

Organisational Behaviour

For AKAM Diploma students



The Association for
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Module outline

1. Introduction to organizational behavior. Overview of the discipline.
2. Organizational structural characteristics
3. Individuals in organizations: fit, recruitment and selection
4. Personality
5. Motivation and compensation

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3. Individuals in organizations: fit, recruitment and selection
4. Personality
5. Motivation and compensation
6. Performance management
7. Organizational culture

Part 1.

Introduction to Organisational Behaviour





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What is organizational behavior

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The main objective of Organizational Behavior as an academic discipline, is to understand the human behavior and interactions in an organization, find what is driving it, and influence it, for getting better results in attaining business goals.

- Behaviors (effort, productivity, cooperation)
- Motivation (willingness to exert effort, autonomy, initiative etc)
- Emotions (stress and anxiety, burn-out, anger etc.)
- Attitudes (loyalty, organizational citizenship, counterproductive work attitudes)

Understanding organizational behavior is necessary for effective leadership



Organizational outcomes

- Job satisfaction
- Job performance
- Negative work attitudes and counterproductive work behaviours
- Positive work attitudes and organizational citizenship behaviours
- Staff turnover

- **Job Satisfaction** is a measure of workers' contentedness with their job, whether or not they like the job or individual aspects or facets of jobs, such as nature of work, supervision, reward etc.

Article: <https://www.forbes.com/sites/forbescoachescouncil/2017/12/13/promoting-employee-happiness-benefits-everyone/?sh=55979f5c581a>

- **Two sides of job satisfaction**
 - Affective (emotional)
 - Cognitive (evaluative)
- **Job Descriptive Index (JDI)** is a most common measure of JS:
 - Coworkers
 - Supervision
 - The work itself
 - Pay
 - Opportunities for promotion

Questionnaire sample: <http://homepages.se.edu/cvonbergen/files/2012/12/A-Measure-of-Job-Satisfaction1.pdf>



- **Task performance (in-role behaviors)**

Describes employees' performance on the core job responsibilities. It is reflected in specific work outcomes and deliverables, their quality, and quantity.

- Clients attracted, contracts signed, production output etc.

- **Contextual performance (extra-role behaviors)**

Behaviors that are not part of employees' formal job description, but that help in the smooth functioning of the organization as a social system.

- Mentoring junior employees, cooperativeness, protecting and conserving organizational resources



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Negative work attitudes and counterproductive work behaviors (CWB)

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- **Counterproductive work behavior** - any behavior of an employee that goes against the legitimate interests of an organization.
- **Interpersonal deviance behaviors** in the context of an organization, usually include harassment, gossip, verbal and physical hostility.
- **Organizational deviance behaviors** include theft, sabotage, absenteeism, tardiness, deliberately poor work, substance abuse, risky behaviors.



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Positive work attitudes and organizational citizenship behaviors (OCB)

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- **Organizational citizenship behavior** describes all the positive and constructive behaviors that aren't part of an employee's direct responsibilities outlined in the job description and other HR-related documents.
- **Altruism:** e.g. offering assistance to a co-worker
- **Courtesy:** e.g. respectful communication and emotion control
- **Sportsmanship:** e.g. dealing gracefully with negative situations
- **Conscientiousness:** e.g. being proactive
- **Civic virtue:** e.g. talking positively about the organization to friends



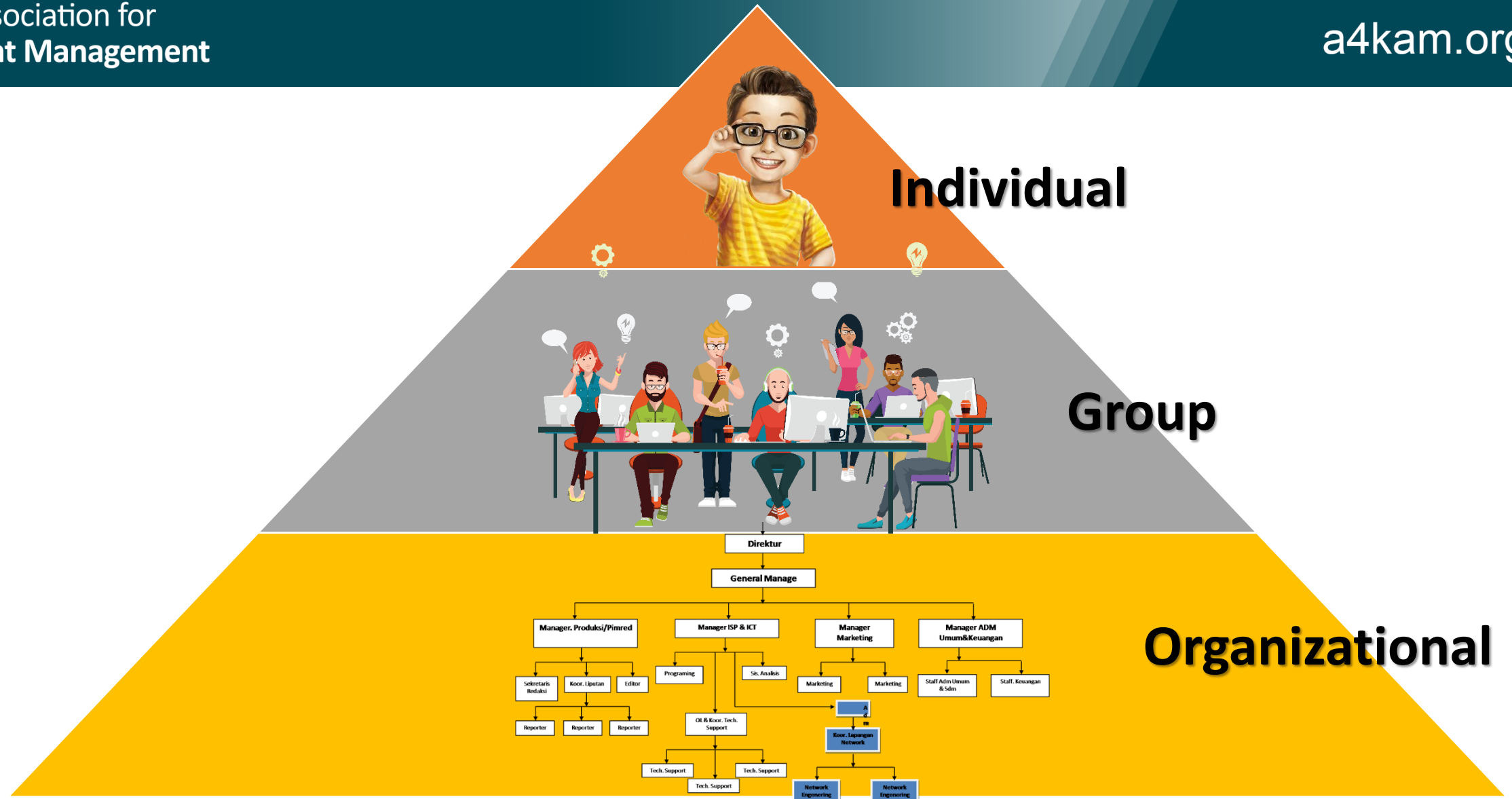
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Staff turnover

