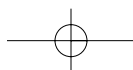
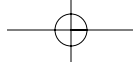


PART ONE

Environmental and Organizational Context

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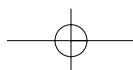
Consulting Best Practices

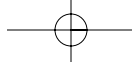
Beside the chapter opening “Best Practice Leader’s Advice,” another component of the best practice theme of this text are these part opening “Consulting Best Practices.” The fast-growing, world-famous Gallup Organization provides its overall perspective and representative practices for each text part. Gallup is the recognized world leader in the measurement and analysis of human attitudes, opinions, and behavior. Best known for the Gallup Poll, in 1968 Dr. Donald Clifton founded Selection Research Inc. (SRI), which acquired the polling firm over 15 years ago to form today’s Gallup Organization. Although the poll is still an important part, most of Gallup’s work is providing consulting services to the world’s (about 25 international offices) largest firms. About half the Fortune 50 firms have been or are Gallup clients and include such well-known firms as Best Buy, Blockbuster, Citigroup, Delta Air Lines, Fidelity, Marriott, Searle, Sears, Swissotel, and Toyota, to name but a few. The details and depth of Gallup’s consulting practices can be found in the best-selling books First, Break All the Rules (Simon & Schuster, 1999) authored by Gallup Practice Leaders Marcus Buckingham and Curt Coffman and Now, Discover Your Strengths (The Free Press, 2001) by Buckingham and Donald Clifton. All the part opening Gallup perspectives for this text are written by Dr. Dennis Hatfield, a Gallup Senior Analyst, with some input by this author (Luthans, who in addition to his University of Nebraska position is a Gallup Senior Research Scientist). The following gives an introductory overview of the Gallup approach, and the other openers are more directly concerned with the theme of the respective part.

An Introduction to the Gallup Approach

Gallup’s approach to organizational consulting is built at the intersection of two disciplines, which are related, but seldom combined. Starting from one methodological “end” of the research spectrum, essentially sociological approaches are utilized to address research and practice questions related to brand, customer satisfaction and loyalty, and market characteristics. These methods, similar to our work in polling, allow us broad but highly accurate descriptions of the dynamics affecting brand and market. Although they do not allow the specificity of a particular “who,” they do yield a vivid, relevant description of what is going on within the market, and what to do about it.

From the other “end” of the spectrum, Gallup has also been studying the talent of individuals for decades. In this methodology, we study top performers (objectively measured) in various roles. By discriminating the range of talent that correlates to excellent performance, we are able to help organizations place and develop individuals in optimal career trajectories, “growing them” according to their unique talents. Because talent is a pervasive human phenomenon, gender, age, culture, and other inclusiveness





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issues can be handled in a nondiscriminatory way. And because talent is precursor to acquisition of skills and competencies, focusing on talents significantly enhances an individual's career and the client organization's succession planning.

Gallup's Great Place to Work

Despite the importance of both the sociological and individual perspectives, Gallup believes it is the intersection of these two that is most important for organizations. We call it the "great place to work." As described in Buckingham and Coffman's *First, Break All the Rules*, Gallup consultants use the Q12® to provide a measure of the extent to which individuals are rightly placed and rightly managed, creating the great place to work. These Q12® questions are: (1) Do I know what is expected of me at work? (2) Do I have the materials and equipment I need to do my work right? (3) At work, do I have the opportunity to do what I do best every day? (4) In the last seven days have I received recognition or praise for good work? (5) Does my supervisor, or someone at work, seem to care about me as a person? (6) Is there someone at work who encourages my development? (7) At work, do my opinions seem to count? (8) Does the mission/purpose of my company make me feel like my work is important? (9) Are my coworkers committed to doing quality work? (10) Do I have a best friend at work? (11) In the last six months, have I talked with someone about my progress? (12) At work, have I had opportunities to learn and grow? (See Buckingham and Coffman, 1999, p. 28.)

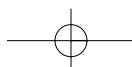
Within thousands of business units, Gallup has found a strong significant relationship between these Q12® employee survey measures and key business performance outcomes: profit, productivity, retention, and customer satisfaction and loyalty. The right fit of talent and the right management of that talent has also been found to correlate with brand, productivity, profitability, and even specific areas such as safety.

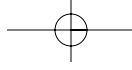
The Gallup Path ®

Gallup sees its primary contribution to the engagement of organizational behavior lying along the Gallup Path ®. Having "linked" the steps of this path to the previously mentioned business performance outcomes, we describe it in terms of nine related "steps" or practices. We see the steps of the Path as: (1) identify strengths of individuals, (2) put them in a role of "right fit," (3) provide great managers, (4) provide a *great place to work*, and then have, (5) engaged associates, (6) loyal customers, (7) sustainable growth, (8) real profit increase, and (9) stock value increase. Although other dynamics of organizational behavior can and should be given attention and nurtured, Gallup focuses on these because of their clearly demonstrated connection to business performance outcomes, the localized, actionable measure the Q12® methodology provides, and the "linkage" of instruments and education used to support leaders in their organizational needs.

Examples of Gallup Best Practices in Action

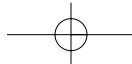
Among Gallup's hundreds of clients are world-class global manufacturing companies based in both Asia and Europe. One of the Asian clients had built its North American

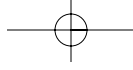




success on product quality, assuming that customer loyalty would follow. In the absence of these results, and under pressure to find a way to increase the speed of effective management decision making, Gallup worked with them to help build a “great place to work.” As discussed in *First, Break All the Rules*, we helped them identify their most effective managers. These best managers were trained to build a great place to work and given associated measures to enable self-awareness of increasingly effective performance. These managers were developed to also think of themselves and others in terms of their strengths. Teams and practices of delegation and positioning were pursued in a way that took the talents of all individuals into account. The performance of “best fit” managers, in terms of strengths and talents, was significantly higher from the outset. In response to the Gallup training, the continued measurement shows significantly increased productivity, retention, and customer satisfaction.

In another example, a global European-based organization came to Gallup because of public confusion between two of its brands and some negative or ambivalent association with its lead brand in particular. In addition to helping them think about some of the usual strategic marketing and brand interventions, we also went into the organization itself. There we focused on the talent of the people in the organization. Leaders were amazed and delighted when we were able to show them that who is in the company, in terms of talent, has a brand effect, even when there is no direct contact between those associates and the customer. It would possibly have been more common to look only at their practices or competencies and then impose them on the lower groups. This more typical approach, however, overlooks the important question of how people impact outcome. It also misses the obvious issues that low performers are less likely to effectively implement the practices of the “stars,” anyway. Of course it can help to know best practice. But best practice and desired competencies must be kept in conjunction with “best people,” in terms of talent. This client is dealing with its brand and market challenges, in part by getting the right talent in place to support the brand. In summary, a key to the Gallup approach is that “best people” are where “best practices” come from.





CHAPTER 1

Introduction to Organizational Behavior

Learning Objectives

Provide an overview of the major challenges and the paradigm shift facing management now in the twenty-first century.

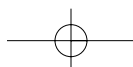
Outline an organizational behavior perspective for today's management.

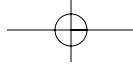
Summarize the Hawthorne studies as the starting point of modern organizational behavior.

Explain the methodology that is used to accumulate knowledge and facilitate understanding of organizational behavior.

Relate the various theoretical frameworks that serve as a foundation for a model of organizational behavior.

Present the social cognitive model of organizational behavior that serves as the conceptual framework for the text.





Starting with Best Practice Leaders' Advice

The “Odd Couple” General Electric CEO Jack Welch and Sun Microsystems CEO Scott McNealy on the Interface Between the “New” and the “Old” Economy

Although recently retired, during Jack Welch's over 20 years of running General Electric, he became the most respected company leader of the “old” economy. GE, which has reinvented itself for the new economy under Welch's leadership, has hundreds of thousands of employees, with a diversity of businesses ranging from broadcasting to jet engines to credit cards to consumer electronics to lightbulbs. Sun Microsystems, with its double digit thousands of employees and CEO, Scott McNealy, represent the “new” economy. They manufacture computers that undergrid the Internet and are one of the elite companies that has helped create an information and communications infrastructure that supports a whole new way of doing business. These two friends and very successful CEOs will tell you that there's a lot to learn from each other's experience, as the new paradigm of business meets the old.

Q1: Four years ago, Jack was standing at the podium with Intel's Andy Grove at a Fortune 500 CEO Forum in San Francisco, and he basically told everyone, “I don't have a computer in my office, and I don't need a computer.” Obviously Scott comes from a different place. Eight years ago he was presciently saying that e-mail is a killer application for business and spouting the slogan “The network is the computer.” You guys are coming from two completely different places, and two dramatically different generations.

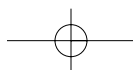
Welch: So I'm basically the Neanderthal?

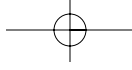
McNealy: . . . among other things . . .

Welch: And this dynamite stud has had the thing going for years. Is that what this [interview] is all about?

Q2: No, it's more that your two worlds are converging, and your growing friendship is highly symbolic. Scott's on the GE board now, and he's obviously a new kind of character for that body. And in the meantime you have transformed into “e-Jack,” spurring GE to become a leader among traditional old-economy companies in embracing the Internet. When did you first use e-mail?

Welch: I'd say 24 months ago. My wife had a major impact on my game. She was all over this computer stuff. Having a second wife 17 years younger than you can get you in the game faster. I wouldn't advise that technique for everyone, but it worked for me.





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McNealy: Must've been 1982, when we set up shop at Sun.

Q5: How many e-mails a day do you get?

McNealy: I get 200 or 300. I've got five direct reports right now, but I also have e-mail conversations going regularly with probably two-thirds of Sun's VPs, of which there are about 120.

Welch: I get 40 to 50. I have about 20 to 25 direct reports, but I use e-mail to reach down into the organization, too. I just got an e-mail this afternoon from the fellow who is running our Spanish plastics factory. He's been having some start-up difficulties in the past few months, and he was giving me the weekly progress report.

Q6: Jack, GE has a "geek mentoring" program in which 1,000 Internet-savvy employees work closely with senior managers one-on-one to show them the ropes of using the Internet. What role did that play in helping you get comfortable with the Internet?

Welch: Don't call them geeks. They are 1,000 young people who were relatively new to the company but who were very good on the Web. It was an idea I copied from one of our guys in Europe who kept telling me about "his mentor." This was the president of an insurance company, and I wondered, what did he need with a mentor? Then he explained that he spent two or three hours with his mentor every week to learn the computer.

What we did with this was tip the organization upside down so the senior people are all working with somebody junior. So we get all the benefits and transparency of an upside-down organization. These guys all had mentors, they came in and did the stuff, and they learned a lot about new people, too.

