CHAPTER 4

ORGANISATIONAL BEHAVIOR

4.1 INTRODUCTION

Organisational behavior (OB) is a function (f) of the person (P), the group (G) to which she or he belongs, and the organization (O) with its own unique culture and external environment (E), or OB = f (P+G+O+E). According to Steers (1991), environmental forces (E), such as consumer culture will have a major influence on the behavior within the Pharmaceutical organisations.

This study emphasises the following two of the concepts referred to in the abovementioned definition:

- **Organisation** -- It refers to human resource policies and procedures, organisational culture, organisational structure and design, and work design and technology.
- **External environment** -- It is, for the purpose of this study, mainly the African rural survivalist consumer culture and their perceptions of corporate image of pharmaceutical companies in the greater Bushbuckridge area. The African rural consumer culture originates from the African rural societal culture (Refer to chapter 3)

This chapter will focus on the relevance of organisational behaviour for the research, different perspectives on organisational behaviour, organisational behaviour as a distinct study field, and related fields of organisational behaviour. The chapter ends with holistic view on organisational behaviour variables.

4.2 RELVANCE OF ORGANISTIONAL BEHAVIOR FOR THE RESEARCH

The research focuses specifically on African rural consumers' (Discussed in chapter 3) perception of how corporate image (discussed in chapter 2) should be fashioned to be effective in the pharmaceutical industry. Specific recommendations are then given on how organisational behavior ought to be structured to be aligned with customers' needs in the pharmaceutical industry. It is therefore important to discuss organisational behavior and its different components as it is understood in the thesis. Refer to paragraph 1.5.2 where the relevance of organisational behavior for this research has been discussed.

## 4.3 DIFFERENT PERSPECTIVES OF ORGANISATIONAL BEHAVIOR

Different perspectives exist on the nature of organisational behavior. These perspectives are consequently discussed.

4.3.1 Academic perspective

The behavior of people in organisations is typically referred to as organisational behavior. Here the focus is on applying what we know from the social and behavioral sciences so we can better understand and predict behavior at work (Steers, 1991:19).

Knowledge of organisational behavior is accumulated by using the scientific method, which means that theories and relationships are tested to see whether they can actually predict behavior (Osland, Kolb & Rubin, 2000 :15). Figure 4.1 portrays the flow of scientific method as applied to the study of organisational behavior (Cook & Hunsaker, 2001).

Figure 4.1: The scientific method

(Cook & Hunsaker, 2001)
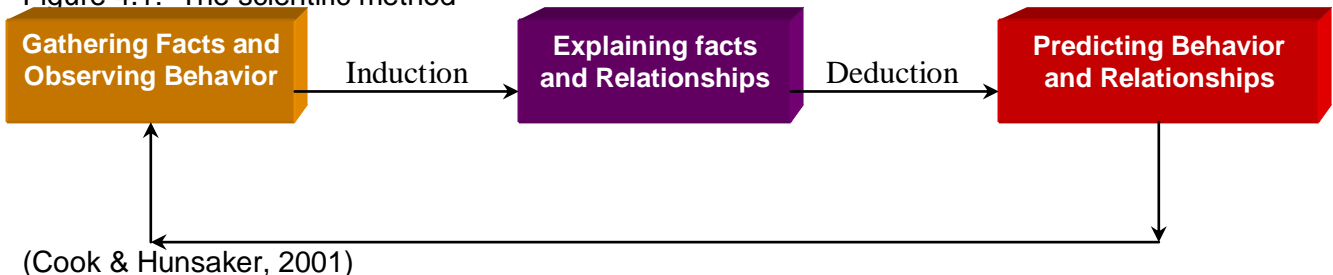
Researchers applying the academic perspective begin with observing and gathering facts from the real-world behavior of individuals, groups and organisations. From their specific preliminary observation researchers inductively develop possible general explanations and theories based on their rational and logical thoughts about phenomena so as to set up testable hypotheses of predicted behavior in general organisational situations. There is no separation of inductive and deductive approaches when theories are developed but rather an essential continuity. The interplay between conceptualisation, general explanation of phenomena (deductive reasoning) and empirical study of the relationships amongst specific phenomena (inductive reasoning) is the essence of modern scientific method.

The empirical investigation of behavior in organisations draws on four primary methods for collecting data: interviews, questionnaires, observations of sample respondents and secondary sources (such as company records). Researchers have a number of design options to choose from to provide answers to the questions (hypotheses) being investigated (Cook & Hunsaker, 2001). Figure 4.2 describes research methodologies commonly applied in studying organisational behavior (Tosi, Rizzo & Carrol, 1994:7).

Figure 4.2: Research methods in the study of organisational behavior
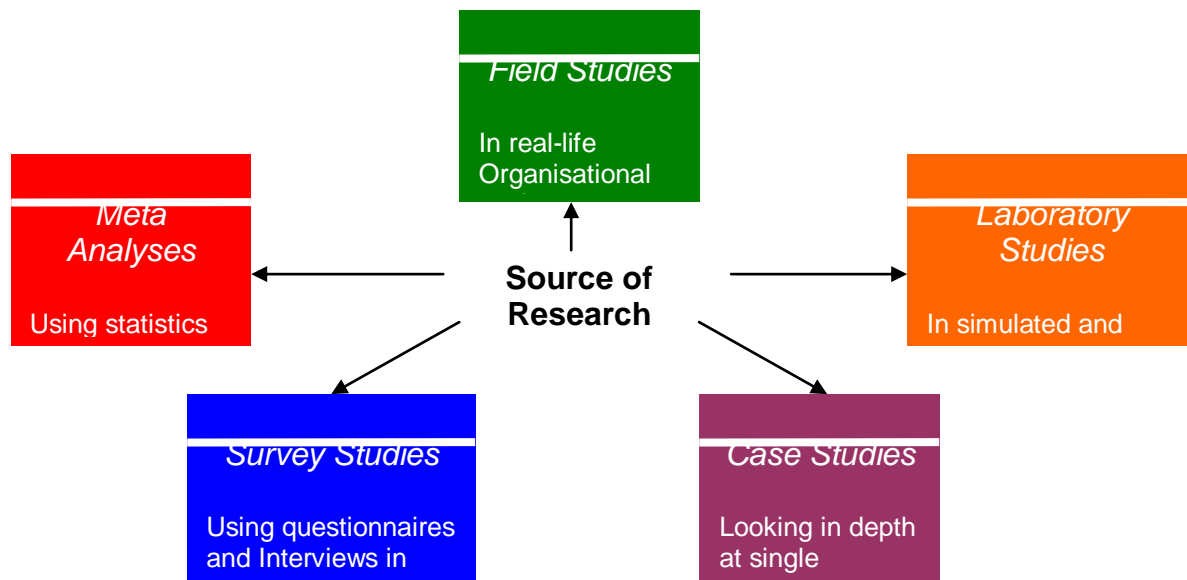
(Cook & Hunsaker, 2001)

The results may confirm or disprove the hypotheses. If a hypothesis is confirmed, it is retained in the theory. If it is disproved, then the theory should be revised, provided that the research was executed properly and assuming that other research continues to produce evidence that disproves the hypothesis (Tossi, 1994:4).

Osland, Kolb & Rubin (2000:15) argue that much of the research emphasises performance at all three organisational levels (individual, group and organisation) and the most effective way to perform duties. Therefore, organisational behavior is an applied science whose purpose is to generate knowledge that is useful to managers and employees.

According to Cook & Hunsaker (2001:5), a comprehensive knowledge of organisational behavior helps to prepare managers to influence and transform organisational systems. For employees, knowledge of organisational behavior makes organisational life more predictable and allows for greater self-control over organisational outcomes.

