

Eleventh Edition



# Organizational Behavior

Managing People and Organizations



GRIFFIN & MOORHEAD



Engaging. Trackable. Affordable.

## Make the Grade with CourseMate

The more you study, the better the results. Make the most of your study time by accessing everything you need to succeed in one place. Read your textbook, take notes, review flashcards, watch videos, and take practice quizzes—online with **CourseMate**.

### CourseMate features:

#### Interactive Learning Tools:

- Quizzes
- Flashcards
- Videos

#### Interactive eBook:

- Take notes, highlight, search, and interact with embedded media specific to your book.
- Use it as a supplement to the printed text, or as a substitute — the choice is yours.

CENGAGE **brain**.com

## Buy the way you want and save

Get the best grade in the  
shortest time possible!

**Choice** (pick your format)

**Value** (get free stuff\*)

**Savings** (eBooks up to 65% off print)

Visit [CengageBrain.com](http://CengageBrain.com) to find...

Print • Rentals • eBooks • eChapters

Best Buy Packages • Study Tools

## Your First Study Break

\*free content availability varies

To purchase access, visit  
[www.cengagebrain.com](http://www.cengagebrain.com)

TRANSFORMING LEARNING TRANSFORMING LIVES

 CENGAGE  
Learning®



# Organizational Behavior

11th Edition

Managing People and Organizations



©Pal Teravagimov/Shutterstock

**RICKY W. GRIFFIN**

*Texas A&M University*

**GREGORY MOORHEAD**

*Emeritus, Arizona State University*



Australia • Brazil • Japan • Korea • Mexico • Singapore • Spain • United Kingdom • United States

**Organizational Behavior: Managing  
People and Organizations,  
Eleventh Edition**

**Ricky W. Griffin and Gregory Moorhead**

Senior Vice President, LRS/Acquisitions &  
Solutions Planning: Jack W. Calhoun

Editorial Director, Business & Economics:  
Erin Joyner

Publisher: Michael Schenk

Executive Editor: Scott Person

Senior Developmental Editor: Julia Chase

Editorial Assistant: Tamara Grega

Marketing Development Manager:  
Courtney Sheldon

Marketing Coordinator: Michael Saver

Brand Manager: Robin LeFevre

Executive Marketing Communications  
Manager: Jason LaChapelle

Media Editor: Courtney Bavaro

Art and Cover Direction, Production  
Management, and Composition:  
PreMediaGlobal

Rights Acquisition Director: Audrey  
Pettengill

Rights Acquisition Specialist, Text: Amber  
Hosea

Rights Acquisition Specialist, Image:  
Amber Hosea

Manufacturing Planner: Ron Montgomery

Cover Image(s):

©Pal Teravagimov/Shutterstock

Internal Image(s): Zebra pattern:

©ethylalkohol/Shutterstock

© 2014, 2012, 2010 South-Western, Cengage Learning

ALL RIGHTS RESERVED. No part of this work covered by the copyright herein may be reproduced, transmitted, stored, or used in any form or by any means graphic, electronic, or mechanical, including but not limited to photocopying, recording, scanning, digitizing, taping, web distribution, information networks, or information storage and retrieval systems, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without the prior written permission of the publisher.

For product information and technology assistance, contact us at  
**Cengage Learning Customer & Sales Support, 1-800-354-9706**

For permission to use material from this text or product,  
submit all requests online at **www.cengage.com/permissions**

Further permissions questions can be emailed to  
**permissionrequest@cengage.com**

Library of Congress Control Number: 2012948789

ISBN-13: 978-1-133-62669-5

ISBN-10: 1-133-62669-6

**South-Western**

5191 Natorp Boulevard  
Mason, OH 45040  
USA

Cengage Learning is a leading provider of customized learning solutions with office locations around the globe, including Singapore, the United Kingdom, Australia, Mexico, Brazil, and Japan. Locate your local office at: **www.cengage.com/global**

Cengage Learning products are represented in Canada by  
Nelson Education, Ltd.

For your course and learning solutions, visit **www.cengage.com**

Purchase any of our products at your local college store or at our  
preferred online store **www.cengagebrain.com**

Printed in Canada

1 2 3 4 5 6 7 16 15 14 13 12

This is an electronic version of the print textbook. Due to electronic rights restrictions, some third party content may be suppressed. Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. The publisher reserves the right to remove content from this title at any time if subsequent rights restrictions require it. For valuable information on pricing, previous editions, changes to current editions, and alternate formats, please visit [www.cengage.com/highered](http://www.cengage.com/highered) to search by ISBN#, author, title, or keyword for materials in your areas of interest.



# Brief Contents

Preface xvi  
Acknowledgments xxii

## **PART 1 Introduction to Organizational Behavior**

- CHAPTER 1** An Overview of Organizational Behavior 1  
**CHAPTER 2** The Changing Environment of Organizations 29

## **PART 2 Individual Processes in Organizations**

- CHAPTER 3** Foundations of Individual Behavior 60  
**CHAPTER 4** Motivation in Organizations 87  
**CHAPTER 5** Motivating Employee Performance Through Work 121  
**CHAPTER 6** Motivating Employee Performance Through Rewards 148  
**CHAPTER 7** Managing Stress and the Work-Life Balance 177  
**CHAPTER 8** Decision Making and Problem Solving 205

## **PART 3 Interpersonal Processes in Organizations**

- CHAPTER 9** Foundations of Interpersonal and Group Behavior 231  
**CHAPTER 10** Using Teams in Organizations 264  
**CHAPTER 11** Communication in Organizations 291  
**CHAPTER 12** Traditional Models for Understanding Leadership 321  
**CHAPTER 13** Contemporary Views of Leadership in Organizations 347  
**CHAPTER 14** Power, Politics, and Organizational Justice 371  
**CHAPTER 15** Conflict and Negotiation in Organizations 401

## **PART 4 Organizational Processes and Characteristics**

- CHAPTER 16** Foundations of Organization Structure 426  
**CHAPTER 17** Organization Design 457  
**CHAPTER 18** Organization Culture 491  
**CHAPTER 19** Organization Change and Development 521

Notes 554  
Name Index 585  
Company Index 587  
Subject Index 590

# Contents

Preface .....	xvi
Acknowledgments .....	xxii

## PART 1 Introduction to Organizational Behavior

### CHAPTER 1

#### An Overview of Organizational Behavior ..... 1

##### What is Organizational Behavior? 4

The Meaning of Organizational Behavior 4

The Importance of Organizational Behavior 5

Organizational Behavior and Management 6

##### Organizational Behavior and the Management Process 7

##### Organizational Behavior and the Manager's Job 9

Basic Managerial Roles 9

*Interpersonal Roles, 10 • Informational Roles, 10 • Decision-Making Roles, 10*

Critical Managerial Skills 10

*Technical Skills, 10 • Interpersonal Skills, 10 • Conceptual Skills, 11 •*

*Diagnostic Skills, 11*

##### Contemporary Organizational Behavior 12

Characteristics of the Field 12

##### **Do You Have What It Takes to Disrupt Your Work Life?** 13

*An Interdisciplinary Focus, 14 • A Descriptive Nature, 14*

Basic Concepts of the Field 15

##### Contextual Perspectives on Organizational Behavior 16

Systems and Situational Perspectives 17

*The Systems Perspective, 17*

##### **Having a Thing Makes a Difference** 18

*The Situational Perspective, 19*

Interactionalism: People and Situations 20

##### Managing for Effectiveness 20

Individual-Level Outcomes 21

*Individual Behaviors, 21 • Individual Attitudes and Stress, 21*

Group- and Team-Level Outcomes 22

Organization-Level Outcomes 22

### CHAPTER 2

#### The Changing Environment of Organizations ..... 29

##### Globalization and Business 32

The Growth of International Business 33

##### **Serving a Global Market** 34

Cross-Cultural Differences and Similarities 35

*General Observations, 35 • Specific Cultural Issues, 36*

Managerial Behavior Across Cultures 37



<b>Diversity and Business</b>	38
Dimensions of Diversity	39
Who Will Be the Workforce of the Future?	40
Global Workforce Diversity	41
The Value of Diversity	42
<i>Assimilation</i> ,	42 • <i>Benefits of Valuing Diversity</i> ,
	43
<b>Technology and Business</b>	44
Manufacturing and Service Technologies	44
Technology and Competition	45
Information Technology	46
<b>Ethics and Corporate Governance</b>	46
Framing Ethical Issues	46
<i>How an Organization Treats Its Employees</i> ,	46 • <i>How Employees Treat the</i>
<i>Organization</i> ,	47 • <i>How Employees and the Organization Treat Other Economic</i>
<i>Agents</i> ,	48
Ethical Issues in Corporate Governance	49
Ethical Issues in Information Technology	50
<b>New Employment Relationships</b>	50
The Management of Knowledge Workers	51
Outsourcing	51
Temp and Contingency Workers	52
Tiered Workforce	52
<b>The BOSS in Indian BPO</b>	53

## PART 2 Individual Processes in Organizations

### CHAPTER 3

<b>Foundations of Individual Behavior</b> .....	60
<b>People in Organizations</b>	63
Psychological Contracts	64
The Person-Job Fit	65
Individual Differences	66
<b>Personality and Organizations</b>	66
The “Big Five” Personality Traits	66
The Myers-Briggs Framework	68
Emotional Intelligence	68
Other Personality Traits at Work	69
<b>Customer Self-Efficacy</b>	71
<b>Attitudes in Organizations</b>	72
How Attitudes Are Formed	72
<i>Attitude Structure</i> ,	72 • <i>Cognitive Dissonance</i> ,
	73 • <i>Attitude Change</i> ,
Key Work-Related Attitudes	74
<i>Job Satisfaction</i> ,	74 • <i>Organizational Commitment</i> ,
	74
Affect and Mood in Organizations	75
<b>Perception in Organizations</b>	75
Basic Perceptual Processes	75
<i>Selective Perception</i> ,	75
Stereotyping	76
Perception and Attribution	76
<b>Do You Have an Excessive Need to Be Yourself?</b>	77

