

## Topic 1: Introduction to OB and Individual Differences

**Organisational behaviour:** study of what people think, feel and do in and around organisations

**Organisations:** groups of people who work interdependently towards some purpose

### Organisational Effectiveness

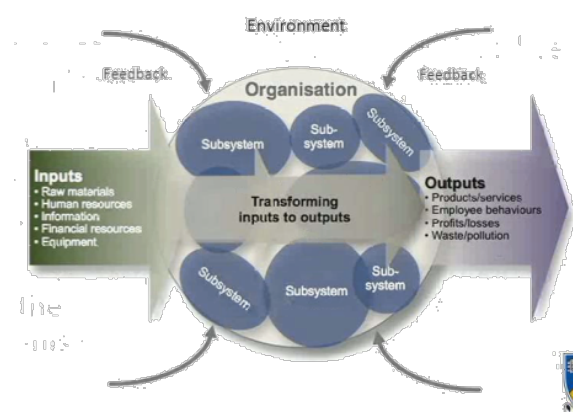
#### ▪ Old perspectives on Organisational Effectiveness

- Goal orientated – effective firms achieve their stated objectives – but any leader can set goals that are easy to achieve, some goals may aim the organization in the wrong direction. No longer accepted

#### ▪ Four perspectives or Organisational Perspectives – need to consider all four

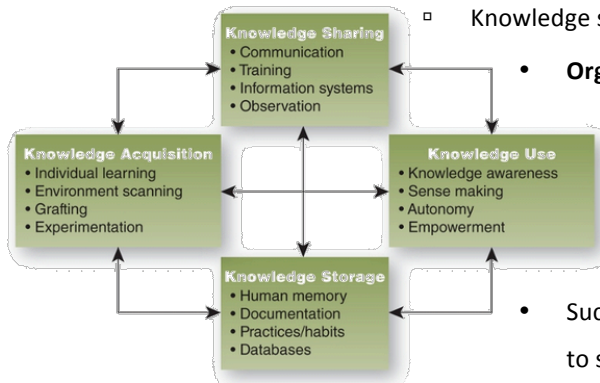
1. **Open-systems Perspective:** organisations depend on the external environment for resources, affect that environment through their output and consist of internal subsystems that transform inputs into outputs

- Organisations are complex systems that 'live' within/depend upon external environment
- Effective organisations
  - Maintain a close 'fit' with changing conditions – without creating a lot of waste
  - Transform inputs to outputs efficiently and flexibly
    - Organisational efficiency: amount of outputs relative to inputs in the organisation's transformation process – adaptive and innovative



2. **Organisational Learning perspective:** An organisation's capacity to acquire, share, use and store valuable knowledge. Need to consider both stock and flow of knowledge
  - Stock: intellectual capital
  - Flow: organisational learning processes of acquisition, sharing and use
  - Organisation that doesn't learn and keep up won't survive. To do that has to learn
  - **Intellectual capital:** company's stock of knowledge – made of 3 parts
    - Human capital: skills and abilities of employees that provides economic value
    - Structural capital: knowledge captured systems and structures. Can transfer to human
    - Relationship capital: value derived from satisfied customers, reliable suppliers, etc.
  - **Organisational learning process:**

- Knowledge acquisition: extracting information and ideas from the external environment as well as through insight
  - Absorptive capacity: ability to recognise the value of new information, assimilate it and use it for value-added activities
- Knowledge sharing: distributing knowledge to others across the organisation
- Knowledge use: realise knowledge is available and they have autonomy to use
- Knowledge storage: knowledge held for later retrieval –organisational memory



- **Organisational memory:** storage/preservation of intellectual capital
  - Keeping knowledgeable employees
  - Transferring knowledge to others – training, teamwork
  - Transferring human capital to structural capital - make it physical. Social media
- Successful companies also unlearn – if going to adapt have to be able to stop doing old things that no longer work. About development.