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- **Staff turnover rate** is the percentage of employees in a workforce that leave (and are replaced) during a fiscal or calendar year.
- Partings between organizations and employees may be due to termination, retirement, death, resignations etc.
- Too high rate of staff turnover due to termination, and especially voluntary resignation, almost certainly indicates problems in the organization.

3 levels of organizational behavior





Part 2. Organisations

- An **organization** is a group of people who work together in and organized way for a shared purpose.
 - Examples: for-profit private company, association, union, military unit, hospital, university
- Organizations have:
 - Structure
 - Culture and identity
 - Standardized processes
 - Policies and internal regulations
 - Performance metrics and incentives, etc.





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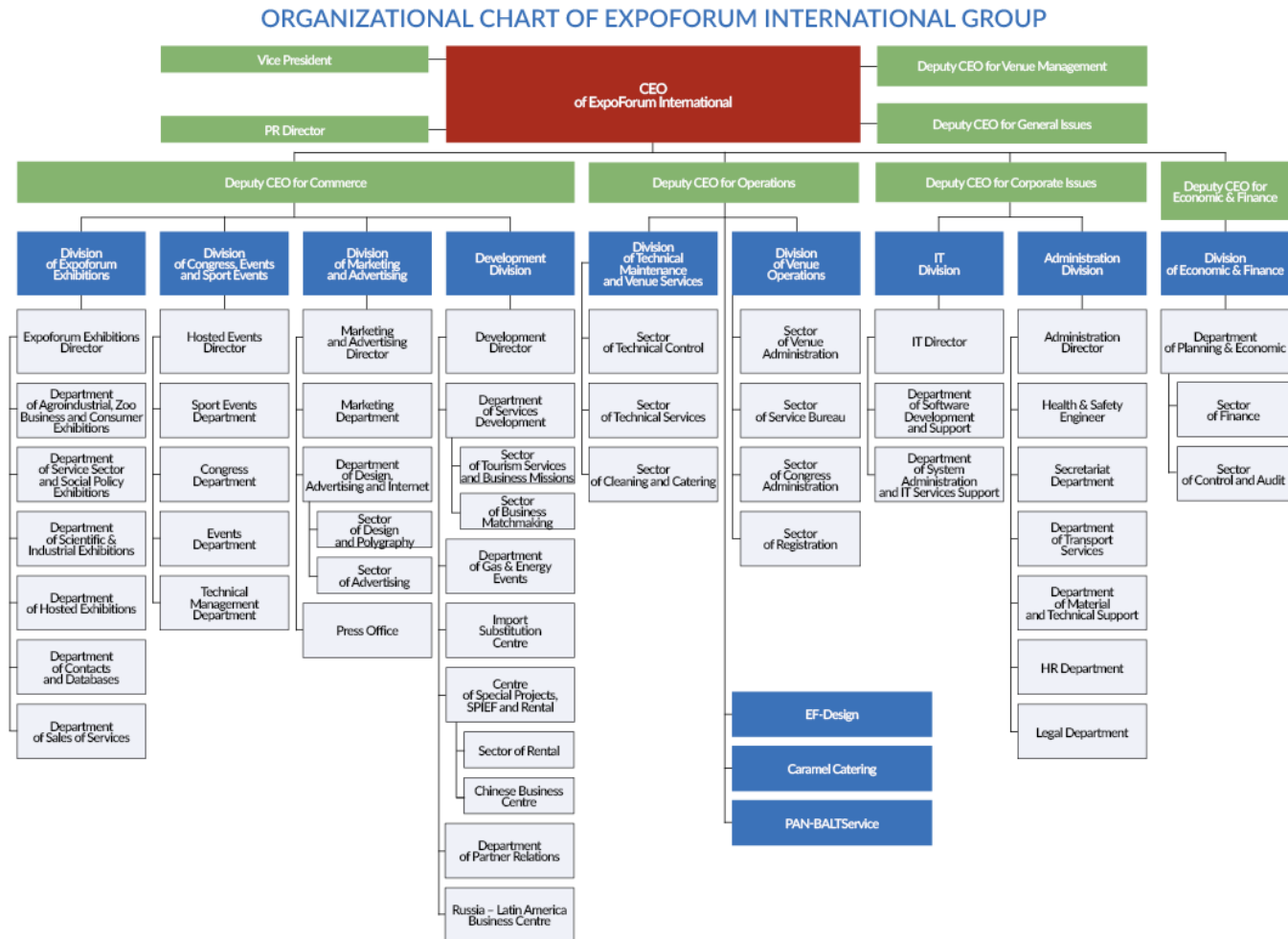
Organizational structure: chain of command