Q7: So what exactly do you do on the Web now?

Welch: Besides e-mail, I look at financial services Websites. I go to Yahoo. I go to chat rooms and see what they're saying about GE. I'm tempted to jump in, but I don't. I go on almost every night to see what the gossip is. I go to the CNBC site, too.

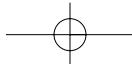
McNealy: You know, the Internet is really three things: First, it is messaging—namely, e-mail. Second, it's a medium for transactions. Now everybody is all geeked up about business-to-business, auctioning, and other online transactions and trading. Third, it is becoming an entertainment medium. These are all quite distinct activities. You go to Amazon, E*Trade, or eBay to transact; you go to Disney's Go.com to be entertained. Me, I'm almost entirely messaging-oriented, so e-mail is what the Net is to me.

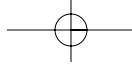
Q8: Where do you think we are as an economy as far as e-business goes?

Welch: First inning.

Q9: And GE is out front? Catching up? Way behind?

Welch: Against our competitive playing field, we're ahead of the game. Against an absolute standard, we're behind the game.





Q10: You're a GE director now, Scott. What's your appraisal of how GE is faring on the Net?

McNealy: I usually entitle my speeches "You're All Hopelessly Behind Dot-Comming Your Businesses." And after I get everybody depressed, I tell the old "60-foot-tall-Internet-bear-in-the-woods" story, which goes like this: There's this big Internet grizzly charging down the path at you. So you stop and put on your tennis shoes so you can run faster. That's sort of what Jack's doing at GE. A competitor might warn that there's no way GE can outrun that bear, and that may be true. But Jack's reply to him should be, "I don't have to outrun the bear, I just have to outrun you." And I would say that GE very clearly is outrunning the other traditional hikers in its businesses. The fastest elephant is a very good thing to be.

But at the same time, you have to worry about death by a thousand cuts, which is also what the Internet is all about. There's not going to be one big thunderbolt that kills you. If you don't dot.com your business, if you don't put your employees online, if you don't put your customers online, if you don't put your service data online, each one of those things will come back to get you. Most of these thousand cuts are self-inflicted.

As a GE board member, one of my jobs is to yell, "Fire!" Because the whole economy is on fire, in every way you can imagine. But it's not a big bonfire, it's lots of tiny Bic lighters everywhere.

Q11: So, Scott, what are you learning from Jack?

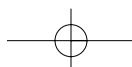
McNealy: Jack has seen a movie I haven't seen. All of a sudden we're at 37,000 employees, we're growing at 20 percent-plus growth rates. . .the kinds of things that Jack has done, I'm beginning to have to deal with. It's a vast organization. You can't just call everyone into the lunchroom and stand on a chair and tell them, "Here's plan B." That's what I used to do.

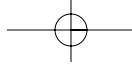
It's a very, very different process. Jack has developed a learning organization that can spin on a dime, because he's got these black-belt, Green Beret-type folks infiltrated throughout the organization. So when the word comes down that this is the new initiative, away they go.

The other thing fantastic that Jack has done that I'm trying to do at Sun has to do with this: The bigger the boat gets, the more crisp, clear, and sparing you need to be about picking strategies and ideas to pursue. For GE, globalization was one, building a boundaryless organization was another, product service was another, Six Sigma quality, and now the Web. There have been just five companywide initiatives in Jack's whole career. My folks will tell you that I've got five initiatives per meeting.

So one thing I'm learning to do is to step back from spewing an idea a minute to focus on driving higher-level issues. For us, that's things like chip development, or availability as opposed to quality. I'm going to pick very few fights going forward, and I'm going to win them. That's the best thing I've learned from Jack.

All the speculation and speeches about launching into the new millennium have come and gone. Now trying to effectively manage 21st century organizations has become the harsh reality. Ask anyone today—management professors, practitioners, or students—what the major challenges are in this new environment, the answer will be very consistent: advanced information technology and globalization. As an afterthought, managing





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diversity and trying to solve ethical problems and dilemmas may also be mentioned. These are unquestionably major issues facing the management of today's organizations and are given major attention in this text. However, the field of organizational behavior in general, and the basic premise and assumptions of this text in particular, is that managing the people—the human resources of an organization—have been, are, and will continue to be, *the* major challenge and critical competitive advantage.

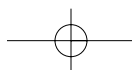
Information technology, globalization, diversity, and ethics serve as very important environmental or contextual dimensions for organizational behavior. However, as Sam Walton, the founder of Wal-Mart and richest person in the world when he died, declared to this author over lunch several years ago when asked what was the answer to successful organizations—“People are the key!” The technology can be purchased and copied, it levels the playing field. The people, on the other hand, cannot be copied. Although human bodies may be cloned in the future, their ideas, personalities, motivation, and organization cultural values cannot be copied. Becoming recognized as “human capital”¹ or “intellectual capital,”² the human resources of an organization and how they are managed represent the competitive advantage of today's and tomorrow's organizations.³ As the ultimate “techie” Bill Gates astutely observed: “The inventory, the value of my company, walks out the door every evening.”

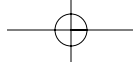
Interestingly, whereas the technology dramatically changes, sometimes monthly or even weekly, the human side of enterprise has not and will not change that fast. As recently noted by well-known international management scholar Geert Hofstede, “Because management is always about people, its essence is dealing with human nature. Since human nature seems to have been extremely stable over recorded history, the essence of management has been and will be equally stable over time.”⁴ The nature of work and the workplace itself,⁵ the traditional employment contract,⁶ and the composition of the workforce⁷ are all dramatically changing and given attention in this text. Yet, the overriding purpose of the first edition, now 30 years ago, of trying to better understand and effectively manage human behavior in organizations remains the essence of this ninth edition.

This introductory chapter gives the perspective, background, methodology, and approach to the field. After a brief discussion of the current environmental challenges and the paradigm shift facing management, the historical background is touched on. Particular attention is given to the famous Hawthorne studies, which are generally recognized to be the beginning of the systematic study and understanding of organizational behavior. Next, an overview of the methodology used in the scientific study of organizational behavior is given. The chapter concludes by defining exactly what is involved in organizational behavior and by providing a conceptual model for the rest of the text.

THE CHALLENGES FACING MANAGEMENT

The academic field of organizational behavior has been around for at least the past thirty years. However, as the accompanying OB in Action: “Some Things Never Really Change” clearly indicates, problems facing managers of human organizations have been around since the beginning of civilization. This case, with but a few word changes, is taken from the Old (not New) Testament of the Bible (Exodus 18:13–27), recognized by the Jewish, Christian, and Islam religions. The case took place over 3,000 years ago, the charismatic leader was Moses (when he led his people from Egypt to Palestine), the well-known consultant was Jethro, Moses' father-in-law, and the higher authority was God. Embedded in the case are many topics covered in this text—for example, charismatic leadership, management of conflict, empowerment, management of change, and nonfinancial incentives.





OB IN ACTION:

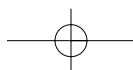
Some Things Never Really Change

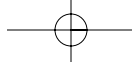
A powerful, charismatic leader is having problems. A well-known consultant is called in to help. The consultant notices that the leader tries to handle all problems and conflicts of his people himself. People queue up before his office; because he is overwhelmed, he cannot handle all the business. So the consultant has a private talk with the leader and tells him to structure his organization by delegating authority, empowering subordinates to handle the workload. These subordinates should be selected not only on their leadership abilities, but also on their character: They should be truthful, not driven by material gain. The new structure should resolve all daily issues at the lowest possible level; only the big and difficult issues should be brought before the leader. He should focus on strategy—on dealing with the higher authority, on establishing new approaches and teaching these to the people, on showing them the way to go and the work to be done. The case states that the leader listens to the consultant and carries out the reorganization which is a success, and the consultant returns home.

Although the problems with human organizations and the solution over the ages have not really changed that much, the emphasis and surrounding environmental context certainly have changed. For example, in the 1980s and 1990s managers were preoccupied with restructuring their organizations to improve productivity and meet the competitive challenges in the international marketplace and quality expectations of customers. Although the resulting “lean and mean” organizations offered some short-run benefits in terms of lowered costs and improved productivity, if they continued to do business as usual they would not be able to meet current or future challenges. As a recent *Harvard Business Review* article argues, “These are scary times for managers.”⁸ The singular reason given for these frightening times—the increasing danger of disruptive change. Consider the following changes in the nature of work:

- The technological and human components of work are inextricably blended.
- Jobs are less tightly defined and programmed.
- Contingent workers comprise a significant proportion of the workforce.
- Customers influence the work that is performed within the organization and the standards applied to evaluating that work.
- Teams rather than individuals produce the basic units of work.
- Organizational charts fail to capture the networks of influence and relationships that characterize the workplace.⁹

All of these points represent disruptive change and require new thinking and new ways of managing. Take the disappearance of tightly defined and programmed jobs. The tendency is to think that this may be happening in the dot-com firms such as Amazon, but not in the mainline companies such as 60-year-old Koch Industries based in Wichita, Kansas, which is into chemicals, agriculture, financial services, and oil and gas. Yet the head of the Human Resources Department at Koch recently noted that they no longer use the old approach of a complex system of job classifications, pay grades, promotional charts, and job descriptions. Why doesn't either Amazon or Koch





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Industries have defined jobs? Because the nature of work is changing so rapidly that rigid job structures impede the work to be done now, and that may drastically change the following year, month, or even week.¹⁰

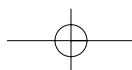
The “nonjob” environment and the other points previously listed are already the reality for most organizations. The following changes may not yet be as common, but few would argue that this is a representative look at the workplace in the not-too-distant future:

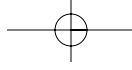
- Knowledge workers will not have a traditional contractual relationship with employers. Instead, they will rent their professional skills and knowledge on a “freelance” basis to different companies at different times.
- The corporate headquarters will evolve into “heart centers,” where emotional intelligence fuels creativity, innovation, and an enterprising spirit.
- Downsizing, upsizing, rightsizing, growth, and stabilization all will be welcome forms of “sizing” companies. People will have coping mechanisms that prepare them for any shift.
- In the 24/7 global environment, productivity will be driven by speed and efficiency rather than the number of staff hours dedicated to a project.
- Internet-speed workplaces will radically transform the world of work, making work across multiple time zones and irregular schedules more and more common.
- People won’t work for organizations where they don’t get a share of the profits and where work/life balance is not a given.
- Companies will no longer decide which benefits an employee needs. Instead, employees will log on to their company’s website to customize their benefits programs.
- People will feel an increasing ownership of their destinies, lives, and careers. “Living skills” will be just as important as “professional skills.”
- The boundaries between work and school will blur. Learning will be centered more around professions and trades, and there will be more mentor/apprentice relationships, with Internet-based coaching provided by people one has never met.
- A digital divide will emerge, separating employees who are tech-savvy and those who aren’t. Smart companies will invest more in human capital and become virtual universities to narrow the gap.
- The *Fortune* list of companies will become less of an economic force. There will be new forms of stock trading, where businesses will be valued according to their contributions to the local and global communities.¹¹

This new environment is disruptive, discontinuous change. It represents a new paradigm, a new way of thinking about the workplace.

