SOLUTIONS MANUAL

PART 1 INTRODUCTION

CHAPTER 1 ORGANISATIONAL BEHAVIOUR AND OPPORTUNITY

Learning outcomes

Review 1: Define organisational behaviour.

Organisational behaviour (OB) is individual behaviour and group dynamics in organisations. The foundation of organisational behaviour is human behaviour, so the study of OB involves understanding workers' behaviour in terms of their history and personal value systems and examining the external factors to which a person is subject. Organisational behaviour has grown out of contributions from psychology, sociology, engineering, anthropology, management and medicine.

Review 2: Respond positively in times of change.

Change is an opportunity when one has a positive attitude, asks questions, listens and is committed to succeed. People in change situations often become rigid and reactive, rather than open and responsive. This behaviour works well in the face of gradual, incremental change. However, rigid and well-learned behaviour may be counterproductive responses to significant change.

Review 3: Identify the important system components of an organisation.

Organisations are open systems composed of people, structure and technology committed to a task. The organisation as a system also has an external task environment composed of different constituents, such as suppliers, customers and federal regulators. The organisation system takes inputs, converts them into throughputs and delivers outputs to its task environment.

Review 4: Describe the formal and informal elements of an organisation.

Organisations have formal and informal elements within them. The *formal organisation* is the official, legitimate and most visible part that enables people to think of organisations in logical and rational ways. The *informal organisation* is unofficial and less visible. The informal elements of the organisation are often points of diagnostic and intervention activities in organisation development.

Review 5: Understand the diversity of organisations in the economy.

Understanding a variety of organisations will help you develop a greater appreciation for your own organisation and for others in the world of private and public business enterprises as well as not-for-profit organisations, and how they help contribute to global economic health and human well-being.

Review 6: Evaluate the opportunities that change creates for organisational behaviour.

The changes and challenges facing managers are driven by international competition and customer demands. Managers in this environment must be aware of the risks associated with downsizing and marginalisation of part- time workers. Organisations also face regular challenges in the areas of globalisation, workforce diversity, ethics and behaviour, and technological innovation.

Review 7: Demonstrate the value of objective knowledge and skill development in the study of organisational behaviour.

Although organisational behaviour is an applied discipline, a student is not ‘trained’ in organisational behaviour. Rather, one is ‘educated’ in organisational behaviour and is a co-producer in learning.

Key terms

opportunities

Favourable times or chances for progress and advancement.

change

The transformation or modification of an organisation and/or its stakeholders.

challenge

The call to competition, contest, or battle.

organisational behaviour

The study of individual behaviour and group dynamics in organisations.

psychology

The science of human behaviour.

sociology

The science of society.

engineering

The applied science of energy and matter.

anthropology

The science of the learned behaviour of human beings.

management

The study of overseeing activities and supervising people in organisations.

medicine

The applied science of healing or treating diseases to enhance an individual's health and well-being.

task

An organisation's mission, purpose, or goal for existing.

people

The human resources of the organisation.

technology

The tools, knowledge and/or techniques used to transform inputs into outputs.

structure

The systems of communication, authority and roles, and workflow.

formal organisation

The official, legitimate and most visible part of the system.

informal organisation

The unofficial and less visible part of the system.

Hawthorne studies

Studies conducted during the 1920s and 1930s that discovered the existence of the informal organisation.

valence

The value or importance one places on a particular reward.

expectancy

The belief that effort leads to performance.

objective knowledge

Knowledge that results from research and scientific activities.

skill development

The mastery of abilities essential to successful functioning in organisations.

Chapter review questions with suggested answers

1. *Define organisational behaviour. What is its focus?*

Organisational behaviour investigates the impact that individuals, groups and structure have on behaviour within organisations for the purpose of applying such knowledge towards improving an organisation's effectiveness. You shouldn't be surprised to find that it emphasises behaviour as related to concerns such as jobs, work, absenteeism, employment turnover, human performance, management and productivity. There is also general agreement that organisational behaviour includes core topics of motivation, leader behaviour and power, interpersonal communication, group structure and processes, learning, attitude development and perception, emotions, change processes, conflict, work design and work stress. Many of these topics will be explored in chapters throughout the text.

2. *Identify the four action steps for responding positively to change.*

i. Have a positive attitude.

ii. Ask questions.

iii. Listen to the answers.

iv. Be committed to success.

3. *What is an organisation? What are its four system components? Give an example of each.*

An organisation is a system of people and technology designed to accomplish a goal. The four components that make up the systems framework are tasks (e.g. mission/purpose), people (e.g. employees), technology (e.g. tools and knowledge), and structure (e.g. work design, organisational design).

4. *Briefly describe the elements of the formal and informal organisation. Give examples of each.*

Formal elements of an organisation are visible and include those that are officially recognised and have legitimacy such as job descriptions and policy manuals. Informal elements are invisible, unofficial aspects of the organisation such as values, attitudes, and group norms.

5. *Describe how competition and total quality are affecting organisational behaviour. Why is managing organisational behaviour in changing times challenging?*

Dramatic increases in competition since World War II have resulted in the need for organisations to respond by increasing their focus on quality. This emphasis on quality not only reduces error rates in production, but also creates a ripple effect on motivation, leadership, followership, and other aspects of performance in organisations. One of the major outcomes of the quality focus is the emphasis on service provided by organisations.

Discussion and communication questions with answers

1. *How do the formal aspects of your work environment affect you? What informal aspects of your work environment are important?*

Students without work experience may prefer to examine the university for formal and informal environmental factors. The formal aspects of the university environment could include the university newsletter, specific requirements for graduation, and enrolment procedures. Informal aspects of the university environment could include the power that the student association has on campus, the norms of dress, and relationships between students and faculty.