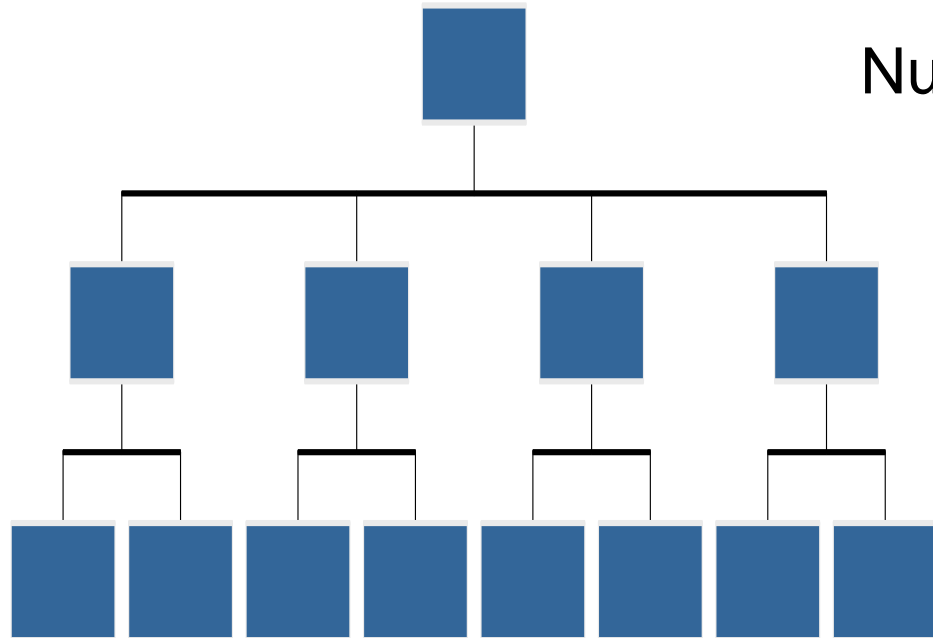
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- **Chain of command** - a system in a military or civil organization by which instructions or orders are passed from one person to another. A.k.a. line of authority and responsibility.
- Organizational structures should be **lean** (minimal redundancy)
- Organizational structures should be clear: there should be no dual reporting in the chain of command (unless an exceptional case)

Span of control

The number of subordinates or functions one can efficiently manage

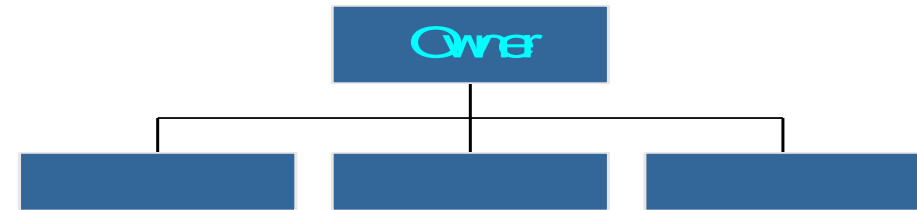




Pro's and con's of tall structures

- + Specialist approach
- + More career opportunities
- Compartmentalization
- Slow decisions

Number of layers of subordination



Pro's and con's of flat structures

- + Generalist approach
- + Fast decisions
- ± Access to CEO
- Work overload and multitasking

The degree of centralization defines whether, and to what extent, decisions and processes are handled strictly at the top of the executive level, or delegated to the lower levels of the hierarchy.

The ultimate goal of decentralized decision making is to put authority in the hands of those persons closest to and most knowledgeable about the situation.

Centralization

- + Better control
- + Easier coordination
- Slower decisions

Decentralization

- + Faster decisions
- + Better decisions: more adapted locally
- + Autonomy & empowerment → motivation
- Difficulties with coordination

A formal organization is an organization with a fixed written set of rules regarding structures (chain of command, job descriptions) and procedures (business processes).

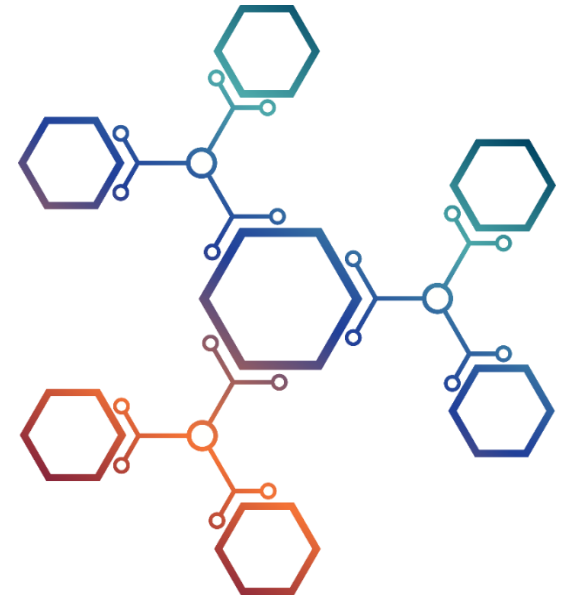
- Efficiency (optimization of business processes, communication)
- Easier control and coordination
- Quality management
- Automation (required for implementation for ERM, CRM and other IS).
- Uniform quality across divisions and locations
- Required for quality labels and accreditations.