UNDERGOING A PARADIGM SHIFT

The term *paradigm* comes from the Greek *paradeigma*, which translates as “model, pattern, or example.” First introduced years ago by the philosophy of science historian Thomas Kuhn,¹² the term *paradigm* is now used to mean a broad model, a framework, a way of thinking, or a scheme for understanding reality.¹³ In the words of popular futurist Joel Barker, a paradigm simply establishes the rules (written or unwritten), defines the boundaries, and tells one how to behave within the boundaries to be successful.¹⁴ The impact of internationalization, information technology, diversity, and ethics given detailed attention in the next two chapters and a workforce recently described as a “blend of traditionally trained baby boomers, in-your-face Gen Xers, people with inadequate literacy skills from disadvantaged areas, and techies raised on computers,”¹⁵





has led to a paradigm shift. In other words, for today's and tomorrow's organizations and management, there are new rules with different boundaries requiring new and different behavior inside the boundaries for organizations and management to be successful.

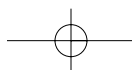
Those who study paradigm shifts, such as the shift that took place in the basic sciences from deterministic, mechanistic Cartesian-Newtonian to Einstein's relativity and quantum physics, note that "real controversy takes place, often involving substantial restructuring of the entire scientific community under conditions of great uncertainty."¹⁶ Commonly called the "paradigm effect," a situation arises in which those in the existing paradigm may not even see the changes that are occurring, let alone reason and draw logical inferences and perceptions about the changes. This effect helps explain why there is considerable resistance to change and why it is very difficult to move from the old economy and management paradigm to the new. There is discontinuous change in the shift to the new paradigm. As one observer of the needed 21st-century organization noted:

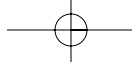
The depth of change required demands that those charged with charting a passage through hurricane-like seas do more than run up a new set of sails. What is involved equates to a quantum shift in, not just learning, but how we learn; not just doing things differently, but questioning whether we should be doing many of the things we currently believe in, at all; not just in drawing together more information but in questioning how we know what it is (we think) we know.¹⁷

This text on organizational behavior has the goal of helping today's and tomorrow's managers make the transition to the new paradigm. Some of the new paradigm characteristics include Chapter 2's coverage of information technology and globalization, Chapter 3's description of and suggestions for managing diversity and ethics, Chapter 4 on the organizational context of design and culture, and Chapter 5 on reward systems. The new paradigm sets the stage for the study, understanding, and application of the time-tested micro cognitive processes (Chapters 6–9), dynamics (Chapters 10–14), and the final part on managing and leading for high performance (Chapters 15–18). However, before getting directly into the rest of the text, we must know why management needs a new perspective to help meet the environmental challenges and the shift to the new paradigm. We must gain an appreciation of the historical background, methodology, and theoretical frameworks that serve as the basis of this text's perspective and model for organizational behavior.

A NEW PERSPECTIVE FOR MANAGEMENT

How is management going to meet the environmental challenges and paradigm shift outlined above?¹⁸ Management is generally considered to have three major dimensions—technical, conceptual, and human. The technical dimension consists of the manager's functional expertise in accounting or engineering or marketing and increasingly in information technology. There seems little question that today's managers are competent in their functional specialization. When it comes to IT (information technology), although there has been and will be peaks and valleys in the dot-com firms and big high-tech firms, there is still a shortage of specialists and CIOs (chief information officers)¹⁹ or CKOs (chief knowledge officers)²⁰ now and in the foreseeable future in the United States and abroad.²¹ However, managers in general are beginning to close the learning gap on appreciating and understanding the role, if not the actual use, of electronic





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OB IN ACTION:

The Four Horsemen of the New Economy

Not so long ago, it was a lot simpler to get a sense of how tech companies were doing. In the mainframe era, IBM was the dominant manufacturer and the industry's guiding light. In the 1990s, Microsoft and Intel, which made the software and chips for virtually all personal computers, were the best gauge of high tech's health. While all three remain forces to be reckoned with, they no longer provide definitive guidance about the tech economy.

Meet the new bosses: the Four Horsemen of the New Economy. More than any other collection of companies, Oracle, Sun Microsystems, EMC, and Cisco Systems represent the building blocks of Net business. Chances are, every company moving online will buy a piece of hardware or software from one of these four giants. Cisco makes the routers that do the heavy lifting—shuttling a corporation's data to and from the Net. Sun sells the Web servers that produce millions of Web pages. EMC is the storage king that holds the sea of ones and zeroes that make up digital information. And Oracle makes the database and e-commerce software that enables companies to digitize catalogs, process transactions, and move businesses online.

Over the past year, the stocks of the Four Horsemen have been up and down. With these kinds of stock valuations, even modest missteps are penalized. But let's be clear about what happened: While Oracle missed one number by a slight margin, its overall performance remains strong. By taking its own operations online and streamlining its business processes, it boosted profitability substantially. This past quarter, Oracle drove its operating margins up to 29.1% from 17.4% in the prior year's quarter. What's more, revenues for fiscal 2001 are projected to rise 20% to about \$12 billion.

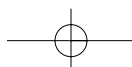
In the next six weeks, the three remaining Horsemen have experienced similar gyrations. How they perform should give a good indication of whether the current market turmoil is just a blip or a serious long-term problem. If Sun, EMC, and Cisco meet or exceed Wall Street's revenue growth expectations, the tech economy should remain strong. That should stabilize the queasy stock market. But if the four Horsemen miss their numbers, look out below.

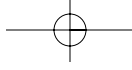
Certainly, the high-tech industry is more complex and quicksilver than ever. But, regardless of short-term market antics, the Four Horsemen currently are providing the best barometer of the New Economy.

technology. This is particularly true of the so-called "Four Horsemen" of the new economy (see the accompanying OB in Action). The urgency of this technology component of management was brought out in a humorous hypothetical memo that recently appeared in a *Business Week* special issue on "Electronic Business: A Survival Guide":

We have to get off our butts and get wired. Not just E-mail. Not just Web browsers or a Web site. I mean the big kahuna: electronic commerce. Our future depends on nothing less than transforming our company into a full-fledged E-business. Now. Or else we're roadkill.²²

So, although managers are certainly more aware and becoming competent in their functional/technical component, few today would question that, at least in the past, most practicing managers either ignored the conceptual and human dimensions of their jobs or made some overly simplistic assumptions.



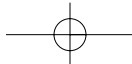


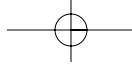
Following the assumptions that pioneering management scholar Douglas McGregor labeled many years ago as Theory X, most managers thought, and many still think, that their employees were basically lazy, that they were interested only in money, and that if you could make them happy, they would be high performers. When such Theory X assumptions were accepted, the human problems facing management were relatively clear-cut and easy to solve. All management had to do was devise monetary incentive plans, ensure security, and provide good working conditions; morale would then be high, and maximum productivity would result. It was as simple as one, two, three. Human relations experts, industrial psychologists, and industrial engineers supported this approach, and human resource managers implemented it.

Unfortunately, this approach no longer works with the current environmental demands under the new paradigm. Although no real harm has been done, and some good actually resulted in the early stages of organizational development, it is now evident that such a simplistic approach falls far short of providing a meaningful solution to the complex challenges.

The major fault with the traditional approach is that it overlooks and oversimplifies far too many aspects of the problem. Human behavior at work is much more complicated and diverse than is suggested by the economic-security-working-conditions approach. The new perspective assumes that employees are extremely complex and that there is a need for theoretical understanding backed by rigorous empirical research before applications can be made for managing people effectively. The transition has now been completed. The traditional human relations approach no longer has a dominant role in the behavioral approach to management. Few people would question that the organizational behavior approach, with its accompanying body of knowledge and applications, dominates the behavioral approach to management now and will do so in the foreseeable future. Unfortunately, still only a small minority of practicing managers and their organization cultures really buy into, fully implement, and then stick with a full-fledged organizational behavior, high-performance work practices approach to management.

Stanford professor Jeff Pfeffer has recently summarized the current status of the organizational behavior approach to real-world management as a “One-Eighth” situation.²³ and “The Knowing-Doing Gap.”²⁴ By “One-Eighth” he means that roughly half of today’s managers really believe and buy into the importance of the human side of enterprise and that the people are truly the competitive advantage of their organizations. Taken a step further, however, only about half of those who believe really do something about it. Thus, he says that only about one-fourth are fully implementing the high performance work practices (HPWPs) that flow from organizational behavior theory and research—such as, pay for performance, self-managed teams, 360 degree (multisource) feedback systems, and behavioral management. Most organizations have tried one or a few of the HPWPs emphasized in the chapters of Part 4 of this text, but only about a fourth fully implement the whole approach. So now we are down to one-fourth, where does the “One-Eighth” come from? Well, Pfeffer estimates that only about one-half of the one-fourth who implement the approach stick with it over time. Thus, only about one-eighth ($\frac{1}{2} \times \frac{1}{2} \times \frac{1}{2} = \frac{1}{8}$) of today’s organizations believe it, do it, stick with it (the “3 Its”). The so-called “One-Eighth Organizations” have as their organizational cultural values the importance of human capital and the techniques in place to carry it out over time. Importantly, as Pfeffer well documents in his book the *Human Equation*, these one-eighth organizations are world class, the best in the world—such as, General Electric, Southwest Airlines, Gallup, and AES (a global developer and operator of power plants).





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Today there is ample accumulated research findings and documented practices of the best firms to prove the value of the human factor. Pfeffer and Sutton felt compelled to try to explain why most managers today know this importance and how to implement the approach to improve organizational performance, but still are not doing it (i.e., *The Knowing-Doing Gap*). They identify five sources that seem to prevent the majority of managers from effective implementation and sustainability: (1) hollow talk, (2) debilitating fear, (3) destructive internal competition, (4) poorly designed and complex measurement systems, and (5) mindless reliance on precedent. They are convinced that if these obstacles (i.e., resistance to change) can be overcome, then “Competitive advantage comes from being able to do something others don’t do. When most companies are stuck talking about what should be done, those that get down to business and actually *do* will emerge as star performers.”²⁵ The purpose of this text is to present and translate what we know about organizational behavior and how to apply this knowledge. Hopefully, this will facilitate closing the gap with action. The starting point in any such journey should be with history and research methods.