4.3.2 Managerial perspective

The practice of management is as old as the human life, but the formal study of management and organisational behavior is relatively young and is a product of the twentieth century. Management is the practice of directing, organising and developing people, technology and financial resources in a task-oriented system that provides products and services to others (Cook & Hunsaker, 2001:5).

4.4 ORGANISATIONAL BEHAVIOR AS A DISTINCT STUDY FIELD

According to Tozi, Rizzo & Carrol (1994:25), prior to the late 1950s concern about managing human factors was found mainly in writings on scientific management, administration theory, industrial psychology and human relations movement. These writings were not based on solid research originating from the behavioral sciences, and

the prescriptions for action made by many of the authors at the time were widely questioned.

In the late 1950s, it was beginning to be felt that the answers to questions about the best way to manage human beings in organisational settings would be found through systems research using the scientific method. The research should focus on individuals, groups and organisations and how these interact to determine behavior. The study field of organisational behavior then evolved. It comprises a body of knowledge, still incomplete, derived from the research process of developing theory and theoretical concepts, developing hypotheses, testing these hypotheses and consequently reviewing theory as necessary (Tozi, Rizzo & Carrol, 1994:25).

4.5 THE RELATED FIELDS OF ORGANISATIONAL BEHAVIOR

The fields related to the study of organisational behavior are the following:

- Organisational theory: focuses largely on organisational and environmental phenomena.
- Human resources management: focuses on the application of behavioral knowledge in selecting, placing and training personnel.
- Organisational development: focuses on enhancing organisational performance.

A useful but perhaps somewhat oversimplified way of understanding these three fields is to distinguish among them according to the following criteria: the macro versus micro level of analysis and theory versus application. Considerations of the combinations that result from crossing these two dimensions suggest that organisational behavior is a micro/theory-oriented field. Human resources management is a micro/application– orientated field, organisations theory is a macro/theory-oriented field and organisational development is a macro/application –orientated field.

4.6 ORGANISATIONAL BEHAVIOR AS A MULTIDICIPLINARY FIELD

Organisational behavior can also be characterised as follows:

- It is a relatively young multidisciplinary field that was influenced by the disciplines of psychology, sociology, anthropology, political science and social sciences (Osland, Kolb & Rubin, 2000:15). The contributions from psychology have been mainly at the individual or micro level of analysis, and the other four disciplines have contributed to the understanding of macro concepts such as group and organisational processes (Robbins, 1998:19).
- Organisational behavior is unique; however, it integrates the disciplines of psychology, sociology, anthropology, political science and social science to achieve a better understanding of human behavior in organisations.

4.6.1 Psychology and social psychology

McKenna (2000:6) argues that psychology is the science that seeks to measure, explain and sometimes change the behavior of humans and other living creatures. Psychology focuses on the individual, group organisation and occupational psychology techniques.

Social psychology is an area within psychology, but it blends concepts from both psychology and sociology. It focuses on the influence of people on one another. Social psychologists are making significant contributions in the areas of measuring, understanding and changing attitudes, communication patterns in the ways group activities can satisfy individual needs, and group decision-making processes (Robbins, 1998:20).

4.6.2 Sociology

Sociology can be defined as a scientific study of human behavior and aims to determine the laws governing human behavior in social context (www.education.yahoo.com). Sociologists have made their greatest contribution to organisational behavior through the study of group behavior in organisations, particularly in formal and complex organisations. Some of the areas within organisational behavior that have received valuable input form sociologists are group dynamics, design of work teams, organisational culture, formal organisational theory and structure, organisational technology, communication, power conflict and intergroup behavior (Robbins 1998:20)
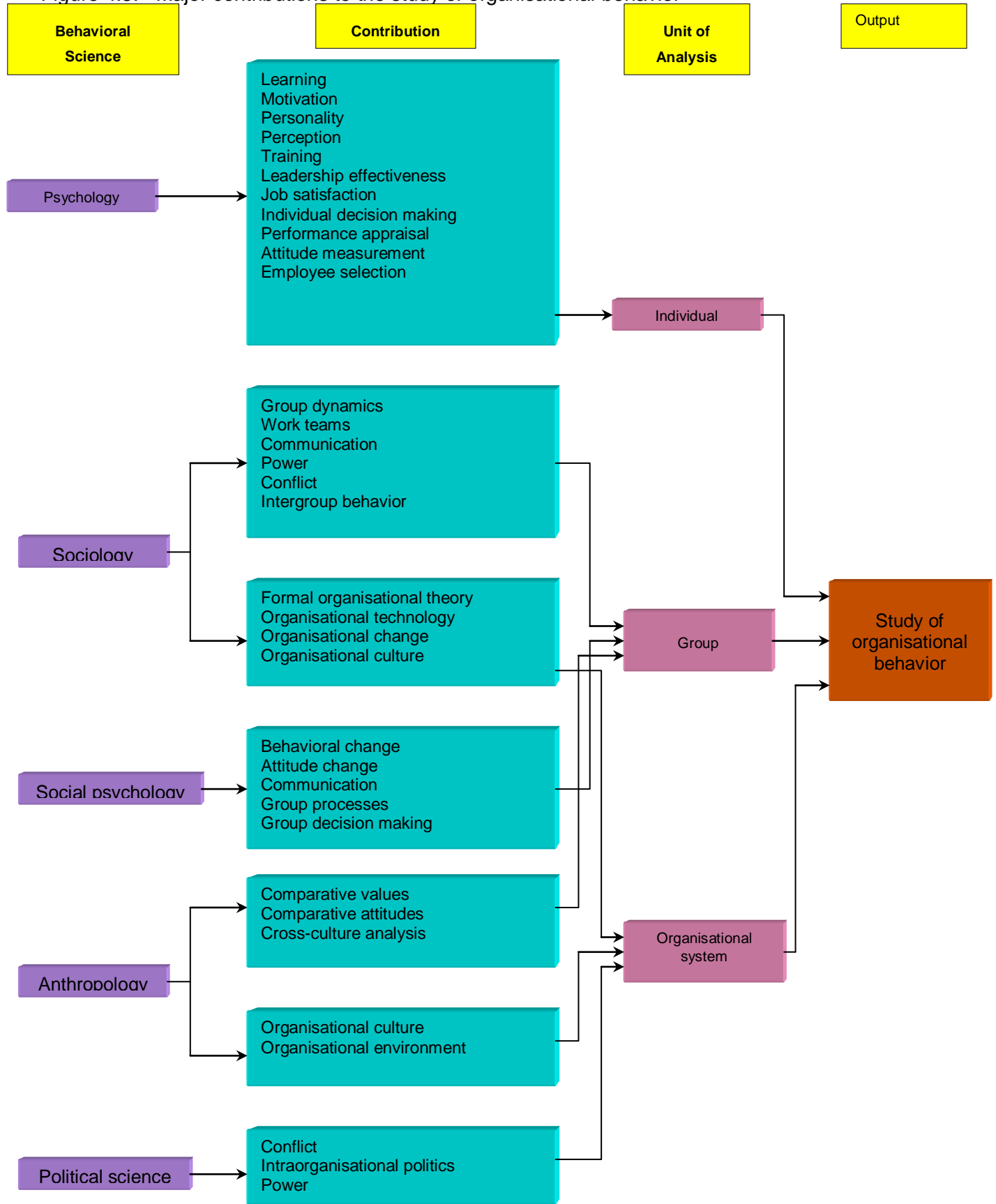
4.6.3 Anthropology

Anthropology is the study of societies in order to learn about human beings and their activities. Anthropologists focus on people's relationship with the environment (e.g. culture) (McKenna, 2000:6). Much of our current understanding of organisational culture is the result of the work of anthropologists or researchers using their methodologies (Robbins, 1998:20).