Notable exceptions: W. L. Gore, Valve Corporation



4 types of organizational structures

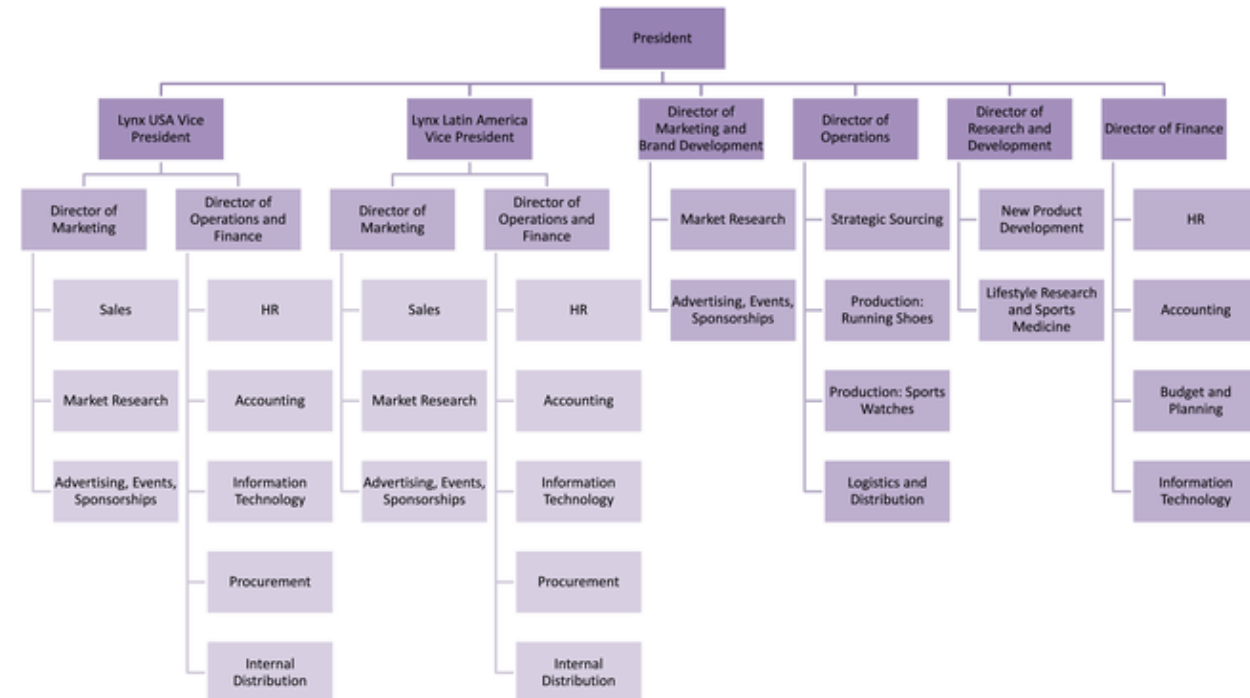
- **Simple (flat):** typical to startups and small teams
- **Functional:** most common one
- **Multidivisional (or divisional):** typical for large MNCs, diversified conglomerates
- **Matrix:** typical for organizations with diverse product lines and services, dual reporting is legitimate



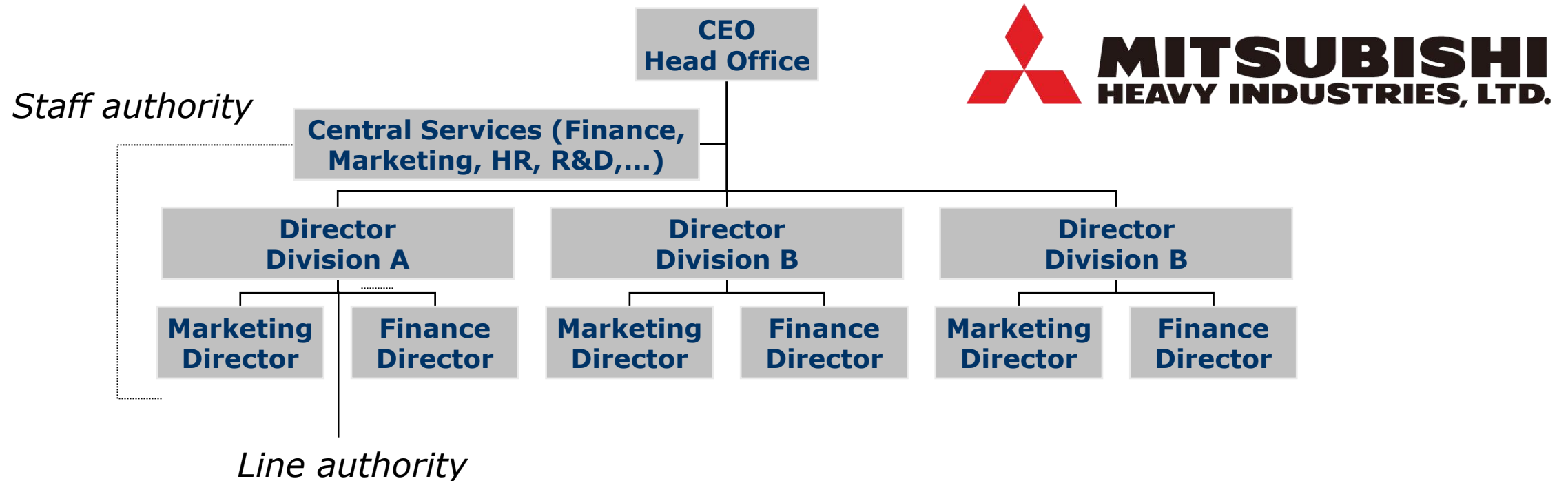
A functional organization is a type of organizational structure in which the workforce is organized in groups, based on specialized functional areas, such as R&D, production, marketing, or finance.