**Types of Workplace Behavior** 78  
 Performance Behaviors 78  
 Dysfunctional Behaviors 79  
 Organizational Citizenship 80

**CHAPTER 4**

**Motivation in Organizations** ..... 87

**The Nature of Motivation** 90  
 The Importance of Motivation 90  
 The Motivational Framework 91  
 Historical Perspectives on Motivation 91  
*The Traditional Approach, 92 • The Human Relations Approach, 92 •  
 The Human Resource Approach, 92*

**Need-Based Perspectives on Motivation** 92  
 The Hierarchy of Needs 93  
 ERG Theory 95  
 The Dual-Structure Theory 95  
*Development of the Theory, 95*

**The Need for Fun at Work** 96  
*Evaluation of the Theory, 98*  
 Other Important Needs 99  
*The Need for Achievement, 99 • The Need for Affiliation, 100 •  
 The Need for Power, 100*

**Process-Based Perspectives on Motivation** 101  
 The Equity Theory of Motivation 101  
*Forming Equity Perceptions, 101 • Responses to Equity and Inequity, 102 •  
 Evaluation and Implications, 103*  
 The Expectancy Theory of Motivation 104  
*The Basic Expectancy Model, 104 • Effort-to-Performance Expectancy, 104 •  
 Performance-to-Outcome Expectancy, 105 • Outcomes and Valences, 105 •  
 The Porter-Lawler Model, 106 • Evaluation and Implications, 107*

**Learning-Based Perspectives on Motivation** 107  
 How Learning Occurs 108  
*The Traditional View: Classical Conditioning, 108 • The Contemporary View: Learning  
 as a Cognitive Process, 108*  
 Reinforcement Theory and Learning 108  
**What Does Reinforcement Mean?** 109  
*Types of Reinforcement in Organizations, 110 • Schedules of Reinforcement in  
 Organizations, 111*  
 Social Learning in Organizations 113  
 Organizational Behavior Modification 113  
*Behavior Modification in Organizations, 113 • The Effectiveness of OB Mod, 115 •  
 The Ethics of OB Mod, 116*

**CHAPTER 5**

**Motivating Employee Performance Through Work** ..... 121

**Motivation and Employee Performance** 125

**Work Design in Organizations** 126  
 Job Specialization 126  
 Early Alternatives to Job Specialization 127  
*Job Rotation, 127 • Job Enlargement, 128*  
 Job Enrichment 128  
 The Job Characteristics Theory 129

<b>Employee Involvement and Motivation</b>	132
Early Perspectives on Employee Involvement	132
<b>Empowerment</b>	133
Areas of Employee Involvement	134
Techniques and Issues in Employee Involvement	134
<b>The Law of Diminishing Motivation</b>	135
<b>Flexible Work Arrangements</b>	136
Variable Work Schedules	136
Extended Work Schedules	137
Flexible Work Schedules	138
Job Sharing	139
Telecommuting	139
<b>CHAPTER 6</b>	
<b>Motivating Employee Performance Through Rewards</b> .....	148
<b>Goal Setting and Motivation</b>	151
Goal-Setting Theory	152
<i>Goal Difficulty,</i> 152 • <i>Goal Specificity,</i> 152	
Broader Perspectives on Goal Setting	153
Evaluation and Implications	154
<b>Performance Management in Organizations</b>	155
The Nature of Performance Management	155
Purposes of Performance Measurement	155
Performance Measurement Basics	156
<i>The Appraiser,</i> 157	
<b>Mystery Shopper Performance Review</b>	158
<i>Frequency of the Appraisal,</i> 159 • <i>Measuring Performance,</i> 159	
The Balanced Scorecard Approach to Performance Management	160
<b>Individual Rewards in Organizations</b>	161
Roles, Purposes, and Meanings of Rewards	161
Types of Rewards	162
<i>Base Pay,</i> 162 • <i>Incentive Systems,</i> 162 • <i>Indirect Compensation,</i> 163 •	
<i>Perquisites,</i> 164 • <i>Awards,</i> 164	
<b>“What Are They Going to Do—Cut My Pension in Half?”</b>	165
<b>Managing Reward Systems</b>	166
Linking Performance and Rewards	166
Flexible Reward Systems	167
Participative Pay Systems	168
Pay Secrecy	168
Expatriate Compensation	168
<b>CHAPTER 7</b>	
<b>Managing Stress and the Work-Life Balance</b> .....	177
<b>The Nature of Stress</b>	181
Stress Defined	181
The Stress Process	181
<i>General Adaptation Syndrome,</i> 181 • <i>Distress and Eustress,</i> 182	
<b>Individual Differences and Stress</b>	182
Type A and B Personality Profiles	183
Hardiness and Optimism	183

<b>Common Causes of Stress</b>	184
Organizational Stressors	184
<i>Task Demands</i> , 185 • <i>Physical Demands</i> , 186 • <i>Role Demands</i> , 186 •	
<i>Interpersonal Demands</i> , 187	
<b>Fries with That?</b>	188
Life Stressors	189
<i>Life Change</i> , 189 • <i>Life Trauma</i> , 189	
<b>Consequences of Stress</b>	191
Individual Consequences	191
<i>Behavioral Consequences</i> , 191	
<b>A Disturbance in the Work Force</b>	191
<i>Psychological Consequences</i> , 192 • <i>Medical Consequences</i> , 192	
Organizational Consequences	192
<i>Performance</i> , 192 • <i>Withdrawal</i> , 193 • <i>Attitudes</i> , 193	
Burnout	193
<b>Managing Stress in the Workplace</b>	193
Individual Coping Strategies	194
<i>Exercise</i> , 194 • <i>Relaxation</i> , 194 • <i>Time Management</i> , 194 •	
<i>Role Management</i> , 195 • <i>Support Groups</i> , 195	
Organizational Coping Strategies	195
<i>Institutional Programs</i> , 195 • <i>Collateral Programs</i> , 195	
<b>Work-Life Linkages</b>	196
Fundamental Work-Life Relationships	196
Balancing Work-Life Linkages	197
<b>CHAPTER 8</b>	
<b>Decision Making and Problem Solving</b> .....	205
<b>The Nature of Decision Making</b>	208
Types of Decisions	209
<b>“Guestology”: Guest-Focused Decisions</b>	210
Decision-Making Conditions	211
<b>The Rational Approach to Decision Making</b>	213
Steps in Rational Decision Making	213
<i>State the Situational Goal</i> , 213 • <i>Identify the Problem</i> , 213 • <i>Determine the Decision</i>	
<i>Type</i> , 214 • <i>Generate Alternatives</i> , 215 • <i>Evaluate Alternatives</i> , 215 • <i>Choose an</i>	
<i>Alternative</i> , 215 • <i>Implement the Plan</i> , 216 • <i>Control: Measure and</i>	
<i>Adjust</i> , 216 • <i>Strengths and Weaknesses of the Rational Approach</i> , 216	
Evidence-Based Decision Making	216
<b>What Went Wrong with Wesabe?</b>	217
<b>The Behavioral Approach to Decision Making</b>	218
The Administrative Model	218
Other Behavioral Forces in Decision Making	219
<i>Political Forces in Decision Making</i> , 220 • <i>Intuition</i> , 220 • <i>Escalation of</i>	
<i>Commitment</i> , 220 • <i>Risk Propensity and Decision Making</i> , 221 • <i>Ethics and Decision</i>	
<i>Making</i> , 221 • <i>Prospect Theory and Decision Making</i> , 222	
An Integrated Approach to Decision Making	222
<b>Creativity, Problem Solving, and Decision Making</b>	224
The Creative Individual	224
<i>Background Experiences and Creativity</i> , 224 • <i>Personal Traits and</i>	
<i>Creativity</i> , 224 • <i>Cognitive Abilities and Creativity</i> , 224	
The Creative Process	225
<i>Preparation</i> , 225 • <i>Incubation</i> , 225 • <i>Insight</i> , 225 • <i>Verification</i> , 226	
Enhancing Creativity in Organizations	226

## PART 3 Interpersonal Processes in Organizations

### CHAPTER 9

#### **Foundations of Interpersonal and Group Behavior** ..... 231

##### **The Interpersonal Nature of Organizations** 234

Interpersonal Dynamics 235

Outcomes of Interpersonal Behaviors 236

##### **The Nature of Groups** 237

##### **Types of Groups** 238

Formal Groups 239

**Customer Created Groups** 240

Informal Groups 241

##### **Stages of Group Development** 242

Mutual Acceptance 242

Communication and Decision Making 243

Motivation and Productivity 243

Control and Organization 243

##### **Group Performance Factors** 244

Group Composition 245

**Teaming Technology and Artistry** 246

Group Size 247

Group Norms 247

Group Cohesiveness 248

##### **Intergroup Dynamics** 250

##### **Group Decision Making in Organizations** 251

Group Polarization 251

Groupthink 252

*Symptoms of Groupthink*, 252 • *Decision-Making Defects and Decision Quality*, 253 • *Prevention of Groupthink*, 254

Participation 254

Group Problem Solving 255

*Brainstorming*, 256 • *The Nominal Group Technique*, 256 • *The Delphi Technique*, 256