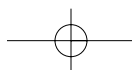
HISTORICAL BACKGROUND: THE HAWTHORNE STUDIES

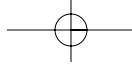
Most of today’s organizational behavior texts have dropped any reference to history. Yet, the position taken here is that history always has important lessons to teach, and as was recently brought out again, “It is an interesting phenomenon that that which is touted as fundamentally ‘new management practice’ is essentially the readapting of existing ‘old management truths’.”²⁶ There is no question that the early management pioneers, such as Henri Fayol, Henry Ford, Alfred P. Sloan, and even the scientific managers at the end of the 19th century such as Frederick W. Taylor, recognized the behavioral side of management. However, they did not emphasize the human dimension; they let it play only a minor role in comparison with the roles of hierarchical structure, specialization, and the management functions of planning and controlling. An example would be the well known Nobel prize-winning French engineer turned executive Henri Fayol.

About the time of World War I Fayol headed up what was at that time the largest coal-mining firm in Europe. Writing the generally considered first book about management, he emphasized that the purpose of the organization was to get the work done in specialized, machinelike functions. He did not emphasize that the organization is made up of people; it is not a machine. Yet, perhaps the most widely recognized management expert in modern times, Peter Drucker, has stated, “The organization is, above all, social. It is people.”²⁷ There were varied and complex reasons for the emergence of the importance of the organization as a social entity, but it is the famous Hawthorne studies that provide historical roots for the notion of a social organization made up of people and marks the generally recognized starting point for the field of organizational behavior.

The Illumination Studies: A Serendipitous Discovery

In 1924, the studies started at the huge Hawthorne Works of the Western Electric Company outside of Chicago. The initial illumination studies attempted to examine the relationship between light intensity on the shop floor of manual work sites and employee productivity. A test group and a control group were used. The test group in an early phase showed no increase or decrease in output in proportion to the increase or decrease of illumination. The control group with unchanged illumination increased output





by the same amount overall as the test group. Subsequent phases brought the level of light down to moonlight intensity; the workers could barely see what they were doing, but productivity increased. The results were baffling to the researchers. Obviously, some variables in the experiment were not being held constant or under control. Something besides the level of illumination was causing the change in productivity. This something, of course, was the complex human variable.

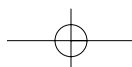
It is fortunate that the illumination experiments did not end up in the wastebasket. Those responsible for the Hawthorne studies had enough foresight and spirit of scientific inquiry to accept the challenge of looking beneath the surface of the apparent failure of the experiments. In a way, the results of the illumination experiments were a serendipitous discovery, which, in research, is an accidental discovery. The classic example of serendipity is the breakthrough for penicillin that occurred when Sir Alexander Fleming accidentally discovered green mold on the side of a test tube. That the green mold was not washed down the drain and that the results of the illumination experiments were not thrown into the trash can be credited to the researchers' not being blinded by the unusual or seemingly worthless results of their experimentation. The serendipitous results of the illumination experiments provided the impetus for the further study of human behavior in the workplace.

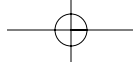
Subsequent Phases of the Hawthorne Studies

The illumination studies were followed by a study in the relay room, where operators assembled relay switches. This phase of the study tried to test specific variables, such as length of workday, rest breaks, and method of payment. The results were basically the same as those of the illumination studies: each test period yielded higher productivity than the previous one. Even when the workers were subjected to the original conditions of the experiment, productivity increased. The conclusion was that the independent variables (rest pauses and so forth) were not by themselves causing the change in the dependent variable (output). As in the illumination experiments, something was still not being controlled that was causing the change in the dependent variable (output).

Still another phase was the bank wiring room study. As in the preceding relay room experiments, the bank wirers were placed in a separate test room. The researchers were reluctant to segregate the bank wiring group because they recognized that this would alter the realistic factory environment they were attempting to simulate. However, for practical reasons, the research team decided to use a separate room. Unlike the relay room experiments, the bank wiring room study involved no experimental changes once the study had started. Instead, an observer and an interviewer gathered objective data for study. Of particular interest was the fact that the department's regular supervisors were used in the bank wiring room. Just as in the department out on the factory floor, these supervisors' main function was to maintain order and control.

The results of the bank wiring room study were essentially opposite to those of the relay room experiments. In the bank wiring room there were not the continual increases in productivity that occurred in the relay room. Rather, output was actually restricted by the bank wirers. By scientific management analysis—for example, time and motion study—the industrial engineers had arrived at a standard of 7312 terminal connections per day. This represented $2\frac{1}{2}$ equipments (banks). The workers had a different brand of rationality. They decided that 2 equipments was a “proper” day's work. Thus, $2\frac{1}{2}$ equipments represented the management norm for production, but 2 equipments was the informal group norm and the actual output. The researchers determined





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that the informal group norm of 2 equipments represented restriction of output rather than a lack of ability to produce at the company standard of $2\frac{1}{2}$ equipments.

Of particular interest from a group dynamics standpoint were the social pressures used to gain compliance with the group norms. The incentive system dictated that the more a worker produced, the more money the worker would earn. Also, the best producers would be laid off last, and thus they could be more secure by producing more. Yet, in the face of this management rationale, almost all the workers restricted output. Social ostracism, ridicule, and name-calling were the major sanctions used by the group to enforce this restriction. In some instances, actual physical pressure in the form of a game called “binging” was applied. In the game, a worker would be hit as hard as possible, with the privilege of returning one “bing,” or hit. Forcing rate-busters to play the game became an effective sanction. These group pressures had a tremendous impact on all the workers. Social ostracism was more effective in gaining compliance with the informal group norm than money and security were in attaining the scientifically derived management norm.

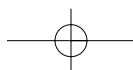
Implications of the Hawthorne Studies

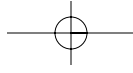
Despite some obvious philosophical,²⁸ theoretical,²⁹ and methodological limitations by today’s standards of research (which will be covered next), the Hawthorne studies did provide some interesting insights that contributed to a better understanding of human behavior in organizations.³⁰ For instance, one interesting aspect of the Hawthorne studies is the contrasting results obtained in the relay room and the bank wiring room. In the relay room, production continually increased throughout the test period, and the relay assemblers were very positive. The opposite was true in the bank wiring room; blatant restriction of output was practiced by disgruntled workers. Why the difference in these two phases of the studies?

One clue to the answer to this question may be traced to the results of a questionnaire administered to the subjects in the relay room. The original intent of the questions was to determine the health and habits of the workers. Their answers were generally inconclusive except that *all* the operators indicated they felt “better” in the relay test room. A follow-up questionnaire then asked about specific items in the test room situation. In discussions of the Hawthorne studies, the follow-up questionnaire results, in their entirety, usually are not mentioned. Most discussions cite the subjects’ unanimous preference for working in the test room instead of the regular department. Often overlooked, however, are the workers’ explanations for their choice. In order of preference, the workers gave the following reasons:

1. Small group
2. Type of supervision
3. Earnings
4. Novelty of the situation
5. Interest in the experiment
6. Attention received in the test room³¹

It is important to note that novelty, interest, and attention were relegated to the fourth, fifth, and sixth positions. These last three areas usually are associated with the famous Hawthorne effect. Many social scientists imply that the increases in the relay room productivity can be attributed solely to the fact that the participants in the study were given special attention and that they were enjoying a novel, interesting experience. This is labeled the *Hawthorne effect* and is, of course, a real problem with all human





experimental subjects. But to say that all the results of the relay room experiments were due to such an effect on the subjects seems to ignore the important impact of the small group, the type of supervision, and earnings. All these variables (that is, experimental design, group dynamics, styles of leadership and supervision, and rewards), and much more separate the old human relations movement and the modern approach to the field of organizational behavior. So do the refinement and fine-tuning of the research methodology used to accumulate meaningful knowledge about organizational behavior.

RESEARCH METHODOLOGY

The understanding and effective application of organizational behavior depends on a rigorous research methodology. The search for the truth of why people behave the way they do is a very delicate and complex process. In fact, the problems are so great that many scholars, chiefly from the physical and engineering sciences, argue that there can be no precise science of behavior. They maintain that humans cannot be treated like chemical or physical elements; they cannot be effectively controlled or manipulated. For example, the critics state that, under easily controllable conditions, 2 parts hydrogen to 1 part oxygen will always result in water and that no analogous situation exists in human behavior. Human variables such as motives, learning, perception, values, and even “a Hawthorne Effect” on the part of both subject and investigator confound the controls that are attempted. For these reasons, behavioral scientists in general and organizational behavior researchers in particular are often on the defensive and must be very careful to comply with accepted methods of science.³²

The Overall Scientific Perspective

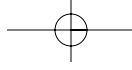
Behavioral scientists in general and organizational behavior researchers in particular strive to attain the following hallmarks of any science:

1. The overall purposes are understanding/explanation, prediction, and control.
2. The definitions are precise and operational.
3. The measures are reliable and valid.
4. The methods are systematic.
5. The results are cumulative.

Figure 1.1 summarizes the relationship between the practical behavioral problems and unanswered questions facing today’s managers, research methodology, and the existing body of knowledge. When a question arises or a problem evolves, the first place to turn for an answer is the existing body of knowledge. It is possible that the question can be answered immediately or the problem solved without going any further. Unfortunately, the answer is not always found in the body of knowledge and must be discovered through appropriate research methodology.

Although behavioral science in general compared to the physical and biological sciences is relatively young, and the field of organizational behavior is even younger—it’s origins really only go back to the early 1970s—there is now enough accumulated knowledge that organizational behavior principles can be provided for the effective management of human behavior in organizations. As explained in the preface, this ninth edition is the first time research-based principles have been offered in an organizational behavior text. Interestingly, it is the research technique of meta-analysis providing the quantitative synthesis and testing of all available studies that permits the confident





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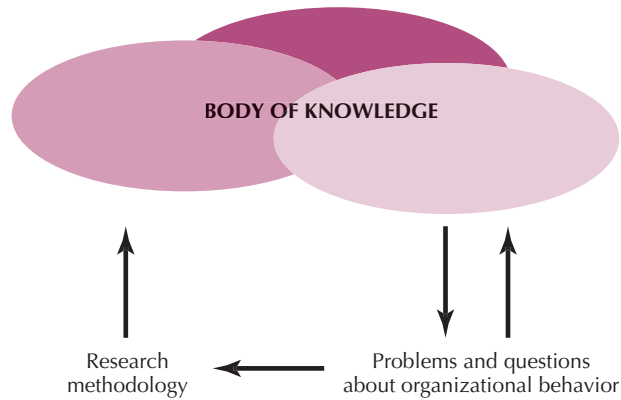


FIGURE 1.1
Simple relationships
among problems,
methodology, and
knowledge.

stating of the principles presented in this text. As Williams points out, meta-analysis “shows what works and the conditions under which management techniques may work better or worse in the ‘real world.’ Meta-analysis is based on the simple idea that if one study shows that a management technique doesn’t work and another study shows that it does, an average of those results is probably the best estimate of how well that management practice works (or doesn’t work).”³³

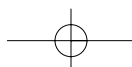
Although your author of this text believes there is now enough research studies in some areas of organizational behavior to be quantitatively synthesized through meta-analysis into guiding principles, it is also recognized that many questions and problems in organizational behavior cannot be answered or solved directly by existing knowledge. Thus, a working knowledge of research methodology becomes especially important to future managers, both as knowledgeable and critical consumers of the rapidly expanding literature reporting the results of organizational behavior research and as sophisticated practitioners who are capable of applying appropriate research methods to solve difficult problems in the workplace.

