Introduction

Part I includes four different but related topics. In Chapter 1, the history of organizational behavior and its importance to today's health care managers are discussed. Chapter 2 describes the changing environment in which health care managers find themselves. The chapter examines the numerous issues that have emerged within the health care industry because of the nation's changing demographics. Chapter 3 deals with attitudes and perceptions, which are the "backbone" to understanding organizational behavior. You will find the terms "attitude" and "perception" frequently referred to within the various organizational behavior theories. Finally, Chapter 4 discusses the importance of communications. Recent surveys revealed that 70 percent of small to mid-size businesses claim that ineffective communication is their primary problem. Sentinel event data from The Joint Commission estimates that communication failure was the root cause of patient harm 70 percent of the time in 2,400 reported negative outcomes studied. No wonder the ability to communicate effectively is considered an essential job skill for today's health care managers and leaders.

Overview and History of Organizational Behavior

LEARNING OUTCOMES

After completing this chapter, the student should understand:

- The definition of organizational behavior.
- The major challenges facing today's and tomorrow's health care organizations and health care managers.
- The importance of the Hawthorne Studies to the study of organizational behavior.
- The importance of McGregor's Theory X and Theory Y to the study of organizational behavior.
- The difference between organizational behavior, organization theory, organizational development, and human resources management.

OVERVIEW

Organizational behavior (OB) is an applied behavioral science that emerged from the disciplines of psychology, sociology, anthropology, political science, and economics. OB is the study of individual and group dynamics within an organization setting. Whenever people work together, numerous and complex factors interact. The discipline of OB attempts to understand these interactions so that managers can predict behavioral responses and, as a result, manage the resulting outcomes.

According to Ott (1996, p. 1), OB asks the following questions:

1. Why do people behave the way they do when they are in organizations?
2. Under what circumstances will people's behavior in organizations change?
3. What impacts do organizations have on the behavior of individuals, formal groups (such as departments), and informal groups (such as people from several departments who meet regularly in the company's lunchroom)?
4. Why do different groups in the same organization develop different behavior norms?

There are three goals of OB. First, OB attempts to explain why individuals and groups behave the way they do within the organizational setting. Second, OB tries to predict how individuals and groups will behave on the basis of internal and external factors. Third, OB provides managers with tools to assist in the management of individuals' and groups' behaviors so they willingly put forth their best effort to accomplish organizational goals. In the

health care industry, OB has become more important because people with diverse backgrounds and cultural values have to work together effectively and efficiently.

WHY STUDY ORGANIZATIONAL BEHAVIOR IN HEALTH CARE?

The largest U.S. industry is health care, which currently employs over 18 million individuals. The industry will account for almost a third of the nation's projected job growth through 2022, adding almost 5 million jobs. The projected 2.6 percent-per-year growth rate is the fastest among all major service producing sectors (Bureau of Labor Statistics, 2013).

Each segment of the health care industry (e.g., hospitals, home health, rehabilitation facilities) employs a different mix of health-related occupations, ranging from highly skilled licensed professionals, such as physicians and nurses, to those with on-the-job training. Furthermore, each segment of the industry has various economic structures (e.g., for-profit, not-for-profit, governmental). As such, today's health care managers need to possess the skills to communicate effectively with, motivate, and lead diverse groups of people within a large, dynamic, and complex industry. Communication, motivation, and leadership are all concepts within the discipline of OB. Furthermore, managers need to understand the causes of workplace problems, such as low performance, turnover, conflict, and stress, so that they may be proactive and minimize these unnecessary negative outcomes. With a greater understanding of OB, managers are better able to predict and, thus, influence the behavior of employees to achieve organizational goals.

Given the service-related intensity of the industry, the understanding of individuals' behavior and group dynamics within health service organizations is critical to a health care manager's success. Research indicates that the primary reasons managers fail stem from difficulty in handling change, not being able to work well in teams, and poor interpersonal relations. There is a saying that employees don't leave organizations, they leave managers!

THE HEALTH CARE INDUSTRY

Changes within the health care industry over the past 30 years have been powerful, far-reaching, and continuous. Since readers are probably familiar with most of these changes from either their own experiences or from a previous health care delivery system course, the discussion will address some of the trends or future concerns that will impact tomorrow's health care industry.