### CHAPTER 10

#### **Using Teams in Organizations** ..... 264

##### **Differentiating Teams from Groups** 267

##### **Benefits and Costs of Teams in Organizations** 269

Enhanced Performance 270

Reduced Costs 270

Other Organizational Benefits 270

Employee Benefits 271

Costs of Teams 271

##### **Types of Teams** 272

Quality Circles 272

Work Teams 272

**Teaming with Customers to Coproduce** 273

Problem-Solving Teams 274

Management Teams 274

Product Development Teams 274

Virtual Teams 275

**What to Do When the Surgeon Asks for a Joystick** 275

**Implementing Teams in Organizations** 276  
    Planning the Change 276  
        *Making the Decision,* 276 • *Preparing for Implementation,* 277  
    Phases of Implementation 278  
        *Phase 1: Start-Up,* 279 • *Phase 2: Reality and Unrest,* 280 • *Phase 3: Leader-Centered Teams,* 280 • *Phase 4: Tightly Formed Teams,* 281 • *Phase 5: Self-Managing Teams,* 281

**Promoting Team Success** 282  
    Top-Management Support 282  
    Understanding Time Frames 283  
    Changing Organizational Reward 284  
        *Skill-Based Pay,* 284 • *Gain-Sharing Systems,* 284 • *Team Bonus Plans,* 284

**CHAPTER 11**

**Communication in Organizations** ..... 291

**The Nature of Communication in Organizations** 295  
    The Purposes of Communication in Organizations 295  
    Communication Across Cultures 296  
        *Language,* 296 • *Coordination,* 296

**Methods of Communication** 296  
    Written Communication 296  
    Oral Communication 297  
    Nonverbal Communication 298

**A Smile Says a Lot** 299

**The Communication Process** 300  
    Source 300  
    Encoding 301  
    Transmission 301  
    Decoding 301  
    Receiver 301  
    Feedback 302  
    Noise 302

**Digital Information Processing and Telecommunications** 303

**Communication Networks** 304  
    Small-Group Networks 305  
    Organizational Communication Networks 307

**Managing Communication** 309  
    Improving the Communication Process 309  
        *Source,* 309 • *Encoding and Decoding,* 309 • *Receiver,* 310 • *Feedback,* 311

**The Medical Uses of Viral E-mail** 312

    Improving Organizational Factors in Communication 313  
        *Reduce Noise,* 313 • *Foster Informal Communication,* 314 • *Develop a Balanced Information Network,* 314

**CHAPTER 12**

**Traditional Models for Understanding Leadership** ..... 321

**The Nature of Leadership** 324  
    The Meaning of Leadership 324  
    Leadership versus Management 324

**Who's the Boss?** 326

**Early Approaches to Leadership** 326  
     Trait Approaches to Leadership 326  
     Behavioral Approaches to Leadership 327  
         *The Michigan Studies*, 327  
     **Getting on Board with Diversity** 328  
         *The Ohio State Studies*, 329 • *Leadership Grid*, 330  
**The Emergence of Situational Leadership Models** 331  
**The LPC Theory of Leadership** 333  
     Task versus Relationship Motivation 333  
     Situational Favorableness 334  
         *Leader Motivation and Situational Favorableness*, 335 • *Leader-Situation Match*, 336  
     Evaluation and Implications 336  
**The Path-Goal Theory of Leadership** 337  
     Basic Premises 337  
         *Leader Behaviors*, 337 • *Situational Factors*, 338  
     Evaluation and Implications 338  
**Vroom’s Decision Tree Approach to Leadership** 338  
     Basic Premises 339  
     Evaluation and Implications 342

**CHAPTER 13**

**Contemporary Views of Leadership in Organizations** ..... 347  
**Contemporary Situational Theories** 350  
     The Leader-Member Exchange Model 350  
     The Hersey and Blanchard Model 351  
     Refinements and Revisions of Other Theories 351  
**Leadership Through the Eyes of Followers** 352  
     Transformational Leadership 352  
     Charismatic Leadership 354  
     Attribution and Leadership 355  
     **Tips for Tough Times** 357  
**Alternatives to Leadership** 357  
     Leadership Substitutes 358  
     Leadership Neutralizers 359  
**The Changing Nature of Leadership** 359  
     Leaders as Coaches 359  
     **Leadership by Mission** 360  
     Gender and Leadership 361  
     Cross-Cultural Leadership 361  
     International Leadership and Project GLOBE 362  
**Emerging Issues in Leadership** 363  
     Strategic Leadership 363  
     Ethical Leadership 364  
     Virtual Leadership 364

**CHAPTER 14**

**Power, Politics, and Organizational Justice** ..... 371  
**Influence in Organizations** 374  
     The Nature of Influence 374  
     Impression Management 375

- Power in Organizations** 376
  - The Nature of Power 377
  - Types of Power 377
    - Bases of Power,* 377 • *Position versus Personal Power,* 379
  - Ruling Out Corporate Lunacy** 380
  - The Uses of Power in Organizations 381
- Politics and Political Behavior** 385
  - The Pervasiveness of Political Behavior 386
  - Managing Political Behavior 388
    - Reasons for Political Behavior,* 388 • *The Techniques of Political Behavior,* 389 • *Limiting the Effects of Political Behavior,* 391
- Organizational Justice** 392
  - Distributive Justice 392
  - Don't Let an Unfair Customer Spill Over to the Next in Line** 392
  - Procedural Justice 393
  - Interpersonal Justice 394
  - Informational Justice 394

**CHAPTER 15**

- Conflict and Negotiation in Organizations** ..... 401
  - The Nature of Conflict in Organizations** 404
  - Common Forms and Causes of Conflict** 405
    - Common Forms of Conflict 405
    - Causes of Conflict 406
      - Interpersonal Conflict,* 406
    - Whistle-Blowing in the Dark** 407
      - Intergroup Conflict,* 408 • *Conflict Between Organization and Environment,* 408 • *Task Interdependence,* 409
    - Fixing a Customer Failure** 410
  - Reactions to Conflict** 411
    - Avoidance,* 411 • *Accommodation,* 411 • *Competition,* 411 • *Collaboration,* 412 • *Compromise,* 413
  - Managing Conflict** 413
    - Stimulating Conflict 413
    - Conflict Resolution 414
    - Using Structure to Manage Conflict 415
      - The Managerial Hierarchy,* 415 • *Rules and Procedures,* 415 • *Liaison Roles,* 415 • *Task Forces,* 415
    - Using Interpersonal Techniques to Manage Conflict 416
      - Team Building,* 416 • *Survey Feedback,* 416 • *Third-Party Peacemaking,* 417
    - Negotiated Conflict Management 417
  - Negotiation in Organizations** 417
    - Approaches to Negotiation 417
      - Individual Differences,* 417 • *Situational Characteristics,* 417 • *Game Theory,* 418 • *Cognitive Approaches,* 418
    - Win-Win Negotiation 419



## PART 4 Organizational Processes and Characteristics

### CHAPTER 16

<b>Foundations of Organization Structure</b> .....	426
<b>The Nature of Organization Structure</b>	429
Organization Defined	429
Organization Structure	430
<b>Classic Views of Structure</b>	431
Ideal Bureaucracy	431
The Classic Principles of Organizing	432
Human Organization	433
<b>Structural Configuration</b>	436
Division of Labor	437
Coordinating the Divided Tasks	437
<i>Departmentalization,</i>	438
<i>• Span of Control,</i>	442
<i>• Administrative Hierarchy,</i>	443
<b>Structure and Operations</b>	445
Centralization	445
<b>Customer-Centric Structures</b>	447
<b>Responsibility and Authority</b>	448
Responsibility	448
Authority	449
<b>A Panel of Your Peers</b>	450
An Alternative View of Authority	451

### CHAPTER 17

<b>Organization Design</b> .....	457
<b>Contingency Approaches to Organization Design</b>	460
<b>Strategy, Structural Imperatives, and Strategic Choice</b>	461
Strategy	461
Structural Imperatives	462
<i>Size,</i>	462
<i>• Technology,</i>	464
<i>• Environment,</i>	466
Strategic Choice	469
<b>Organizational Designs</b>	470
Mechanistic and Organic Designs	471
Sociotechnical Systems Designs	471
<b>A Marriage of Technique and Technology</b>	472
Mintzberg's Designs	474
<i>Simple Structure,</i>	475
<i>• Machine Bureaucracy,</i>	476
<i>• Professional Bureaucracy,</i>	476
<i>• Divisionalized Form,</i>	476
<i>• Adhocracy,</i>	476
Matrix Organization Design	477
Virtual Organizations	479
<i>Virtual Organizations as Networks,</i>	479
<i>• The Virtual Company as Telecommuters with No Office,</i>	480
<b>Contemporary Organization Design Processes</b>	481
Reengineering the Organization	481
Rethinking the Organization	482
Global Organization Structure and Design Issues	482
<i>Between-Culture Issues,</i>	482

**This Place Feels Right** 483  
*Multinational Organizations*, 484  
 Dominant Themes of Contemporary Designs 484

**CHAPTER 18**

**Organization Culture** ..... 491

**The Nature of Organization Culture** 494  
 What Is Organization Culture? 494  
 Historical Foundations 497  
*Anthropological Contributions*, 497 • *Sociological Contributions*, 497 • *Social Psychology Contributions*, 498 • *Economics Contributions*, 498  
 Culture versus Climate 499

**Creating the Organization Culture** 499  
 Establish Values 500  
 Create Vision 500  
 Initiate Implementation Strategies 501  
 Reinforce Cultural Behaviors 501