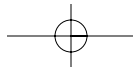
Starting with Theory

It has often been said (usually by theoreticians) that there is nothing as practical as a good theory. Yet students of organizational behavior are usually “turned off” by all the theories that pervade the field. The reason for all the theories, of course, is the still relative newness of the field and the complexity and multidimensionality of the variables involved.³⁴ The purpose of any theory, including those found in organizational behavior, is to explain and predict the phenomenon in question; theories allow the researcher to deduce logical propositions or hypotheses that can be tested by acceptable designs. Theories are ever changing on the basis of the research results. Thus, theory and research go hand in hand.

After pleading for more and stronger theory in organizational behavior, Sutton and Staw have pointed out that references, data, lists of variables or constructs, diagrams, and hypotheses are *not* theory. Instead, they point out that

theory is the answer to queries of *why*. Theory is about the connections among phenomena, a story about why acts, events, structure, and thoughts occur. Theory emphasizes the nature of causal relationships, identifying what comes first as well as the timing of such events.





Strong theory, in our view, delves into the underlying processes so as to understand the systematic reasons for a particular occurrence or non-occurrence.³⁵

Such theorizing is not easy. “Theorizing takes scientists on mental journeys between the world of observed events, such as falling apples, and the imagined world of hypothetical concepts, such as gravity. Bridging gaps between concrete experience and abstract concepts presents a challenge.”³⁶ However, as Karl Weick, perhaps the most widely recognized theorist in organizational behavior, notes: a good theory explains, predicts, and delights.³⁷

The Use of Research Designs

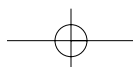
Research design is at the very heart of scientific methodology; it can be used to answer practical questions or to test theoretical propositions/hypotheses. The three designs most often used in organizational behavior research today are the experiment, the case, and the survey. All three have played important roles in the development of meaningful knowledge. The experimental design is borrowed largely from psychology, where it is used extensively; the case and survey designs have traditionally played a bigger role in sociology. All three designs can be used effectively for researching organizational behavior.

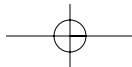
A primary aim of any research design is to establish a cause-and-effect relationship. The experimental design offers the best possibility of accomplishing this goal. All other factors being equal, most organizational behavior researchers prefer this method of testing hypotheses. Simply defined, an experiment involves the manipulation of independent variables to measure their effect on, or the change in, dependent variables, while everything else is held constant or controlled. Usually, an experimental group and a control group are formed. The experimental group receives the input of the independent variables (the intervention), and the control group does not. Any measured change in the dependent variable in the experimental group can be attributed to the independent variable, assuming that no change has occurred in any other variable and that no change has occurred in the control group. The controls employed are the key to the successful use of the experimental design. If all intervening variables are held constant or equal, the researcher can conclude with a high degree of confidence that the independent variable caused the change in the dependent variable.

The Validity of Studies

The value of any research study is dependent on its validity, that is, whether the study really demonstrates what it is supposed to demonstrate. In particular, a study must have both *internal validity* and *external validity* in order to make a meaningful contribution to the body of knowledge. A study has internal validity if there are no plausible alternative explanations of the reported results other than those reported. The threats to internal validity include but are not limited to:

1. *History.* Uncontrolled intervening events that occur between the time the preexperiment measurement is taken and the time the postexperiment measurement is taken.
2. *Maturation.* Changes in the subject or subjects with the mere passing of time, irrespective of the experimental treatment.
3. *Testing.* The effect of previous testing on a subject’s present performance.
4. *Instrumentation.* Changes in measures of subject performance due to changes in the instruments or observers over time.





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5. *Regression.* Changes in performance due to subjects' going from extreme scores to more typical scores.
6. *Selection.* Changes due to the differences in the subjects rather than the treatment.
7. *Ambiguity about direction of causation.* Does A cause B, or does B cause A? This is a problem with correlational studies.
8. *Local history.* Changes due to the unique situation when the experimental group received the treatment.³⁸

Laboratory studies usually control these threats to internal validity better than field studies do. But, as Daniel Ilgen has pointed out, this control afforded by the laboratory is purchased at the price of generalizability and relevance. "As a result, many behavioral scientists decry the use of any laboratory research and dismiss results obtained from such as irrelevant or, worse yet, misleading for the understanding of naturally occurring human behavior."³⁹

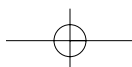
But, in general, the threats can be minimized, even in field settings, by *pretests* (these allow the investigator to make sure that the experimental and control groups were performing at the same level before the experimental manipulations are made, and they give measurement over time); *control groups* (these permit comparison with experimental groups—they have everything the same except the experimental manipulation); and *random assignment* (this pretty well ensures that the experimental and control groups will be the same, and it allows the correct use of inferential statistics to analyze the results). Thus, the threats to internal validity can be overcome with careful design of the study. This is not always true of external validity, which is concerned with the generalizability of the results obtained. In order for a study to have external validity, the results must be applicable to a wide range of people and situations.⁴⁰ Field studies tend to have better external validity than laboratory studies because at least the study takes place in a real setting.

In general, organizational behavior research can be improved by conducting studies longitudinally (over time) and attempting to design studies more from existing theory.⁴¹ The best strategy is to use a number of different designs to answer the same question. The weaknesses of the various designs can offset one another and the problem of common method variance (the results are due to the design, rather than the variables under study) can be overcome.

Normally, the research would start with a laboratory study to isolate and manipulate the variable or variables in question. This would be followed by an attempt to verify the findings in a field setting. This progression from the laboratory to the field may lead to the soundest conclusions. However, free observation in the real setting should probably precede laboratory investigations of organizational behavior problems or questions. Specifically, in recent years qualitative methods are being suggested as a starting point or supplement, if not an alternative, to quantitatively-based and statistically analyzed methods of researching organizational behavior. Van Maanen explains that this qualitative approach "seeks to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world."⁴² Multiple designs and multiple measures have the best chance for valid, meaningful research in organizational behavior.

DEFINING ORGANIZATIONAL BEHAVIOR

With a rich historical background such as the Hawthorne studies and an accepted scientific methodology as briefly outlined above, the field of organizational behavior is now an accepted academic discipline. As with any other relatively new academic endeavor,



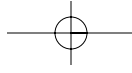
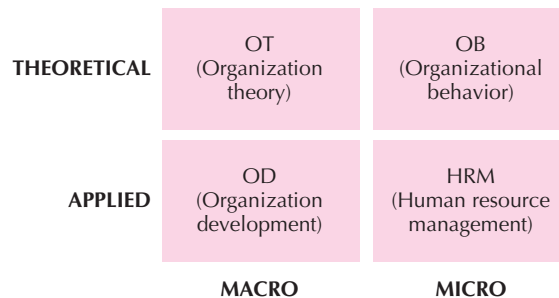


FIGURE 1.2
The relationship of organizational behavior to other closely related disciplines.



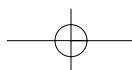
however, there have been some rough spots and sidetracks along the way. Besides the healthy academic controversies over theoretical approach or research findings, perhaps the biggest problem that organizational behavior has had to face is an identity crisis. Exactly what is meant by organizational behavior? Is it an attempt to replace all management with behavioral science concepts and techniques? How, if at all, does it differ from good old applied or industrial psychology? Fortunately, these questions have now largely been answered to the satisfaction of most management academicians, behavioral scientists, and management practitioners.

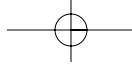
Figure 1.2 shows in very general terms the relationships between and emphases of organizational behavior (OB) and the related disciplines of organization theory (OT), organization development (OD), and human resource management (HRM). As shown, OB tends to be more theoretically oriented and at the micro level of analysis. Specifically, OB draws from many theoretical frameworks of the behavioral sciences that are focused on understanding and explaining individual and group behavior in organizations. As with other sciences, OB accumulates knowledge and tests theories by accepted scientific methods of research. In summary, *organizational behavior* can be defined as the understanding, prediction, and management of human behavior in organizations.

The Relationship to Other Fields

Although Figure 1.2 is not intended to portray mutually exclusive domains for the related fields, because the lines are becoming increasingly blurred and there is not universal agreement of what belongs to what among academics or practitioners, most people in the field would generally agree with what is shown. Organization theory tends to be more macro-oriented than OB and is concerned primarily with organization structure and design. Yet, as in this text (Chapter 4 specifically and macro-oriented chapters such as 10–14), OT topics are included in the study and application of OB. Organization development, on the other hand, tends to be both more macro and more applied than OB. But also like OT, as in this text, OD topics are included in the study and application of OB. Finally, as shown, HRM tends to have a more applied focus than OB. The human resource management function is a part of practicing organizations as much as the marketing, finance, or operations functions are.

Human resource managers are hired and found with this title in practicing organizations; organizational behaviorists are not. Yet, somewhat confusingly, those managers who apply and draw from the field of organizational behavior (whether they be marketing managers, finance managers, hospital administrators, operations managers, store





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managers, academic administrators, office managers, *or* human resource managers) are called “human resource managers.” They are called human resource managers and have a human resource management role (in addition to their other technical, functional role) because they all manage people. Thus, all managers, regardless of their technical function, are human resource managers in this view because they deal with human behavior in organizations. All managers need to have an understanding and perspective of organizational behavior.