### 3. High-Performance WP (work practices) perspective: incorporate several workplace practices that leverage the potential of human capital

- HPWP foundations
  - Believe that human capital is valuable, rare (knowledge and skills, not everyone has this), difficult to imitate, non-substitutable.
  - Develop and benefit from human capital through specific organisational practices –
  - Obtain highest benefit when practices are bundled – not just one thing that produces high quality human capital.
- No consensus, but HPWPs include
  - Employee involvement and job autonomy (and their combination as self-directed teams)
  - Employee competence (training, selection, etc.)
  - Performance-base rewards

### 4. Stakeholder perspective: Stakeholders: entities who affect or affected by firm's objectives and actions

- Personalises the open systems perspective. Challenges:
  - Stakeholders have conflicting interests
  - Firms have limited resources
- Values, ethics and corporate social responsibility
  - Values: stable, evaluative beliefs, guide preferences for outcomes or courses of action in various situations
  - Ethics: moral principles/values that determine whether actions are right-wrong and outcomes are good or bad



- Corporate social responsibility: organisational activities intended to benefit society and the environment beyond the company's immediate financial interests or legal obligations
- Triple bottom line – economy, society, government

### Contemporary challenges for organisations

- Globalisation: economic, social and cultural connectivity with people in other parts of the world
- Increasing workforce diversity
  - Surface-level diversity: observable demographic or physiological differences in people. Such as their race, ethnicity, gender, age and physical disabilities
  - Deep-level diversity: differences in the psychological characteristics of employees, including personalities, beliefs, values and attitudes
- Emerging employment relations
  - Work-life balance: degree to which a person minimises conflict between work and non-work demands
  - Virtual work: work performed away from the physical workplace by means of information technology

### Four Conceptual Anchors

#### Systematic research anchor

- Evidence-based management: practice of making decisions and taking actions based on research evidence

#### Systematic research anchor

OB should study organizations using systematic research methods

#### Multidisciplinary anchor

OB should import knowledge from other disciplines, not just create its own knowledge

#### Contingency anchor

OB theory should recognize that the effects of actions often vary with the situation

#### Multiple levels of analysis anchor

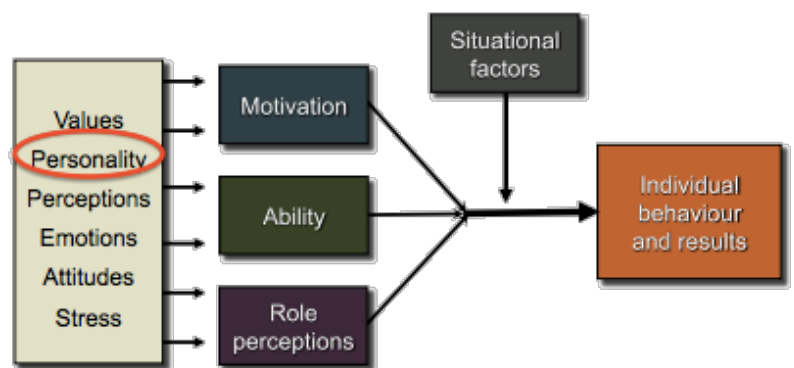
OB events should be understood from three levels of analysis: individual, team, and organization

## Topic 2: Perception in Organisations

### MARS Model of Individual Behaviour (MARS BAR)

#### Individual Behavioural Outcomes of Interest

- **Employee motivation:** forces within a person that affect direction, intensity and persistence of voluntary behaviour
- **Ability:** natural aptitudes and learned capabilities required to successfully complete a task
  - **Competencies:** skills, knowledge, aptitudes etc. that lead to superior performance
- **Role perceptions:** extent to which people understand the job duties (roles) assigned to or expected of them



- Understand specific tasks assigned to them
- Understand priority of various tasks and performance expectations
- Understanding the preferred behaviours or procedures for accomplishing the assigned tasks
- **Situational factors:** how much the situation supports or interferes with task goals