**Creating a Service Culture** 502

**Approaches to Describing Organization Culture** 503  
 The Ouchi Framework 503  
*Commitment to Employees*, 503 • *Evaluation*, 504 • *Careers*, 504 • *Control*, 504 • *Decision Making*, 504 • *Responsibility*, 505 • *Concern for People*, 505 • *Theory Z and Performance*, 505  
 The Peters and Waterman Approach 506  
*Bias for Action*, 506 • *Stay Close to the Customer*, 506 • *Autonomy and Entrepreneurship*, 506 • *Productivity Through People*, 506 • *Hands-On Management*, 506 • *Stick to the Knitting*, 507 • *Simple Form, Lean Staff*, 507 • *Simultaneously Loose and Tight Organization*, 507

**Emerging Issues in Organization Culture** 507  
 Innovation 507  
*Types of Innovation*, 508

**TV Gets Personal** 509  
*New Ventures*, 510 • *Corporate Research*, 510

Empowerment 511  
 Appropriate Cultures 511

**Managing Organization Culture** 512  
 Taking Advantage of the Existing Culture 512  
 Teaching the Organization Culture: Socialization 513  
 Changing the Organization Culture 514  
*Managing Symbols*, 514 • *The Difficulty of Change*, 514 • *The Stability of Change*, 515

**CHAPTER 19**

**Organization Change and Development** ..... 521

**Forces for Change** 524  
 People 524  
 Technology 525  
 Information Processing and Communication 526

**You, Too, Can Afford a Place in the Sun** 527  
 Competition 528

<b>Processes for Planned Organization Change</b>	529
Lewin's Process Model	529
The Continuous Change Process Model	530
<b>Organization Development</b>	532
Organization Development Defined	532
System-Wide Organization Development	533
Task and Technological Change	535
Group and Individual Change	537
<i>Training</i>	537
<b>The Innovation Cocreation Challenge</b>	538
<i>Management Development</i> , 540 • <i>Team Building</i> , 541 • <i>Survey Feedback</i> , 541	
<b>Resistance to Change</b>	543
Organizational Sources of Resistance	543
<i>Overdetermination</i> , 543 • <i>Narrow Focus of Change</i> , 544 • <i>Group Inertia</i> , 544 •	
<i>Threatened Expertise</i> , 544 • <i>Threatened Power</i> , 545 • <i>Resource Allocation</i> , 545	
Individual Sources of Resistance	545
<i>Habit</i> , 545 • <i>Security</i> , 545 • <i>Economic Factors</i> , 545 • <i>Fear of the</i>	
<i>Unknown</i> , 545 • <i>Lack of Awareness</i> , 545 • <i>Social Factors</i> , 545	
<b>Managing Successful Organization Change and Development</b>	546
Consider Global Issues	546
Take a Holistic View	547
Start Small	547
Secure Top Management Support	547
Encourage Participation	547
Foster Open Communication	547
Reward Contributors	548
Notes	554
Name Index	585
Company Index	587
Subject Index	590

# Preface

It has been said that the only constant is change. And change continues to be the watchword for managers everywhere. Now more than ever, managers need a comprehensive and sophisticated understanding of the assets, tools, and resources they can draw upon to compete most effectively. And understanding the people who comprise organizations—operating employees, managers, engineers, support staff, sales representatives, decision makers, professionals, maintenance workers, and administrative employees—is critical for any manager who aspires to understand change and how his or her organization needs to respond to that change.

As we prepared this edition of *Organizational Behavior: Managing People and Organizations*, we once again relied on a fundamental assumption that has helped the book remain a market leader since the publication of its first edition more than two decades ago: we must equip today's students (and tomorrow's managers) with a perspective on managing people that allows them to create, interpret, judge, imagine, and build behaviors and relationships. This perspective requires students to gain a firm grasp of the fundamentals of human behavior in organizations—the basic foundations of behavior—so that they can develop new answers to the new problems they encounter. As new challenges are thrust upon us from around the world by global competition, new technologies, newer and faster information processes, new worldwide uncertainties, and customers who demand the best in quality and service, the next generation of managers will need to go back to basics—the fundamentals—and then combine those basics with valid new experiences in a complex world, and ultimately develop creative new solutions, processes, products, or services to gain competitive advantage.

---

## THE TEXT THAT MEETS THE CHALLENGE

This edition of *Organizational Behavior: Managing People and Organizations* takes on that charge by providing the basics in each area, bolstered by the latest research in the field and infused with examples of what companies are doing in each area. We open each chapter with a textual introduction that weaves in a new opening incident and provides an immediate example of how the chapter topic is relevant in organizations. Chapter outlines and learning objectives are also presented at the beginning of each chapter. We continue to build and reinforce learning techniques at the end of each chapter in order to provide more opportunities to work with the chapter content. In addition to the end-of-chapter case, experiential exercise, and self-assessment exercise, we have added an exercise that will give students the opportunity to build their own managerial skills. *Organizational Behavior: Managing People and Organizations* prepares and energizes managers of the future for the complex and challenging tasks of the new century while it preserves the past contributions of the classics. It is comprehensive in its presentation of practical perspectives, backed up by the research and learning of the experts. We expect each reader to be inspired by the most exciting task of the new century: managing people in organizations.

---

## CONTENT AND ORGANIZATION

The eleventh edition of *Organizational Behavior: Managing People and Organizations* retains the same basic overall organization that has worked so well for over 25 years. But within that framework, we also introduce several exciting and innovative changes that will further enhance the book's usefulness.

Part I discusses the managerial context of organizational behavior. In Chapter 1 we introduce the basic concepts of the field, discuss the importance of the study of organizational behavior, and relate organizational behavior to the broader field of management. Our new Chapter 2 focuses on the changing environment of organizations. The key topics addressed in this chapter are globalization, diversity, technology, ethics and corporate governance, and new employment relationships.

Part II includes six chapters that focus on the fundamental individual processes in organizations: individual behavior, motivation, employee performance, work stress, and decision making. Chapter 3 presents the foundations for understanding individual behavior in organizations by discussing the psychological nature of people, elements of personality, individual attitudes, perceptual processes, and workplace behavior. Coverage of emotional intelligence has also been added to this chapter. Chapter 4 focuses on the two primary categories of motivation theories: need-based approaches and process-based approaches. Chapters 5 and 6, meanwhile, move away from theory per se and describe some of the more important methods and techniques used by organizations to actually implement the theories of motivation, with Chapter 5 discussing work-related methods for motivating employees and Chapter 6 addressing reward-based approaches to motivation. Work stress, another important element of individual behavior in organizations, is covered in Chapter 7. Finally, Chapter 8 is devoted to decision making and problem solving.

In Part III we move from the individual aspects of organizational behavior to the more interpersonal aspects of the field, including communication, groups and teams, leadership and influence processes, power and politics, and conflict and negotiations. Chapters 9 and 10 are a two-chapter sequence on groups and teams in organizations. We believe there is too much important material to just have one chapter on these topics. Therefore, we present the basics of understanding the dynamics of small-group behavior in Chapter 9 and discuss the more applied material on teams in Chapter 10. In this manner, readers get to understand the more basic processes first before tackling the more complex issues in developing teams in organizations. Chapter 11 describes the behavioral aspects of communication in organizations. We present leadership in a two-chapter sequence, examining models and concepts in Chapter 12 and contemporary views in Chapter 13. We believe users will especially enjoy Chapter 13, with its coverage of strategic, ethical, and virtual leadership, as well as gender and cross-cultural impacts on leadership. Closely related to leadership are the concepts of power, politics, and workplace justice. This material is covered in Chapter 14. Part III closes with Chapter 15, devoted to conflict and negotiations in organizations.

In Part IV we address more macro and system-wide aspects of organizational behavior. Chapter 16, the first of a two-chapter sequence on organizational structure and design, presents the classical view of organizations and then describes the basic building blocks of organizations—division of labor, specialization, centralization, formalization, responsibility, and authority. Chapter 17 describes more about the factors and the process through which the structure of an organization is matched to fit the demands of change, new technology, and expanding competition, including global issues. Chapter 18 moves on to the more elusive concept of organizational culture. The final chapter,

Chapter 19, could really be the cornerstone of every chapter, because it presents the classical and contemporary views of organizational change. Due to the demands on organizations today, as stated earlier and by every management writer alive, change is the order of the day, the year, the decade, and the new century.

---

## FEATURES OF THE BOOK

This edition of *Organizational Behavior: Managing People and Organizations* is guided by our continuing devotion to the preparation of the next generation of managers. This is reflected in several key elements of the book that stem, we believe, from this guiding principle: a strong student orientation; contemporary content; a real-world, applied approach; and effective pedagogy.

### Student Orientation

We believe that students, instructors, and other readers will agree with our students' reactions to the book as being easy and even enjoyable to read with its direct and active style. We have tried to retain the comprehensive nature of the book while writing in a style that is active and lively and geared to the student reader. We want students to enjoy reading the book while they learn from it. All of the figures include meaningful captions to tie the figure directly to the concepts. The end-of-chapter features retain the popular experiential exercises and the diagnostic questionnaire, or self-assessments, and the real-world cases that show how the chapter material relates to actual practice.

### Contemporary Content Coverage

This edition continues our tradition of presenting the most modern management approaches as expressed in the popular press and in academic research. The basic structure of the book remains the same, but you will find new coverage that represents the most recent research in many areas of the book.

### Real-World, Applied Approach

The organizations cited in the opening incidents, examples, cases, and boxed features throughout this edition represent a blend of large, well-known and smaller, less well-known organizations so that students will see the applicability of the material in a variety of organizational settings. Each chapter opens and closes with concrete examples of relevant topics from the chapter. Each chapter also contains one or two topical boxes dealing with issues such as change, diversity, and ethics. Each box has a unique, identifying icon that distinguishes it and makes it easier for students to identify.