4.6.4 Political science

Political science can be defined as the study of government, and political processes, institutions, and behavior (www.education.yahoo.com). According to McKenna (2000:6), political science studies the behavior of individuals and groups within a political sphere. Political science focuses on activities connected with the acquisition of power, engaging in political activity, existence of vested interests, conflict generation and resolution, and coalition formation (McKenna, 2000:6).

Figure 4.3 presents an overview of the major contributions to the study of organisational behavior as discussed.

Figure 4.3:   Major contributions to the study of organisational behavior

Behavioral Science	Contribution	Unit of Analysis	Output

Psychology

Learning
Motivation
Personality
Perception
Training
Leadership effectiveness
Job satisfaction
Individual decision making
Performance appraisal
Attitude measurement
Employee selection

Individual

Sociology

Group dynamics
Work teams
Communication
Power
Conflict
Intergroup behavior

Formal organisational theory
Organisational technology
Organisational change
Organisational culture

Group

Study of organisational behavior

Social psychology

Behavioral change
Attitude change
Communication
Group processes
Group decision making

Anthropology

Comparative values
Comparative attitudes
Cross-culture analysis

Organisational culture
Organisational environment

Organisational system

Political science

Conflict
Intraorganisational politics
Power

Robbins, 2003

100

4.7   ORGANISATIONAL BEHAVIOR VARIABLES

4.7.1 Introduction of variables of organisational behavior

As mentioned in the introduction, the three basic levels of organisational behavior are analogous to building blocks; each level is constructed upon the previous level. Group concepts grow out of the foundation laid in the individual level.   Structural constraints will be placed on the individual and the group in order to arrive at organisational behavior.

4.7.2 Dependant variables of organisational behavior

Dependant variables are the key factors that need explaining or predicting and that are affected by some other factor/s. Productivity, absenteeism, turnover and job satisfaction are the primary dependant variables in organisational behavior.

4.7.2.1   Productivity

Productivity is a ration to measure how well an organisation converts input resources into goods and service (www.accel-team.com).   As such, productivity depends both on effectiveness and efficiency. A hospital, for example, is effective when it successfully meets the needs of its clients. It is efficient when it can do so at a low cost. One of the major concerns in the study of organisational behavior is therefore productivity. It is important to know what factors influence the effectiveness and efficiency of individuals, groups and the whole organisation (Robbins, 1998:24).

4.7.2.2 Absenteeism

Due to high annual costs of absenteeism, it is extremely important for an organisation to keep the absenteeism low. It is obviously difficult for an organisation to operate smoothly and to attain its objectives if employees fail to do their jobs. The workflow is disrupted and often important decisions delayed.   Therefore, the levels of absenteeism beyond the normal range in any organisation have a direct impact and the organisation's effectiveness and efficiency (Robbins, 1998: 24).

4.7.2.3 Turnover

All organisations experience some turnover, and this can also be positive if the right people are leaving the organisation. It may then create the opportunity to replace underperforming individuals with newcomers who have higher skills or motivation, increase opportunities for promotions and add new and fresh ideas to the organisation. Turnover is negative when it leads to the loss of valuable people in an organisation. This can be a disruptive factor, hindering the organisational effectiveness (Robbins, 1998:25).

4.7.2.4 Job satisfaction

The final dependant variable is job satisfaction, which can be defined as the difference between the amount of rewards workers receive and the amount they believe they should receive. According to McNamara (2006), job satisfaction can be influenced by a variety of factors, eg, the quality of one's relations with their managers, the quality of the physical environment in which they work, the degree of fulfilment in their work, etc. Unlike the previous three variables, job satisfaction represents attitude rather than behavior. It has

become a primarily dependant variable because it is related to performance factors and the value preferences held by many organisational behavior researchers (Robbins, 1998:25).

4.7.3 Independent variables of organisational behavior

Independent variables of organisational behavior are the major determinants of productivity, absenteeism and turnover.

4.7.3.1 Individual-level variables

People enter organisations with certain characteristics that will influence their behavior at work. The more obvious of these personal or biographical characteristics are age, gender, material status, personality characteristics, values and attitudes, and basic ability levels. These characteristics are essentially intact when an individual enters the workforce and for the most part have an impact on employee behavior. There are eight other individual-level variables that have been shown to affect employee behavior: personality, perception, values and attitudes, ability and aptitude, individual learning, motivation, biographical characteristics and individual decision making (Robbins, 1998:26).

(i) Personality

Personality is the set of traits and behaviors that characterises an individual. Managers who are sensitive to these differences are better able to understand and predict their employees' behavior (Hunsaker & Cook, 2001:182).

(ii) Perception

People with different personalities perceive things differently, especially in the locus of control. The term *perception* refers to a person's interpretation of reality. The perceptual process includes the selection, organisation and interpretation of sensory stimuli. This makes communication in organisations more difficult. Selective perception, stereotyping, halo effects and projection are perceptual outcomes that make managing in organisations more difficult (Lussier, 1999:54).

(iii) Values and attitudes

Personal values have worth for or are important to the individual, and a value system is the set of value standards by which the individual lives. An attitude is a strong belief or feeling toward people, things and situations (Lussier, 1999:75). It comprises cognitive, affective and intentional component and represents how people feels about others, objects and situations. Attitudes about jobs and organisations influence attendance, turnover, and sometimes commitment and productivity.

(iv) Ability versus aptitude

Hunsaker and Cook (2001:188) argue that ability is the capacity to perform physical and intellectual tasks. Aptitude is the capacity to acquire ability. People enter organisations with different abilities and motives. A manager's role is to achieve the best person-job fit possible. This means matching the individual's abilities and motives with the job requirements and rewards. Each individual develops a psychological contract with the organisation, which includes expectations about what each party will give and receive.

(v) Individual learning

According to Hunsaker & Cook (2001:174), one of the most important competencies an individual can contribute is the ability to learn. A manager's long-terms success depends on the ability to teach that person the mastery of a specific skill or technical knowledge (Hunsaker & Cook, 2001:174). Different learning styles exist among individuals. According to David Kolb, the learning process consists of four stages: concrete experience, reflective observation, abstract conceptualisation and active experimentation. People tend to emphasise certain stages, resulting in their typical approach to learning. Learning is a lifelong activity made even more important in today's fast changing world (Osland, Kolb & Rubin, 2001:67).

(vi) Motivation

Osland, Kolb & Rubin (2001:93) argued that motivation is our conscious decision to direct our effort toward one or several activities in preference to other possibilities and/or to vary the level of effort exerted. Several theories seek to identify individual's needs and to motivate or suggest how each need activates different behaviors. Part of being a good manager is to understand what motivates employees and how to design and organise jobs that inspire people to work to their full potential.

(vii) Biographical characteristics

These characteristics form the background that helps shape what a person becomes. Such attributes may be thought of both in current terms, for example, an employee's actual medical status, and in historical terms, for instance, where and how long a person worked at various jobs. Biographical characteristics are of special interest for equal opportunity and workplace diversity considerations including gender, age, race, ethnicity and so on.

(viii) Individual decision making

According to Lussier (1999:128) problem solving and decision making are critical skills for success. One of the major reasons managers are hired is to make decisions and to solve problems.

