Organizational Behavior

Managing People and Organizations

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Managing People and Organizations

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RICKY W. GRIFFIN
Texas A&M University

GREGORY MOORHEAD
Emeritus, Arizona State University

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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

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- **DVD for Organizational Behavior (ISBN-10: 1435462076 | ISBN-13: 9781435462076)**
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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

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Northeastern University

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Southeastern Oklahoma State University

JON W. BEARD,
Purdue University

MARY-BETH BERES,
Mercer University Atlanta

RONALD A. BIGONESS,
Stephen F. Austin State University

ALLEN BLUEDORN,
University of Missouri Columbia

KRISTEN BOHLANDER,
Eckerd College

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University of Colorado Boulder

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THOMAS W. DOUGHERTY,
University of Missouri–Columbia

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Detroit College of Business

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Austin Community College

MAUREEN J. FLEMING,
The University of Montana—Missoula

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Slippery Rock University

AHMAD TOOTOONCHI,
Frostburg State University

MATTHEW VALLE,
Troy State University at Dothan

LINN VAN DYNE,
Michigan State University

An Overview of Organizational Behavior

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

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?

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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 (OB) is the study of human behavior in organizational settings, of the interface between human behavior and the organization, and of the organization itself.[1] 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

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

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.

Environment

Human Behavior in Organizational Settings

The Individual–Organization Interface

The Organization

Environment

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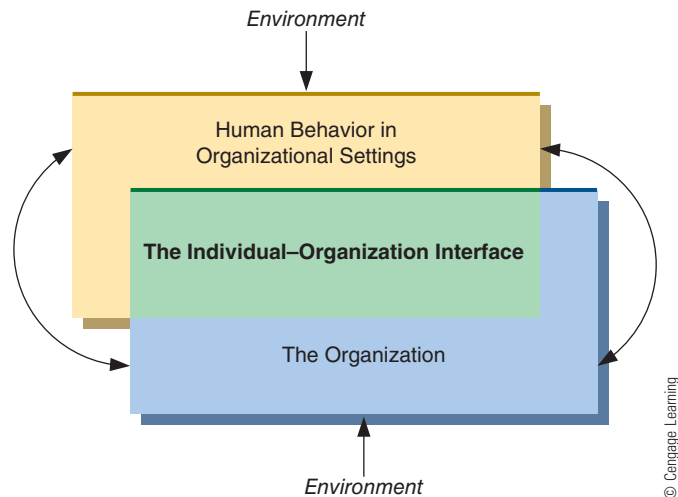
organizational developments. The organization, in turn, is affected by the presence and eventual absence of the individual. Clearly, then, managers must also consider how the individual and the organization interact. Thus, the consultant studying turnover at The Home Depot might next look at the orientation 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

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.[2] 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.[3]

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.

Planning   Organizing   Leading   Controlling

Human Resources

Financial Resources

Physical Resources

Information Resources

Effective and Efficient Attainment of Organizational Goals
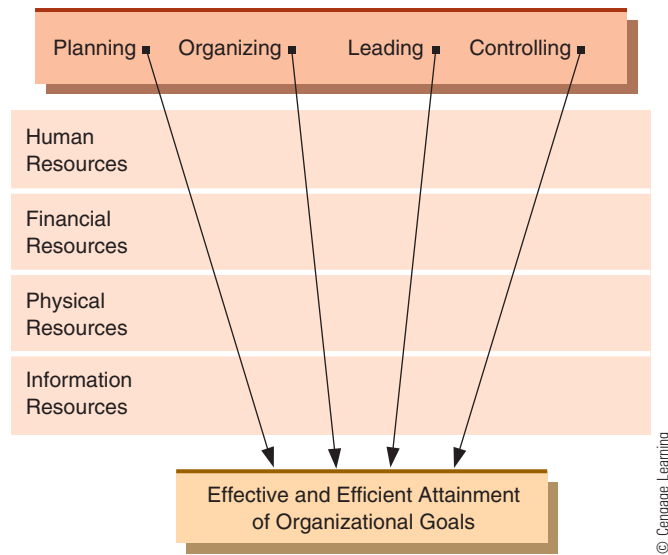
often described in a sequential manner, in reality, of course, most managerial work involves all four functions simultaneously.

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

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.

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

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.[4]

Table 1.1	Important Managerial Roles	
CATEGORY	**ROLE**	**EXAMPLE**
Interpersonal	Figurehead	Attend employee retirement ceremony
	Leader	Encourage workers to increase productivity
	Liaison	Coordinate activities of two committees
Informational	Monitor	Scan *Business Week* for information about competition
	Disseminator	Send out memos outlining new policies
	Spokesperson	Hold press conference to announce new plant
Decision-Making	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

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