Past changes and future trends are interrelating forces that have or will shape tomorrow's health care organizations, whether they occur at the system level or the organizational level. Declining reimbursement and changes in payment schemes for services has had, and will continue to have, two of the deepest impacts on the industry. Technology has also caused significant changes within the industry. Biomedical and genetic research, along with advances in information technology and use of "big data," are producing rapid changes in clinical treatments. In addition, the industry has experienced more government mandates, such as the Health Insurance Portability and Accountability Act of 1996; the Medicare Prescription Drug, Improvement, and

Modernization Act of 2003; the American Recovery and Reinvestment Act of 2009; and most recently, the Patient Protection and Affordable Care Act of 2010 (ACA). With an increased focus on chronic disease management, patients are living longer and are requiring more long-term and home health care services now and in the future. Patients' and health care workers' characteristics are also changing. Both populations are becoming older and more diverse. Patients are better informed and, as such, have increasingly higher expectations of health care professionals. This trend has changed the way health care services are delivered, with a focus on patient satisfaction and safety, as well as on quality of services. Physician–patient relationships have changed because patients are beginning to understand that much of the responsibility for wellness lies with them. The economics of health care is in a state of flux. For example, reimbursements are moving toward value-based payments; therefore, we see an increase in the use of evidence-based medicine. There are continuing shortages of staff, especially in the areas of primary care physicians, nurses, imaging technicians, and pharmacists, leading to competition for well-qualified people. There are changes taking place in the disease environment. Many factors of modern life are contributing to the emergence of new diseases, reemergence of old ones, and evolution of pathogens immune to many of today's medications. In addition, because of potential terrorism attacks, health care providers are concerned with biodisaster preparedness. Finally, even with some states' Medicaid expansion programs and the ACA, there continues to be the issue of caring for the uninsured that contributes to the overuse and misuse of hospital emergency departments.

To deal with these changes, we have seen a number of health care organizations restructure themselves into integrated delivery networks, which may be part of a local, regional, or national system. We have seen increased vertical, horizontal, and virtual integration. Vertical integration focuses on the development of a continuum of care services to meet the patient's full range of health care needs. This integration model, in which a single entity owns and operates all the segments providing care, may include preventive services, specialized and primary ambulatory care, acute care, subacute care, long-term care, and home health care, as well as a health plan. Recently, we have seen the creation of accountable care organizations (ACOs), in which groups of doctors, hospitals, and other health care providers have joined together to provide coordinated care to predetermined patient populations. Horizontal integration usually occurs through mergers, acquisitions, and/or consolidation within one segment of the industry. For example, during the 1990s there were numerous hospital acquisitions by the large, for-profit, publicly held hospital chains of Hospital Corporation of America (HCA), Tenet Healthcare, and Health Management Associates (now part of Community Health Systems)—and these acquisitions continue today. In addition, not-for-profit hospitals have merged with for-profit health systems as a result of competition and the need to reduce cost by economies of scale. Virtual integration, which emphasizes coordination of health care services through patient-management agreements, provider incentives, and/or information systems, has increased. This virtual integration has evolved to meet the need for better technology and information infrastructures that allow for information sharing, patient care management, and cost control.

Because of the dramatic changes and the future trends in the health care industry, most managers have been required to change the way they and other employees carry out their job responsibilities. These changes have been forced upon the industry by the need to increase productivity due to decreasing reimbursement and increasing competition. At the same time, health care providers must deliver patient-centered, value-based care. These are not easy tasks. As a result, many health care providers are breaking down their traditional hierarchical structures and moving toward multidisciplinary team-managed environments. Employees are finding themselves in new roles with new responsibilities. All of these changes cause disruptions in the workplace. The study of OB will assist health care managers to minimize the negative effects (such as stress and conflict) related to "new" environment and maximize their ability to motivate staff and lead their organizations effectively.

HISTORY OF ORGANIZATIONAL BEHAVIOR

The beginnings of OB can be found within the human relations/behavioral management movement, which emerged during the 1920s as a response to the traditional or classic management approach. Beginning in the late 1700s, the Industrial Revolution was the driving force for the development of large factories employing many workers. Managers at that time were concerned "about how to design and manage work in order to increase productivity and help organizations attain maximum efficiency" (Daft, 2004, p. 24). This traditional approach included Frederick Taylor's (1911) well-known framework of scientific management, or "Taylorism," as it is now labeled. Taylor believed that efficiency was achieved by creating jobs that economized time, human energy, and other productive resources. Through his time-and-motion studies, Taylor scientifically divided manufacturing processes into small, efficient units of work. Through Taylor's work, productivity greatly increased. For example, Henry Ford developed his assembly line according to the principles of Taylorism and was able to churn out Model Ts at a remarkable and economical pace (Benjamin, 2003).