### Effective Pedagogy

Our guiding objective continues to be to put together a package that enhances student learning. The package includes several features of the book, many of which have already been mentioned.

- Each chapter begins with a “Chapter Outline and Objectives” and ends with a “Synopsis.”
- “Discussion Questions” at the end of each chapter stimulate interaction among students and provide a guide to complete studying of the chapter concepts.
- An “Experiencing Organizational Behavior” exercise at the end of each chapter helps students make the transition from textbook learning to real-world

applications. The end-of-chapter case, “How Do You See It?” also assists in this transition.

- A “Self-Assessment Exercise” activity at the end of each chapter gives students the opportunity to apply a concept from the chapter to a brief self-assessment or diagnostic activity.
- The “Building Managerial Skills” activity provides an opportunity for students to “get their hands dirty” and really use something discussed in the chapter.
- Figures, tables, photographs, and cartoons offer visual and humorous support for the text content. Explanatory captions to figures, photographs, and cartoons enhance their pedagogical value.
- A running marginal glossary and a complete glossary found on the textbook website provide additional support for identifying and learning key concepts.

A new design reflects this edition’s content, style, and pedagogical program. The colors remain bold to reflect the dynamic nature of the behavioral and managerial challenges facing managers today, and the interior photographs in this edition have been specially selected to highlight the dynamic world of organizational behavior.

## CHANGES TO THIS EDITION

While our book retains its proven basic framework and approach, we have also made many changes in this edition. Some of these changes are revisions and updates, and others are new features and new content. The major changes are as follows:

### Updates and Revisions

All of the cases and boxed inserts are either new to this edition or heavily revised and updated versions from the previous edition. In addition, the newest research is cited throughout the book and examples updated to reflect the very latest events.

### New Pedagogy

We have added two significant new pedagogical elements to this edition as well. First, while our book has always presented a balanced view of both service and non-service businesses, in this edition we decided to emphasize the growing service component of the business world in an even clearer manner. Specifically, we have added a “Service” box in each chapter that highlights the chapter content from a direct service orientation. In addition, we have also replaced the traditional chapter-closing case with a series of interesting and current video cases. We believe you will find these to be both valuable and engaging.

### New Content

Finally, we have also added a substantial amount of new coverage of emerging topics and concepts. The major ones include:

- Chapter 2: A revised section focusing on how to frame ethical issues
- Chapter 5: A new discussion of extended work schedules as they relate to employee motivation
- Chapter 6: A new discussion of the balanced scorecard approach to performance management
- Chapter 8: A new chapter organization and new coverage of both evidence-based decision making and prospect theory
- Chapter 13: New coverage of the GLOBE leadership project

- Chapter 16: New discussion of Sony Corporation’s reorganization by product in 2009 and 2012. Additional comments on how authority and responsibility may differ across cultures.
- Chapter 17: New discussion of the “boss-less” or “boss-free” organization
- Chapter 18: Expanded discussion of innovation with examples
- Chapter 19: Revised discussion (with data) on people working from home and the “office-less” office as workplace changes

---

## SUPPLEMENTS

### Instructor Supplements

- **Instructor’s Resource CD-ROM (ISBN-10: 1435462831 | ISBN-13: 9781435462830)**  
Find all of the helpful, time-saving teaching resources you need to create a dynamic, interactive management course in this all-in-one Instructor’s Resource CD. The Instructor’s Resource CD includes the Instructor’s Manual (IM) files, ExamView® testing files, Test Bank files in Word®, PowerPoint® slides, and a DVD Guide to help you most effectively use this edition’s accompanying video cases. Updated content throughout the IM and PowerPoint slides reflects the latest editions on the text. Almost one third of the Test Bank questions are new. The IM, PowerPoints, and DVD Guide are also available on the instructor website.
- **DVD for Organizational Behavior (ISBN-10: 1435462076 | ISBN-13: 9781435462076)**  
Completely revised from the previous edition, nineteen NEW clips bring organizational behavior to life by challenging students’ understanding and reinforcing concepts from the book. The clips are tied to the end of chapter, “How Do You See It?” Cases. The accompanying DVD guide (available on the Instructor’s Companion Website) offers detailed descriptions of the segments, including chapter learning goals, chapter concepts spotlighted in segments, a synopsis, case discussion questions and suggested answers. These videos can also be found streaming on the CourseMate site as well as being offered as homework quizzing in CengageNOW.

### Student Supplements

- **Management CourseMate with eBook Instant Access Code (ISBN-10: 1133629644 | ISBN-13: 9781133629641)**  
The more you study, the better the results. Make the most of your study time by accessing everything you need to succeed in one place. Read your textbook online, take notes, review flashcards, watch videos, play games, and take practice quizzes—online with CourseMate.
- **CengageNOW with eBook Instant Access Code (ISBN-10: 1133663664 | ISBN-13: 9781133663669)**  
CengageNOW is an easy-to-use online resource that helps you study in LESS TIME to get the grade you want NOW. A Personalized Study diagnostic tool assists you in accessing areas where you need to focus study. Built-in technology tools help you master concepts and prepare for exams and daily class.



- Cengage Learning Write Experience 2.0 Powered by MyAccess with eBook Instant Access Code (ISBN-10: 1133663656 | ISBN-13: 9781133663652)**  
 Cengage Learning's Write Experience is a new technology that is the first in higher education to offer students the opportunity to improve their writing and analytical skills without adding to professors' workload. Offered through an exclusive agreement with Vantage Learning, creator of the software used for GMAT essay grading, Write Experience evaluates students' answers to a select set of assignments for writing for voice, style, format, and originality. For more information about this unique course solution, contact your local sales representative or visit [www.cengage.com/writeexperience](http://www.cengage.com/writeexperience). Better Writing. Better Outcomes. Write Experience.

---

## ZEBRAS?!?

But why zebras on the cover? Well, for one thing, they present an attractive image. But more seriously, if we look a bit closer we can see that while all zebras look similar to one another, in reality the markings and patterns on each are unique. They are social animals that live and travel in groups. Within each group there is a well defined hierarchy based on power and status, and each group has a leader. And the group itself works with certain other groups (such as impala and wildebeests) to protect itself from other groups (most notably lions). When you have finished reading and studying this book, you will come to understand that, like zebras, each of us as a human being has certain things in common with all other humans, but each of us is also unique. We are social, live and travel in groups, have hierarchies and leaders, and both collaborate and compete with others. So, what can managers learn from zebras? Maybe not much, but they are still wonderful creatures to watch!

We would like to hear from you about your experiences in using the book. We want to know what you like and what you do not like about it. Please write to us via e-mail to tell us about your learning experiences. You may contact us at:

Ricky Griffin  
 rgriffin@tamu.edu

Greg Moorhead  
 greg.moorhead@asu.edu

# Acknowledgments

Although this book bears our two names, numerous people have contributed to it. Through the years we have had the good fortune to work with many fine professionals who helped us to sharpen our thinking about this complex field and to develop new and more effective ways of discussing it. Their contributions were essential to the development of this edition. Any and all errors of omission, interpretation, and emphasis remain the responsibility of the authors.

Several reviewers made essential contributions to the development of this and previous editions. We would like to express a special thanks to them for taking the time to provide us with their valuable assistance:

