are investment in employees, so employee reciprocate.
Stakeholder Perspective

Stakeholders — entities that affect or are affected by the organization’s objectives and actions

- Employees, shareholders, suppliers, labor unions, government, communities, etc.

Personalizes the open-systems perspective

- Identifies specific people and social entities
- Stakeholder relations are dynamic i.e. can be managed

Challenges with stakeholder perspective:

- Stakeholders have conflicting interests
- Firms have limited resources to satisfy stakeholders

Stakeholders: Values and Ethics

We rely on values and ethics to prioritize stakeholder interests

Values

- Relatively stable, evaluative beliefs that guide our preferences for outcomes or courses of action in various situations
- Shared values – similar values held by groups of people

Ethics

- Study of moral principles/values, determine whether actions are right/wrong and outcomes are good or bad
- Rely on ethical values to determine “the right thing to do”

Stakeholders and CSR

Stakeholder perspective includes corporate social responsibility (CSR)

- Benefit society and the environment beyond the firm’s immediate financial interests or legal obligations
- Organization’s contract with society—serve stakeholders beyond shareholders and customers

Triple-bottom-line philosophy

- Economic – survive and be profitable
- Society – maintain or improve conditions
- Environment – becoming “greener”
Integrative Model of OB

- Individual inputs and processes influence individual outcomes which have a direct effect on the organization’s effectiveness
- Team inputs influence team processes which then affect team performance and other outcomes
- Team processes and outcomes affect individual processes and outcomes
- Organizational inputs and processes have macro-level influence on both teams and individuals

Introduction to the Field of Organizational Behavior
CRITICAL THINKING QUESTIONS

1. A friend suggests that organizational behavior courses are useful only to people who will enter management careers. Discuss the accuracy of your friend’s statement.

2. A common refrain among executives is “People are our most important asset.” Relate this statement to any two of the four perspectives of organizational effectiveness presented in this chapter. Does this statement apply better to some perspectives than to others? Why or why not?

3. Corporate social responsibility is one of the hottest issues in corporate boardrooms these days, partly because it is becoming increasingly important to employees and other stakeholders. In your opinion, why have stakeholders given CSR more attention recently? Does abiding by CSR standards potentially cause companies to have conflicting objectives with some stakeholders in some situations?

4. What does “evidence-based management” mean? Describe situations where you have heard about companies practicing evidence-based management, as well as situations where companies have relied on fads that lacked sufficient evidence of their worth.
1. A friend suggests that organizational behavior courses are useful only to people who will enter management careers. Discuss the accuracy of your friend’s statement.

This chapter begins by saying that this book is about people working in organizations. Undoubtedly, many individuals will specialize in a distinct field of study and enter careers other than management. However, they too will be members in work organizations. As such, the three main reasons for studying organizational behavior (understanding, predicting, influencing) will benefit them as well. You may think of this technical knowledge/skills as providing “what” you need to know and be able to do to be successful in your chosen field. On the other hand, OB knowledge benefits everyone by addressing the people issues needed to apply technical knowledge and skills. Knowledge of OB provides valuable knowledge of “how” to address these people issues when applying accounting, marketing, engineering and other ideas in organizational settings. Ultimately, an individual’s career success is largely determined by his or her ability to understand and apply concepts in motivation, communication, team dynamics and other OB topics.

2. A common refrain among executives is “People are our most important asset.” Relate this statement to any two of the four perspectives of organizational effectiveness presented in this chapter. Does this statement apply better to some perspectives than to others? Why or why not?

This is an open discussion question because the statement can relate to all four perspectives of organizational effectiveness.

Open systems -- probably the least focus on employees of the four perspectives. People represent the internal subsystems of organizations, so are vital in that respect. Some employees are also “boundary spanners” in that they link the organization to the external environment.

Organizational learning -- these perspective views employees as reasonably important because they hold a large portion of intellectual capital (human capital and possibly some forms of relationship capital). People bring knowledge into the organization and are largely responsible for sharing that knowledge. Knowledge use is also ultimately a human endeavor.

High performance work practices -- arguably the perspective that views people (employees) as the most critical resource. HPWPs embrace the human capital model; they consider employees competitive advantage. HPWPs are practices to leverage or unleash the competitive advantage potential of employees.

Stakeholder -- Employees are one type of stakeholder, so the statement applies to this perspective. It recognizes that employees have a vested interest in the organization and its actions.
3. Corporate social responsibility is one of the hottest issues in corporate boardrooms these days, partly because it is becoming increasingly important to employees and other stakeholders. In your opinion, why have stakeholders given CSR more attention recently? Does abiding by CSR standards potentially cause companies to have conflicting objectives with some stakeholders in some situations?

These questions are open to speculation and debate. Many will suggest that CSR has become more important because of global warming, loss of habitat, and other highly visible indicators of problems. In addition, a few might argue that increasing wealth allows society to raise the bar on companies by demanding that they contribute more to society. Still others might suggest that globalization has brought developed world companies closer to people in poverty and countries in need of better health standards.

