

Organizational Behavior Understanding Change in the Organization

Organizational Behavior is the study of behavior in an organization. There are three determinants of behavior in order to make an organization more effective: individual, groups, and structure. The people within the organization and their behaviors affect the performance of the organization. There are a number of behavioral disciplines that contribute to Organizational Behavior: psychology, sociology, social psychology, anthropology, and political science. There are a lot of challenges and opportunities today for managers to use Organizational Behavior concepts. One of the most important and broad-based challenges facing organizations today is adapting to diverse work environments. Organizations are becoming more heterogeneous in terms of gender, race, and ethnicity. Understanding the concepts of Organizational Behavior allows management to facilitate the needs of a diverse workforce.

Classical organization theory, evolved during the first half of this century, did not account for the needs of diverse workforce. It represented the merger of scientific management, bureaucratic theory, and administrative theory.

In some cases, we have created organizations that are over-managed and under-led. In some cases, we have bureaucratic cultures that resist change.

The three primary organizational frameworks discussed in our sessions were as follows:

- **Paternalistic Framework – Actions designed to meet the needs of an owner.**
- **Institutional Framework – Actions designed to further the benefit of the institutions in the firm.**
- **Market Based Business Framework – Actions designed to meet the needs of the marketplace. When sustainable competitive advantage is achieved a balance between the needs of each of the stakeholders in the organization can be maintained. Maintaining this balance is called “The Tri-Balance.” It is a key element of a Market Based Framework.**

We discovered that when change is needed in an organization, expect to implement the 5 ‘S’s:

- **Structure**
- **Systems**
- **Skills**
- **Style**
- **Symbols**

Our first assignment, we were asked to observe a video case study on a failing company. We then had to identify how the company applied the 5 S's in order to revive their business. The company was family owned (**Paternalistic Framework**). The owner's knew that keeping things the same was an invitation to obsolescence. First, they had to create **Structure**. They achieved this by focusing on clearly defined values; implemented incentives for employees. For example, employees were made leaders at all levels of the group. They were empowered which gave them a sense of ownership. Secondly, various **Systems** were utilized, weekly data tracking, employees were encouraged to submit their ideas no matter how big or small for which they received recognition and credit (\$\$) according to the complexity and value added. They also tracked customer satisfaction, held safety training sessions, and overall had a continuous improvement process. Thirdly, we identified their use of **Skills, Style or Symbols**. As a symbol they adopted the duck as the company mascot. During migration, ducks have a lead duck, if something happens to the lead duck, the next duck in line can take over the lead. Awesome concept, isn't it? All managers and employees wore the same uniforms regardless of their position; training and education were offered on all levels so that each employee had the skills needed for their respective positions. Lastly, the internal walls were replaced with glass walls to create an open welcoming feel. The changes made paved the way for a **Market Based Business Framework** that they needed to become successful!

The next assignment was the **American Express** exercise. As most of you know, American Express has several card types, the cards that we focused on were **Green, Gold, Platinum, and Centurion**. We were asked to decide on a set of principle values, i.e., (Trust, Integrity, Honesty, Reliability, Community focus, Timeliness, Accountability) that we would want to use to guide behavior in a newly formed organization. Then we had to rate ourselves on our level of participation in the exercise according to the American Express card types. Everyone in our group earned **Gold, Platinum, and Centurion**.

In a world of constant change, it is important that we stay competitive. New competitors are entering the global marketplace in rapid numbers. "Many competitors don't recognize the threats in their external environment until it is too late".