2. *What is the biggest competitive challenge or change facing the businesses in your industry today? Will that be different in the next five years?*

Students without work experience may wish to consider the university setting to consider competitive challenges. This list may have items like tuition, work versus advanced education, job opportunities, or the status of similar universities.

Students with work experience may cite the need to change careers as a reason for returning to complete their undergraduate degrees. This exemplifies the competitiveness of all environments and shows how rapidly individuals must change to remain competitive. Many students returning to school may have considerable experience in a field that is "downsizing."

All businesses face issues regarding increased competition, locally, nationally, and internationally. Most organisations are dealing with potential ramifications of workplace agreements, for example, as well as changes in the concepts of psychological contracts and long-term commitments.

As we continue to solidify the change from a manufacturing society to an information and service society, the next five years will see the workforce continue to vary, with greater variety in jobs and careers than in any previous generation.

3. *Describe the next chief executive of your company and what she or he must do to succeed. Students may prefer to discuss the Head of School at University if they do not have work experience.*

One of the discussions that could follow might correlate with current terminology that has become popular, such as visionary leaders, empowered workforces, and teamwork. Successful leaders will also need to recognise and understand the impacts of global competition and economic changes, the need to focus on quality, the importance of a diverse workforce, and the challenge of managing change.

4. *Discuss two ways people learn about organisational behaviour.*

Learning about organisational behaviour requires mastery of objective knowledge, which results from research and scholarly activities. Objective knowledge can be learned through training. In addition, it requires skill development and the mastery of abilities that are essential to successful function in organisations. Skill development is best accomplished through experiential learning.

It may be important to point out that taking one approach exclusively is only half a solution to a problem solving technique.

5. *Prepare a memo about an organisational change occurring where you work or in your college or university. Write a 100-word description of the change and, using Figure 1.1, identify how it is affecting the people, structure, task, and/or technology of the organisation.*

This is a good opportunity for students to practice writing in a concise, to the point, style. Be sure that students consider different aspects of people, structure, task, and technology as they develop the memo.

6. *Develop an oral presentation about the changes and challenges facing your college or university based on an interview with a faculty member or administrator. Be prepared to describe the changes and challenges. Are these good or bad changes? Why?*

Use this as an opportunity to work on oral presentation skills as well as to learn more about changes and challenges facing organisations. Encourage students to give each other feedback on the presentation itself as well as the content of the presentation. Compare and contrast the views of faculty and administrators. Discuss why similarities and differences exist in each group's view of changes and challenges.

7. *Prepare a brief description of a service or manufacturing company, entrepreneurial venture, or non-profit organisation of your choice. Go to the library and read about the organisation from several sources, then use these multiple sources to write your description.*

Discuss in class the similarities and differences students found between different service, manufacturing, entrepreneurial, or non-profit organisations.

Ethical dilemma – teaching notes

The purpose of the ethical dilemma is to encourage students to develop their awareness of ethical issues in the workplace and the managerial challenges they present. The dilemmas are set up to present situations in which there is no clear ethical choice. The goal for the instructor is to guide students through the process of analysing the situation and examining possible alternative solutions. There are no "right" answers to the questions at the end of each scenario, only opportunities to explore alternative generation and generate discussion of the appropriateness of each alternative. The student portion of the activity is on a handout at the end of this chapter.

In order to address the Ethical Dilemmas, a brief discussion of the referenced ethical theories is necessary.

Rule-Based or Utilitarian Ethical Theory

Utilitarian theory was first formulated in the eighteenth century by Jeremy Bentham and later refined by John Stuart Mill. Utilitarians look beyond self-interest to consider impartially the interests of all persons affected by an action. The theory emphasises consequences of an action on the stakeholders. The stakeholders are those parties affected by the outcome of an action. Utilitarians recognise that trade-offs exist in decision making. Utilitarian theory is concerned with making decisions that maximise net benefits and minimise overall harms for all stakeholders. It is similar to cost-benefit analysis decision making. The ultimate rule to follow is the "Greatest Good for the Greatest Number."

Virtue-Based Ethical Theory

Virtue theory dates back to the ancient Greek philosophers, especially Plato and Aristotle. Judgement is exercised not through a set of rules, but as a result of possessing those dispositions or virtues that enable choices to be made about what is good, and holding in check desires for something other than what will help to achieve this goal. Thus, virtue-based ethics emphasises certain qualities that define appropriate behaviour and the right action to take. Unlike the other standard ethical theories discussed, virtue theory does not establish a set of criteria to evaluate potential decisions. Rather, it emphasises the internal characteristics of an individual with whom we would want to enter into a relationship of trust. The ultimate goal is for "the decision maker to do the right thing in the right place at the right time in the right way."

Rights-Based Ethical Theory

The evolution of rights theory dates back to the seventeenth century in writings of Thomas Hobbes and John Locke. Modern rights theory is associated with the eighteenth-century philosopher Immanuel Kant. Rights theory assumes that individuals have certain entitlements that should be respected such as freedom of speech, the right of privacy, and due process. Kant's theory establishes an individual's duty as a moral agent toward others who possess certain rights. It is based on a moral principle that he calls the categorical imperative. One version of the categorical imperative emphasises the universality of moral actions. The principle is stated as follows: "I ought never to act except in such a way that I can also will that my maxim (reason for acting) should become a universal law." The ultimate guiding principle is, "I should only act in a way in which I would be happy if everyone in that situation would act the same."

Justice-Based Ethical Theory

Formulations of justice theory date back to Aristotle and Plato in the fifth century B.C. An important modern contributor to the theory of justice is John Rawls. The major components of justice theory are equity, fairness, and impartiality. These concepts require that actions taken reflect comparative treatment of individuals and groups affected by the action. The ultimate question here is, "Are the processes by which decisions are made and the outcomes of those decisions equitable, fair, and impartial?"