2.7.3.2 Group-level variables

The behavior of people in groups is more than the sum total of all the individuals acting in their own way. The complexity of the model is increased when we acknowledge that people's behavior when they are in groups is different from their behavior when they are alone. Therefore the next step in the development of understanding of organisational behavior is the study of group behavior which includes: dynamics of group behavior, effective work teams, communication patterns, leadership styles, power, politics, inter-group relationships and group decision making (Robbins, 1998:26).

(i) Dynamics of group behavior and effective work teams

Understanding group dynamics has always been an important skill; more and more companies are relying on self-managing work teams. This trend has empowered employees and thinned the ranks of middle management whose tasks, in many cases, are now carried out by the teams themselves (Osland, Kolb & Rubin, 2001:185). According to Johnston (2004:17), creating and sustaining high performance teams is a formidable task. The formula to success is teamwork values, clear goals, the right players, skills development and team processes.

(ii) Communication patterns

According to Hunsaker & Cook (2001:299) communication begins when one person sends a message to another with the intent of evoking a response. Effective communication occurs when the receiver interprets the message exactly as the sender intended. Efficient communication uses less time and fewer resources. The most efficient communication is not necessarily the most effective. What a manager wants to achieve is effective communication in the most efficient way. Effective communication is essential for transmitting directives, building cooperation and team sprit, optimising performance and satisfaction, and avoiding and solving problems. Formal communication channels flow in downward, upward and horizontal directions. Informal networks are more useful when there is a need to tap into current feelings and reactions of employees.

(iii) Leadership styles

Leadership is the activity of influencing employees to work towards the achievement of change and strategic objectives. Leadership is one of the most frequently researched topics in organisational behavior (Lussier, 1999: 213). Leaders want to influence their followers so these will want to work towards the leaders' goals. Several streams of research have focused on the leader's style or behavior when she or he interacts directly with the group to be influenced. Leaders' styles or behaviors can in essence be divided into task-oriented and relationship-oriented, or distinction can be made with respect to leaders' underlying cognitive styles (Hunsaker & Cook, 2001:515).

(iv) Power and politics

Power is defined as the capacity to influence the behavior of others (Osland, Kolb & Rubin, 2001:450). Power can arise from a person's position (as do formal authority and reward

power) or personal behavior (as do expert and referent powers). But situational forces also allow for other power possibilities (such as access to information) that affect the degree to which a person can alter the realities of others and thus exercise power. Some people's socialised power needs energise them to act in keeping with organisational purposes. Others with high personal power needs have more self-serving aims. Some seek to avoid power altogether not wanting the responsibility and potential conflict often associated with it.

Organisational politics occurs when persons or groups utilise power to alter resources or outcomes in their favour. Political behaviors increase when conditions are uncertain, complex and competitive (Hunsaker & Cook, 2001:479).

(v) Intergroup relations

The effectiveness of any group requires more than the correct input. It always depends on how well members work together to utilise these inputs in order to produce the desired outputs (Tozi, Rizo & Carroll, 1994).

(vi) Level of conflict

According to Osland, Kolb & Rubin (2001:284) organisations are made up of interacting individuals and groups with varying needs, objectives, values and personalities that naturally lead to the emergence of conflicts. Learning to manage conflict is an essential skill for both managers and employees, as this can be challenging and is sometimes an uncomfortable process. When there is too much conflict, it is found that people consumed by negative feelings often fail to perceive common goals they may share with their adversaries. Neither is the total absence of conflict the answer. An organisation could actually benefit from diverse opinions. Fighting for ideas in a constructive manner creates

a healthy moderated level of conflict that is far preferable to either too much or too little conflict.

Hunsaker and Cook (2001:479) argued that Interpersonal conflict management styles include competing, avoiding, accommodating, collaborating and compromising. Interacting groups can be coordinated through rules and procedures, hierarchy, planning, liaison roles, task forces, teams or integrated departments.

(vii) Group decision making

One of the most important activities engaged in by any group and organisation is decision making. The quality and timelines of decisions made and the processes through which they are arrived at can have an important impact on group effectiveness (Tozi, Rizzo & Caroll, 1994).

4.7.3.3 Organisational systems-level variables

Organisational behavior reaches its highest levels of sophistication when formal structures are added to previous knowledge of the individual and group behavior. Just as groups are more than the sum of their individual members, so are organisations more than the sum of their member groups. The design of the human resource policies and practices, organisational structure and design, work design, technology and organisational culture have an impact on the dependant variables (Robbins, 1998:27).

**(i) Human resource policies and practices**

Essentially, the human resource policies and practices manual serves as a guidebook to all the do's and don'ts of a particular company or organisation. It communicates important information such as company rules, procedures and goals as well as more abstract

matters relating to its expectations and philosophy toward the employees (Honsby & Kuratko, 2001:332). Specific focus will also be given to performance management and how to develop employees.

(a) Performance management

According to Cummings & Worley (2001:380), performance management is an integrated process of defining, assessing and reinforcing employee work behaviors and outcomes. Organisations with a well developed performance management process often outperform those without this element of organisational design. As shown in figure 2.4, performance management includes practices and methods for goal setting, performance appraisals and reward systems. These practices jointly influence performance of individuals and work groups.

Figure 4.4: Performance Management Model
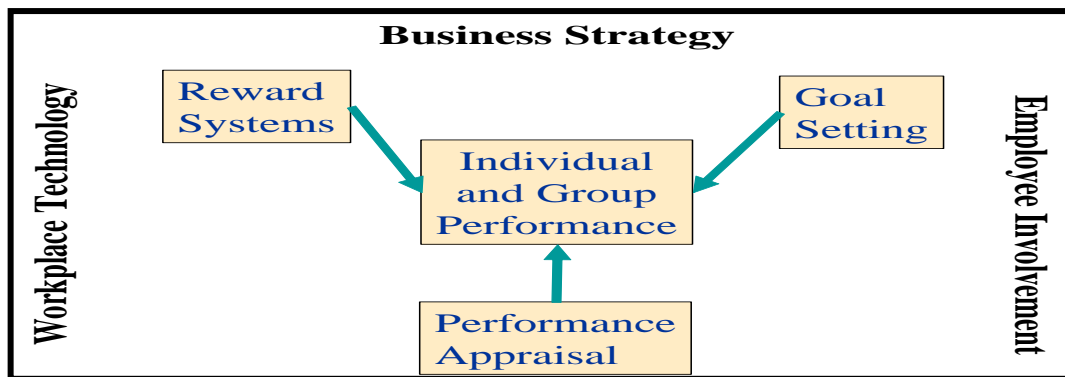
(Cummings & Worley, 2001:380)

Goal setting describes the interaction between managers and employees in jointly defining employees work behaviors and outcomes. Orientating employees to the appropriate kind of work outcomes can reinforce the work designs and support the organisation's strategic objectives. Goal setting can clarify duties and responsibilities associated with a particular

job or work group. When applied to jobs, goal setting can focus on individual goals and can reinforce individual contributions and work outcomes. When applied to work groups, it can be directed toward a group objective and can reinforce employees joint actions and overall group outcomes. One classical and popular approach to goal setting is called management by objectives.

Performance appraisal involves collecting and disseminating performance data to improve work outcomes. It is the primary human resources management intervention for providing performance feedback to individuals and work groups. Performance appraisal is a systematic process of jointly (i.e. manager/employee) assessing work-related achievements, strengths and weaknesses. It can also facilitate career counselling, provide information about strength and diversity of human resources in the company and link employee performance to rewards.

