OB trends

A conceptual framework for the study of OB
• Environmental Context
Information Technology
Globalization
Diversity
Ethics
• Cognitive Process
Personality & Attitudes
Motivational Needs & Processes
Positive Organizational Behaviour
• Organizational Context
Design and Culture
Reward System
Organizational Behavior Trends

• The pace of change is accelerating
• Most of the transformation is occurring in the workplace
• To get a better understanding let's take a brief tour through five trends in the workplace

1. Globalization
2. Workforce diversity
3. Evolving employment relationships
4. Virtual work
5. Workplace values and ethics
Organizational Behavior Trends

(i) Globalization
The term globalization implies integration of economies and societies through cross border flow of
- goods
- services
- finances
- capital ideas
- information
- technologies and
- people

• This integration across countries involve several aspects
  - Social
  - Political
  - Economic and cultural which may impact native culture
Organizational Behavior Trends

In the present scenario economic integration is taking place in the form of
(a) Trade in goods and services
(b) Movement of capital and
(c) Flow of finance besides movement of people

- Globalization offers both opportunities and challenges in the form of conflicts on tariff and other trade matters

- Doha declaration – the countries can try and work out trading arrangement beneficial to all countries
Organizational Behavior Trends

• Google is a rich example of the globalization of business over past few decades

• Globalization has given Google and other firms
  ✓ new markets and resources
  ✓ broader net to attract valuable knowledge and skills
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• Some experts argue globalization improves financial and social development of poorer nations

• Also criticized for increasing competitive pressures
  ✓ Market volatility
  ✓ Linked with off shoring-outsourcing work to lower-wage countries
  ✓ They reduce job security
  ✓ Increase work intensification
  ✓ Demand more work flexibility from employees
  ✓ Many face longer work hours
  ✓ Heavier workloads
  ✓ Experience more work-family conflict
Organizational Behavior Trends

• OB researchers are determining how well OB theories and practices work across cultures

• Scholars are discovering human resource management practices based on companies around the globe

• Project Globe-studying leadership and organizational practices across dozens of countries

• Globalization also has important implications for how we learn about organizational behavior.
Organizational Behavior Trends

• Outsourcing-management tool-method to reduce operational costs and gain access to superior technologies – efficient personnel at reduced cost.

• Reasons for outsourcing
  ✓ Cost restructuring
  ✓ Improving quality
  ✓ Availability of expert knowledge and operational expertise
  ✓ People problems
  ✓ Introducing change
  ✓ Access to new market
  ✓ Capacity management
  ✓ Taking advantage of different time zones
Organizational Behavior Trends

• In sourcing – provider of services - embeds specialists at the clients location

• Off shoring - Off shoring is generally in two forms
  ➢ Production off shoring and services off shoring
  ➢ China prominent destination for production off shoring after its accession to the WTO in 2001

• Technical difference between outsourcing and offspring
  - Offspring done – due to lower tax, lower labor cost or subsidized services
Organizational Behavior Trends

- Multisourcing enables different parts of the client business to be sourced from different suppliers.
- Requires governance model that communicates strategy, defines responsibility, and end-to-end integration.
Organizational Behavior Trends

• Open sourcing

• Free sharing of new knowledge and information under an open source or free software license

• Some academics/scholars or self managed groups create a network and pool the knowledge /information free of cost available to all. Wikipedia other is Linux operating system

• In 1984 Richard Stallman, a MIT researcher spearheaded the free software movement-developed a free operating system known as GNU

• Established a free software foundation called GPL
Organizational Behavior Trends

• In 1991 Linus Torvalds improved upon it – developed Linux operating system as a rival software to Microsoft Windows operating system.

• GNU/Linux operating system is free – respect copyright.

• There is a large body of knowledge available on the web as open sourcing.
Organizational Behavior Trends

• Business Process Outsourcing (BPO) in India

BPO is the transfer of one or more IT-intensive business processes to an external provider who administers and manages the agreed upon processes in measurable performance criteria.

• This industry has boomed at 70% a year and is now worth $1.6 billion employing 100,000 people.