Suggested answers for the questions at the end of each chapter scenario are provided in this instructor's manual. They are by no means exhaustive, nor are they meant to be the "correct" answers. Each student must decide for himself or herself which alternative most clearly agrees with his or her value system.

Suggested answers to student handout

1. Does Brian have an obligation to lead the company to globalisation?

Some would argue that Brian has an obligation to do whatever is best for the company and to maximise shareholders' wealth. If the best thing for the company is to go global, then Brian has to either take the company in that direction or step down as CEO. Others would argue that Brian has a duty to address the needs of all stakeholders. If this is the case, Brian is one of the stakeholders and his needs should carry equal weight with anyone else's needs.

2. What is Brian's responsibility to himself and his family?

Brian does have a responsibility to himself and to his family. As stated above, Brian and his family are stakeholders in this decision and their needs should carry equal weight with the needs of other stakeholders.

3. Consider Brian's decision in light of rule-based, virtue, rights, and justice theories.

Rule – From a rule perspective, one might argue that the greatest good is to take the company global. The needs of Brian and his family do not equal the needs of the rest of the company and all of the other stakeholders.

Virtue – Virtue ethics tells us that Brian needs to be of strong enough character to make the right decision given all the circumstances. He must weigh the needs of himself and his family and the needs of the other stakeholders and do what is right, even if it means taking on the task of moving the company into a global market.

Rights – Here, Brian must ask himself whether anyone in his situation would act in a similar fashion. Would other CEOs be willing to take on the task of going global or would they too want to enjoy their last years in the position? Finally, he must consider how these would decisions affect all of society.

Justice – This framework has the least impact on Brian's decision. Most would agree that no matter which decision Brian makes, both were fair since Brian worked hard for 20 years and the company and all of its stakeholders are better off than they were when he started.

Self-assessments: What about you?

1.1 Analyse your perceptions of a change

Discuss how students' perceptions of change will affect them, given the rapidly changing nature of the business environment they will enter after graduation. The student portion of the activity is on a handout at the end of this chapter.

1.2 Learning-style inventory

Discuss how the variety of methods used to stimulate learning of course material (e.g. lectures, video presentations, case analyses, role-plays, and other experiential exercises) may facilitate learning for individuals with different learning styles. The student portion of the activity is on the review card in the student edition of *ORGB*.

Experiential exercises

1.1 What's changing at work?

This exercise enlightens students about the changes occurring in organisations. Encourage teams to question each other about the legitimacy of the changes identified. A debate could be set up to generate discussion about whether specific changes are good or bad. Students should consider both the good and the bad impacts of a particular change. The student portion of the activity is on a handout at the end of this chapter.

1.2 My absolute worst job

Purpose: To become acquainted with fellow classmates.

Group size: Any number of groups of two. The student portion of the activity is on a handout at the end of this chapter.

Occasionally a student will reveal proprietary information about a company. It might be wise to preface the discussion by suggesting that students describe the type of job, rather than mentioning the name of the company.

There are many humorous and bonding examples that have come from this exercise. You might want to tell the students that there have been a variety of answers. Two of the more extreme were:

1. Being a kitchen hand – cleaning and scraping off stale food and stacking the dishwasher is a monotonous and unpleasant task to say the least.
2. Clearing and wiping tables at Hungry Jack's particularly late at night when some people are extremely untidy and uncaring about the mess they make.

These are good examples to illustrate that stress is related to behaviour and organisational factors, not just the type of job that an individual fulfills.

Students may also benefit from a discussion of elitism during the de-briefing of this exercise.

Students need to be reminded that although they personally may not want to work at McDonald's as a career, there are people who plan on making that organisation their career. We need to understand why other people may find what we think of as a "worst job" to be their ideal job.

Students may see some positions as "inherently worst jobs." Be sure to clarify that some individuals may take positions to fulfil financial obligations, and find their personal fulfilment through other means. The fact that they do not wish to "self-actualise" at work does not necessarily mean that they are not productive, valuable organisational members.

Recall that not all students will have work experience and many will have come directly from the secondary school environment. You may need to make some allowances for these students so they do not feel like they are "in the wrong class because they are inexperienced." They could contribute by mentioning a job they would least like to do and why they would not want to have this position.

1.3 Creating a quality learning environment

The exercise will give you the opportunity to discuss the elements of a quality learning environment. The basic question your group will need to answer first is whether good education provides a service or produces a product. Once you have made that decision, you will be able to address the questions in Step 2 of the exercise.

Step 1. The class will form into groups of approximately six members. Each group elects a spokesperson and answers the following question: Does education provide a service or produce a product? The spokesperson should be prepared to explain the group's answer to this basic question during the cross-team exchange.

Step 2. Each group is to generate answers to the following questions. The group should spend approximately five minutes on each question and make sure that each person has made a contribution to the group's response. The spokesperson for each group should be ready to share the group's collective responses to those three questions.

a. *What are the important characteristics of a high-quality learning environment?* Members should focus on the physical, social, and psychological characteristics of the environment, as well as on behaviours of the students and instructor.

b. *What format results in the best learning?* For example, should lectures, debates, discussion, role-playing, and group activities be included? If so, in what proportions?

c. *What problems or obstacles have you encountered previously to a high-quality learning environment?* These may be related to the subject matter, evaluation processes, workload expectations, or other aspects of the classroom environment.

Step 3. Each group will share the results of its answers to the questions in Steps 1 and 2. Cross-team questions and discussion will follow.

Step 4. Your instructor may allow for a few minutes at the end of the class period to answer questions about his or her thoughts about the course or professional background and experience. Be prepared to ask questions at this time.