Pro's and con's

- + Employees specialize in one domain
- + Facilitates supervision and mentorship
- Difficult to coordinate cross-functional project teams
- Coordination across functional branches is difficult due to “silo thinking”
- Employees specialize in one domain (job rotation could be a solution)



In a multidivisional structure, there is one parent company that consists of a number of different divisions operating separate businesses.



Matrix structure

Groups people into functional departments of specialization, then further separates them into divisional projects and products.

	PCs	Cloud computing	B2B
Europe			
N. America			
Africa			

Organizations and specific jobs have **demands** that require certain **personality traits and soft skills**, rather than hard skills or qualifications.

Examples of job demands

- Emotional labor
- Heavy teamwork and collaboration
- A lot of control and frequent feedback
- A lot of autonomy and no feedback
- A lot of pressure and stress
- Constant travelling
- Structured work environment
- Unstructured work environment, no job description
- Multitasking
- Routine and repetitive work, etc.

The P-O fit theory postulates that hiring employees who are the best fit for their positions is a way for an organization to decrease staff turnover (voluntary and involuntary), to improve employee performance and satisfaction.



Part 3. Recruitment and Selection



Pre-recruitment

Defining the profile

Job specification

- Qualifications required
- Experience, knowledge and skills required

Person specification

- Personality traits
- Physical attributes
- Intelligence levels
- Aptitudes
- Interests
- Circumstances

Job description

- Title of the job
- Location (department, branch, town or city, country)
- Title of the employee's Line Manager
- Grade of the job
- Job titles of any subordinates
- Purpose of the job
- Tasks to be carried out
- Details of equipment, machinery or other skill-specific information
- Details of any travel that may have to be undertaken



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Internal and External recruitment PRO's and CON's

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Internal	External
<ul style="list-style-type: none">+ relatively low cost (easy selection)+ motivating for employees+ better knowledge of the 'candidates'	<ul style="list-style-type: none">+ new blood / innovation+ no jealousy internally
<ul style="list-style-type: none">- no new blood (lack of diversity)- little choice (few other options available)- can discourage other employees who were not selected	<ul style="list-style-type: none">- less knowledge about candidates- longer adaptation time- higher cost: 15-30% of the annual cost for a position if via a recruitment consultant

Assessing P-O Fit

- **How to assess P-O fit?**

- Psychometric tests (e.g. MBTI)
- Situational analysis interview
 - Describe your biggest work failure. How did you handle it?
 - Tell me about a time you had to persuade someone to see your side of things.
 - Tell me about a situation when your job went through big changes. How did you adjust?
 - Tell me about your proudest professional accomplishment.
- Situational Judgement Test (SJT): scenario-based with several response alternatives
- Various simulations: case interviews, mock sales call, presentation, etc.





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Examples of soft-skills, attitudes and personality traits

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- **Airport test:** Would I want to be stuck in an airport with this person?
- Describe a situation where you weren't satisfied with your job and what could have made it better?
 - > Capacity for self-reflection and learning, **honesty** and **emotional maturity**.
- Tell me about a time you had to work with a difficult manager?
 - > Adaptability, social skill, assertiveness, and **work ethics**.
- Tell me about your proudest professional accomplishment.
 - > **Modesty** and **team-orientation**.

Strong Work Ethic	Time Management	Detail Oriented
Dependable	Steady Under Pressure	Problem Solving
Positive Attitude	Communication	Decision Making
Self-Motivated	Flexibility	Customer Service
Team Oriented	Confidence	Critical Thinking



Part 4. Personality



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What is a personality

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- Personality, is the set characteristic patterns of behaviors, cognitions, and emotional responses, that evolve from biological and environmental factors.
- Personalities are described in terms of traits. Personality traits imply consistency and stability.
- A trait is not equal to state. State is a temporary way of being.
- Personality may change over time, but slowly.

From the biological perspective, personality traits can be traced back to brain structures and neural mechanisms.

- *The fight-flight-freeze system*: fear and avoidance of danger
- *Behavioral inhibition system*: anxiety and risk-assessment
- *Behavioral approach system*: anticipatory pleasure, optimism, reward-orientation