**Types of individual behaviour.** What do they do that contributed to the effectiveness of the organisation.

- **Task performance** – goal-directed behaviours under person's control.
- **Organisational citizenship** – various forms of cooperation and helpfulness to others that support the organisation's social and psychological context
- **Counter-productive work behaviours:** voluntary behaviours that potentially harm the organisations
  - Bad mouth organisation, sabotage other employees
- **Joining/staying with organisation** – agreeing to employment relationship, remaining in that relationship
  - Right people agreeing to take job offers and staying with organisation
  - Competitors will leave when human capital leaves us and goes to them
  - Turnover major component of human resources cost (after wages). Training, development costs a lot
- **Maintaining work attendance** – attending work at required times. Being there mentally and physically.
  - **Presenteeism:** attending scheduled work when one's capacity to perform is significantly diminished by illness and other factors

**Personality:** Relatively enduring pattern of thoughts, emotions, and behaviours that characterise a person, along with the psychological processes behind those characteristics. What makes us similar to or different from other people

- External traits – observable behaviours, allow us to label and understand individual differences
- Internal states – thoughts, values etc. inferred from behaviours
- **Nature vs. Nurture of Personality**
  - Influenced by Nature (genes): Heredity = 50% of behavioural tendencies and 30% of temperament
    - Minnesota studies – twins had similar behaviour patterns
  - Influenced by Nurture (socialisation, life experiences)
    - Personality isn't stable at birth, stabilises throughout adolescence
    - As our self concept (understanding who we are) becomes clearer over time, behaviour and personality become more consistent
- **5 Factor Personality Model (CANOE):** 5 abstract dimensions representing most personality traits
  1. Conscientiousness – get work finished and on time, Careful, dependant, self-disciplined
  2. Agreeableness – courteous, good natured, caring – 'friendly compliance'
  3. Neuroticism - anxious, hostile, fearful, overly concerned, depression, self-conscious

4. Openness to experience – imaginative, curious, sensitive, flexible

5. Extroversion – outgoing, talkative, sociable, assertive

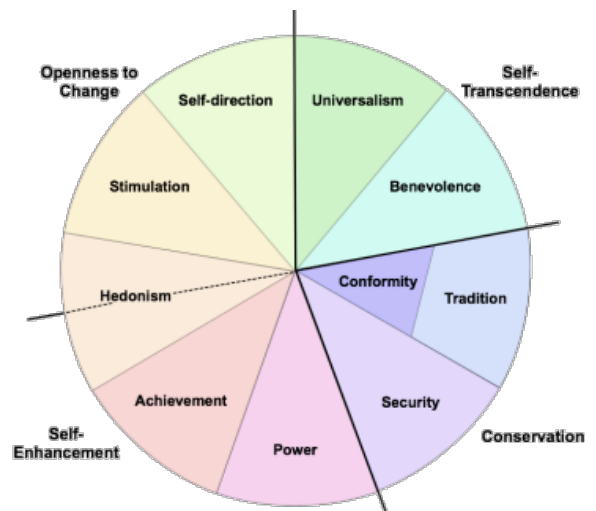
- **NOTE:** personality tests are NOT strong predictors of performance. There is no 'ideal' personality profile.
  - **One exception:** conscientiousness – (finish work on time, meet deadlines, work ethic) will predict performance. Strongest of personality dimensions as a predictor and most clearly linked.

### Resilience, constellations, and caveats

- Resilience: capability of individuals to cope successfully in face of change, adversity, risk: positive personality
- Dark triad: constellation of personality traits that increases the use of influence tactics and leads to counterproductive work behaviours
- Caveats about personality testing in organisations
  - Most tests self-report scales (allow for faking)
  - Personality weak predictor of performance
  - Personality testing doesn't convey favourable image of the company

**Values:** Relatively stable, evaluative beliefs that guide a person's preferences for outcomes or courses of action in a variety of situations – hierarchy unlike personality

- **Schwartz's Values Model:** circumflex model relating to individual values. Values next to each other are similar. Values opposite are opposites. All tend to have some level of these values. Differ in which ones we put more value on.
  - Openness to change – motivation to pursue innovation
  - Conservation – motivation to preserve the status quo. Wanting to keep things secure and safe.
  - Self-enhancement – motivation by self-interest
  - Self-transcendence – motivation to promote welfare of others and nature