The Behavioral Approach to Management

Organizational behavior represents the human side of management, not the whole of management. Other recognized approaches to management include the process, quantitative, systems, knowledge, and contingency approaches. In other words, organizational behavior does not intend to portray the whole of management. The charge that old wine (organizational psychology) has merely been poured into a new bottle (organizational behavior) has proved to be groundless. Although it is certainly true that all the behavioral sciences (anthropology, sociology, and especially psychology) make a significant contribution to both the theoretical and the research foundations of organizational behavior, it is equally true that organizational psychology should not be equated with organizational behavior. For example, organization structure and management processes (decision making and communication) play an integral, direct role in organizational behavior, as in this text (Part 3), but have at most an indirect role in organizational psychology. The same is true of many important dynamics and applications of organizational behavior. Although there will probably never be total agreement on the exact meaning or domain of organizational behavior—which is not necessarily bad, because it makes the field more dynamic and exciting—there is little doubt that organizational behavior has come into its own as a field of study, research, and application.

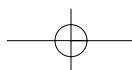
This text on organizational behavior attempts to provide the specific, necessary background and skills to make the managers of today and tomorrow as effective with the conceptual and human dimensions of management as they have been in the past with its technical, functional dimensions.

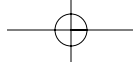
THEORETICAL FRAMEWORKS

Although organizational behavior is extremely complex and includes many inputs and dimensions, the cognitive, behavioristic, and social cognitive theoretical frameworks can be used to develop an overall model. After the theoretical frameworks are examined, the last section of the chapter presents an organizational behavior model that conceptually links and structures the rest of the text.

Cognitive Framework

The cognitive approach to human behavior has many sources of input. The micro-oriented chapters in the next part provide some of this background. For now, however, it can be said simply that the cognitive approach gives people much more “credit” than the other approaches. The cognitive approach emphasizes the positive and freewill aspects of human behavior and uses concepts such as expectancy, demand, and incentive.





Cognition, which is the basic unit of the cognitive framework, is the act of knowing an item of information. Under this framework, cognitions precede behavior and constitute input into the person's thinking, perception, problem solving, and information processing. Concepts such as cognitive maps can be used as pictures or visual aids in comprehending a person's "understanding of particular, and selective, elements of the thoughts (rather than thinking) of an individual, group or organization."⁴³

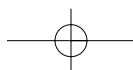
The classic work of Edward Tolman can be used to represent the cognitive theoretical approach. Although Tolman believed behavior to be the appropriate unit of analysis, he felt that behavior is purposive, that it is directed toward a goal. In his laboratory experiments, he found that animals learned to expect that certain events would follow one another. For example, animals learned to behave as if they expected food when a certain cue appeared. Thus, Tolman believed that learning consists of the *expectancy* that a particular event will lead to a particular consequence. This cognitive concept of expectancy implies that the organism is thinking about, or is conscious or aware of, the goal. Thus, Tolman and others espousing the cognitive approach felt that behavior is best explained by these cognitions.

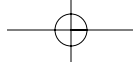
Contemporary psychologists carefully point out that a cognitive concept such as expectancy does not reflect a guess about what is going on in the mind; it is a term that describes behavior. In other words, the cognitive and behavioristic theories are not as opposite as they appear on the surface and sometimes are made out to be—for example, Tolman considered himself a behaviorist. Yet, despite some conceptual similarities, there has been a controversy throughout the years in the behavioral sciences on the relative contributions of the cognitive versus the behavioristic framework. As often happens in other academic fields, debate has gone back and forth through the years.⁴⁴

Because of the recent advances from both theory development and research findings, there has been what some have termed a "cognitive explosion" in the field of psychology.⁴⁵ For example, a recent analysis of articles published in the major psychology journals found by far the greatest emphasis is on the cognitive school over the behavioral school starting in the 1970s.⁴⁶ Applied to the field of organizational behavior, a cognitive approach has traditionally dominated through units of analysis such as perception (Chapter 6), personality and attitudes (Chapter 7), motivation (Chapter 8), behavioral decision making (Chapter 11), and goal setting (Chapter 15). Very recently, there has been renewed interest in the role that cognitions can play in organizational behavior in terms of advancement in both theory and research on social cognition. This social cognitive process can be a unifying theoretical framework for both cognition and behaviorism. However, before getting into the specifics of social cognitive theory, which serves as the conceptual framework for this text, it is necessary to have an understanding of the behavioristic approach as well.

Behavioristic Framework

Chapter 16 discusses in detail the behavioristic theory in psychology and its application to organizational behavior. Its roots can be traced to the work of Ivan Pavlov and John B. Watson. These pioneering behaviorists stressed the importance of dealing with observable behaviors instead of the elusive mind that had preoccupied earlier psychologists. They used classical conditioning experiments to formulate the stimulus-response (S-R) explanation of human behavior. Both Pavlov and Watson felt that behavior could be best understood in terms of S-R. A stimulus elicits a response. They concentrated





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mainly on the impact of the stimulus and felt that learning occurred when the S-R connection was made.

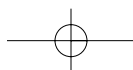
Modern behaviorism marks its beginnings with the work of B. F. Skinner. Deceased for a number of years, Skinner is widely recognized for his contributions to psychology. He felt that the early behaviorists helped explain respondent behaviors (those behaviors elicited by stimuli) but not the more complex operant behaviors. In other words, the S-R approach helped explain physical reflexes; for example, when stuck by a pin (S), the person will flinch (R), or when tapped below the kneecap (S), the person will extend the lower leg (R). On the other hand, Skinner found through his operant conditioning experiments that the consequences of a response could better explain most behaviors than eliciting stimuli could. He emphasized the importance of the response-stimulus (R-S) relationship. The organism has to operate on the environment (thus the term *operant conditioning*) in order to receive the desirable consequence. The preceding stimulus does not cause the behavior in operant conditioning; it serves as a cue to emit the behavior. For Skinner and the behaviorists, behavior is a function of its contingent environmental consequences.

Both classical and operant conditioning and the important role of reinforcing consequences are given detailed attention in Chapter 16. For now, however, it is important to understand that the behavioristic approach is environmentally based. It posits that cognitive processes such as thinking, expectancies, and perception may exist but are not needed to predict and control or manage behavior. However, as in the case of the cognitive approach, which also includes behavioristic concepts, some modern behaviorists feel that cognitive variables can be behaviorized.⁴⁷ However, the social cognitive theory that has emerged in recent years incorporating both cognitive and behavioristic concepts and principles may be the most unifying and comprehensive framework for organizational behavior.

Social Cognitive Framework

The cognitive approach has been accused of being mentalistic, and the behavioristic approach has been accused of being deterministic. Cognitive theorists argue that the S-R model, and to a lesser degree the R-S model, is much too mechanistic an explanation of human behavior. A strict S-R interpretation of behavior seems justifiably open to the criticism of being too mechanistic, but because of the scientific approach that has been meticulously employed by behaviorists, the operant model in particular has made a tremendous contribution to the study and meaning of human behavior.⁴⁸ The same can be said of the cognitive approach. Much research has been done to verify its importance as an explanation of human behavior. Instead of polarization and unconstructive criticism between the two approaches, it now seems time to recognize that each can make an important contribution to the understanding, prediction, and control of human behavior. The social cognitive approach tries to integrate the contributions of both approaches.

Over 20 years ago we (Davis and Luthans) proposed a social learning approach to organizational behavior⁴⁹ and over 15 years ago we (Luthans and Kreitner) suggested a social learning approach to organizational behavior modification (O.B. Mod.).⁵⁰ Based on the work of Albert Bandura⁵¹ and our own theory building and application to organizational behavior, social learning theory provided the conceptual framework for the last



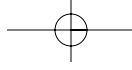
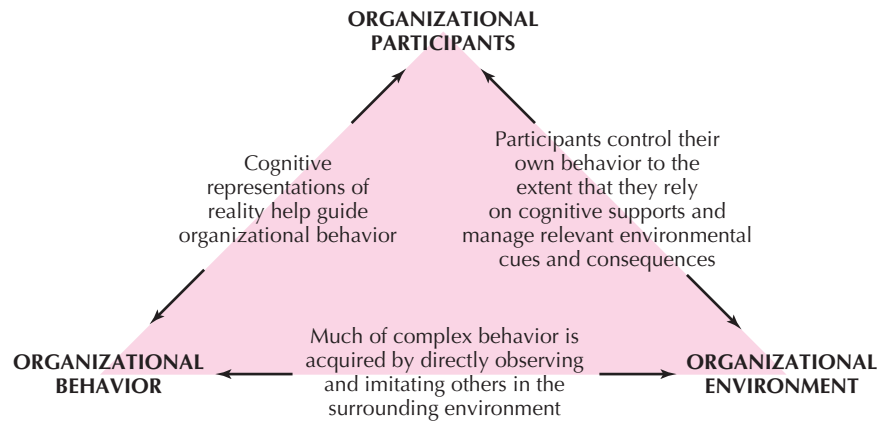


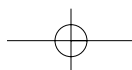
FIGURE 1.3
A social learning
approach to
organizational behavior.



six editions of this text. Social learning takes the position that behavior can best be explained in terms of a continuous reciprocal interaction among cognitive, behavioral, and environmental determinants. The person and the environmental situation do not function as independent units but, in conjunction with the behavior itself, reciprocally interact to determine behavior. Bandura explains that “it is largely through their actions that people produce the environmental conditions that affect their behavior in a reciprocal fashion. The experiences generated by behavior also partly determine what a person becomes and can do, which, in turn, affects subsequent behavior.”⁵² The triangular model shown in Figure 1.3 takes this work of Bandura and translates it into relevant units of analysis and variables in organizational behavior.

Bandura has taken his social learning and developed it into the more comprehensive social cognitive theory (SCT)⁵³ and we (Stajkovic and Luthans) have translated this SCT into the theoretical foundation for organizational behavior.⁵⁴ SCT is much more comprehensive than the cognitive or behavioristic approaches by themselves and its predecessor, social learning theory. Specifically, SCT recognizes the importance of behaviorism’s contingent environmental consequences, but also includes cognitive processes of self-regulation. “The *social* part acknowledges the social origins of much of human thought and action (what individuals learn by being part of a society), whereas the *cognitive* portion recognizes the influential contribution of thought processes to human motivation, attitudes, and action.”⁵⁵

Similar to the social learning model in Figure 1.3, SCT explains organizational behavior in terms of the bidirectional, reciprocal causation among the organizational participants (e.g., unique personality characteristics such as conscientiousness), the organizational environment (e.g., the perceived consequences such as contingent recognition from the supervisor or pay for increased productivity), and the organizational behavior itself (e.g., previous successful or unsuccessful sales approaches with customers). In other words, like social learning, organizational participants are at the same time both products and producers of their personality, respective environments, and behaviors. Bandura goes beyond social learning with SCT by explaining the nature of the bidirectional reciprocal influences through the five basic human capabilities summarized in Figure 1.4.