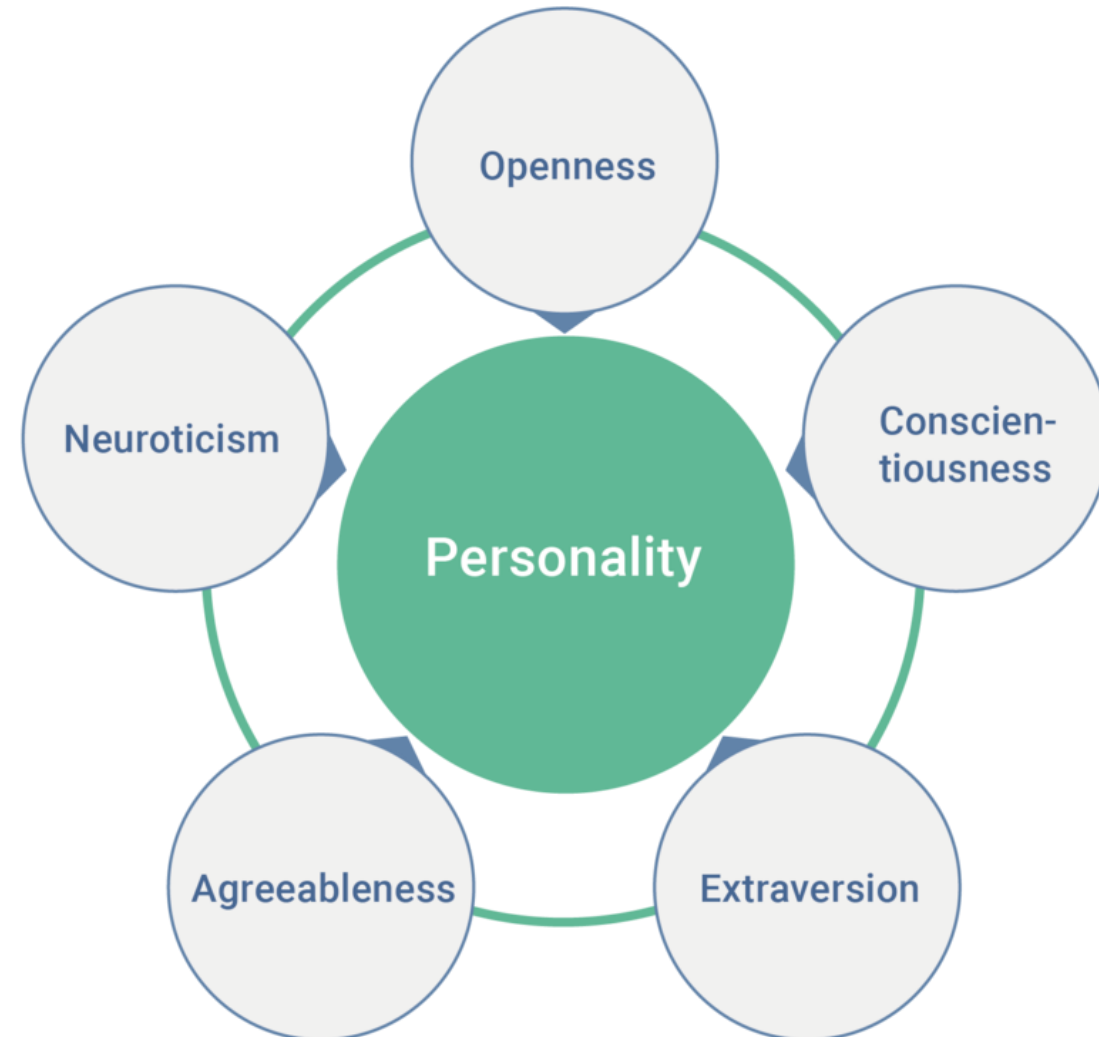


Psychometrics, is a field of study that deals with psychological measurement. This measurement is done through testing.

Examples of personality inventories:

- The big 5 personality test
- The MBTI framework

- **Openness to experience:** novelty, imagination, curiosity
- **Conscientiousness:** reliability, organization, persistence
- **Extraversion:** outgoing, outward looking, action-orientation
- **Agreeableness:** need for social harmony
- **Neuroticism:** emotional instability





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MBTI personality framework

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Four dimensions of traits:

- Introversion or Extraversion.
- Sensing or iNtuition.
- Thinking or Feeling
- Judging or Perceiving.

16 personality type

e.g. INTJ, ENFP, ESFP, etc.

Link to the article and the test:

- <https://www.16personalities.com/articles/our-theory>

What is the use of personality tests?

- Clinical tests (personality disorders, mental illnesses)
- Recruitment and selection (education, corporate, military)
- Career development and counseling





>>> Part 5. Motivation and compensation



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What is motivation?

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- Desire to do something
- Impulse to inspire action
- Willingness to exert effort
- The reason for people's actions, willingness and goals.



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Theories of motivation

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- Instinct theory
- Drive reduction theory
- Arousal theory
- Self-determination theory
- Job characteristics theory

- Instinct is an innate behavior, the inherent inclination of a living organism towards a particular complex behavior.
- Instincts are determined genetically and are biologically hardwired in our brains.
- Instinct is a biological hard-wiring
- Freud's **Eros** (good instincts that care and productivity) and **Thanatos** (dark instincts like aggression and dominance)

People are motivated by the “drives” to satisfy needs and achieve homeostasis (roughly speaking, harmony and satisfaction).

- Primary drives (innate): thirst, hunger, cold, sexual desire etc.
- Secondary drives (learned by conditioning): money, social status, recognition, approval, acceptance etc.



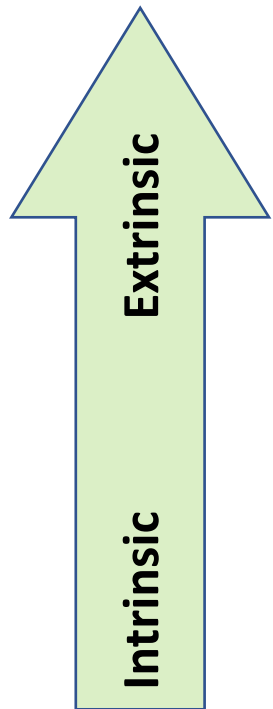
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Arousal theory

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The **arousal theory of motivation** suggests that people are driven to perform actions in order to maintain an optimum level of physiological **arousal**.





What drives behavior?