Students may state that corporate scandals have raised CSR as a priority. Other reasons include the preference of stakeholders wanting to be associated with organizations that are deemed socially responsible. This preference has not gone unnoticed in corporate boardrooms. A growing number of companies are equating social responsibility with increased profitability. As a result, they are changing the way they do business. They reason that CSR can be leveraged as a competitive advantage in the market.

Regarding the conflicting objectives, many students would agree. After all, the textbook states that companies can’t satisfy all stakeholders because there are limited resources and stakeholders have conflicting goals. But some corporate leaders have suggested that there is less conflict then assumed. They particularly believe that satisfying communities and the environment ultimately satisfies the needs of shareholders and employees.

4. What does “evidence-based management” mean? Describe situations where you have heard about companies practicing evidence-based management, as well as situations where companies have relied on fads that lacked sufficient evidence of their worth.

There are two parts to this question. The first requires students to define what “evidence-based management” is. The second part asks students to provide an example of fads that lacked evidence, but which companies relied on in the past. Answers to the second part will vary based on individual student experiences.

A sample answer to the first part of the question “evidence-based management” may include the following:

Evidence–based management is the idea that management decisions and initiatives should be based on the systematic research anchor to ensure effective implantation. In other words, we should manage the workplace based on sound evidence gathered as a result of systematic research. This involves using knowledge flowing from the process of forming research questions, systematically collecting data, and testing hypotheses against those data. Applying evidence-based management would prevent corporate leaders from embracing fads and relying on their pet beliefs before finding out if they actually work.
Paul Sims was delighted when Ancol Corp. offered him the job of manager at its Lexington, Kentucky plant. Sims was happy enough managing a small metal stamping plant with another company, but the invitation to apply to the plant manager job at one of the leading metal fabrication companies was irresistible. Although the Lexington plant was the smallest of Ancol’s 15 operations, the plant manager position was a valuable first step in a promising career.

One of Sims’s first observations at Ancol’s Lexington plant was that relations between employees and management were strained. Taking a page from a recent executive seminar that he attended on building trust in the workplace, Sims ordered the removal of all time clocks from the plant. Instead, the plant would assume that employees had put in their full shift. This symbolic gesture, he believed, would establish a new level of credibility and strengthen relations between management and employees at the site.

Initially, the 250 production employees at the Lexington plant appreciated their new freedom. They felt respected and saw this gesture as a sign of positive change from the new plant manager. Two months later, however, problems started to appear. A few people began showing up late, leaving early, or taking extended lunch breaks. Although this represented only about five percent of the employees, others found the situation unfair. Moreover, the increased absenteeism levels were beginning to have a noticeable effect on plant productivity. The problem had to be managed.

Sims asked supervisors to observe and record when the employees came or went and to discuss attendance problems with those abusing their privileges. But the supervisors had no previous experience with keeping attendance and many lacked the necessary interpersonal skills to discuss the matter with subordinates. Employees resented the reprimands, so relations with supervisors deteriorated. The additional responsibility of keeping track of attendance also made it difficult for supervisors to complete their other responsibilities.

After just a few months, Ancol found it necessary to add another supervisor position and reduce the number of employees assigned to each supervisor. But the problems did not end there. Without time clocks, the payroll department could not deduct pay for the amount of time that employees were late. Instead, a letter of reprimand was placed in the employee’s personnel file. However, this required yet more time and additional skills from the supervisors. Employees did not want these letters to become a permanent record, so they filed grievances with their labor union. The number of grievances doubled over six months, which required even more time for both union officials and supervisors to handle these disputes.

Nine months after removing the time clocks, Paul Sims met with union officials, who agreed that it would be better to put the time clocks back in. Employee-management relations had deteriorated below the level when Sims had started. Supervisors were overworked. Productivity had dropped due to poorer attendance records and increased administrative workloads.

A couple of months after the time clocks were put back in place, Sims attended an operations meeting at Ancol’s headquarters in Cincinnati. During lunch, Sims described the time clock incident to Liam Jackson, Ancol’s plant manager in Portland, Oregon. Jackson looked surprised, then chuckled. He explained that the previous manager at his plant had done something like that with similar consequences six or seven years ago. The manager had left some time ago, but Jackson heard about the earlier time clock incident from a supervisor during his retirement party two months ago.

“I guess it’s not quite like lightning striking the same place twice,” said Sims to Jackson. “But it sure feels like it.”

Discussion Questions
1. Discuss the consequences of the time clock removal on Ancol’s effectiveness as an organization using any two of the perspectives of organizational effectiveness.
2. What changes should occur to minimize the likelihood of these problems in the future?
Case Synopsis
This case describes the activities of Paul Sims after he became manager at Ancol Corp’s plant in Lexington, Kentucky. To build trust between management and employees, he removed the time clocks that kept track of employee work hours. Although employees appreciated this freedom to work without a time clock, some abused this privilege by showing up late and leaving early. This affected plant productivity. Supervisors spent more time counseling those who had attendance problems and filling out letters of reprimand. The letters, along with supervisors’ poor interpersonal skills, worsened relations. Another supervisor was added to cope with the additional work. After nine months, Sims agreed with union officials to reinstate the time clocks. Later, at a meeting of other Ancol managers, Sims learned that a similar situation had occurred at another plant a few years earlier.