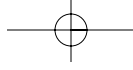
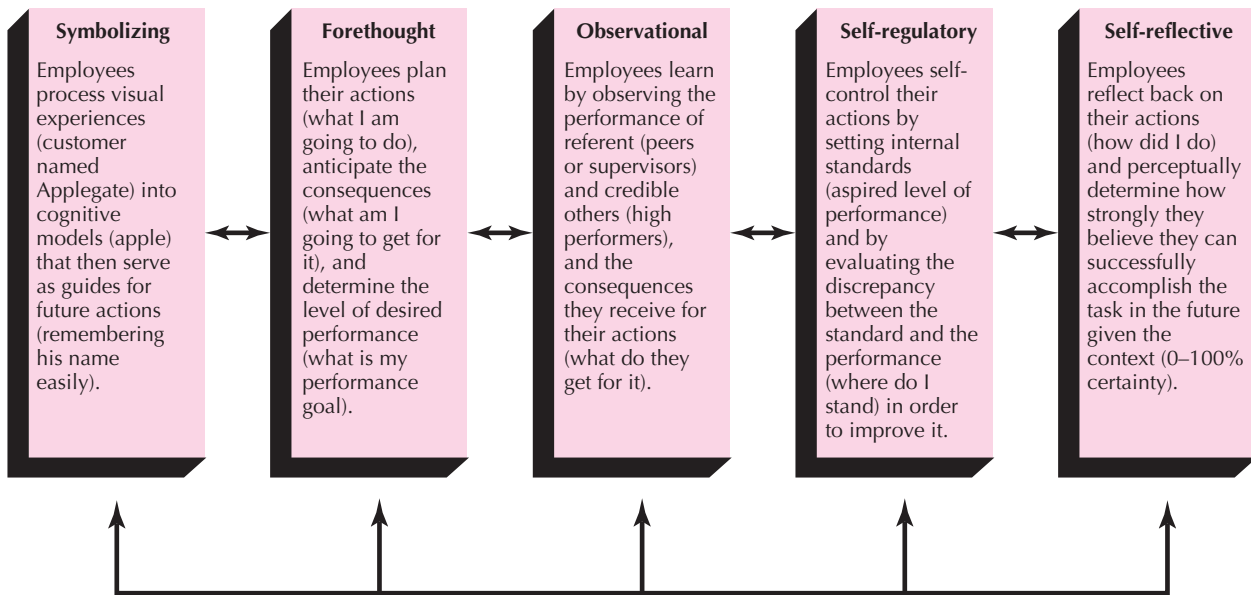


FIGURE 1.4 The basic human capabilities according to Bandura's social cognitive theory (SCT).

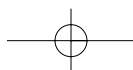


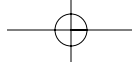
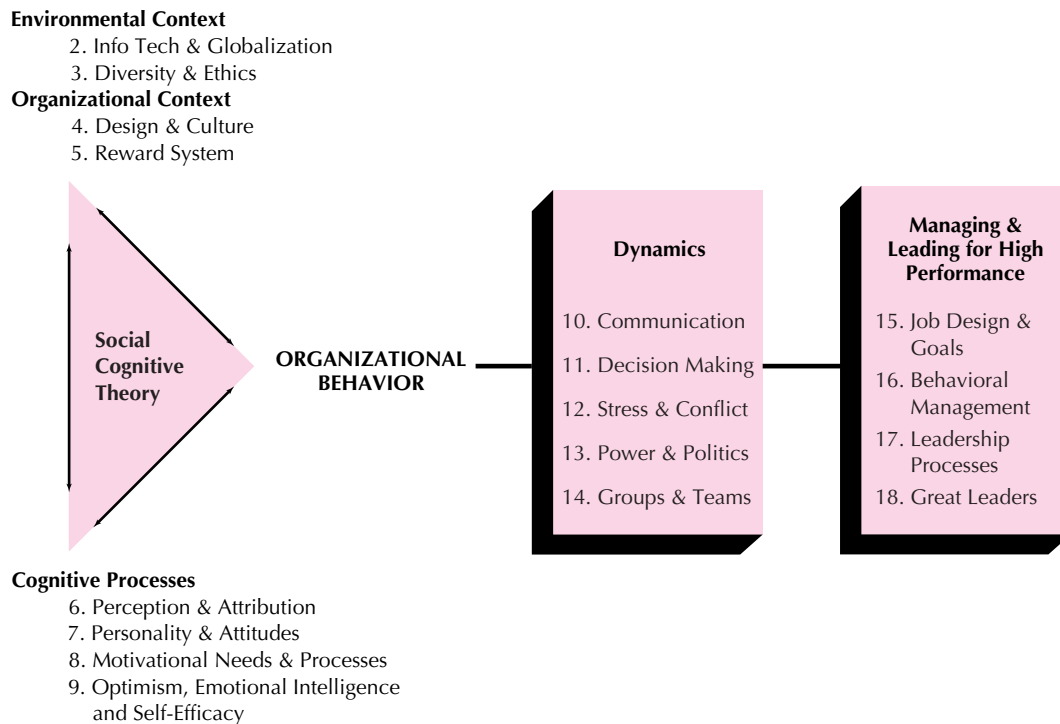
Source: Alexander D. Stajkovic and Fred Luthans, "Social Cognitive Theory and Self-Efficacy: Going Beyond Traditional Motivational and Behavioral Approaches," *Organizational Dynamics*, Spring 1998, p. 65.

THE CONCEPTUAL FRAMEWORK FOR THE TEXT

The conceptual framework for this text is shown in Figure 1.5. As indicated, social cognitive theory is the foundation and consists of the reciprocal interaction among the environmental and organizational context (Part I, Chapters 2–5); cognitive processes (Part II, Chapters 6–9); and, importantly, the organizational behavior itself, which produces and is a product of the environmental/organizational context and the cognitive processes. At a more macro level are graphic depiction of the dynamics (not necessarily the outcomes) of organizational behavior (Part III, Chapters 10–14). Finally, at an applied level is the graphic representation of the role that managing and leading for high performance (Part IV, Chapters 15–18) plays in the conceptual framework for organizational behavior.

Obviously, this conceptual framework gives only a bare-bones sketch of organizational behavior rather than a full-blown explanation. Nevertheless, it can serve as a point of departure for how this text is organized. It helps explain why particular chapters are covered and how they relate to one another. As the chapters unfold, some of the fine points will become clearer and some of the seemingly simplistic, unsupported statements will begin to make more sense. Figure 1.5 serves merely as the welcoming mat to the study of the exciting, but still developing, field of organizational behavior.

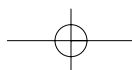


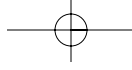
**FIGURE 1.5** A Conceptual Framework for the Study of Organizational Behavior

Summary

This chapter first gives a brief overview of the significant challenges currently facing management. Besides the new workplace, environmental changes such as advanced information technology, globalization, and recognition and management of diversity and ethics represent a paradigm shift. This shift is characterized by new rules, new boundaries, and, importantly, new behaviors that are essential for organizations and managers to be successful or even survive. This new paradigm facing management requires a new perspective and an appreciation of the human, behavioral side of management. Thus, the field of organizational behavior becomes important now and in the future.

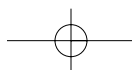
Organizational behavior is a relatively recent field of study and application. The beginnings are usually attributed to the famous Hawthorne studies, which had several phases (illumination, relay, bank wiring studies) and often-overlooked implications for modern management. Whereas the Hawthorne studies are often criticized for methodological flaws, today's organizational behavior field is characterized by rigorous scientific methodology. Both theory development and research designs are given considerable attention. Specifically, the threats to internal validity are attempted to be eliminated or minimized through carefully designed experiments. Field studies are used over laboratory studies whenever possible in order to have more external (generalizable) validity.

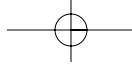




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Because organizational behavior is a relatively new field, it must be precisely defined: the understanding, prediction, and management of human behavior in organizations. It is also important to see how OB (micro, theoretical) relates to other closely related disciplines such as organization theory or OT (macro, theoretical), organizational development or OD (macro, applied), and human resource management or HRM (micro, applied). Finally, it is important to provide a theoretical foundation to develop a specific model that can be used as a conceptual framework for this text. The cognitive, the behavioristic, and the emerging and more integrative social cognitive theories are used for such a foundation. The cognitive model gives the human being more “credit” and assumes that behavior is purposive and goal oriented. Cognitive processes such as expectancy and perception help explain behavior. The behavioristic approach deals with observable behavior and the environmental contingencies of the behavior. Classical behaviorism explained behavior in terms of S-R, whereas more modern behaviorism gives increased emphasis to contingent consequences, or R-S. The social cognitive approach emphasizes that the person, the environment, and the behavior itself are in constant interaction with one another and reciprocally determine one another. This social cognitive approach incorporates both cognitive and behavioristic elements and is used as the theoretical foundation for the organizational behavior model used as the conceptual framework to structure this text.





ENDING WITH META-ANALYTIC RESEARCH FINDINGS

OB PRINCIPLE: Because a number of important concepts and techniques have a stream of research findings that have had meta-analysis conducted on them, organizational behavior (OB) principles can now be stated.

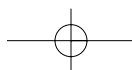
Meta-Analysis Results: The end of each chapter will report the result of usually one but in some cases two or three meta-analyses. The above-stated principles, relevant to each chapter, are based on these meta-analytic findings. This results section will report the number of studies and participants and the meta-analytic average effect statistic d . Importantly, to make these meta-analytic results as user-friendly as possible, the d effect size is transformed using Grissom's (see source below) table to a percentage "probability of superior outcome of one treatment over another." Besides this percentage probability statement to support the "OB Principle," this section will also briefly discuss any moderating contingencies that were found and give the full citation of the meta-analysis in a source line like that below from Grissom's conversion of d to probability of success.

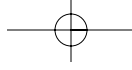
Conclusion: Each chapter "Ending with Meta-Analytic Research Findings" is patterned after this presentation: statement of OB Principle, Meta-Analysis Results, and Conclusion. The purpose of this conclusion is to tie the principle back to the chapter topic and make some final comments. The contribution of meta-analysis at this stage of development of the organizational behavior field is that it is able to draw overall, sound conclusions (i.e., state principles) from a large number of studies (often over 100) and usually thousands of subjects. Instead of just choosing one study here or there to support (or not support) a statement, meta-analysis provides a quantitative summary of individual studies across an entire body of research knowledge on a given concept (e.g., conscientiousness or self-efficacy) or technique (e.g., job characteristics model or organizational behavior modification). Many of the meta-analyses conducted to date on relevant topics in this text are included, but as research continues to accumulate, more meta-analytically derived OB principles will be forthcoming in the future.