Interest, enjoyment, inherent satisfaction

Congruence, awareness, synthesis with self

Personal importance, conscious valuing

Self-control, ego-involvement, internal rewards and punishment

Compliance, external rewards and punishment

Non-intentional, incompetence, lack of control

Self-determined personality means intrinsically-driven



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Self-determination theory: extrinsic and intrinsic motivation 2/2

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3 common factors of an intrinsically-driven behavior:

- Autonomy: people need to feel in control of their own behaviors and goals.
- Mastery: people need to gain mastery of tasks and learn different skills.
- Relatedness: people need to have a sense of belonging to a group or society

Lessons from self-determination theory for the workplace context:

- Managers should foster the sense of self-determination engaging team members to play an active role in the organization/team.
- Empower employees: offer responsibilities, provide constructive feedback, provide support and encouragement.
- Do not overuse extrinsic rewards, as it might lead to decreased intrinsic motivation.



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Job Characteristics Theory (JCT)

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- **Skill variety**

The range of abilities needed to perform a job.

- **Task identity**

The extent to which a job involves completing an identifiable piece of work from start to finish, with a visible outcome.

- **Task significance**

The extent to which a job is important to and impacts others within and outside of the organization

- **Autonomy**

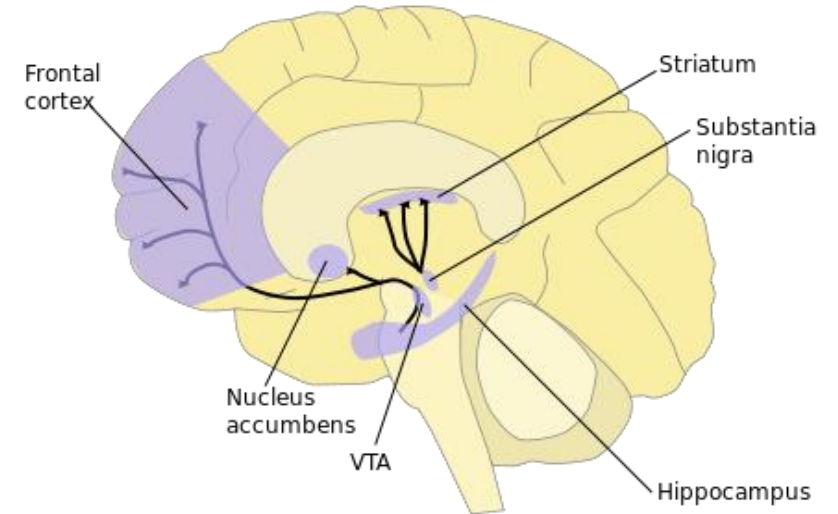
Level of freedom and ability to schedule tasks.

- **Job feedback**

The degree to which the employees work receives direct feedback on their performance.

What is willpower and how is it related to motivation?

- Willpower is the control exerted to do something or restrain impulses.
- Willpower is associated with the ability to *delay gratification*.
- Sustained effort is based on the ability to constantly “remind” (may happen outside of awareness) ourselves about pleasant outcomes of an effort.



Conclusion

Motivation requires synchrony between emotions (desires) and mind (control).



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Compensation management: components

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Direct compensation

- Salary
- Overtime pay
- Commission
- Bonuses
- Profit sharing

Indirect compensation

- Insurances
- Benefits and non-monetary perks (allowances, subsidies etc.)
- Education, training and development
- Chances for promotion or transfer within the company



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Compensation management: purpose

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- Ensure that the compensation that the organization offers to its current and potential employees is fair and attractive, in order to retain and recruit best employees.
- It is designed to abide with the various labor acts and thus does not result in conflicts between the employee union and the management. This creates a peaceful relationship between the employer and the employees.
- Effective compensation system creates a base for happiness and satisfaction of the workforce that minimizes the staff turnover.
- Motivates employees to perform better and achieve the specific performance targets. → Link to performance management.



Part 6. Performance Management

A **Key Performance Indicator** is a measurable value that demonstrates how effectively a company is achieving key business objectives

- It is a **responsibility** of a person or a team of people executing a process or a set of process
- It captures **factors that are critical** for achieving organizational goals (CSF)
- It has a **corrective action**





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Leading and Lagging Indicators

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Lagging indicators: output oriented, easy to measure but hard to improve or influence

Leading indicators: input oriented, hard to measure and easy to influence

Example:

Objective – weight loss

Lagging indicator – weight change (on a scale)

Leading indicators – calories intake, calories burnt

Pitfalls of KPI metrics

- KPIs can work in opposition to culture, particularly when they reward employees for achieving a metric without regard to the actions they took to achieve that metric.
- Badly designed KPIs might favor small accomplishments over important ones, quantity over quality

Examples:



Doctors



Police



Software developers



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Manipulation and fraud due to KPIs

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BADLY DESIGNED KPIS MAY LEAD TO MANIPULATION AND FRAUD

EXAMPLES:



A **performance appraisal**, also referred to as a **performance review**, **performance evaluation**, **development discussion**, or **employee appraisal** is a method by which the job performance of an employee is documented and evaluated.

- Formal and punctual (e.g., 2+ times per year)
- Answers the question: “Are people consistently doing what we hired them to do?”
- **Why?** Provide feedback for
 - Planning, selection process, training needs, motivation, rewards allocation
- **What?** Criteria arising from
 - KPIs, Job description, extra role behaviors
- **How?** Performance appraisal should be
 - Objective, consistent, reliable, valid, practical, free from bias

- **M**otivation-related:
 - Find reasons: persona, task-related, team-related, organizational
 - Provide support
 - Clarify performance-reward link
- **A**bility / skills - related
 - Training
 - Transfer
 - Redesign job
 - Terminate
 - Review selection process
- **O**ppportunity or Situational Factors:
 - Inadequate
 - Resources
 - Management
 - Training
 - Poor working relationships, uncooperative workers
 - Poor working conditions
 - Workplace morale, climate
 - Constant organizational changes

$$P = f(M, A, O)$$



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Organizational Culture



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What is Organizational Culture?