Reward systems are concerned with eliciting and reinforcing desired behaviors and work outcomes. They can support goal setting and feedback systems by rewarding the kinds of behavior required to implement a particular work design or support to business. Like goal setting, reward systems can be oriented to individual jobs and goals or to the group functions and objectives. Moreover they can be geared to traditional work designs that require external forms of control or to enriched self- regulating designs that require employee control. Several innovative and effective reward systems are used in organisations today (Cummings & Worley, 2001:380)

Performance management interventions are traditionally initiated by the human resource departments within organisations.   However line managers should take full responsibility for the effective implementation of the system.

(b) Developing and assisting members

Three human resource interventions are concerned with developing and assisting the wellbeing of organisation's staff. First, organisations have to adapt their career planning and development processes to a variety of trends. For example, people have different needs and concerns as they progress through their career stages, technological changes have altered organisational structures and systems dramatically, and global competition has forced organisations to redefine how works gets done. These processes and concerns have forced individuals and organisations to redefine the social contract that binds them together. Career planning and development interventions can help deal effectively with these issues.

Second, increasing workforce diversity creates an especially challenging setting for human resources management. The mix of genders, ages, value orientations, thinking styles and ethnical backgrounds means that modern workforce is increasingly varied. Appropriate management perspectives, strategic responses and implementation approaches can help address pressures posed by diversity.

Finally, wellness interventions via employee assistance and stress management programmes are acknowledging several important social trends such as fitness and health consciousness, drug and alcohol abuse and work-life balance (Cummings & Worley, 2001:412).

Career planning is about helping people to choose suitable occupations, organisations and jobs at different stages of their careers. Employees typically pass through four different stages – establishment, advancement, maintenance and withdrawal – with different career planning issues relevant to each stage. Major career planning practices include communication, counselling, workshops, and self-development and assessment programs. Career planning is a highly personalised process that includes assessing one's interest, values and capabilities, examining alternative careers and making relevant decisions.

Career development helps employees achieve career objectives. Effective efforts in this direction include linking together corporate business objectives, human resources needs and employees' personal needs. Different career development needs and practices exist and are relevant to each of the four stages of people's careers (Cummings & Worley, 2001:450).

Work diversity interventions are designed to adapt human resource management practices to increasingly diverse workforces. Demographic, gender, disability, culture and value trends point to a more complex set of human resource demands. Figure 2.5 represents a framework for managing diversity in organisations.

Figure 4.5: A general framework for managing diversity

(Cummings & Worley, 2001:450).

- First, the model suggests that an organisation's diversity approach is a function of internal and external pressures for and against diversity. Pro diversity forces argue that the organisation performance is enhanced when the workforce's diversity is embraced as an opportunity. But diversity is often discouraged by those who fear

that too many perspectives, beliefs, values and attitudes dilute concerted action (Cummings & Worley, 2001:450).

- Second, management perspectives and priorities with respect to diversity can range from resistance to active learning and from marginal to strategic.

- Third, within management's priorities the organisation's strategic responses can range from reactive to proactive.

- Fourth the organisation's implementation style can range from episodic to systematic. A diversity approach will be most effective when the strategic responses and implementation style fit with management's intent and internal and external pressures.

- In table 4.1 several of the internal and external pressures facing organisations, including age, gender disability, culture and values, and sexual orientation are summarised. The table also reports major trends characterising those dimensions, organisational implications and workforce needs and specific organisational development interventions that can address some implications (Cummings & Worley, 2001:430).

Table 4.1 Workforce diversity dimensions and interventions

Workforce differences	Trends	Implication and needs	Interventions
Age	Median age up Distribution of age changing	Health care Mobility Security	Wellness programs Job design Career planning and development Reward systems
Gender	Percentage of women increasing Dual income families	Child care Maternity/paternity leave Single parents	Job design Fringe benefit rewards
Disability	The number of people with disabilities entering the workface is increasing	Job challenges Job skills Physical care Respect for dignity	Performance management Job design Career planning and development
Culture and values	Rising proportion of immigrant and minority group workers Shift in rewards	Flexible organisational policies Autonomy Affirmation Respect	Career planning and development Employee involvement Reward systems
Sexual orientation	Number of single sex households up More liberal attitudes toward sexual orientation	Discrimination	Equal opportunities Fringe benefits Education and training

(Cummings & Worley, 2001:432)

Employee wellness interventions such as employee assistance programmes (EAP) and stress management programmes recognise the important link between employees' health and organisations' productivity. EAPs identify, refer and treat employees and their families for such problems as maternal difficulties, drugs and alcohol abuse, emotional disturbances and financial hardships. EAPs preserve the dignity of the individual but also recognise the organisations' right to expect certain work behaviors. EAPs typically include identifying and referring employees to the programme, managing the programme effectively to provide adequate resources and ensure confidentiality, and diagnosing and treating employees' problems (Cummings & Worley, 2001:450).

Stress management is concerned with helping employees to cope with the negative consequences of stress at work. The concept of stress involves the fit of people's needs, abilities and experiences with environmental demands, changes and opportunities. A good person–environment fit results in positive reactions to stress such as headaches, backaches and cardiovascular disease. Figure 4.6 summarising stress relationships, identifies specific occupational stressors that my result in dysfunctional consequences. People's individual differences determine the extend to which the stressors are perceived negatively. (Cummings & Worley, 2001:442).

Figure 4.6: Stress and work: a working model
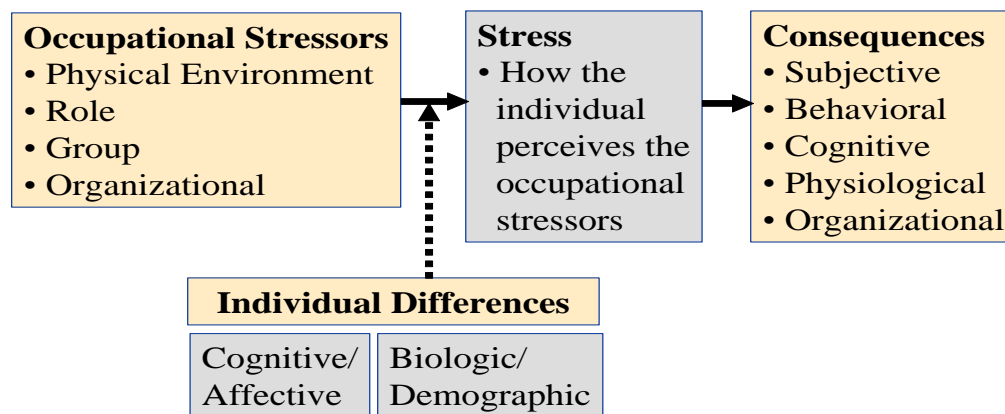
(Cummings & Woley, 2001:442)

(ii) Organisational structure and design

Organisational structures and systems are meant to support strategies by providing the architecture for assigning responsibilities, making decisions and integrating workflow. Organisational design is the structural arrangement for group-essential tasks and provision of behavioral network for making decisions and coordinating workflow (Hunsaker & Cook, 2001:479). Organisational structure and design will be discussed in the following chapters.

(a) Organisational structure

According to Locke (2000:291), the structure of an organisation is the set of relationships among its members, such as who reports to whom according to the organisational chart or whether there is a "no smoking" rule. Organisations coordinate the actions of their members in order to attain their goals. The strategy of an organisation is its future intention on how it will attain its goals given its situation. The organisation should adopt a structure that helps it to attain its goals and thereby promotes organisational effectiveness.