Additional experiential exercises

The following alternative exercises to supplement the material in the textbook can be obtained from:

Marcic, Dorothy, Seltzer, Joseph, & Vaill, Peter. *Organizational Behavior: Experiences and Cases*, 6*th Ed*. South-Western College Publishing Company, 2001.

Assumptions about people and organisations (pp. 1–4)

Time: 25–50 minutes

Purpose: To develop awareness about organisational behaviour issues.

What does learning really mean? (pp. 43–44)

Time: 45–60 minutes

Purpose: To increase students' awareness of the process of learning about human behaviour.

"Thinking ahead, looking back" – case study

The Complete Garden – a franchise success

The Complete Garden is not your typical franchise and although it sells outdoor and indoor furniture and giftware, there is no plant life at all. With an emphasis on romantic and showy pieces, it does not sell standardised stock, as demand is unlikely to be consistent due to regional variations of climate, demographics and aesthetic taste.

The business emerged after the prolonged drought and coincided with a national obsession with property renovation. At the time the business commenced, *Backyard Blitz* was the hype and the garden became an extension of the house. A decade after the business commenced there are now 35 franchised stores around Australia, and plans to take the concept global with nine stores established under a master franchise agreement in New Zealand.

The first store franchised in Hobart in 2001 and five more were up and running within five years. A franchise fee and establishment costs of $70,000 made the concept attractive for many because there are no large overheads for interior fit-outs. Franchisees can walk into a shell, decorate it with stock valued at $100,000 to $200,000 and all of it is sellable. Another key to the franchise's success, according to the business founders, is that owners can adapt their product range to their geographic region and different demographics. While 60–70 per cent of the stock is generic, owners can get involved in the purchasing decisions for the rest of the stock.

In 2005, the company's momentum really increased with growth of about 35% a year for three consecutive years. While hugely exciting for the founders, the franchise fee of 5.5% of gross turnover, which averaged out at $600,000 a store in 2007–2008 brought with it increased risks. The pace was so frenetic that it was difficult to find time to fix emerging glitches such as problems that emerged in the franchising agreement. With the rapid growth, stores were operating in overlapping territories and there was no agreement to co-ordinate advertising therefore individual stores found that they were running competitive advertising campaigns.

The main purpose of a franchise, according to the founder, is to get people to bond together and ensure there is a consistent purpose of the franchise. Therefore to achieve this, a redrafted franchise agreement including a group advertising agreement was developed and implemented in 2008. The review of the franchise agreement also includes appointment of a chief executive, outline of the company structure, staffing and responsibilities and the concept's future potential which includes joint ventures with a Chinese manufacturer. The Complete Garden's founder believes "it's very important for us to tie up that exclusiveness" and "you've probably got six a 12-month window before your competitors get the product copies or catch on to what's going on".

Case questions: True or false?

1. Providing standardised stock nationally allows The Complete Garden to stay ahead of the competition.

Answer: False

2. The lack of fixed advertising campaigns allowed franchisees to run competitive advertising campaigns that added-value to the franchising business approach.

Answer: False

3. If The Complete Garden is going to stay ahead of the competition, it needs to maintain stability and guard against change whenever possible in the years to come.

Answer: False

4. The aim of a franchise is to bond people together.

Answer: True

5. Nurseries are the chief competitors for The Complete Garden and therefore a key element in The Complete Garden's task environment.

Answer: False.

SOURCE: Adapted from *Business Review Weekly*, Volume 31, Number 4. pp. 66–67.

Case study with solutions

Johnson & Johnson: Using a Credo for Business Guidance

This case can be found online as an electronic assignment with a related multiple-choice quiz, and the full case with open-ended questions (for which the answers follow), is on a handout at the end of this chapter.

Linking case study to chapter material

Chapter 1 introduces the concept of an open systems view of organisations. This case focuses on the role(s) that a highly successful business organisation can (or should?) play within the context of this open system. The Johnson & Johnson Credo clearly and concisely indicates the roles the company has taken for six decades and will continue to take as an open systems organisation.

Chapter 1 also introduces four challenges for managers that are developed extensively in Chapter 2. The four challenges are: globalisation; managing a diverse workforce; technological innovation; and ethics, character, and personal integrity. The four challenges are evident in the Johnson & Johnson case. Globalisation and workforce diversity are involved in that the company consists of more than 250 operating units in 57 nations, sells products all around the world, and employs approximately 121,000 people. Technological innovation, while not explicitly addressed in the case, is clearly implied by the long-term success and growth of the company. No company can grow into “the world’s most comprehensive manufacturer of health-care products http://www.jnj.com/product/index.htm and related services for the consumer, pharmaceutical, and medical devices and diagnostics markets” without significant technological innovation. Ethics, character, and personal integrity can be argued to be the underpinnings of each of the four responsibilities in the Johnson & Johnson Credo. Moreover, the company’s second responsibility specifically refers to providing employees worldwide with competent and ethical management – this is a direct reflection of the managerial challenge regarding ethics, character, and integrity.

Finally, Chapter 1 introduces ideas about work behaviour and attitudes as well as the knowledge, skills, and abilities that provide a foundation for learning about organisational behaviour. The Johnson & Johnson Credo has numerous implications for the knowledge, skills, and abilities needed by employees to be successful members of the company. For instance, employees need to be very customer-focused and quality-oriented. Employees must also be able to appreciate diversity and work effectively with members of a diverse, global workforce. Further, employees must act ethically.

Suggested answers for discussion questions

1. *From your perspective, what role(s) should business play in the contemporary world?*

Multiple perspectives exist concerning the possible roles that businesses can assume. Among these perspectives are the following:

- A business is a producer of goods and/or a provider of services.
- A business is an economic organisation that generates profits and creates wealth.
- A business is an economic organisation that provides employment opportunities.
- A business is an economic organisation that is responsible primarily, if not solely, to shareholders.
- A business is an organisation with multiple responsibilities and multiple constituencies.
- A business is an instrument of social change.