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A system of shared assumptions,
values and **beliefs**, which govern
how people **behave** in
organization.





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Why organizational culture?

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- Organizational cultures can be strong or weak, distinctive or not, but there is no such thing as a “cultureless” organization
- The culture provides guiding principles for action and decides the way employees interact at their workplace
- The organization culture brings all the employees on a common platform. It gives a sense of shared identity
- The work culture goes a long way in creating the brand image of the organization

Four types of organizational culture: **Clan, Adhocracy, Market, & Hierarchy**

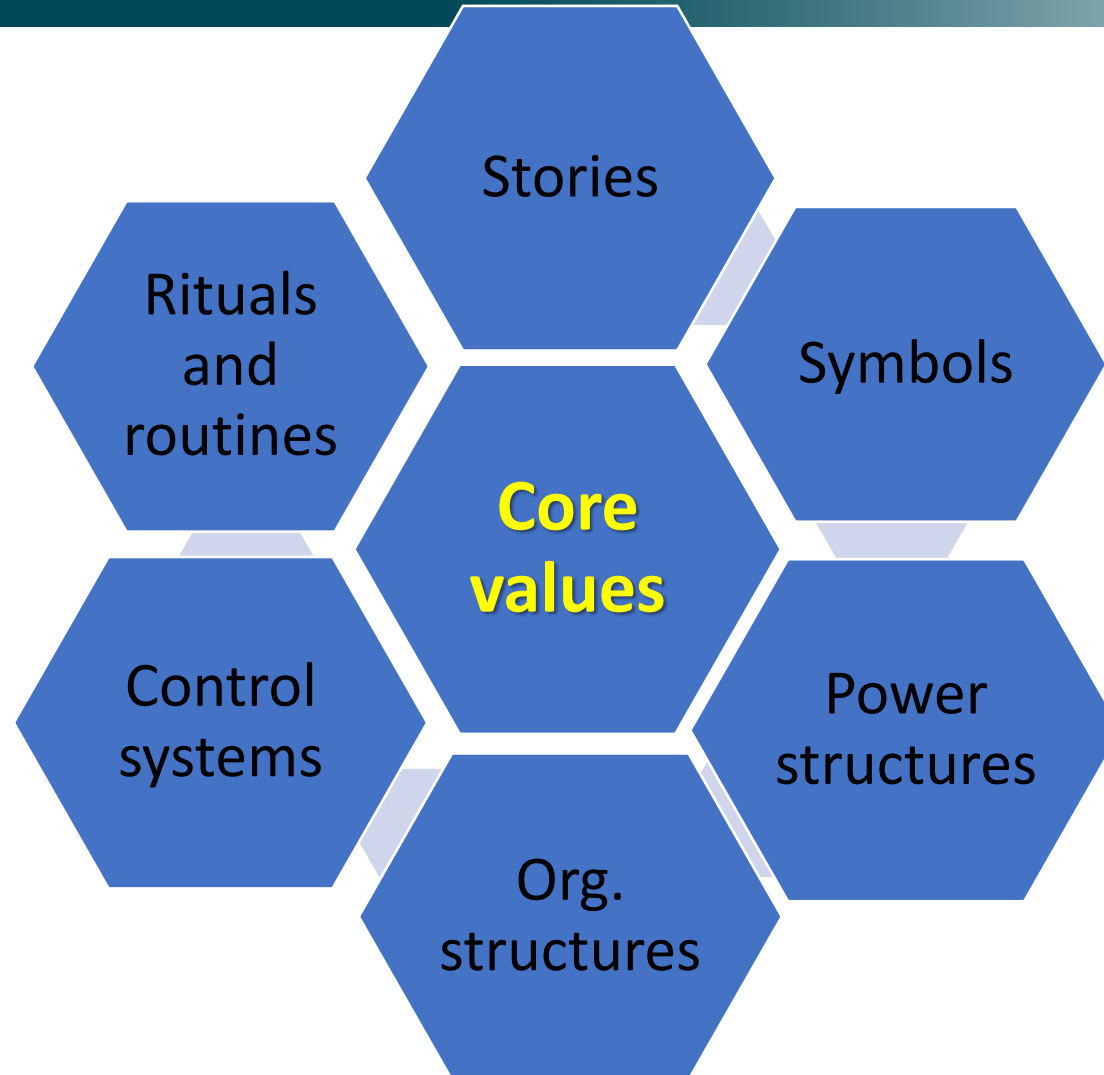
- 1. Innovation and risk-taking** (encouraged or not?)
- 2. Attention to detail** (focus on precision & analysis)
- 3. Outcome orientation** (focus on results rather than techniques/processes)
- 4. People orientation** (effect of management decisions on people)
- 5. Team orientation** (\neq individual)
- 6. Aggressiveness** (\neq easy-going)
- 7. Stability** (status quo \neq growth)



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The Cultural Web

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“Toyota way”: Continuous improvement and Respect





Empathy



Courtesy



Thriving



Craftmanship



Playfulness



Solidarity



- **Leadership:** The courage to shape a better future
- **Collaboration:** Leverage collective genius
- **Integrity:** Be real
- **Accountability:** If it is to be, it's up to me
- **Passion:** Committed in heart and mind
- **Diversity:** As inclusive as our brands
- **Quality:** What we do, we do well



- Putting Clients First
- Leading with Exceptional Ideas
- Doing the Right Thing
- Giving Back