[NOTE: This case is a variation of an incident described in R. Daft, Organizational Theory, 3rd ed. (St. Paul, MN: West, 1989), pp. 16-17.]

Suggested Answers to Discussion Questions
1. Discuss the consequences of the time clock removal on Ancol’s effectiveness as an organization using any two of the perspectives of organizational effectiveness.

Open Systems Perspective: The Ancol case nicely illustrates the problems facing organizations from an open systems perspective. The open systems view states that organizations are comprised of interdependent parts. We certainly see that here with the removal of time clocks. In particular, we see how removing time clocks leads to a string of unexpected consequences. In this case, removing the time clocks resulted in more work for supervisors. It also affected work activities in payroll and, eventually, posed a new set of problems for labor union leaders. Supervisors now had to use disciplinary counseling skills which many of them lacked. Although students might suggest that lack of counseling training is a problem here, notice that there is no mention that it was a problem before. It is possible in a unionized environment with process-oriented technology, that control systems are in place which minimize the need for supervisors to discipline employees. For example, time clocks control employee attendance behavior or, at least, provide fact-based information. The main point, however, is that one action (removing time clocks) ripples through to other subsystems in the organization, as predicted by the open systems anchor.

SUGGESTION: Instructors might indicate at the outset of the case that this is a problem of organizations as systems. Student might then be asked to document the interdependencies. Each discussion group is asked to illustrate the events at Ancol from a systems perspective. The results are fascinating. Typically, some groups will diagram the systems model. Their drawing reveals the subsystems in the case, such as employees, supervisors, control systems (time clock), and management. It may also show inputs (such as Paul Sims’s entry), outputs (lower productivity), and feedback from the environment (union grievances).

Other student groups might try to diagram the relationships that affect each other, such as a series of interrelated lines among the subsystems within the organization. A third type of drawing illustrates the cause-effect relationships in a time sequence. This typically starts with the poor relations, then removing the time clock, then initially increasing morale but also increasing absenteeism, and so on. This temporal image should reveal the complexity of events in the case. For example, poor relations was not the only cause of the removed time clocks. Paul Sims’s entry to the organization and his knowledge from the seminar also contribute to this action.
Chapter 1: Introduction to the Field of Organizational Behavior

(Instructors might notice how this is a classic example of garbage can decision making -- a problem, solution, decision maker, and situation collide to form a decision.

This case also illustrates poor organizational learning. The end of the case describes how Sims attended an operations meeting at Ancol’s headquarters in Cincinnati, where he learned that Ancol’s plant in Portland, Oregon had a similar experience six or seven years earlier. This illustrates the “silos of knowledge” problem that exists in large organizations. If Sims had known about the earlier incident, he might have avoided the action of removing time locks, or might have taken steps to correct anticipated problems.

Organizational Learning Perspective: This case illustrates the problems facing organizations from an open systems view. The open systems view states that organizations are comprised of interdependent parts. We certainly see that here with the removal of time clocks. In particular, we see how removing time clocks leads to a string of unexpected consequences. In this case, removing the time clocks resulted in more work for supervisors. It also affected work activities in payroll and, eventually, posed a new set of problems for labor union leaders. Supervisors now had to use disciplinary counseling skills which many of them lacked. Although students might suggest that lack of counseling training is a problem here, notice that there is no mention that it was a problem before. It is possible in a unionized environment with process-oriented technology, that control systems are in place which minimize the need for supervisors to discipline employees. For example, time clocks control employee attendance behavior or, at least, provide fact-based information. The main point, however, is that one action (removing time clocks) ripples through to other subsystems in the organization, as predicted by the open systems anchor.

5. What changes should occur to minimize the likelihood of these problems in the future?

One answer to this question is to help people at Ancol recognize that organizations are open systems with interdependent parts. In other words, they need to be sensitive to the fact that changes in one part of the work unit affects other parts of the work unit, as we saw at this Ancol plant.

The second change is to apply knowledge management practices so that what was previously learned about removing time clocks would be more quickly and readily known throughout the organization. The end of the case describes how Sims attended an operations meeting at Ancol’s headquarters, where he learned that another Ancol plant had a similar experience six or seven years earlier. This illustrates the “silos of knowledge” problem that exists in large organizations. If Sims had known about the earlier incident, he might have avoided the action of removing time locks, or might have taken steps to correct anticipated problems. Students should discuss ways that organizations such as Ancol can improve knowledge sharing.

For example, the organization-wide meeting that Sims attended seems to help share knowledge among plant managers, albeit somewhat too late in this case. Alternatively, perhaps the company could leverage the benefits of Intranet technology to help employees and managers share experiences more fully. Even through an integrated e-mail system, Sims could have asked other managers if removing time clocks has been tried before, and with what consequences. Notice that knowledge sharing requires a culture of open communication and information sharing, not just the technology to make this possible.