Although the classic approach to management focused on efficiency within organizations, Taylor did attempt to address a human relations aspect in the workplace. In his book *The Principles of Scientific Management*, Taylor stated that:

> in order to have any hope of obtaining the initiative (i.e., best endeavors, hard work, skills and knowledge, ingenuity, and good-will) of his workmen the manager must give some special incentive to his men beyond that which is given to the average of the trade. This incentive can be given in several different ways, as, for example, the hope of rapid promotion or advancement; higher wages, either in the form of generous piecework prices or of a premium or bonus of some kind for good and rapid work; shorter hours of labor; better surroundings and working conditions than are ordinarily given, etc., and, above all, this special incentive should be accompanied by that personal consideration for, and friendly contact with, his workmen

> which comes only from a genuine and kindly interest in the welfare of those under him. It is only by giving a special inducement or incentive of this kind that the employer can hope even approximately to get the initiative of his workmen.

Although Taylor discussed a concern for workers within the scientific management approach, the human relations or behavioral movement of management did not begin until after the landmark Hawthorne Studies.

THE HAWTHORNE STUDIES

Elton Mayo, Frederick Roethlisberger, and their colleagues from Harvard Business School conducted a number of experiments from 1924 to 1933 at the Hawthorne Plant of the Western Electric Company in Cicero, Illinois. The Hawthorne Studies were significant to the development of OB because the researchers demonstrated the important influence of human factors on worker productivity. It was through these experiments that the Hawthorne Effect was identified. The Hawthorne Effect is the bias that occurs when people know that they are being studied. Roethlisberger and Dickson (1939) in their book *Management and the Worker* and Homans (1950) in his book *The Human Group* provided a comprehensive account of the Hawthorne Studies. There were four phases to the Hawthorne Studies: the illumination experiments, the relay-assembly group experiments, the interviewing program, and the bank-wiring observation-room group studies. The intent of these studies was to determine the effect of working conditions on productivity.

The illumination experiments were conducted to determine whether increasing or decreasing lighting would lead to changes in productivity. The researchers were surprised to learn that productivity increased by both the control group (no change in lighting) and the experimental group (lighting alternated upward and downward). The researchers determined that it was not the lighting that caused the increased productivity; rather, it resulted from the attention received by the group.

In the relay-assembly group experiments, productivity of a segregated group of workers was studied as they were subjected to different working conditions. The researchers and management observed the group closely for five years. During the first part of the experiment, the working conditions of employees were improved by extending their rest periods, decreasing the length of their workday, and providing them a "free" day and lunches. In addition, the workers were consulted before any changes were made, because their agreement had to be obtained before the change would be implemented. The workers of the group were given the freedom to interact with one another during the workday. Furthermore, one researcher also served as their supervisor who, during the experiment, expressed concern about their physical health and well-being. The researchers eagerly sought the employees' opinions, hopes, and fears during the experiment. During the improved-conditions period, the workers' productivity increased. In part two of the experiment, the original working conditions were restored. Surprisingly, the researchers found that the employees' productivity remained at the previous high level

(when they had the improved working conditions). This result was attributed to group dynamics because the group was allowed to develop socially with a common purpose.

The bank-wiring observation-room experiment was similar to the relay-assembly experiment. A group of workers were segregated so their productivity and group dynamics could be studied. The workers were paid with a piecework rate that reflected both group and individual efforts. The researchers found that the wage incentive did not work. The group had developed its own standard as to what constituted a "proper day's work." As such, the group's level of productivity remained constant because they did not want management to know that they could produce at a higher level. If a member of the group produced more than the agreed-upon level, the other members influenced the "rate buster" to return his productivity level to the group's norm. In addition, if a member of the group failed to produce the required level of output, the other members traded jobs to ensure that the group's output level remained constant. The results of the bank-wiring experiment mirrored the relay-assembly experiment results. The researchers concluded that there was no cause-and-effect relationship between working conditions and productivity and that any increase or decrease in productivity was attributed to group dynamics.