Organisational structure exists to achieve the following purposes:

- To support the organisation's strategy. The structure should be designed in such a way as to ensure the attainment of the organisation's goals and objectives. Strategy will be one of the main determinants of structure.
- To organise resources in the most effective and efficient way.
- To provide for the effective distribution of tasks and accountabilities among individuals and groups.
- To ensure effective coordination of the organisation's activities and clarify the decision- making processes.

- To enhance co-ordination of the organisation's activities and clarify the decision-making processes.

- To enhance and clarify lines of communication up, down and across organisation.

- To allow for the effective monitoring and review of the organisation's activities.

- To provide mechanisms for coping with changes in markets, products and the internal and external circumstances.

- To facilitate the handling of crises and problems.

- To assist with motivating, managing and ensuring job satisfaction in respect of individuals of the organisation.

- To provide and manage succession (Cusway & Lodge, 1999).

How an organisation is structured will depend on many factors. The most important of these are:

- The organisation's present structure may have evolved over a number of years, as functions have been added, changed or deleted. Naturally, the older the organisation, the more important its history is likely to be. It is also more likely that the past development determined to a large extent the current structure if relatively few pressures were exerted upon the organisation to adapt to changing circumstances, either because it possessed monopolistic power or because the business sphere in which it operates is relatively stable and thus slow to change. In the public sector, existing structures will usually be largely the result of past political and legislative changes.

- The kinds of products or services provided by the organisation will affect its structure. For example, a manufacturing company may well have geographically dispersed plants with production lines, plus storage and warehousing facilities and a distribution network. In such an organisation, the structure is likely to be based on the manufacturing process, with perhaps a number of different plants being run by separate managers, but with central co-ordination of the overall process. The complexity of a larger-scale operation of this kind would likely mean that others

would be co-ordinated by different managers with overall co-ordination and control taking place at a relatively senior level. In this kind of organisation, factors such as the availability of raw materials and skilled labour will likely affect the location of manufacturing plants. Service organisations, on the other hand, will have different requirements and priorities and different functions. The line of communication between customer and service provider, for example, is likely to be much shorter that between the manufacturer and the customer. When a range of products or services is being provided, the organisation may be structured around these different offerings. In a local authority, for example, there will usually be different departments for functions of finance, planning, engineering, housing, environment, health and so on. While such groupings ensure the advantage of specialisation, they do create a degree of autonomy that can sometimes result in inter-departmental or internal functional rivalry. This increases the need for effective co-ordination and control.

- An organisation's structure will be affected by the type of material and customers it services, and a customer-responsive setup should be one of the main determinants of structure. If the organisation provides services to a wide range of customers in a large number of locations, it may need numerous branch offices as do banks, buildings societies, and the post office and so on. Similarly, product or service differentiation may be required to cater for different types of customers or clients. Larger management consultancies, for example, are sometimes organised on the basis of different market sectors, so as to have specialists in, say, the financial services and the health sectors, the requirements of which are quite different. Overseas markets are also likely to require different specifications than products manufactured solely for the home market, as well as involving a different sales process.

- The processes used within an organisation will also affect its structure. A production line process will consist of a number of separate tasks carried out by people specialising in that task at different stages of the process. The rationale behind this kind of approach is that specialisation means that people can develop

high skills and speed, resulting in high output at low cost. Of course, disadvantages to this approach also exist, primarily in terms of maintaining the motivation and morale of production line operatives. In contrast, social workers will usually have a case load and deal with a range of issues for a particular client, although the extent to which such jobs should be specialist or generic is a matter of debate. Specialisation brings with it expertise but makes it more difficult to see the big picture and could result in conflicting decisions and approaches and lower flexibility.

- Employees will affect an organisation's structure in a number of ways. Structures do not just appear, they are the result of people's views and beliefs and their approach to managing the organisation. The structure will also be affected by the types of jobs and people within the organisation. Structures with a large number of professionals are more likely to involve teamwork and therefore be relatively flat compared with an organisation that has to accommodate a range of jobs from the production line operative to the chairman.

- Perhaps the major influence on the structure of an organisation is its size. The larger the organisation, the greater the need for co-ordination of the various activities and for formal systems of communication and control. In such organisations, there are more likely to be a number of specialist departments where co-ordination is frequently needed in respect of meetings among departmental heads. The degree of formality is equally likely to increase directly in line with size. For large organisations, the issues of centralisation versus decentralisation become more important too.

- Technology can have an impact on an organisation's structure in two ways. First, the predominant technology with which the organisation operates will affect the way work is done and how the organisation is structured. Second, the advent of new technology will continue to change working patterns.

- The geographical dispersion of an organisation which perhaps resulted from the need to locate near raw materials or customers will affect its structure. Where a significant degree of geographical dispersion is present, for example, with numerous branches or offices, there is likely to be more need for careful coordination and control than with a single-site location.

(b) Organisational design

The major principles of good organisational design may be broadly stated as follows:

- The organisational structure should be designed to fit the organisational strategy. This is the principle of designing structure to fit strategy – the meta principle of effective organisational structure (Locke, 2000:291).

- The various parts of the structure should be divided into specialist areas. This means that discrete areas of activity ought to be grouped together so that there can be a focus on specific objectives and a concentration of experience and expertise. Most commonly, such specialisation is based on the different functions in the organisation, but also multi-disciplinary groups could be divided on the basis of geography or product.

- The number of levels in the structure sometimes referred to as the scalar chain should be as few as possible. The greater the number of levels within the structure, the more problems of communication from top to bottom, of decision making, and of co-ordination and control.

- The span of control, i.e. the number of subordinates directly managed, will vary according to the nature of the organisation and the jobs, but is should not be so narrow that it results in a structure with too many levels or too broad to allow effective management.

- There should be what has been described as unity of command. In other words, clarity must exist about who each post holder reports to and who has the authority to take decisions.

- Every post in the structure should have a clear role and add value to the way the organisation functions.

- The extent to which the organisation should be centralised or decentralised will need to be determined with reference to a number of factors, including the nature and type of activity, geographical dispersion, history and so on.

- The structure must be designed to take account of changes in the outside environment, which can include the economy, legislation, markets, technological developments, and geography, consumer behavior and so on. The main aim is to develop a structure which is capable to accommodate change as it arises. Similarly, the structure should also provide for training and development of future managers (Cusway & Lodge, 1999).

(iii) Work design and technology

Poor work designs cause more performance problems than managers realise. Work designs are the organisations for transforming inputs into outputs. The more effective and efficient the method, the more productive the employees. (Lussier, 1999:197).

The two concepts are discussed in detail below:

(a) Technology

The digital revolution, manifested through the combination of information technology and wireless telecommunications and symbolic of the 'new' economy, is transforming work and its organisation. People are united independently of time and geography thanks to such tools as interactive databases, teleconferencing, e-mail, the internet and groupware. Electronic business (e-business or e-commerce) makes corporate boundaries transparent and enables employees, vendors and customers to be connected through a network of electronic transactions that allow for instant and simultaneous access to the same data and information. The result is a faster, cheaper and more informed flow of action to move information, money and goods around the globe.

Technology encompasses the scientific knowledge, processes, systems and equipment used to create products and services and help people to carry out their tasks. Technology is typically the driving force behind continuous improvements in what an organisation produces and the means by which human productivity increased. For the individual worker, an upgrade in technology might be as basic as replacing a stand- alone computer with networked computing or a hand tool with and electronically powered one (Hunsacker & Cook, 2001: 83).

- In a retrospective/perspective view of human past and future, Alvin Toffler used the metaphor of colliding waves to visualise three distinct, work-related changes transforming our civilisation. The waves shift from agriculture to industrial manufacturing to current information and knowledge-based third wave, a new way of organising life based on information technologies and new work patterns.