LUCY ARENDT,  
University of Wisconsin-Green Bay

ABDUL AZIZ,  
College of Charleston

STEVE BALL,  
Cleary College

BRENDAN BANNISTER,  
Northeastern University

GREG BAXTER,  
Southeastern Oklahoma State University

JON W. BEARD,  
Purdue University

MARY-BETH BERES,  
Mercer University Atlanta

RONALD A. BIGONNESS,  
Stephen F. Austin State University

ALLEN BLUEDORN,  
University of Missouri Columbia

KRISTEN BOHLANDER,  
Eckerd College

BRYAN BONNER,  
University of Utah

WAYNE BOSS,  
University of Colorado Boulder

MURRAY BRUNTON,  
Central Ohio Technical College

JOHN BUNCH,  
Kansas State University

MARK BUTLER,  
San Diego State University

KEN BUTTERFIELD,  
Washington State University

RICHARD R. CAMP,  
Eastern Michigan University

ANTHONY CHELTE,  
Western New England College

ANNE COOPER,  
St. Petersburg Community College

JOHN L. COTTON,  
Marquette University

DAN R. DALTON,  
Indiana University Bloomington

CARLA L. DANDO,  
Idaho State University

T. K. DAS,  
Baruch College

ROGER DEAN,  
Washington & Lee University

GEORGE DELODZIA,  
University of Rhode Island

RONALD A. DIBATTISTA,  
Bryant College

CRAIG DOMECK,  
Palm Beach Atlantic University

HARRY DOMICONE,  
California Lutheran University

THOMAS W. DOUGHERTY,  
University of Missouri–Columbia

CATHY DUBOIS,  
Kent State University

EARLINDA ELDER-ALBRITTON,  
Detroit College of Business

STEVEN ELIAS,  
New Mexico State University

LESLIE ELROD,  
University of Cincinnati Blue Ash College

STANLEY W. ELSEA,  
Kansas State University

JAN FELDBAUER,  
Austin Community College

MAUREEN J. FLEMING,  
The University of Montana—Missoula

JOSEPH FOREST,  
Georgia State University

PHIL GALLAGHER,  
Stevenson University

ELIEZER GEISLER,  
Northeastern Illinois University

ROBERT GIACALONE,  
University of Richmond

BOB GODDARD,  
Appalachian State University

LYNN HARLAND,  
University of Nebraska at Omaha

STAN HARRIS,  
Lawrence Tech University

NELL HARTLEY,  
Robert Morris College

PETER HEINE,  
Stetson University

WILLIAM HENDRIX,  
Clemson University

JOHN JERMIER,  
University of South Florida

AVIS L. JOHNSON,  
University of Akron

BRUCE JOHNSON,  
Gustavus Adolphus College

GWEN JONES,  
Bowling Green State University

KATHLEEN JOHNSON,  
Keene State College

ROBERT T. KELLER,  
University of Houston

MICHAEL KLAUSNER,  
University of Pittsburgh at Bradford

STEPHEN KLEISATH,  
University of Wisconsin

BARBARA E. KOVATCH,  
Rutgers University

DAVID R. LEE,  
University of Dayton

RICHARD LEIFER,  
Rensselaer Polytechnic Institute

ROBERT W. LEONARD,  
Lebanon Valley College

FENGRU LI,  
University of Montana

PETER LORENZI,  
University of Central Arkansas

JOSEPH B. LOVELL,  
California State University,  
San Bernardino

PATRICIA MANNINEN,  
North Shore Community College

EDWARD K. MARLOW,  
Eastern Illinois University

EDWARD MILES,  
Georgia State University

C. W. MILLARD,  
University of Puget Sound

ALAN N. MILLER,  
University of Nevada, Las Vegas

HERFF L. MOORE,  
University of Central Arkansas

ROBERT MOORMAN,  
West Virginia University

STEPHAN J. MOTOWIDLO,  
Pennsylvania State University

RICHARD T. MOWDAY,  
University of Oregon

MARGARET A. NEALE,  
Northwestern University

CHRISTOPHER P. NECK,  
Virginia Tech

LINDA L. NEIDER,  
University of Miami

MARY LIPPITT NICHOLS,  
University of Minnesota Minneapolis

RANJNA PATEL,  
Bethune-Cookman College

ROBERT J. PAUL,  
Kansas State University

JOHN PERRY,  
Pennsylvania State University

PAMELA POMMERENKE,  
Michigan State University

JAMES C. QUICK,  
University of Texas at Arlington

RICHARD RASPEN,  
Wilkes University

ELIZABETH RAWLIN,  
University of South Carolina

GARY REINKE,  
University of Maryland

JOAN B. RIVERA,  
West Texas A&M University

BILL ROBINSON,  
Indiana University of Pennsylvania

HANNAH ROTHSTEIN,  
Baruch College

GOLI SADRI,  
California State University–Fullerton

CAROL S. SAUNDERS,  
University of Oklahoma

DANIEL SAUERS,  
Winona State University

CONSTANCE SAVAGE,  
Ashland University

MARY JANE SAXTON,  
University of Colorado at Denver

RALPH L. SCHMITT,  
Macomb Community College

RANDALL S. SCHULER,  
Rutgers University

AMIT SHAH,  
Frostburg State University

GARY SHIELDS,  
Wayne State University

PAMELA K. SIGAFOOSE,  
Palm Beach Atlantic University

RANDALL G. SLEETH,  
Virginia Commonwealth University

DAYLE SMITH,  
University of San Francisco

DR. ANDREA SMITH-HUNTER,  
Siena College

RIEANN SPENCE-GALE,  
Northern Virginia Community College  
(Alexandria)

WILLIAM R. STEVENS,  
Missouri Southern State College

DIANNA L. STONE,  
University of Texas at San Antonio

NAREATHA STUDDARD,  
Arkansas State University

CHRISTY SUCIU,  
Boise State University

STEVE TAYLOR,  
Boston College

DONALD TOMPKINS,  
Slippery Rock University

AHMAD TOOTOONCHI,  
Frostburg State University

MATTHEW VALLE,  
Troy State University at Dothan

LINN VAN DYNE,  
Michigan State University

DAVID D. VAN FLEET,  
Arizona State University

BOBBY C. VAUGHT,  
Southwest Missouri State University

SEAN VALENTINE,  
University of Wyoming

JACK W. WALDRIP,  
American Graduate School of Interna-  
tional Management

JOHN P. WANOUS,  
The Ohio State University

JUDITH Y. WEISINGER,  
Northeastern University

JOSEPH W. WEISS,  
Bentley College

ALBERT D. WIDMAN,  
Berkeley College

The eleventh edition could never have been completed without the support of Texas A&M University, whose leadership team facilitated our work by providing the environment that encourages scholarly activities and contributions to the field. Several assistants and graduate and undergraduate assistants were also involved in the development of the eleventh edition.

We would also like to acknowledge the outstanding team of professionals at Cengage Learning who helped us prepare this book. Julia Chase has been steadfast in her commitment to quality and her charge to us to raise quality throughout the book. Jennifer Ziegler, Viswanath Prasanna, Amber Hosea, Kristina Mose-Libon, Punitha Rajamohan, Susan Buschorn, Mike Schenk, Scott Person, Robin LeFevre, Stacy Shirley, and Tammy Grega were also key players in the creation of this text and support program.

Finally, we would like to acknowledge the role of change in our own lives. One of us has successfully fought cancer, and the other has had a complete lower leg reconstruction. The techniques that led us to where we are today did not exist when we wrote the first edition of this book. Hence, change has touched the two of us in profound ways. We also continue to be mindful of the daily reminders that we get about change in our personal lives. Our children, for example, were born in the early days of our partnership and have now gone on to start families of their own and further enrich our lives with grandchildren. Indeed, without the love and support of our families, our lives would be far less meaningful. It is with all of our love that we dedicate this book to them.

R.W.G.  
G.M.

For my daughter Ashley, still her daddy's sweet and shining star  
(and sometimes his boss!).

— R.W.G.

For my family: Linda, Alex, Erin, Lindsay, Kevin, and Bennett.

—G.M.



# An Overview of Organizational Behavior

## Chapter Outline

- What is Organizational Behavior?
- Organizational Behavior and the Management Process
- Organizational Behavior and the Manager's Job
- Contemporary Organizational Behavior
- Contextual Perspectives on Organizational Behavior
- Managing for Effectiveness

## Chapter Learning Objectives

After studying this chapter, you should be able to:

1. Define organizational behavior.
2. Identify the functions that comprise the management process and relate them to organizational behavior.
3. Relate organizational behavior to basic managerial roles and skills.
4. Describe contemporary organizational behavior characteristics.
5. Discuss contextual perspectives on organizational behavior.
6. Describe the role of organizational behavior in managing for effectiveness.

## No Company for Old-Fashioned Management

*“When you think about employees first, the bottom line is better.”*

—Kevin Stickles, VP for Human Resources, Wegmans Food Markets

If you're looking for the best Parmesan cheese for your chicken parmigiana recipe, you might try Wegmans, especially if you happen to live in the vicinity of Pittsford, New York. Cheese department manager Carol Kent will be happy to recommend the best brand because her job calls for knowing cheese as well as managing some 20 subordinates. Kent is a knowledgeable employee, and knowledgeable employees, boasts Wegmans CEO Danny Wegman, are “something our competitors don't have and our customers couldn't get anywhere else.”

Wegmans Food Markets, a family-owned East Coast chain with nearly 80 outlets in 6 states, prides itself on its commitment to customers, and it shows: It ranks at the top of the latest *Consumer Reports* survey of the best national and regional grocery stores. But commitment to customers is only half of the overall Wegmans strategy, which calls for reaching the company's customers through its employees. “How do we differentiate ourselves?” asks Wegman, who then proceeds to answer his own question: “If we can sell products that require knowledge in terms of how you use them, that's our strategy. Anything that requires knowledge and service gives us a reason to be.” That's the logic behind one of Carol Kent's recent assignments—one which she understandably regards as a perk: Wegmans sent her to Italy to conduct a personal study of Italian cheese. “We sat with the families [that make the cheeses],” she recalls, “broke bread with them. It helped me understand that we're not just selling a piece of cheese. We're selling a tradition, a quality.”

Kent and the employees in her department also enjoy the best benefits package in the industry, including fully paid health insurance. And that includes part-timers, who make up about two-thirds of the company's workforce of more than 42,000. In part, the strategy of extending benefits to this large segment of the labor force is intended to make sure that stores have enough good workers for crucial peak periods, but there's no denying that the costs of employee-friendly policies can mount up. At 15 to 17 percent of sales, for example, Wegmans' labor costs are well above the 12 percent figure for most supermarkets. But according to one



racy A. Woodward/Washington Post/Getty Images

Wegmans is known as one of the most effectively managed supermarket chains in the world. Mark Lewis, a Wegmans baker, has a thorough understanding of the bread baking process and is happy to explain it to customers.

company HR executive, holding down labor costs isn't necessarily a strategic priority: "We would have stopped offering free health insurance [to part-timers] a long time ago," she admits, "if we tried to justify the costs."

Besides, employee turnover at Wegmans is just 6 percent—about half the industry average. And this is an industry in which total turnover costs have been known to outstrip total annual profits by 40 percent. Wegmans employees tend to be knowledgeable because about 20 percent of them have been with the company for at least 10 years, and many have logged at least a quarter century. Says one 19-year-old college student who works at an upstate New York Wegmans while pursuing a career as a high school history teacher, "I love this place. If teaching doesn't work out, I would so totally work at Wegmans." Edward McLaughlin, who directs the Food Industry Management Program at Cornell University, understands this sort of attitude: "When you're a 16-year-old kid, the last thing you want to do is wear a geeky shirt and work for a supermarket," but at Wegmans, he explains, "it's a badge of honor. You're not a geeky cashier. You're part of the social fabric."