As a result of the bank-wiring experiment, researchers became very interested in exploring informal employee groups and the social functions that occur within the group and that influence the behavior of the individual group members. As part of the Hawthorne Studies, the researchers conducted extensive interviews with the employees. Over 21,000 interviews were conducted to determine the employees' attitudes toward the company and their jobs. A major outcome of these interviews was that the researchers discovered that workers were not isolated, unrelated individuals; they were social beings and their attitudes toward change in the workplace were based upon (1) the personal social conditioning (values, hopes, fears, expectations, etc.) they brought to the workplace, formed from their previous family or group associations, and (2) the human satisfaction the employees derived from their social participation with coworkers and supervisors. What the researchers learned was that an employee's expression of dissatisfaction may be a symptom of an underlying problem in the workplace, at home, or in the person's past.

THEORIES X AND Y

Another significant impact in the development of OB came from Douglas McGregor (1957, 1960) when he proposed two theories by which managers view their employees: Theory X (negative/pessimistic) and Theory Y (positive/optimistic). Theories X and Y reflect polar positions and are ways of seeing and thinking about people, which, in turn, affect their behavior.

Theory X states that employees are unintelligent and lazy. They dislike work, avoiding it whenever possible. In addition, employees should be closely controlled because they have little desire for responsibility, have little aptitude for creativity in solving organizational problems, and will resist change.

In contrast, Theory Y states that employees are creative and competent; they want meaningful work; they want to contribute; and they want to participate in decision-making and leadership functions.

Borrowing from Maslow's Hierarchy of Needs, McGregor stated that the autocratic or Theory X managers were no longer effective in the workplace because they relied on an employee's lower needs for motivation (physiological concerns and safety), but in modern society those needs were mostly satisfied and thus no longer acted as a motivator for the employee. For example, managers would ask, "Why aren't people more productive? We pay good wages, provide good working conditions, have excellent fringe benefits, and provide steady employment. Yet people do not seem to be willing to put forth more than minimum efforts." The answers to these questions were embedded in Theory X's managerial assumptions of people. If managers believed that their employees had an inherent dislike for work and must be coerced, controlled, and directed to achieve organizational goals, the resulting behavior was nothing more than self-fulfilling prophesies. The manager's assumptions caused the staff's "unmotivated" behavior.

However, at the opposite end of the spectrum from Theory X, McGregor proposed Theory Y, where managers created opportunities, removed obstacles, and encouraged growth and learning for their employees. McGregor stated that participative or Theory Y managers supported decentralization and delegation of decision making, job enlargement, and participative management because they allowed employees degrees of freedom to direct their own activities and to assume responsibility, thereby satisfying their higher-level needs (see **Figure 1–1**).

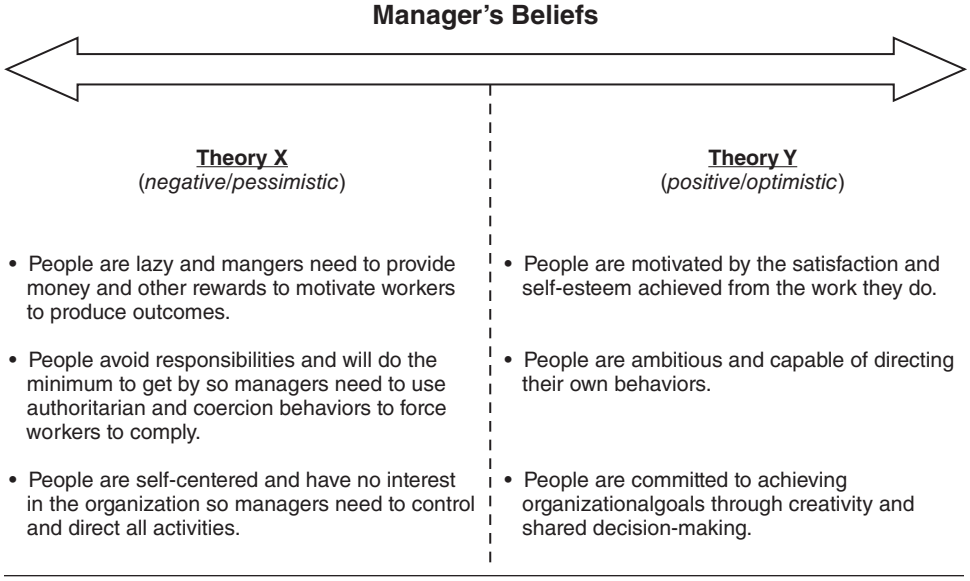

Figure 1–1 McGregor X-Y Theory Diagram

SUMMARY

Since 1960, a wealth of information has emerged within the study of OB, which will be addressed in this textbook. In Part I, the issues of diversity, perceptions, attitudes, and communication are discussed. Part II addresses motivation and individual behaviors. Part III examines the subject of leadership from four approaches—power and influence, behavioral, contingency, and transformational. Part IV emphasizes the importance of intrapersonal and interpersonal issues within the context of stress and conflict management. Part V examines group dynamics, working in groups, and teams and team-building. Part VI provides an overview of managing organizational change within the context of organizational development.