Sources: Robert J. Grissom, "Probability of the Superior Outcome of One Treatment Over Another," *Journal of Applied Psychology*, Vol. 79, No. 2, 1994, pp. 314–316. For those wanting more information on meta-analysis, see: L. V. Hedges and I. Olkin, *Statistical Methods for Meta Analysis*, Academic Press, San Diego, 1985 and J. E. Hunter and F. L. Schmidt, *Methods of Meta-Analysis*, Sage, Beverly Hills, Calif., 1995. For a critical analysis and limitations of meta-analysis, see: P. Bobko and E. F. Stone-Romero, "Meta-Analysis May Be Another Useful Tool, But It Is Not a Panacea," in G. R. Ferris (Ed.), *Research in Personnel and Human Resources Management*, Vol. 16, JAI Press, Stamford, Conn., 1998, 359–397.

Questions for Discussion and Review

1. What are some of the major challenges facing today's and tomorrow's organizations and management? Briefly describe these developments.
2. What is a paradigm? How will the paradigm shift affect management? What are the implications of this paradigm shift for organizational behavior?
3. Why do you feel the Hawthorne studies made such an important historical contribution to the study of organizational behavior?





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4. Why are theory development and rigorous scientific methodology important to the field of organizational behavior? What role does validity play in the design of research studies?
5. How does organizational behavior relate to, or differ from, organizational development? Organization theory? Human resource management?
6. In your own words, identify and summarize the various theoretical frameworks for understanding organizational behavior. How does the social cognitive approach differ from the cognitive approach? How does the social cognitive approach differ from the behavioristic approach?
7. Explain the model for organizational behavior that is used in this text.

Internet Exercise: Nonjobs in the New Economy

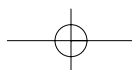
This chapter sets the tone for the new paradigm, new economy. One dramatic change in this environment has been the dramatic increase in the number of nonjob or “telecommuters,” those that work from home. Inexpensive computers, the changing nature of jobs, and workers’ demands for a more flexible schedule have all contributed to this trend. Go to <http://www.tjobs.com/> and look at the jobs that they offer specifically designed around telecommuting. In fact, Putnam Investments has a page dedicated to jobs available at home. Visit their site at <http://www.putnaminv.com/>. Then, click on “career opportunities.” You will also find many current articles on telecommuting at <http://www.bluesuitmom.com>. Browse through these sites, and consider the following questions.

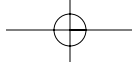
1. Would you consider a job that kept you at home for a significant part of the workweek? What would be the advantages of this? Disadvantages?
2. As a manager, consider the challenges of managing those that work at home. What are your challenges? Consider, for example, how to monitor performance, motivate workers, and help them manage workplace problems.
3. Do you think the trend towards telecommuting will increase or decrease in the coming years? What impact will this have on some of the major topics in this text? Be as specific as you can by even looking at the table of contents and Figure 1.5.

REAL CASE: The Case for Optimism

The American economy will continue to have its ups and downs. Corporate spending on computers will wane. The golden touch of venture capitalists and other New Economy money mandarins will fade. But an Internet Depression? An economic catastrophe big enough to rival the Great Depression of the 1930s or Japan’s Great Stagnation of the 1990s? That would require the economic equivalent of a Perfect Storm. And I wouldn’t bet on it.

Michael J. Mandel’s dark predictions of economic woe and policy ineptitude in *The Coming Internet Depression* rest on a series of worst-case assumptions. Unlike most economists, Mandel rightly recognizes that fast growth in a high-tech economy helps keep inflation low. Intense, perhaps unprecedented levels of competition prevent companies from raising prices. And management burns the midnight oil figuring out ways to run their businesses more efficiently by investing huge sums in high-tech gear and reorganizing the workplace. Productivity growth is currently so strong that unit labor costs are actually declining, even though the economy is at full employment.





Now, here's Mandel's ingenious twist that is key to his doleful outlook. Prices will soar when high-tech investment falls off sharply, venture-capital financing dries up, and the economy slows. No longer threatened by entrepreneurial rivals, companies will hike prices to shore up their earnings. The Fed, frightened that inflation is taking off, will tighten monetary policy. The economy will slump further, high-tech investment will plummet, the stock market will tumble, prices will rise further, the Fed will tighten again, and so on, in a vicious cycle that ends in depression.

But hold on. Just because faster economic growth is a force for price stability doesn't mean slower economic growth is inflationary. On the contrary, we can expect falling demand to force companies to hold down prices. What's more, global forces work in the same direction. Already, competition from goods manufactured cheaply in China by both local companies and foreign multinationals is putting downward price pressure on Japanese and American rivals. Japan is in the grips of a deflationary spiral. U.S. discount retailers are expanding into Europe and undercutting the Continent's established merchants. The Internet, with its promise of enormous efficiencies, is constantly expanding its reach. Management at General Electric, Charles Schwab, Wal-Mart, and other brand-name companies are spending billions restructuring their global operations around the World Wide Web. And they'll continue to shell out for greater efficiencies, even as the economy slows. "Technology spending would be the last thing we would cut," says Hardwick Simmons, president and CEO of Prudential Securities Inc.

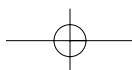
What's more, the New Economy is remarkably resilient. Take labor. Companies are pursuing a variety of strategies to turn fixed labor costs into a variable expense. A quarter of all employees now keep schedules with varying work hours and work times, up from one-sixth a decade ago. Already, as of 1998, three-quarters of all companies used performance bonuses, about one-half offered profit sharing, and over one-third provided stock options, according to a Federal Reserve survey.

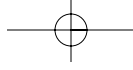
Mandel's depression scenario requires that investors turn skittish and abandon the market en masse. But investors are smarter than that. For years, a vocal group of economists and Wall Street seers warned that the U.S. stock market was a dangerous "bubble," especially considering the stratospheric valuations of dot-com companies. When the dot-com bubble burst, they warned, the crash would take both the New and the Old Economies down.

The technological revolution is still in its infancy, and several huge advances are just starting to take shape. Interactive television. Net-based medical care, or "e-health." Global wireless Internet services. These are giant industrial shifts, which take time to mature, and require progress in core technologies. Fortunately, researchers can collaborate on the Net to speed the pace of development. And that very process breeds fresh innovations—many of which promise further efficiency gains. Software companies, for example, are reinventing themselves as so-called application service providers, leasing their programs over the Net, and thus reducing delays, technical glitches, and costs for the customer. In Japan, which is ground zero for the wireless Internet, a whole new business category known as mobile e-commerce has been built around cell phones that surf the Net.

Economic disasters are fascinating. Some of the most fabled stories in economics are financial bubbles that ended in economic hardship, from America's railroad-building boom in the late 1860s and early 1870s to the Roaring Twenties and the Great Depression. But this bull market hasn't been a bubble. It has been a reflection of the New Economy. Right now, investors are reasonably knocking down stock prices, struggling to divine whether the economy will glide gracefully into a more moderate growth pattern, or, thanks to higher oil prices, endure a harder landing. Curl up with *The Perfect Storm* if you want a good read, but don't bet your portfolio that its economic equivalent will happen.

1. Based on your reading of this case and the current economic environment, which side would you agree with, the possibility of an Internet depression or the very slim (i.e., perfect storm) possibility? Support your argument.





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2. What are the implications for organizational behavior of the statement “Companies are pursuing a variety of strategies to turn fixed labor costs into a variable expense”?
3. How and where does the economic environment fit into the social cognitive theory (SCT) that is used as the foundation and conceptual framework for this text?

ORGANIZATIONAL BEHAVIOR CASE: How Is This Stuff Going to Help Me?

Jane Arnold wants to be a manager. She enjoyed her accounting, finance, and marketing courses. Each of these provided her with some clear-cut answers. Now the professor in her organizational behavior course is telling her that there are really very few clear-cut answers when it comes to managing people. The professor has discussed some of the emerging challenges and the historical background and ways that behavioral science concepts play a big role in the course. Jane is very perplexed. She came to school to get answers on how to be an effective manager, but this course surely doesn't seem to be heading in that direction.

1. How would you relieve Jane's anxiety? How is a course in organizational behavior going to make her a better manager?
2. Why did the professor start off with a brief overview of emerging challenges?
3. How does a course in organizational behavior differ from courses in fields such as accounting, finance, or marketing?

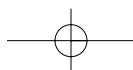
ORGANIZATIONAL BEHAVIOR CASE: Too Nice to People

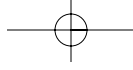
John has just graduated from the College of Business Administration at State University and has joined his family's small business, which employs 25 semiskilled workers. During the first week on the job, his dad called him in and said: “John, I've had a chance to observe you working with the men and women for the past two days and, although I hate to, I feel I must say something. You are just too nice to people. I know they taught you that human behavior stuff at the university, but it just doesn't work here. I remember when we discussed the Hawthorne studies when I was in school and everybody at the university got all excited about them, but believe me, there is more to managing people than just being nice to them.”

1. How would you react to your father's comments if you were John?
2. Do you think John's father understood and interpreted the Hawthorne studies correctly?
3. What phases of management do you think John's father has gone through in this family business? Do you think he understands the significance of recent trends in the environment and how the new paradigm will affect his business?
4. How would you explain to your father the new perspective that is needed and how the study of organizational behavior will help the business be successful in the new paradigm?

ORGANIZATIONAL BEHAVIOR CASE: Conceptual Model: Dream or Reality?

Hank James has been section head for the accounting group at Yake Company for 14 years. His boss, Mary Stein, feels that Hank is about ready to be moved up to the corporate finance staff, but it is company policy to send people like Hank to the University Executive Development Program before such a promotion is made. Hank has enrolled in the program; one of the first parts deals with organizational behavior. Hank felt that after 14 years of managing people, this would be a snap. However, during the lecture on





organizational behavior, the professor made some comments that really bothered Hank. The professor said:

Most managers know their functional specialty but do a lousy job of managing their people. One of the problems is that just because managers have a lot of experience with people, they think they are experts. The fact is that behavioral scientists are just beginning to understand human behavior. In addition, to effectively manage people, we also have to somehow be able to better predict and control organizational behavior. Some models are now developed that we hope will help the manager better understand, predict, and manage organizational behavior.

Hank is upset by the fact that his professor apparently discounts the value of experience in managing people, and he cannot see how a conceptual framework that some professor dreamed up can help him manage people better.

1. Do you think Hank is justified in his concerns after hearing the professor? What role can experience play in managing people?
2. What is the purpose of conceptual frameworks such as those presented in this chapter? How would you weigh the relative value of studying theories and research findings versus “school-of-hard-knocks” experience for the effective management of people?
3. Using the conceptual framework presented in the chapter, how would you explain to Hank that this could help him better manage people in his organization?