Services provided: telemarketing services - employee IT help desk services - customer support services - technical support services - insurance processing - new business/promotion-policy maintenance - data processing services - data conversion services - e-book conversion - bookkeeping - accounting services - processing services (insurance claim form - medical bills etc).
Organizational Behavior Trends

- Business Process Outsourcing (BPO) in India
  Google’s recent announcement about setting up R&D center in Bangalore reflects this new mind set

- Motivated by vast engineering talent pool in India

- The IT enabled services (ITES)-BPO segment contributes 30% of the total ITES exports from India

- Some of the people centric exports are:

  - Call Centers-are capital intensive Business Process Outsourcing (BPO)
Organizational Behavior Trends

• BPO gained importance as a marketing and customer retention platform for a company
• India important destination for telemarketing outsourcing
• Challenge – meeting customer expectations from across the world – countries they have never visited
• High attrition

• Knowledge Processing Outsourcing (KPO)
• The success of BPO has encouraged companies to outsource their high end knowledge work
• Involves highly value added processes-dependent on advanced knowledge – technical skills-relevant experience
• Web solution-ERP and data warehousing-engineering designs etc
Organizational Behavior Trends

Challenges and implications for Organizational Behavior

- The BPO industry attracts a large number of young people with wide range of educational and skill levels

- Offers good work environment-flexibility of time-attractive life style-perks

- Despite these privileges high attrition

- Reasons-lack of growth opportunities-lack of promotion-physical strain-monotony-uneasy relationship with peers or managers-higher salary offered by another employer-pursuing higher studies

- Poaching and talent management
Organizational Behavior Trends

• BPO considered to be of low value-difficult to attract best talent

• Many Indian IT firms expanding their operations abroad for near shoring-acquiring software firms

• Cultural integration one major OB challenges

• HR policies need to be tailored to the specific labor laws and compensation packages prevalent in these countries
Organizational Behavior Trends

The Workforce Diversity in India

• India is multicultural-multilingual-multireligion-multicaste/tribe

• Groups based on the cast/tribe remained socially disadvantaged (15% scheduled castes and 7.5% scheduled tribes of the total Indian population)

• To provide social justice—bring them at par with other social groups – constitution of India in 1950 declared them scheduled castes and scheduled tribes
Organizational Behavior Trends

• Needed special protection under the provisions of Articles 341 and 342 of the Constitution of India

• Reservation in Government job

✓ They bring diversity to the workplace in attitude and values since some of them are first generation employees

• Change in socio-economic values – spread of higher studies among women-Indian women join the workforce in high end jobs in urban areas

• Mining sector-greater involvement of women

• Banking sector-NIBM(National Institute of Bank Management)

• Women employed in every sector – gender sensitivity programs – Flexi-hours-maternal/paternal leave to facilitate dual role of female employees
Organizational Behavior Trends

• In the Verizon Communication offices around United States
• Reflects the community it serves
• Minorities make up 30% of Verizon’s workforce of 200,000 and 18 percent of top managerial positions
• Women represent 32 percent of top management
• Verizon’s inclusive culture has won awards from numerous organizations representing Hispanics-African Americans-people with disabilities
• Diversity in Google – employs people from all countries
• Workforce diversity takes many forms
Primary and Secondary Dimensions of Workforce Diversity

Surface level Diversity

- Ethnicity
- Race
- Mental/Physical qualities
- Age
- Gender
- Orientation
- First language
- Life experience
- Geographic location
- Occupation
- Religion
- First language
- Life experience
- Mental/Physical qualities
- Behavioral Style
- Education
- Marital status
- Parental status
- Work style
- Work experience
- Income
Organizational Behavior Trends

• The exhibit represents surface-level diversity which include observable demographic or physiological differences in people

• Such as race-ethnicity – gender-age and physical disabilities

• This most obvious form of diversity has changed in US over the past few decades

• Hispanic origin represent one third of the American population
  - Replace African Americans
  - By 2060 non Hispanic whites will be a minority

• Many countries are also experiencing increasing levels of racial and ethnic diversification
Organizational Behavior Trends

• The secondary dimension doesn’t represent psychological differences

• The primary and the secondary dimensions influence deep-level diversity

• Religion and Geographic location-influence a person’s personal values

• Education and work experience shape a person’s beliefs and attitudes on a variety of issues

• An individual’s personal wealth (income) parental status influence personal needs and preferences
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• Illustration of deep level diversity is the different attitudes and expectations held by employees across generational cohorts

• Baby boomers—born between 1946 and 1964—more job security-improving economic and social contacts