Before we conclude this chapter, I would like to explain the differences between OB and three other related fields—organization theory (OT), organizational development (OD), and human resources management (HRM). As noted previously, OB is the study of individual and group dynamics within an organization setting and, therefore, is a micro-approach. OT analyzes the entire organization and is a macro perspective, since the organization is the unit examined. The field of OD describes a planned process of change that is used throughout the organization, with the goal of improving the effectiveness of the organization. Since, like OT, OD involves the entire organization, it is a macro examination. Finally, HRM can be viewed as a micro-approach to "managing" people. The difference between HRM and OB is that the latter studies human behavior in various settings with an emphasis on explaining, predicting, and understanding behavior in organizations, whereas HRM emphasizes systems, processes, procedures, and so forth for personnel management and is usually housed in a functional unit within organizations.

DISCUSSION QUESTIONS

1. Define organizational behavior.
2. What are some of the major challenges facing today's and tomorrow's health care organizations and health care managers? Why?
3. Why did the Hawthorne Studies have an impact on the study of organizational behavior?
4. Why did McGregor's Theory X and Theory Y have an impact on the study of organizational behavior?
5. Discuss the difference between organizational behavior, organization theory, organizational development, and human resources management.

X-Y THEORY QUESTIONNAIRE

What Do You Know About Organizational Behavior?

	Question	True/False
1.	OB is the study of individuals, groups and organizations.	_____
2.	Under Theory Y, managers create opportunities, remove obstacles, and encourage growth and learning for their employees.	_____
3.	Attitudes are very individual and subjective, and therefore we do not currently have ways to measure an employee's attitude about their jobs.	_____
4.	Extroverts do best in quiet, non-social jobs such as computer work, while Introverts show the best job performance when they must work and present in front of large groups of people.	_____
5.	Motivation is described as the conscious or unconscious stimulus, incentive, or motives for action towards a goal resulting from psychological or social factors, the factors giving the purpose or direction to behavior.	_____
6.	Employee motivation has a direct impact on a health services organization's performance.	_____
7.	Process theories of motivation assist managers in predicting employees' behavior so the behavior may be influenced, if necessary.	_____
8.	An employee's degree of job satisfaction is proportionate to the actual amount of rewards he or she is receiving.	_____
9.	Power may be defined as the influence over the beliefs, emotions, and behaviors of people.	_____
10.	A leader is a person who directs the work of employees and is responsible for results.	_____
11.	Management and leadership are both necessary for an organization to achieve its goals.	_____
12.	The leader who is able to respond to ever-increasing levels of environmental uncertainty through the utilization of more than one style of leadership will be most likely to increase motivation, satisfaction, and productivity of employees.	_____
13.	Transactional leadership is all about change, innovation, improvement, and entrepreneurship through vision and inspiration.	_____

14. Transactional and transformational leader approaches are clearly oppositional. _____
15. Due to stress being a complex and highly personalized process, some individuals see a specific situation as a threat, whereas other individuals see the same situation as a challenge or opportunity. _____
16. Managers are under the constraints of limited time and resources, personal bias and other factors, which make rational decision-making unrealistic. _____
17. Conflict is inevitable and unavoidable. _____
18. Individuals join groups to satisfy their need for safety and social needs. _____
19. Barriers to effective teamwork fall within four categories: (1) lack of management support, (2) lack of resources, (3) lack of leadership, and (4) lack of training. _____
20. The two primary forces influencing an individual's perception, attitude, and response toward change are cumulative life experiences and social (informal group) forces. _____

Scoring:

The correct answers to the above 20 questions are:

1. False
2. True
3. False
4. False
5. True
6. True
7. True
8. True
9. False
10. True
11. False
12. True
13. True
14. False
15. False
16. True
17. True
18. True
19. True
20. True

Interpretation:

How much do you know about organizational behavior? If you scored well – good for you! However, the above questions only represent a very small part of organizational behavior. If you didn't score high – don't be concern. You will learn the many theories and concepts of organizational behavior that will provide you with the necessary skill set to successfully manage and lead others.

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