The students should identify both the roles they think are legitimate for businesses to pursue and the roles they think are not legitimate. They should examine their reasons for these judgments. Also, the students should consider whether the appropriateness of these roles might vary depending on the type of business (e.g. an automobile manufacturer versus a book or magazine publisher versus a pharmaceutical company, and so forth). The short-term and long-term implications of each perspective should be explored as well.

Discussion of this question could also be approached from a stakeholder viewpoint. Students could look through the lens of different stakeholders (e.g. stockholders, employees, customers, suppliers, the community, etc.) and then discuss how each stakeholder would view the different roles of business.

2. *What implications does the Credo have for Johnson & Johnson's view of the role(s) it should play in the contemporary world?*

The four points of the Johnson & Johnson Credo represent a business philosophy that puts customers first and stockholders last. In descending order of emphasis, the company's four responsibilities are as follows:

The company's first responsibility is to meet the needs of everyone who uses the company's products by providing quality products that are reasonably priced, and by ensuring that suppliers and distributors have the opportunity to make a fair profit.

The company's second responsibility is to the company's employees throughout the world, treating them fairly and with dignity, seeking to involve them, and providing them with competent and ethical management.

The company's third responsibility is to the various communities where it operates, seeking to improve those communities and sharing in the burden of such improvements.

The company's last responsibility is to the stockholders, seeking to make a sound profit, to provide a fair return to the owners, and to enable the company to innovate and grow so that fair returns are maintained in the future.

These four responsibilities can be viewed in the context of stakeholder theory. Johnson & Johnson recognises the multiple stakeholders that are important to its various business interests. However, in contrast to many other companies, the stockholders are not considered to be the stakeholder group of greatest importance. Rather, the stockholders are considered to be the least important stakeholder group relative to the company's success. Indeed, the Johnson & Johnson Credo rests upon the presumption that if customers, employees, and the community are effectively addressed, the interests of the stockholders will be well served and a continuing stream of reasonable profits will be generated.

3. *What implications does the Johnson & Johnson Credo have for the attitudes and job behaviour of the company's employees?*

In descending order of emphasis, the four responsibilities identified in the Johnson & Johnson Credo are as follows:

The company's first responsibility is to meet the needs of everyone who uses the company's products by providing quality products that are reasonably priced, and by ensuring that suppliers and distributors have the opportunity to make a fair profit.

The company's second responsibility is to the company's employees throughout the world, treating them fairly and with dignity, seeking to involve them, and providing them with competent and ethical management.

The company's third responsibility is to the various communities where it operates, seeking to improve those communities and sharing in the burden of such improvements.

The company's last responsibility is to the stockholders, seeking to make a sound profit, to provide a fair return to the owners, and to enable the company to innovate and grow so that fair returns are maintained in the future.

Johnson & Johnson Credo helps to foster and reinforce employee attitudes that focus on valuing people and encouraging respect and dignity for everyone. Attitudes that support fair and just treatment are encouraged as well. Employees also would be expected to behave in ways that are consistent with these attitudes.

Putting customers first clearly communicates the orientation that employees are expected to take in performing their work activities. Putting employees second and stockholders fourth communicates the worth of employees to the organisation. Identifying the responsibility to employees as the company's second most important responsibility reflects the realisation that people are assets who have a significant effect on the corporate bottom line.

4. *Would you like to work for a company like Johnson & Johnson? Why or why not?*

This question provides an opportunity for students to examine their personal values regarding the type of organisation for which they would like to work.

Answers for quiz

True or false?

1. F – All human behaviour is complex and often difficult to understand. Even successful organisations like Johnson & Johnson must contend with the unpredictability of employee behaviour in the workplace. Refer to Learning Outcome 1 for more information.

2. T – Refer to Learning Outcome 1 for more information.

3. T – Refer to Learning Outcome 2 for more information.

4. F – The task of an organisation is its mission, purpose, or goal for existing. The technology is the wide range of tools, knowledge, and/or techniques used to transform the inputs into outputs. Refer to Learning Outcome 2 for more information.

Multiple-choice

5. b – Individual behaviour and lifestyle patterns play important roles in treating chronic diseases. These trends have contributed to the growth of corporate wellness programs. Refer to Learning Outcome 3 for more information.

6. d – The credo puts the needs of its customers first – doctors, patients, parents and children – ahead of the needs of its stockholders. In the chapter we learned that change is not always something an organisation should avoid and that failure is almost always encountered on the road to success. Refer to Learning Outcome 3 for more information.

7. b – The formal organisation is the official, legitimate, and most visible part of the system that enables people to think of it in logical and rational ways. It is often represented in the form of goals and objectives such as those described in the company credo. Refer to Learning Outcome 4 for more information.

8. e – Global competition has challenged organisations like Johnson & Johnson to become more customer focused, to meet changing product and service demands, and to exceed customers' expectations of high quality. Quality has the potential to give organisations in viable industries a competitive edge against international competition. Refer to Learning Outcome 6 for more information.

SOURCE: orgb4me.com

Videos

Biz Flix

8 MILE (2002)

The North Detroit Stamping (NDS) plant presents Jimmy (Eminem) with a noisy work environment that features an intense focus on workplace safety. Jimmy, on one side of the machine in the first part of the scene, and his co-worker, on the other side, must coordinate their actions to prevent injury. His co-worker calls out, “Up … Down” as they begin stamping a part. These stamping machine operators must keep their hands clear of the machine to avoid injury. They place one hand on each of two yellow buttons and push down on them simultaneously. The operators also wear safety glasses, gloves, and ear protection.