In 2012, Wegmans placed fourth in *Fortune* magazine's annual list of "100 Best Companies to Work For"—good for 15 consecutive years on the list and 8 straight top-7 finishes. "It says that we're doing something right," says a company spokesperson, "and that there's no better way to take care of our customers than to be a great place for our employees to work." "Our employees," explains VP for Human Resources Kevin Stickles, "are our number-one asset, period. The first question you ask is: 'Is this the best thing for the employee?'" The approach, argues Stickles, anchors a solid business model: "When you think about employees first, the bottom line is better. We want our employees to extend the brand to our customers."

In addition to its healthcare package, Wegmans has been cited for such perks as fitness center discounts, compressed work weeks, telecommuting, and domestic-partner benefits (which extend to same-sex partners). Under the company's Employee Scholarship Program, full-time workers can also receive up to \$2,200 a year for four years, and part-timers up to \$1,500.



Since its inception in 1984, the program has handed out more than \$81 million in scholarships to more than 25,000 employees, including \$4.5 million in 2011. Like most Wegman policies, this one combines employee outreach with long-term corporate strategy: “This program has made a real difference in the lives of many young people,” says president Colleen Wegman, who adds that it’s also “one of the reasons we’ve been able to attract the best and the brightest to work at Wegmans.”

Granted, Wegmans, which has remained in family hands since its founding in 1916, has an advantage in being as generous with its resources as its family of top executives wants to be: It doesn’t have to do everything with quarterly profits in mind. Mired in a “public mentality,” says Stickles, “the first thing [other companies] think about is the quarter. The first thing is that you cut labor.” The Wegman family, adds senior VP Mary Ellen Burris, has no intention of taking the company public: “It takes away your ability to focus on your people and your customers.”

Wegmans likes to point out that taking care of its employees is a longstanding priority. Profit sharing and fully funded medical coverage were introduced in 1950 by Robert Wegman, son and nephew of brothers Walter and John, who opened the firm’s original flagship store in Rochester, New York, in 1930. Why did Robert Wegman make such generous gestures to his employees way back then? “Because,” he says simply, “I was no different from them.”

### What Do You Think?

1. Why don’t more firms adopt the kind of management practices that have contributed to Wegmans’ success?
2. Under what circumstances might Wegmans be forced to change its approach to dealing with its employees?

**References:** Maria Panaritis, “Wegmans Tops List in Consumer Survey,” *Philadelphia Inquirer*, April 3, 2012, [www.philly.com](http://www.philly.com) on April 5, 2012; Jon Springer, “Danny Wegman,” *Supermarket News*, July 14, 2009, <http://supermarketnews.com> on April 15, 2011; David Rohde, “The Anti-Walmart: The Secret Sauce of Wegmans Is People,” *The Atlantic*, March 23, 2012, [www.theatlantic.com](http://www.theatlantic.com) on April 5, 2012; Michael A. Prospero, “Employee Innovator: Wegmans,” *Fast Company*, October 2004, [www.fastcompany.com](http://www.fastcompany.com) on April 5, 2012; “100 Best Companies to Work For,” *Fortune*, February 6, 2012, <http://money.cnn.com> on April 5, 2012; “Wegmans Scholarships” (2012), [www.wegmans.com](http://www.wegmans.com) on April 5, 2012; “Wegmans Announces 2011 Employee Scholarship Recipients,” press release, June 17, 2011, [www.wegmans.com](http://www.wegmans.com) on April 5, 2012.

In many ways a Wegmans store may not look substantially different from a large national chain store. But its dual emphasis on both customer and employee satisfaction had paid big dividends as the firm continues to thrive through good times and bad. Regardless of their size, scope, or location, all organizations have at least one thing in common—they are comprised of people. It is these people who make decisions about the strategic direction of a firm, it is they who acquire the resources the firm uses to create new products, and it is they who sell those products. People manage a firm’s corporate headquarters, its warehouses, and its information technology, and it is people who clean up at the end of the day. No matter how effective a manager might be, all

organizational successes—and failures—are the result of the behaviors of many people. Indeed, no manager can succeed without the assistance of others.

Thus, any manager—whether responsible for a big business such as Google, Abercrombie & Fitch, General Electric, Apple, Starbucks, or British Airways; for a niche business such as the Boston Celtics basketball team or the Mayo Clinic; or for a local Pizza Hut restaurant or neighborhood dry cleaning establishment—must strive to understand the people who work in the organization. This book is about those people. It is also about the organization itself and the managers who operate it. The study of organizations and the study of the people who work in them together constitute the field of organizational behavior. Our starting point in exploring this field begins with a more detailed discussion of its meaning and its importance to managers.

## WHAT IS ORGANIZATIONAL BEHAVIOR?

What exactly is meant by the term “organizational behavior”? And why should it be studied? Answers to these two fundamental questions will both help establish our foundation for discussion and analysis and help you better appreciate the rationale as to how and why understanding the field can be of value to you in the future.

### The Meaning of Organizational Behavior

**Organizational behavior** is the study of human behavior in organizational settings, the interface between human behavior and the organization, and the organization itself.

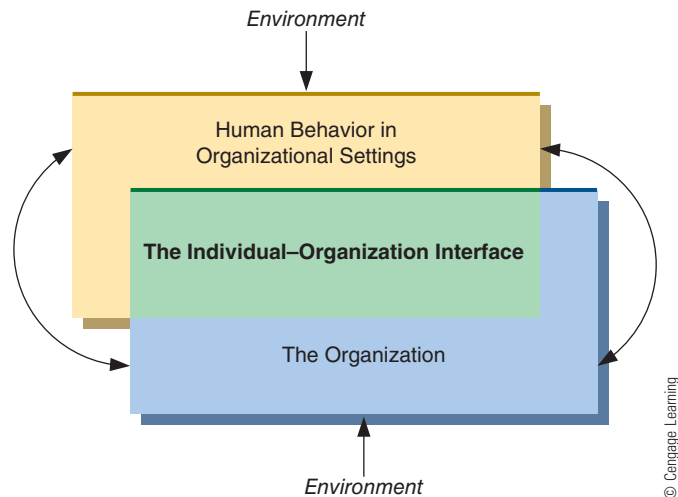
**Organizational behavior** (OB) is the study of human behavior in organizational settings, of the interface between human behavior and the organization, and of the organization itself.<sup>1</sup> Although we can focus on any one of these three areas, we must also remember that all three are ultimately necessary for a comprehensive understanding of organizational behavior. For example, we can study individual behavior without explicitly considering the organization. But because the organization influences and is influenced by the individual, we cannot fully understand the individual’s behavior without learning something about the organization. Similarly, we can study organizations without focusing explicitly on the people within them. But again, we are looking at only a portion of the puzzle. Eventually we must consider the other pieces, as well as the whole.

Figure 1.1 illustrates this view of organizational behavior. It shows the linkages among human behavior in organizational settings, the individual–organization interface, the organization itself, and the environment surrounding the organization. Each individual brings to an organization a unique set of personal characteristics and a unique personal background and set of experiences from other organizations. Therefore, in considering the people who work in their organizations, managers must look at the unique perspective each individual brings to the work setting. For example, suppose managers at The Home Depot review data showing that employee turnover within the firm is gradually but consistently increasing. Further suppose that they hire a consultant to help them better understand the problem. As a starting point, the consultant might analyze the types of people the company usually hires. The goal would be to learn as much as possible about the nature of the company’s workforce as individuals—their expectations, their personal goals, and so forth.

But individuals do not work in isolation. They come in contact with other people and with the organization in a variety of ways. Points of contact include managers, coworkers, the formal policies and procedures of the organization, and various changes implemented by the organization. In addition, over time, individuals change, as a function of personal experiences and maturity as well as through work experiences and

**FIGURE 1.1****The Nature of Organizational Behavior**

The field of organizational behavior attempts to understand human behavior in organizational settings, the organization itself, and the individual–organization interface. As illustrated here, these areas are highly interrelated. Thus, although it is possible to focus on only one of these areas at a time, a complete understanding of organizational behavior requires knowledge of all three areas.



organizational developments. The organization, in turn, is affected by the presence and eventual absence of the individual. Clearly, then, managers must also consider how the individual and the organization interact. Thus, the consultant studying turnover at The Home Depot might next look at the orientation procedures and initial training for newcomers to the organization. The goal of this phase of the study would be to understand some of the dynamics of how incoming individuals are introduced to and interact with the broader organizational context.

An organization, of course, exists before a particular person joins it and continues to exist after he or she leaves. Thus, the organization itself represents a crucial third perspective from which to view organizational behavior. For instance, the consultant studying turnover would also need to study the structure and culture of The Home Depot. An understanding of factors such as a firm's performance evaluation and reward systems, its decision-making and communication patterns, and the structure of the firm itself can provide added insight into why some people choose to leave a company and others elect to stay.

Clearly, then, the field of organizational behavior is both exciting and complex. Myriad variables and concepts accompany the interactions just described, and together these factors greatly complicate the manager's ability to understand, appreciate, and manage others in the organization. They also provide unique and important opportunities to enhance personal and organizational effectiveness.

**The Importance of Organizational Behavior**

The importance of organizational behavior may now be clear, but we should nonetheless take a few moments to make it even more explicit. Most people are raised and educated in organizations, acquire most of their material possessions from organizations, and die as members of organizations. Many of our activities are regulated by the various organizations that make up our governments. And most adults spend the better part of their lives working in organizations. Because organizations influence our lives so powerfully, we have every reason to be concerned about how and why those organizations function.