- Decisions and behaviour are linked to values when:
  - We are mindful of our values – reminded
  - We have logical reasons to apply values in that situation
  - The situation does not interfere
- **Value Congruence:** Where two or more entities have similar value systems – avoids corporate cults
  - Person-organisation value congruence: employee and organisation's dominant values are similar
  - Espoused-enacted value congruence: how consistent values in actions are with what we say we believe in
  - Compatibility or organisation's dominant values with prevailing values of community it operates in

- **Hofstede's Model for cultures**

- Degree to which people value duty to their group (collectivism) versus independence and person uniqueness (individualism). Previously considered opposites, but now know these are unrelated.
- **Individualism:** cross-cultural values describing the degree to which people in a culture emphasise independence and personal uniqueness
- **Collectivism:** cross-cultural value describe the degree to which people in a culture emphasise duty to the groups to which they belong and to group harmony
- **Power Distance:** cross-cultural value describing the degree to which people in a culture accept unequal distribution of power in a society
  - High power distance: Value obedience, Comfortable receiving commands
  - Low power distance: Expect equal power sharing , relationship boss = interdependence,
- **Uncertainty avoidance:** degree to which people in a culture tolerate ambiguity (low uncertainty avoidance) or feel threatened by ambiguity and uncertainty (high uncertainty avoidance)
- **Achievement-Nurturing:** degree to which people in a culture emphasise competitive versus cooperative relations with other people
  - High achievement orientation: Assertiveness, Competiveness, Materialism
  - High nurturing orientation: Relationships, Other's wellbeing

Country	Individualism	Collectivism	Power distance	Uncertainty avoidance	Achievement orientation
Australia	High	Low	Medium low	Medium	Medium high
Denmark	Medium	Medium low	Low	Low	Low
India	Medium high	Medium	High	Medium low	Medium high
Italy	High	High	Medium	High	High
Japan	Medium high	Low	Medium	High	High
New Zealand	High	Low	Low	Medium low	Medium high
Taiwan	Low	High	Medium	High	Medium

- **Ethical values and behaviour: Three ethical principles –**

- Utilitarianism: greatest good for the greatest number of people
- Individual rights: fundamental entitlements in society
- Distributive justice: people who are similar should receive similar benefits. What's fair approach. Doesn't necessarily mean that everyone gets exactly the same

- **Influences on Ethical Conduct**

- Moral Intensity – degree that issue demands ethical principles
- Ethical sensitivity – personal characteristic that enables people to recognise the presence of an ethical issue and determine its relative importance
- Situational influences – competitive pressures and other conditions affect ethical behaviour.

- **Supporting Ethical behaviour**
  - Ethical Code of Conduct – printed policies that all employees are supposed to read and abide by.
  - Ethics training
  - Ethics hotlines – complaints mechanisms
  - Ethical leadership and culture – selecting and training leaders on how to abide by principles.

## Perceiving Ourselves and Others in Organisations

- **Self-concept:** an individual's self-beliefs and self-evaluations. Who am I? How do I feel about myself?
  - **Elements of self-concept**
    - **Complexity:** Number of distinct roles or identities that a person perceives about themselves.
      - Determined not only by number of selves but also by the separation of those selves.
      - Low complexity when the individual's most important identities are highly interconnected, such as when they are all work-related.
    - **Consistency:** high internal consistency when most of the individual's self-perceived roles require similar personality traits. Low consistency occurs when some self-perceptions require personal characteristics that conflict with characteristics required for other aspects of self.
    - **Clarity:** degree to which you have a clear, confidently defined and stable self-concept. Confident about 'who we are', can describe important identities to others and provide same description of ourselves across time - increases with age and consistency of a person's multiple selves.