(**Note:** The latter is hard to see until Jimmy removes his right earplug to talk to Manny (Paul Bates) his foreman late in the scene.)

Jimmy’s job combines repetitive work with required attention to it. The only breaks he likely gets are the scheduled work breaks when he can leave the machine for a short time.

Manny reacts negatively toward him in the first part of the scene. Jimmy’s late arrival that day did not rest well with the foreman and he gives Jimmy some negative feedback. He also ignores Jimmy’s request for extra shifts.

The second part of the scene shows a different Manny. He noticed that Jimmy’s work performance improved since the earlier scene. Manny rewards Jimmy by letting him work the extra shifts he badly needs.

How would you react to this type of work experience? Have you worked in this type of work environment? Is this a typical or atypical work environment for your college or university’s area?

Anthony Bozza’s biography of Eminem gives many insights into this puzzling personality. Bozza, a former Rolling Stone journalist, tracks Eminem’s rise to stardom as a white person performing an African-American art form.

SOURCE: Bozza, A. 2003. *Whatever You Say I Am: The Life and Times of Eminem*. New York: Crown.

Workplace video

Managerial and quality control at Honda

1. *What opportunities and challenges would you expect Honda to encounter as a result of establishing manufacturing facilities in the Asia-Pacific region?*

Opportunities: relocating manufacturing overseas enables Honda to overcome serious financial threats from global economic conditions. Moreover, Honda is better able to compete with American auto giants like GM in Ford as a result of operating in the same marketing and economic environment. Challenges: moving a Japanese manufacturing facility to the Asia-Pacific creates diversity challenges among workers of different nationalities and cultural backgrounds. Moreover, Honda's focus on total quality management has introduced processes, methods, and technologies that were largely unfamiliar to Asia-Pacific employees.

2. *What are some managerial techniques that help Honda's workers achieve higher quality and efficiency in their production tasks?*

Daily Quality Control meetings: these meetings conducted by team leaders on the assembly line address daily issues affecting quality. Weekly Manager's Meeting: these meetings are designed to elevate quality issues on the assembly line that are beyond the control of the assembly workers and which need an additional level of authority to implement. Statistical Process Control: this statistical tool identifies results that occur outside an "expected" range; problems identified using statistical process control are quickly addressed, preventing serious recalls and costly repairs. QC Circles: the daily line-workers' meeting and the weekly manager's meeting are examples of QC circles.

3. *How might changes associated with Honda's move to the U.S. affect the behaviour of plant workers and managers?*

If Honda's workers view change as a threat, they may respond by being rigid and reactive, rather than open and responsive. Change that disrupts people's habitual behaviour is especially challenging and stressful. In times of change managers must provide workers with learning opportunities; they should also help subordinates view change as positive rather than negative. Management must also consider the ways in which the organisational system and formal-informal dynamics influence employee behaviour.

Student handouts

Ethical dilemma – student handout

The afternoon was as gloomy as Brian's mood. It had not been a very productive day. All Brian could think about was the decision before him. He found the current situation interesting in that he had never before struggled with decisions. In the past, he had always been able to make quick and good decisions. His gut gave him the answer and he trusted his instincts. This time he felt nothing, and he was unsure how to proceed without that guiding force.

Brian Cowell was 62 years old and the CEO of Data Solutions, a company he had run for the last 20 years. Brian had been very successful at the helm of the company. Data Solutions had grown from a small data processing business to one of the largest employers in the area. Brian's good instincts had guided them through the challenging times of the '80s and '90s, and the company was in just the right place to meet the challenges ahead. Or was it? This was the question that plagued Brian.

Changes in technology were providing some interesting possibilities for the future. A part of Brian said that he needed to step up and help Data Solutions move into the global environment. He could lead Data Solutions into the global marketplace and continue the growth he had begun so many years ago. That was a big step and would take Brian down a very challenging road. The other option was to continue on the company's current path. Not a bad one, the company had been the most profitable in its history last year and everyone was very happy. Deep inside, Brian knew the answer. Move the company forward to the next logical step: globalisation. But Brian was tired and really wanted to spend his last years at Data Solutions reaping the benefits of his hard work, not gearing up for the biggest challenge of his career. Didn't he deserve the right to enjoy his final years at Data Solutions?

Questions

1. Does Brian have an obligation to lead the company to globalisation?
2. What is Brian's responsibility to himself and his family?
3. Consider Brian's decision in light of rule, virtue rights, and justice theories.

Self assessments: What about you? – student handout

Analyse your perceptions of a change

Everyone perceives change differently. Think of a change situation you are currently experiencing. It can be any business, school-related, or personal experience that requires a significant change in your attitude or behaviour. Rate your feelings about this change using the following scales. For instance, if you feel the change is more of a threat than an opportunity, you would circle 0, 2, or 4 on the first scale.

1. Threat	0	2	4	6	8	10	Opportunity
2. Holding on to the past	0	2	4	6	8	10	Reaching for the future
3. Immobilised	0	2	4	6	8	10	Activated
4. Rigid	0	2	4	6	8	10	Versatile
5. A loss	0	2	4	6	8	10	A gain
6. Victim of change	0	2	4	6	8	10	Agent of change
7. Reactive	0	2	4	6	8	10	Proactive
8. Focused on the past	0	2	4	6	8	10	Focused on the future
9. Separate from change	0	2	4	6	8	10	Involved with change
10. Confused	0	2	4	6	8	10	Clear

How positive are your perceptions of this change?

SOURCE: H. Woodward and S. Buchholz, *Aftershock: Helping People through Corporate Change*, p. 15. Copyright (c) 1987 John Wiley & Sons, Inc. Reprinted by permission of John Wiley & Sons, Inc.