• Generation –X employees—born between 1965 and 1979—expect less job security and motivated by workplace flexibility-opportunity to learn-working in egalitarian and fun organization

• Generation –Y (born after 1979—self confident-optimistic-more independent

• Different generations have different values and expectation
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• Consequences of Diversity
  • Diversity presents both opportunities and challenges in organization
  • Diversity competitive advantage by improving decision making and team performance on complex tasks
  • Better customer service in a diverse society

• Disadvantage
  • Communication problems
  • Source of conflict – lead to lack of information sharing – morale problems and higher turnover
Organizational Behavior Trends

• Diversity is about fairness

• Firms that fail to represent the diversity of people in the labor force are unfairly discriminating against those who are significantly underrepresented

• Diversity can make a difference to organization’s reputation and bottom line

• Untangle what types of diversity make a difference and under what circumstances the benefits overtake the problems
Effectively managing diversity is the development of a truly multicultural organization.

A multicultural organization has been described as one that:

1. Reflects the contributions and interests of diverse cultural and social groups in its mission-operations – product or service

2. Acts on a commitment to eradicate social oppression in all forms within organization
Organizational Behavior Trends

3. Includes the members of diverse cultural and social groups as full participants in decisions that shape the organization

4. Follows through on broader external social responsibilities—support of other institutional efforts to eliminate all forms of social oppression
Organizational Behavior Trends

• Several stages have been identified in leading up to such a multicultural organization

• 1. Exclusionary organization - is furthest from a multicultural organization - devoted to maintaining the dominance of one group over others - such as age/education/gender/race

• 2. Club organization - These organizations may technically get around the laws by hiring and promoting women and minorities - only those who are deemed to have right credentials and perspectives - using discriminatory practices

• 3. Compliance organization - committed to removing some of the discriminatory practices that are inherent in Exclusionary and Club organization - women - minorities are hired and promoted to give impression of openness and fair play
Organizational Behavior Trends

• 4. Affirmative action organization-committed to eliminate discriminatory policies-supports growth of women-minorities-older employees-those challenged with disability

• 5. Redefining organization-newly emerging organization-goes beyond being anti racist and gender biased

• 6. Multicultural organization-is characterized by core cultural values and an ongoing commitment to eliminate social oppression throughout the organization
Organizational Behavior Trends

• Evolving Employment Relationships

• Globalization and increasing workforce diversity have produced two contrasting changes in relationship between employers and employees

  1) aligning the workforce with emerging workforce expectations

  2) increasing workforce flexibility to increase organizational competitiveness
Organizational Behavior Trends

• Aligning the workplace with Emerging Workforce Expectations
  Work–Life balance-

• Work-life balance has become the most important factors in employment relationship

• First reason - Technology has changed former 9-5 jobs into 24/7 employment

• People demand for more work – life balance

• Second reason - Two-income families put more demands on both partners-provide time for household duties
Organizational Behavior Trends

• Generation X/Generation Y expectations represent third factor

• Companies go for egalitarian workplace by reducing hierarchy and replacing command and control management-facilitating and teaching oriented leaders

• Gen X/Gen Y like to work for organizations that make a difference-Employers serving community

• Younger employees tend to view the workplace as a community-spend large part of their lives
Organizational Behavior Trends

• Expect social fulfillment and fun

• Company’s Googleplex (headquarters) in Mountain View, California resembles a glimmering playground—exercise balls, casual sofas, pool tables, workout rooms, video games, pool, free meal
Organizational Behavior Trends

Increasing Workforce Flexibility

• An employment relationship in which people perform a variety of work activities rather than hold specific jobs

• Expected to learn skills that will keep them employed

• Employability—manage their own careers by anticipating future organizational needs—developing new competencies that match those needs

• Lifetime employability rather than life time employability
Organizational Behavior Trends

Contingent Work

• Any job in which the individual does not have an explicit or implicit contract for long term employment
- or in one which minimum hours of work can vary in a non systematic way
• Contractors
• Some predict that this will continue
• Rise - reduce cost of companies
Organizational Behavior Trends

Virtual Work
• Work practices whereby employees use information technology to perform their jobs away from the traditional physical workplace
• Telecommuting or teleworking—working at home
• Employees connected to office while on road or at clients’ office
• Virtual workers face challenges
  ✓ Telecommuting is to improve work life balance
  ✓ Family relations may suffer
  ✓ Lack of recognition
  ✓ Social isolation
• Better suited to people who are self motivated
• Functions better where organizations evaluate employees by their performance
Organizational Behavior Trends