## Effects of Self-concept characteristics on Wellbeing and Behaviour

- **Wellbeing:** better psychological well-being when they have multiple selves (complexity) that are well established (clarity) and are similar to each other and compatible with personal traits (consistency).
  - Complexity protects our self-evaluation when some roles are threatened
  - Consistency: Diversity helps people adapt, but too much variation causes internal tension
  - Clarity: unsure of self-views = more influenced by others, more stress when making decisions
- **Performance:** more varied
  - Complexity: people who define themselves mainly by their work (low complexity) lower absenteeism/turnover. Also investment in skill development, longer hours, more concentration
    - But results in higher stress/depression when main self-respect damaged or threatened,
  - Clarity: improves performance and crucial for leadership roles – focuses energy on career
    - But people with high clarity may have job inflexibility

▪ **Self-concept characteristics and processes:** 4 processes that shape self-concept and influence person's decisions

- **Self-enhancement:** inherent motivation to have a positive self-concept (and others perceive favourably)
  - People tend to rate themselves above average
  - **Positive consequences in organisation:** better mental and physical health
  - **Negative consequences in organisation:** bad decisions - overestimate success probability
- **Self-verification:** inherent motivation to confirm and maintain his or her existing self-concept
  - Stabilises – anchor. Employees communicate self-concept to get feedback that reinforces
  - **Negative implications:** affects perpetual process as employees more likely to remember information that consistent with self-concept and screen out other information
    - Clearer the self concept the less likely people accept feedback that contradicts
    - Motivated to interact with others who affirm self-views
- **Self-evaluation** – 3 concepts
  - **Self esteem:** extent which people like, respect and are satisfied with themselves.
    - High self esteem – less influenced by others, persist in spite of failure, think rationally
  - **Self-efficacy:** belief that can successfully complete a task. High self efficacy – can do attitude.
    - Believe posses energy (motivation), resources (situational factors), understanding of the correct course of action (role perceptions) and competencies (ability) to perform
  - **Locus of control:** general beliefs about amount of control has over personal life events.
    - More internal locus of control believe personal characteristics influence life's outcomes
    - External locus of control believe events due to luck/conditions external environment.
    - **Internal:** more positive self-evaluation. Perform better, more successful in their careers, earn more money and are better suited for leadership positions.

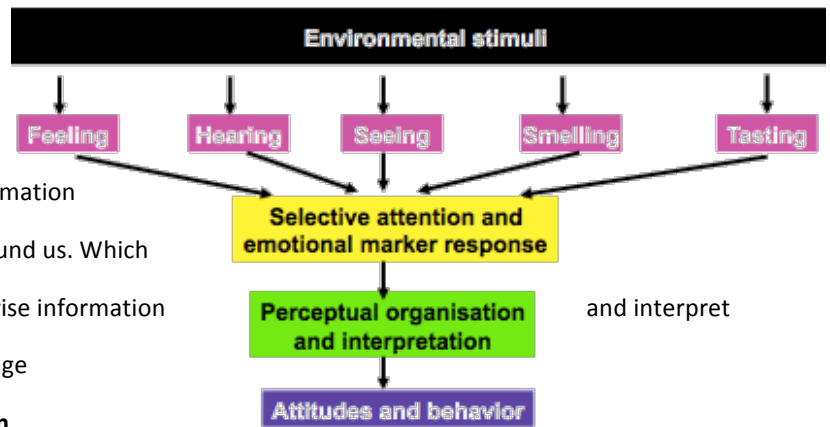


**The Social Self** Self-concept includes uniqueness (personal identity) and association with others (social identity)

- **Personal identity** (internal self-concept) attributes that make us unique and distinct from people in social groups to which we have a connection
- **Social identity:** Drive to belong. Define ourselves to some degree by our relationships.
- **Social Identity Theory:** people define themselves in terms of one or more social identities, either as a member of a social category or as a member of a group, compared to members of other groups – choice of groups hierarchical in terms of perceived status. Social comparison = esteem