- To improve the productivity of knowledge and service employees, Peter Drucker advised managers to develop five types of skills:

o First ask "what is the task? What are we trying to accomplish? Why do it at all?" In manufacturing and transportation jobs, tasks are more observable; in knowledge and service jobs, tasks need to be evaluated frequently and changed. In any other industry, the most profound route for improving performance and the person-job match is often to eliminate tasks altogether – to stop doing that which really does not need to be done.

o Second, take a hard look at the ways in which jobs add value. Where does real value occur? Many activities only add cost rather than value. Cost generators such as unnecessary meetings or reports written to impress higher managers should be candidates for elimination.

o Third, define performance in terms of what works. Quality only comes by analysing the steps in the process that lead to value added performance. Managers then need to wipe out unnecessary steps and build in those that are necessary but lacking.

o Fourth, managers need to develop a partnership with employees who hold potentially productive jobs and get them to improve the process. This means relying on jobholders to identity obstacles to improved performance and to build in corrective action. Drucker says it quite simply, "To find out how to improve productivity, quality and performance, ask the people who do the work".

o Finally, to sustain continuous learning, people at all levels need to teach. Drucker again says "The greatest benefit of training comes not from learning something new but from doing better what we already do well. Equally important, knowledge workers and service workers learn most when they teach (Hunsacker & Cook, 2001).

(b) Work design

This part is concerned with work design – creating jobs, and work groups that generate high levels of employee fulfilment and productivity. This techno-structural interaction can be part of a larger employee involvement application, or it can be an independent change programme. Work design has been researched and applied extensively in organisations. Recently, organisations have tended to combine work design with formal structure and supporting changes in goal setting, rewards systems, work environment and other performance management practices. These organisational factors can help structure and reinforce the kinds of work behaviors associated with specific work design.

The following are three different approaches to work design which will most likely result in high productivity and worker satisfaction:

- The engineering approach scientifically analyses workers task to discover those procedures and produce maximum output with minimum input of energies and resources. This generally results in work designs with high levels of specialisation and specification.

- The motivational approach to work design views the effectiveness of organisational activities primarily as a function of member needs and satisfaction, and seeks to improve employee performance and satisfaction by enriching jobs.

- The socio-technical system approach is associated with self-management and low social needs. These groups are composed of members performing interrelated tasks. Members are given the multiple skills, autonomy and information necessary to control their own task-related behaviors with relatively little external control (Cummings & Worley, 2001:368-369).

(iv) Organisational culture

Various definitions for organisational culture are described below

- Organizational culture is the pattern of basic assumptions that a group has invented, discovered and developed in learning to cope with its problems of external adoption and internal integration, and that have worked well enough to be considerer valid and therefore to be taught to new members as the correct way to perceive, think and feel in relation to these problems Cooper, Cartwright & Earley 2001; Daft (1992:317).

- According to Erwee, Lynch, Millett, Smith & Roodt (2001:7), culture is a set of values, guiding beliefs, understanding and ways of thinking that is shared by members of an organization and is taught to new members as correct. It represents the unwritten, feeling part of the organisation (Erwee, Lynch, Milllett, Smith & Roodt 2001:7).

- Organizational culture consists of the commonly held and relatively stable beliefs, attitudes and values that exist within the organization (William, Dobson and Walters, 1989:7).

In summary organisational culture consist of values, guiding beliefs, attitudes and ways of thinking that are shared by members of an organisation and are thought to members as the correct way to perceive, think and feel in relation to these problems.

The relevance of organisational culture for organisations is the following:

- Future managers need to be skilled observers of organisational culture and able to make this culture more responsive to change. Given the increasing globalisation

and governmental relations, managers should be sensitive to the impact of country cultures and ethnic differences on human behavior (Hunsaker & Cook, 2001:148).

- According to Slabbert, Theron & Roodt (2001:35), in the company's pursuit of competitiveness in the global economy, employment relations practitioners will have to focus more of their efforts on creating a supportive culture of effective employment relations. One of the most important challenges in this regard is the effective integration of a company's core values with the personal values of each individual employee. The underlying reason being that the successful integration of core and personal values will become the "cement" in the employment relationship – bonding the individual employees with the company's business vision and mission.

- According to Martins & Martins (2002:58), organisational culture issues are becoming increasingly important and a source of a strategic competitive advantage.

The following are the main purposes of organisational culture:

- Organisations use many tools and processes to channel, guide and change behavior. Unlike the rational tools in the manager's portfolio, organisational culture cannot provide a quick fix or abruptly change organisational behavior. Culture epitomises the expressive character of organisations: it is communicated less through objective realism and more through symbolism, feelings and meanings behind language behavior and physical settings. For better or worse, the intended strategy of an organisation is affected by behaviors of the people expected to carry it out. Culture serves as a rudder to keep the organisation's strategy on course. Increasingly, managers and consultants are recognising that "while corporate strategy may control a firm's success or failure, corporate culture can make or break that strategy. Strategy is a rational management process that leads to actions intended to match a firm's product and service offering to a specific market

or type of consumer. Culture is the expressive backup that influences how well the strategy is implemented (Hunsacker & Cook, 2001: 131–132).

- Many organisations try to hire employees they believe will be compatible with their culture – that is, "who will fit and be one of us". Experienced staff then works to socialise newcomers in way of the culture, which involves changing attitudes and beliefs to achieve an internalised commitment to the organisation. Socialising is the process by which new employees are indoctrinated in the expectations of the organisation and its cultural norms or unwritten codes of behavior.

- Although the expressive character of organisational culture gives it the appearance of being a weak factor in managing organisations, culture works best when people forget why they are doing certain things but keep on doing them. A strong culture promotes consistent behavior and also makes it difficult to adapt when old ways no longer fit new realities.

- Few organisations other than small and midsize organisations in a single line of business have uniform, monolithic cultures. While central tendencies towards shared assumptions promote a dominant culture throughout a large organisation, subcultures do coexist as adaptive responses to diverse needs. Subcultures are localised subsystems of values and assumptions that give meaning to the common interest of smaller clusters of people within the overall organisation. A subculture may bring together the members of a specific department, activity centre or division. Or it may emerge when a fairly broad cross-section of the organisation's members share a particular experience or perspective. Subcultures exert three possible impacts on the organisation. They can (1) serve to enhance the dominant culture; (2) promote independence from it, as commonly occurs among divisions of diversified firms; or (3) function as countercultures when they are at odds with it (Hunsacker & Cook, 2001).

(v) Building flexible, responsive cultures

An organisation's founder or founders begin to shape a culture when choosing the first people to hire. Culture really begins to take on meaning as those early hires encounter problems, solve them and receive feedback from the founders and the environment. Out of responses to crises comes growth, and depending on those lessons learned, certain values and core assumptions take on meaning while others are rejected or become more irrelevant. Yet over time, cultural modifications often become necessary (Hunsacker & Cook, 2001:138).

During the formative period when the enterprise is still under the control of its founder/s, culture emerges from two sources: from the founder/s behavior and from direct experience. First, founders bring to the start-up firms their own beliefs about how to succeed in the business. Usually, assumptions about products/services, markets and technology that underlie the business's mission are confirmed or denied rather quickly in the marketplace. Either the business takes holds or it fails. Other assumptions about styles of decision making and how to compete take longer to undergo test. Employees who are committed to the founder/s' concept of doing business seem to tolerate organisational and managerial imperfections as the cost of getting the business established. Founder/s manifests three important behaviors:

- The behavior they deliberately use to role model, teach and coach.
- What they pay attention to in the organisation or its outside setting – what they measure and control.
- How they react to critical events and organisational crises, or their demonstrated methods of coping.