Experiential exercises – student handout

1.1 What's changing at work?

This exercise provides an opportunity to discuss changes occurring in your workplace and university. These changes may be for the better or the worse. However, rather than evaluating whether they are good or bad changes, begin by simply identifying the changes that are occurring. Later, you can evaluate whether they are good or bad.

Step 1. The class forms into groups of approximately six members each. Each group elects a spokesperson and answers the following questions. The group should spend at least five minutes on each question. Make sure that each member of the group makes a contribution to each question. The spokesperson for each group should be ready to share the group's collective responses to these questions.

a. *What are the changes occurring in your workplace and university?* Members should focus both on internal changes, such as reorganisations, and on external changes, such as new customers or competitors. Develop a list of the changes discussed in your group.

b. *What are the forces that are driving the changes?* To answer this question, look for the causes of the changes members of the group are observing. For example, a reorganisation may be caused by new business opportunities, by new technologies, or by a combination of factors.

c. *What signs of resistance to change do you see occurring?* Change is not always easy for people or organisations. Do you see signs of resistance, such as frustration, anger, increased absences, or other forms of discomfort with the changes you observe?

Step 2. Once you have answered the three questions in Step 1, your group needs to spend some time evaluating whether these changes are good or bad. Decide whether each change on the list developed in Step 1a is a good or bad change. In addition, answer the question "Why?" That is, why is this change good? Why is that change bad?

Step 3. Each group shares the results of its answers to the questions in Step 1 and its evaluation of the changes completed in Step 2. Cross-team questions and discussion follow.

Step 4. Your instructor may allow a few minutes at the end of the class period to comment on his or her perceptions of changes occurring within the university, or businesses with which he or she is familiar.

Experiential exercise – student handout

1.2 My absolute worst job

Purpose: To become acquainted with fellow classmates.

Group size: Any number of groups of two.

Exercise schedule:

1. Write answers to the following questions:

   a. What was the worst job you ever had? Describe the following:

   - The type of work you did
   - Your boss
   - Your co-workers
   - The organisation and its policies
   - What made the job so bad.

   b. What is your dream job?

2. Find someone you do not know, and share your responses.

3. Get together with another dyad, preferably new people. Partner “a” of one dyad introduces partner “b” to the other dyad, then “b” introduces “a”. The same process is followed by the other dyad. The introduction should follow this format: “This is Mary Cullen. Her very worst job was putting appliqués on bibs at a clothing factory, and she disliked it for the following reason. What she would rather do is be a financial analyst for a big corporation.”

4. Each group of four meets with another quartet and is introduced, as before.

5. Your instructor asks for a show of hands on the number of people whose worst jobs fit into the following categories:

   a. Factory

   b. Restaurant

   c. Manual labour

   d. Driving or delivery

   e. Professional

   f. Health care

   g. Phone sales or communication

   h. Other

6. Your instructor gathers data on worst jobs from each group and asks the groups to answer these questions:

   a. What are the common characteristics of the worst jobs in your group?

b. How did your co-workers feel about their jobs?

c. What happens to morale and productivity when a worker hates the job?

d. What was the difference between your own morale and productivity in your worst job and in a job you really enjoyed?

e. Why do organisations continue to allow unpleasant working conditions to exist?

7. Your instructor leads a group discussion on Parts (a) through (e) of Question 6.

SOURCE: D. Marcic, “My Absolute Worst Job: An Icebreaker,” *Organisational Behaviour: Experiences and Cases* (St. Paul, Minn.: West, 1989), 5–6.

Case study – student handout

Johnson & Johnson: Using a credo for business guidance

Johnson & Johnson, founded by Robert Wood Johnson and his brothers James and Mead in 1886, has grown into the world's most comprehensive manufacturer of health care products and related services for the consumer, pharmaceutical, and medical devices and diagnostics markets. Today, Johnson & Johnson consists of more than 250 operating companies, employing approximately 121,000 employees, with more than 50,000 of those in the United States. Johnson & Johnson has operations in 57 nations and sells products all around the world. Johnson & Johnson's product categories include, but are not limited to: allergy, colds, and flu; baby care; cardiology; dental care; diabetes care; first aid; medical devices and diagnostics; oncology; prescription drugs; skin and hair care; and vision care. The company's sales have increased every year for since 1946, and in 2006, global sales were $53.9 billion and net earnings were $11.1 billion. Moreover, Johnson & Johnson was ranked ninth on *Fortune's* 2006 "America's Most Admired Companies" list and fourth on *Fortune's* 2006 "Global Most Admired Companies."

The worldwide success of Johnson & Johnson is widely attributed to an unwavering commitment to a business philosophy that puts customers first and stockholders last. Robert Wood Johnson II first articulated this business philosophy in 1943; it was called the *Johnson & Johnson Credo*. Like his father before him, Robert Wood Johnson II could be dogmatic, autocratic, and prone to micromanagement. Yet, he was not as inflexible as many people thought; in fact, he encouraged innovation in every part of the company. There was, however, one thing about which Robert Wood Johnson II was inflexible – adherence to the Johnson & Johnson Credo. Even after the company went from being family-owned to having public ownership and trading of its stock in the early-1960s, the Johnson & Johnson Credo has provided fundamental managerial and operational guidance to which the company has unwaveringly adhered.

The key points of the Johnson & Johnson Credo address the company's four responsibilities. In descending order of emphasis, these responsibilities may be summarised as follows:

- The company's first responsibility is to meet the needs of everyone – doctors, nurses, patients, mothers, fathers, and others – who use the company's products. Johnson & Johnson does this by providing quality products that are reasonably priced, and by ensuring that suppliers and distributors have the opportunity to make a fair profit.
- The company's second responsibility is to the company's employees throughout the world, treating them fairly and with dignity, seeking to involve them, and providing them with competent and ethical management.
- The company's third responsibility is to the various communities where it operates, seeking to improve those communities and sharing in the burden of such improvements.