## Perceiving the world around us

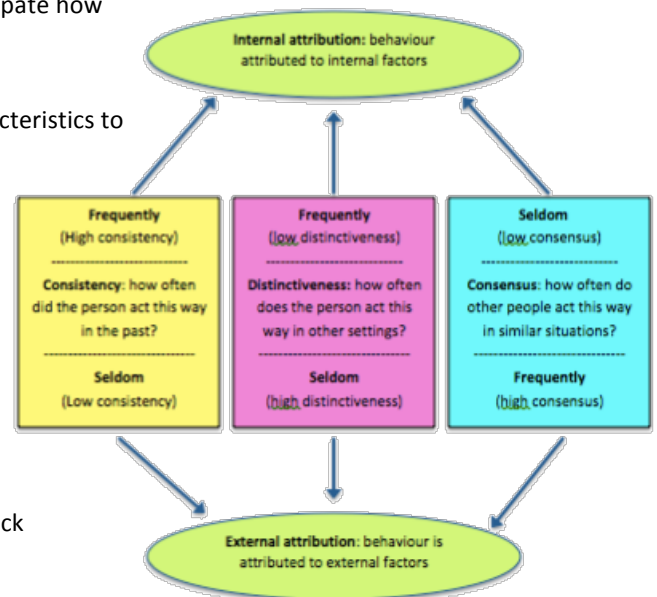


- **Perception:** process of receiving information about and making sense of world around us. Which information to notice, how to categorise information within framework of existing knowledge
- **Information we attend to depends on**
  - Characteristics of the object of person being perceived e.g. novelty, intensity, repetition
  - Context e.g. location, time
  - Characteristics of the perceiver e.g. perceptual defence
- **Model of the perceptual process:**
  - **Selective attention:** attending to some information received by senses and ignoring other
  - **Confirmation bias:** screening out information contrary to values/assumptions, accept other
- **Perceptual organisation and interpretation** – grouping information to make it easier to process and store
  - **Categorical thinking:** organising people and objects into preconceived categories that are stored in our long-term memory.
  - **Mental Models:** visual or relational images in our mind that represent the external world. – internal representations of the external world.

## Specific Perceptual processes and problems

- **Stereotyping:** assigning traits to people on the basis of their membership in a social category. Why?
  - **Homogenisation:** simplify comparison process, non-conscious energy saving process
  - **Categorisation:** need to understand and anticipate how others will behave.
  - **Differentiation:** Assign more favourable characteristics to people in our group.

- **Attribution process:** perceptual process of deciding whether observed behaviour or event caused by internal (person) or external (environment) factors.



- **Internal factors:** person's ability or motivation
- **External factors:** resources, other people or luck
- **Attribution errors**

- **Fundamental attribution error:** see person rather than situation as main cause
  - **Self-serving bias:** attribute our favourable outcomes to internal factors and our failures to external factors
- **Self-fulfilling prophecy:** perceptual process in which expectations about another person cause that person to act more consistently with those expectations. Perceptions influence reality.
- **Contingencies of self-fulfilling prophecy**
    - More likely to occur at the beginning of a relationship.
    - Stronger when several people hold the same expectation of the individual.
    - Stronger among people with a history of low achievement –
    - **Positive organisational behaviour:** a perceptual process of organisational behaviour that focuses on building positive qualities and traits within individuals or institutions as opposed to focussing on what is wrong with them
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graph TD
    1[1) Supervisor forms expectations about employee] --> 2[2) Supervisor's expectations affect his/her behaviour toward employee]
    2 --> 3[3) Supervisor's behaviour affects employee's abilities and self-confidence]
    3 --> 4[4) Employee's behaviour becomes consistent with supervisor's expectations]
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- **Ensuring positive SFP for new employees**
    - Use external attributions as the default option
    - Tolerate errors during learning
    - Match leadership style to the situation
    - Build employee self-efficacy through mastery experiences, vicarious experience (modelling), encouragement, arousal
- **Halo effect:** perceptual error in which general impression of a person, usually based on one prominent characteristic, colours our perception of other characteristics of that person.
- **False-consensus effect:** perceptual error in which we overestimate the extent to which others have beliefs and characteristics that are similar to our own. Reason:
- Comforted by belief others similar to us, less acceptable behaviour 'everyone does it'
  - Interact more with people who have similar views and behaviours, overestimate how common
  - More likely to remember information that is consistent with our own views