Another early source of culture is active experimentation (trial and error), where group members learn what really works and what fails.

Culture typically comes under threat once the founder/s start to hire into key positions people who are not part of the first generation. While welcomed for their technical or managerial skills, newcomers are viewed by old timers as less loyal and thus not fully trustworthy. The first generation of employees tend to operate more on the basis of personal relationships than the formal systems more characteristic of the second generation. The real test of the effectiveness of a corporate culture comes when the organisation's environment changes. Sometimes, a strong culture can be like a millstone around the neck of a firm that is trying to respond to environmental changes. Unless the culture emphasises continuous innovation and product- market adoption, a strong culture and ideology makes the introduction of change more difficult (Hunsacker and Cook, 2001:139).

Almost every period of evolutionary growth in an organisation's history is followed by a revolutionary upheaval as systems, people and structure shift towards a mode that allows another period of growth. Out-of-date cultural assumptions usually are at fault when untruthful and manipulative of each other for personal gain. Several other situations that prompt a shift in culture are identified below. (Hunsacker & Cook, 2001:141).

- Break away from a rigid bureaucratic culture and become more responsive to change.
- Diminish the belief that power or politics gets thing done and shift more toward satisfying customers and the marketplace.
- Create an identity and set of values for mediocre, culturally weak organisations.
- Blend two cultures into one following a merger
- Establish a unique, automnouus culture after a division is spun off or divested.
- Permit a division or major tasks unit to develop a subculture supportive of its task.

Many organisations and even smaller businesses are rapidly becoming multi-cultural and multi- cultural because of imported backgrounds. Working with people from different ethnic and cultural backgrounds is a challenge and a source of opportunity for managers and organisational cultures (Hunsacker and Cook, 2001:141-142).

4.7.4 Toward a contingency organisational behavior model

Figure 4.7 represents an organisational behavior model construct from the literature discussed. It shows the four key dependant variables and a large number of independent variables i.e. productivity, absenteeism, turnover and employee satisfaction, organised by level of analysis, that research indicates have varying impact onto the former. For the most part, the model does not explicitly identify the vast number of contingency variables because of the tremendous complexity that would characterise such diagram. Note that the concepts of change and stress are acknowledging the dynamics of behavior and the fact that work stress is an individual, group and organisation issue. Figure 2.7 includes the linkages between the three levels of analysis. For instance, organisational structure is linked to leadership. This link is meant to convey that authority and leadership are related; management exerts its influence on group behavior though leadership. Similarly, communication is the means by which individuals transmit information; this is the link between the individual and group behavior (Robbins, 1998:27).

Figure 4.7: Model of organisational behavior

Robbins, 1998
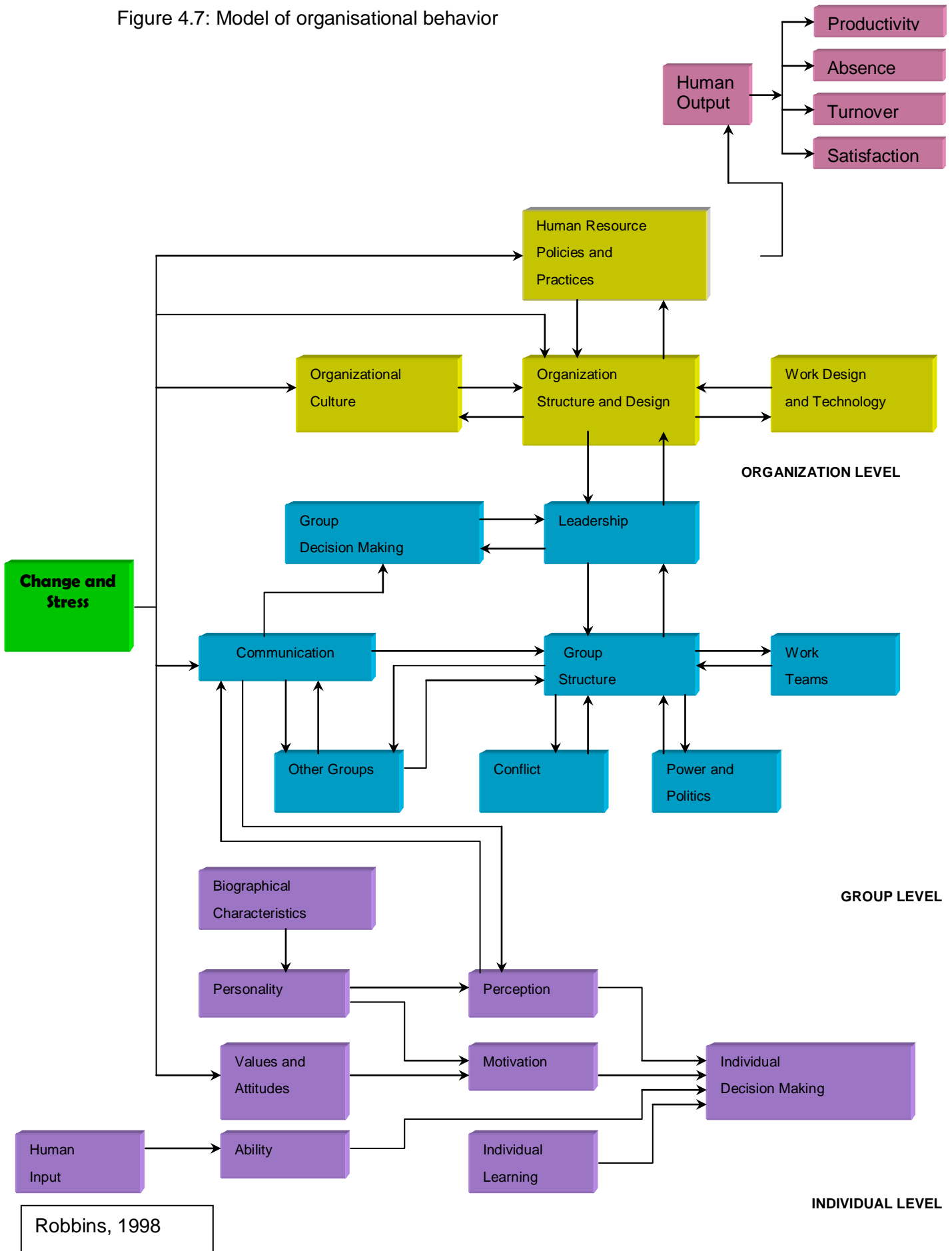
4.7 SUMMARY

As discussed in chapter 1, the main objectives of the study are to determine the rural consumers' perceptions of the ideal corporate image for the Pharmaceutical sector and to provide guidelines for aligning organisational behaviour more closely with the rural consumers' perceptions of corporate image.

Chapter 2, 3 and 4 discussed the various concepts defined in the objectives of the study in detail.

Chapter 2 focused on the literature of organisational image, identity and reputation. This chapter also discussed the various determinants of corporate image. The discussion is specifically relevant because the perceptions of rural consumers of these determinants were surveyed in this study.

Chapter 3 discussed the rural survivalist consumer culture which is the target group of the study. Specific elements of the rural survivals culture were also surveyed in the study.

Finally chapter 4 focused on organisational behaviour which is a field of study that investigates the impact that individuals, groups and organisational structures have on behaviour within the organisation and then applies that knowledge to make organisations work more effectively. The inclusion of this chapter is important because guidelines will be provided to align organisational behaviour more closely with the rural consumers' perceptions of corporate image (Refer to chapter 7)