• Virtual Teams
• Teams whose members operate across space–time and organizational boundaries
  -linked through information technologies to achieve organizational goals

• Research activity to study the type of work which best suits virtual teams
Organizational Behavior Trends

Workplace values and Ethics

Corporate leaders view values as the integral /important for organizational excellence

• Values
Stable-long lasting beliefs about what is important in a variety of situations that guide our decisions and actions

• Ethics
The study of moral principles or values that determine whether actions are right or wrong and outcomes are good or bad

• Corporate Social Responsibility
An organization’s moral obligation toward its stakeholder
Organizational Behavior Trends

Promoting Ethical Behaviour and CSR

• Every decision and behaviour in organizations will have underlying foundations of ethics, principles and rules.

• Important on the part of managers to ensure that ethical concepts are understood – principles are respected and rules are observed.

• Organizational ethics does not differ from generally accepted norms of good or bad practices.

• If dishonesty considered unethical and immoral in society.

• Businessman who is dishonest with his employees-customers-shareholders-competitors is also unethical.
Organizational Behavior Trends

Why are Ethics Important?

1. Ethics correspond to basic human needs

2. Values create credibility with the public

3. Values give the management the credibility with its employees

4. Values help in better decision-making

5. Ethics and profit go together
Ethical Behaviour in the workplace

Cultural influences
- Family
- Education
- Religion
- Media/Entertainment

Organisational influences
- Ethical codes
- Organisational culture
- Role models
- Perceived pressure for results
- Reward/Punishment system

Individual Personality
- Values
- Morals/Principles
- Gender

Role expectations

External Factors
- Political/legal
- Economics
- Technological

Ethical behaviour
Organizational Behavior Trends

- Ethical Dilemmas
- Dilemmas managers face is that the distinction between ethical and unethical behaviour not clear
- Privacy issues related to technology-CC TV viewing-tapping phones
- Drug testing
- Downsizing
- Layoffs
- Whistle blowing
- Employee remuneration
- Performance appraisal
Organizational Behavior Trends

• Managing Ethics
• In most firms it was assumed that ethics was a matter of individual conscience
• Today many organizations are using managerial techniques that are designed to encourage ethical behaviour
• Top management should take the initiative in ensuring ethical standards in the organisation
• Avoid adopting business strategies – schedules and rewards systems that place unreasonable pressure on employees
• Code of Ethics
• Ethics Committees
• Ethics Hot lines
• Ethics training programmes
Organizational Behavior Trends

• Ethics and Law

• Law and ethics have a common aim – defining proper and improper behaviour

• They are not quite the same

• Ethical concepts are more complex than written rules

• Ethics deals with human dilemmas that frequently go beyond the formal language of law and the meaning given to legal rules
Organizational Behavior Trends

• Legal rules help promote ethical behaviour in organisations
• Some acts which seek to ensure fair business practices in our country are the following
  • The Foreign Exchange Management Act 1999
  • The companies Act 1956
  • The Competition Act 2002
  • The Consumer Protection act 1986
  • The Environment Protection Act 1986
  • The Water (Prevention and Control of Pollution ) Act 1974
  • The Air(Prevention and Control of Pollution )Act 1981
  • The Essential Commodities Act 1955
• In US the Sarbanes –Oxley Act 2002 is the landmark legislation which contains several measures to ensure ethical practices
Organizational Behavior Trends

• Social Responsibility
• Closely related to ethics is social responsibility of business
• Social responsibility popularly called corporate social responsibility
• CSR makes a corporation accountable for any of its actions that effect people –their communities -and their environment
• CSR extends beyond its regular activities that are carried out in a lawful manner
• The social actions which a firm undertakes in the name of its CSR occur “beyond the factory gate” and will benefit the society in general
Organizational Behavior Trends

• Unlike philanthropy CSR is inspired not by self-interest but the motive is the interest of the organisation

• Maintaining schools—donating computers to village schools-adopting villages-promoting greenery and contributing to ecology benefit society—in turn contribute to the growth of healthy business

• Social actions are being systematised-periodic-end uses subject to social audit

• Friedman—Peter Drucker—Dhirubhai Ambani do not subscribe to CSR

• More number of people-business—government and academic advocate social actions