In our relationships with organizations, we may adopt any one of several roles or identities. For example, we can be consumers, employees, suppliers, competitors, owners, or investors. Since most readers of this book are either present or future managers, we will adopt a managerial perspective throughout our discussion. The study of



Carlos E. Santa Maria/Shutterstock.com

Southwest Airlines is consistently ranked among the most admired businesses in the United States. One key to Southwest's success is its commitment to hiring, training, rewarding, and retaining outstanding employees. Concepts and ideas from the field of organizational behavior reinforce many of the employment practices used at Southwest.

organizational behavior can greatly clarify the factors that affect how managers manage. Hence, the field attempts to describe the complex human context of organizations and to define the opportunities, problems, challenges, and issues associated with that realm.

The value of organizational behavior is that it isolates important aspects of the manager's job and offers specific perspectives on the human side of management: people as organizations, people as resources, and people as people. To further underscore the importance of organizational behavior to managers, we should consider this simple fact: Year in and year out, most of the firms on *Fortune's* list of the world's most admired companies have impeccable reputations for valuing and respecting the people who work for them.<sup>2</sup> Clearly, then, an understanding of organizational behavior can play a vital role in managerial work. To most effectively use the knowledge provided by this field, managers must thoroughly understand its various concepts, assumptions, and premises. To provide this foundation, we next tie organizational behavior even more explicitly to management and then turn to a more detailed examination of the manager's job itself.

## Organizational Behavior and Management

Virtually all organizations have managers with titles such as chief financial officer, marketing manager, director of public relations, vice president for human resources, and plant manager. But probably no organization has a position called "organizational behavior manager." The reason for this is simple: Organizational behavior is not a defined business function or area of responsibility similar to finance or marketing. Rather, understanding of organizational behavior provides a set of insights and tools that all managers can use to carry out their jobs more effectively.

An appreciation and understanding of organizational behavior helps managers better understand why others in the organization behave as they do. For example, most managers in an organization are directly responsible for the work-related behaviors of a certain set of other people—their immediate subordinates. Typical managerial activities in this realm include motivating employees to work harder, ensuring that employees' jobs are properly designed, resolving conflicts, evaluating performance, and helping workers set goals to achieve rewards. The field of organizational behavior abounds with models and research relevant to each of these activities.<sup>3</sup>

Unless they happen to be chief executive officers (CEOs), managers also report to others in the organization (and even the CEO reports to the board of directors). In dealing with these individuals, an understanding of basic issues associated with leadership, power and political behavior, decision making, organization structure and design, and organizational culture can be extremely beneficial. Again, the field of organizational behavior provides numerous valuable insights into these processes.

Managers can also use their knowledge of organizational behavior to better understand their own needs, motives, behaviors, and feelings, which will help them improve decision-making capabilities, control stress, communicate better, and comprehend how career dynamics unfold. The study of organizational behavior provides insights into all of these concepts and processes.

Managers interact with a variety of colleagues, peers, and coworkers inside the organization. An understanding of attitudinal processes, individual differences, group dynamics, intergroup dynamics, organizational culture, and power and political behavior can help managers handle such interactions more effectively. Organizational behavior provides a variety of practical insights into these processes. Virtually all of the insights into behavioral processes already mentioned are also valuable in interactions with people outside the organization—suppliers, customers, competitors, government officials, representatives of citizens' groups, union officials, and potential joint-venture partners. In addition, a special understanding of the environment, technology, and global issues is valuable. Again, organizational behavior offers managers many different insights into how and why things happen as they do.

Finally, these patterns of interactions hold true regardless of the type of organization. Whether a business is large or small, domestic or international, growing or stagnating, its managers perform their work within a social context. And the same can be said of managers in health care, education, and government, as well as those in student organizations such as fraternities, sororities, and professional clubs. We see, then, that it is essentially impossible to understand and practice management without considering the numerous areas of organizational behavior. Further, as more and more organizations hire managers from other countries, the processes of understanding human behavior in organizations will almost certainly grow increasingly complex. We now address the nature of the manager's job in more detail before returning to our primary focus on organizational behavior.

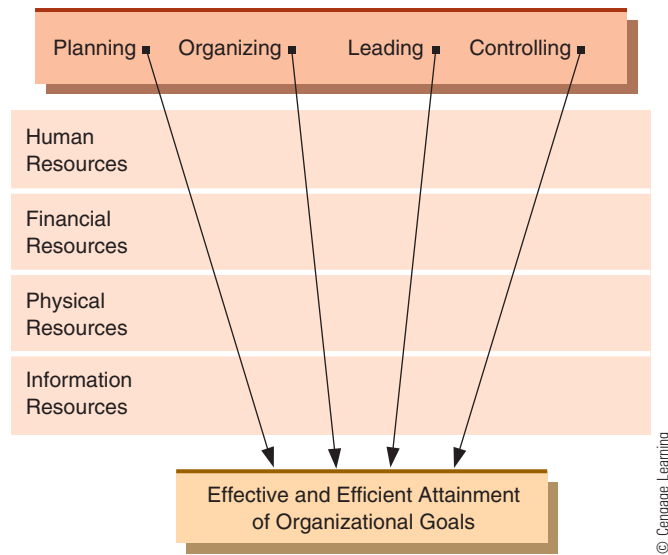
## ORGANIZATIONAL BEHAVIOR AND THE MANAGEMENT PROCESS

Managerial work is fraught with complexity and unpredictability and enriched with opportunity and excitement. However, in characterizing managerial work, most educators and other experts find it useful to conceptualize the activities performed by managers as reflecting one or more of four basic functions. These functions are generally referred to as *planning*, *organizing*, *leading*, and *controlling*. While these functions are

FIGURE 1.2

**Basic Managerial Functions**

Managers engage in the four basic functions of planning, organizing, leading, and controlling. These functions are applied to human, financial, physical, and information resources with the ultimate purpose of efficiently and effectively attaining organizational goals.



© Cengage Learning

often described in a sequential manner, in reality, of course, most managerial work involves all four functions simultaneously.

Similarly, organizations use many different resources in the pursuit of their goals and objectives. As with management functions, though, these resources can also generally be classified into four groups: *human*, *financial*, *physical*, and/or *information* resources. As illustrated in Figure 1.2, managers combine these resources through the four basic functions, with the ultimate purpose of efficiently and effectively attaining the goals of the organization. That is, the figure shows how managers apply the basic functions across resources to advance the organization toward its goals.

**Planning** is the process of determining an organization's desired future position and the best means of getting there.

**Planning**, the first managerial function, is the process of determining the organization's desired future position and deciding how best to get there. The planning process at Sears, for example, includes studying and analyzing the environment, deciding on appropriate goals, outlining strategies for achieving those goals, and developing tactics to help execute the strategies. Behavioral processes and characteristics pervade each of these activities. Perception, for instance, plays a major role in environmental scanning, and creativity and motivation influence how managers set goals, strategies, and tactics for their organization. Larger corporations such as Walmart and Starbucks usually rely on their top management teams to handle most planning activities. In smaller firms, the owner usually takes care of planning.

**Organizing** is the process of designing jobs, grouping jobs into units, and establishing patterns of authority between jobs and units.

The second managerial function is **organizing**—the process of designing jobs, grouping jobs into manageable units, and establishing patterns of authority among jobs and groups of jobs. This process produces the basic structure, or framework, of the organization. For large organizations such as Apple and Toyota, that structure can be extensive and complicated. The structure includes several hierarchical layers and spans myriad activities and areas of responsibility. Smaller firms can often function with a relatively simple and straightforward form of organization. As noted earlier, the processes and characteristics of the organization itself are a major theme of organizational behavior.

**Leading** is the process of getting the organization's members to work together toward the organization's goals.

**Leading**, the third major managerial function, is the process of motivating members of the organization to work together toward the organization's goals. An Old Navy store manager, for example, must hire people, train them, and motivate them. Major components of leading include motivating employees, managing group dynamics, and the actual process of leadership itself. These are all closely related to major areas of

**Controlling** is the process of monitoring and correcting the actions of the organization and its members to keep them directed toward their goals.

organizational behavior. All managers, whether they work in a huge multinational corporation spanning dozens of countries or in a small neighborhood business serving a few square city blocks, must understand the importance of leading.

The fourth managerial function, **controlling**, is the process of monitoring and correcting the actions of the organization and its people to keep them headed toward their goals. A manager at Best Buy has to control costs, inventory, and so on. Again, behavioral processes and characteristics are a key part of this function. Performance evaluation, reward systems, and motivation, for example, all apply to control. Control is of vital importance to all businesses, but it may be especially critical to smaller ones. Walmart, for example, can withstand with relative ease a loss of several thousand dollars due to poor control, but an equivalent loss may be devastating to a small firm.

## ORGANIZATIONAL BEHAVIOR AND THE MANAGER'S JOB

As they engage in the basic management functions previously described, managers often find themselves playing a variety of different roles. Moreover, to perform their functions most effectively and to be successful in their various roles, managers must also draw upon a set of critical skills. This section first introduces the basic managerial roles and then describes the core skills necessary for success in an organization.

### Basic Managerial Roles

In an organization, as in a play or a movie, a role is the part a person plays in a given situation. Managers often play a number of different roles. In general, as summarized in Table 1.1, there are ten basic managerial roles, which cluster into three general categories.<sup>4</sup>

CATEGORY	ROLE	EXAMPLE
<b>Interpersonal</b>	Figurehead	Attend employee retirement ceremony
	Leader	Encourage workers to increase productivity
	Liaison	Coordinate activities of two committees
<b>Informational</b>	Monitor	Scan <i>Business Week</i> for information about competition
	Disseminator	Send out memos outlining new policies
	Spokesperson	Hold press conference to announce new plant
<b>Decision-Making</b>	Entrepreneur	Develop idea for new product and convince others of its merits
	Disturbance handler	Resolve dispute
	Resource allocator	Allocate budget requests
	Negotiator	Settle new labor contract