- The company's last responsibility is to the stockholders, seeking to make a sound profit in order to provide a fair return to the owners and to enable the company to innovate and grow so that fair returns are maintained in the future.

The full Credo was in a format that people could understand, and Robert Wood Johnson II demanded that people adhere to it. Very importantly, the company created appropriate organisational mechanisms to bring the Credo to life, and to support and reinforce it. The Johnson & Johnson Credo "may sound a bit corny – and so may J&J's devotion to it: It's posted in every J&J facility around the world and carved in an eight-foot chunk of limestone at company headquarters in New Brunswick, N.J. But Johnson made sure everyone bought into it."

The Credo has served Johnson & Johnson well during normal operating conditions and in times of crisis, such as in 1982 and 1986 when the Tylenol® acetaminophen product was adulterated with cyanide and used as a murder weapon. During the Tylenol® crises, Johnson & Johnson's "managers and employees made countless decisions that were inspired by the philosophy embedded in the Credo." Tylenol® was immediately cleared from store shelves and the company was very proactive and open in addressing each crisis. As a result, Johnson & Johnson's global good reputation was maintained and the Tylenol® business was reinvigorated.

The Johnson & Johnson Credo continues to guide the company's decisions and actions regarding its responsibilities to customers, employees, the community, and stockholders. The Credo guides Johnson & Johnson's operations in Africa, Asia and the Pacific Rim, Eastern and Western Europe, Latin America, the Middle East, and North America. Ralph Larsen, a former chief executive officer of Johnson & Johnson, maintains that the Credo provides a constant source of guidance for the company and that it is the foundation for everything the company does. Although the credo has been revised and updated at different points throughout its existence, the essential responsibilities endure. To help ensure the continuing viability of the credo, Johnson & Johnson employees periodically participate in a survey to evaluate how the company performs it responsibilities.

Discussion questions

1. From your perspective, what role(s) should business play in the contemporary world?

2. What implications does the Credo have for Johnson & Johnson's view of the role(s) it should play in the contemporary world?

3. What implications does the Johnson & Johnson Credo have for the attitudes and job behaviour of the company's employees?

4. Would you like to work for a company like Johnson & Johnson? Why or why not?

Quiz

True or false?

1. The Johnson & Johnson Credo is credited for making the company run like clockwork, eliminating all daily conflict, distress, and struggle that afflict less successful organisations.

2. Early psychological research for the American military during World War I was later adapted by corporations such as Johnson & Johnson to create sophisticated personnel selection methods.

3. The Johnson & Johnson Credo, which states that the company's first responsibility is to meet the needs of its customers by providing quality products, is a key to its success in an era of fierce global competition.

4. The task of an organisation like Johnson & Johnson can be described as the wide range of tools, knowledge, and/or techniques used to transform the inputs into outputs.

Multiple-choice

5. As the war against acute diseases is being won, the trend in medicine is now shifting its focus to ______________________, such as Johnson & Johnson's "Live for Life Program."

   a. universal health care programs

   b. corporate wellness programs

   c. anthropological studies

   d. psychological testing programs

   e. all of the answers are correct

6. The Johnson & Johnson Credo states that the organisation will:

   a. strive to remain constant, avoiding change

   b. strive to always be successful and avoid failure

   c. provide its employees with free healthcare

   d. strive to meet the needs of all customers

   e. put the needs of its stockholders first

7. The Johnson & Johnson Credo reflects the _______________ side of the Johnson & Johnson organisation.

   a. informal

   b. formal

   c. unofficial

   d. covert

   e. authoritarian

8. Global competition challenges organisations like Johnson & Johnson to:

   a. become more customer focused

   b. meet changing product demands

   c. meet changing service demands

   d. exceed customers' expectations of high quality

   e. all of the answers are correct

SOURCES: Our Company, Johnson & Johnson, http://www.jnj.com/our_company/index.htm (accessed August 15, 2007); Product Categories, Johnson & Johnson, http://www.jnj.com/product/categories//index.htm (accessed August 15, 2007); 2006 Annual Report, Johnson & Johnson, p. 5, http://www.jnj.v1.papiervirtuel.com/report/2007030901/ (accessed August 15, 2007); Awards & Recognition, Johnson & Johnson, http://www.jnj.com/our_company/awards/index.htm (accessed August 15, 2007); Our Credo History, Johnson & Johnson, http://www.jnj.com/our_company/our_credo_history/index.htm (accessed August 15, 2007); Author unknown. (2003) Johnson & Johnson. Fortune Small Business (April), Vol. 13, No. 3, pp. 90–93; Our Credo, Johnson & Johnson, http://www.jnj.com/our_company/our_credo/index.htm (accessed August 15, 2007); Author unknown. (2003) Johnson & Johnson. Fortune Small Business (April), Vol. 13, No. 3, p. 93; Our Credo History, Johnson & Johnson, http://www.jnj.com/our_company/our_credo_history/index.htm (accessed August 15, 2007); Our Company, Johnson & Johnson, http://www.jnj.com/our_company/index.htm (accessed August 15, 2007); Kinni, T. (2003) Words to Work By: Crafting Meaningful Corporate Ethics Statements. Harvard Management Communication Letter (January), pp. 3-4; Revisions, Johnson & Johnson, http://www.jnj.com/our_company/our_credo_history/revisions/index.htm (accessed August 15, 2007); Our Credo History, Johnson & Johnson, http://www.jnj.com/our_company/our_credo_history/index.htm (accessed August 15, 2007). This case was written by Michael K. McCuddy, The Louis S. and Mary L. Morgal Chair of Christian Business Ethics and Professor of Management, College of Business Administration, Valparaiso University.