Organizational Behavior

Human Behavior at Work

John W. Newstrom

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Human Behavior at Work   Fourteenth Edition

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University of Minnesota Duluth

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This edition is dedicated to my grandchildren—Ruth, Axel, and Pearl—whose admirable qualities (innocence, inquisitiveness, careful observation, hunger for learning, enthusiasm for life, unconditional love, and all-around sweetness) give me great confidence for the future. My hope is that our families will enjoy many more special "cabin moments" together at our Finnish-heritage "Hevosenkenkä Jarvi Tupa" (Horseshoe Lake Cottage) in northern Minnesota.

About the Author

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John W. Newstrom is a respected teacher, widely published author, and consultant to organizations in the areas of training and supervisory development. He is a Professor Emeritus of Management in the Management Studies Department of the Labovitz School of Business and Economics at the University of Minnesota Duluth (UMD). While there, he taught courses in managing change, training and development, organizational behavior and management, and interpersonal and group relations for nearly 30 years. He was previously on the faculty at Arizona State University (ASU), and he also worked at Honeywell Company. He holds bachelor's, master's, and Ph.D. degrees from the University of Minnesota. He has conducted training programs on a wide range of topics for organizations in the health care, steel, taconite mining, consumer products, gas transmission, public utility, and paper products industries as well as for city governments and federal agencies.

Dr. Newstrom has published more than 60 professional and practitioner articles in periodicals such as *Academy of Management Executive, Academy of Management Journal, Workforce, Personnel Journal, Human Resource Planning, Business Horizons, Training and Development, Journal of Management Development, California Management Review, S.A.M. Advanced Management Journal, Training, Supervisory Management, Journal of Management, Journal of Occupational Behavior,* and *Supervision.* He has served on the editorial review boards for several management journals, and he is the co-author of more than 45 books in various editions and languages, including *The Manager's Bookshelf, Organizational Behavior, Supervision, Transfer of Training, Games Trainers Play, Leaders and the Leadership Process, The Big Book of Team Building Games, Leading with a Laugh,* and his newest, *The Fun Minute Manager.*

His administrative experiences include being chairperson of UMD's Business Administration Department, director of the Center for Professional Development, acting director of ASU's Bureau of Business and Economic Research, and chairperson of the Management Education and Development (MED) division of the Academy of Management. He has also served on (or as a strategic consultant to) the boards of directors of several organizations, such as the American Society for Training & Development, St. Louis County Heritage and Arts Center, United Developmental Achievement Center, Duluth-Superior Community Foundation, Riverwood Healthcare Center, Riverwood Foundation, and Arrowhead Food Bank. He has held memberships in the Academy of Management, Organizational Behavior Teaching Society, and the Society for Advancement of Management.

Dr. Newstrom has received many awards in recognition of his innovative teaching and dedicated service to students and the community. He was the recipient of an Outstanding Reviewer Award from the MED division of the Academy of Management, the Outstanding Faculty Award from the UMD Student Association, the campus Outstanding Adviser Award, and several "favorite professor" recognition awards at UMD. His highest honor occurred when he was named a recipient of the Horace T. Morse–University of Minnesota Alumni Association Award for Outstanding Contributions to Undergraduate Education. Dr. Newstrom is also a member of the University of Minnesota's prestigious Academy of Distinguished Teachers.

On the personal side, John is married (to Diane, for 50 years!) and is the father of two college graduates (Scott and Heidi). He loves to hunt, work crossword puzzles, bake Scandinavian pastries, play with his grandchildren, drive his red sportscar, play golf and pickleball, maintain contact with former students, play practical jokes, conduct genealogical research, work outdoors at his cabin in northern Minnesota, spend quality

time with family members, play cribbage with friends, and vacation in sunny climates. His favorite community service activities have included being a frequent blood donor, certified pickleball trainer and referee, co-leader of a Paint-A-Thon team for painting the houses of low-income persons, hospice volunteer, and "big brother" to a young boy. John has also sung bass in several barbershop quartets. He and his wife divide their time between Aitkin, Minnesota, and The Villages, Florida, where he practices the fine art of "neoteny" (energetic and joyful living).

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Preface

A ROADMAP FOR READERS: INVITATION TO A JOURNEY OF BEHAVIORAL LEARNING

Have you had at least part-time experience in some form of business or voluntary organization? If so, you have quickly learned that not all behavior—whether your own, your manager's, or that of your associates—is entirely rational. And you may have pondered a series of questions about what you saw and felt:

- Why do people behave as they do at work?
- How can individuals, groups, and whole organizations work together more effectively within the increasing pace of corporate change, dramatic restructurings and downsizings, global recessions, and intense competition?
- What can managers do to motivate employees toward greater levels of performance?
- What responsibility do managers have for ensuring employee satisfaction?
- What can you learn from theory, research, and the experiences of other managers to help you become an effective future manager?

These and many other questions provide the background for this fourteenth edition of *Organizational Behavior: Human Behavior at Work*. In the next few paragraphs I will guide you on your journey through this book by providing you with a "roadmap"—an introduction to some of the key topics and methods that form the critical pathway for your learning journey.

Great progress has been made in the field of organizational behavior (OB) in recent years. One long-time observer, after conducting an extensive study, concluded that "a consensus regarding the theoretical knowledge possessed by the field seems to be emerging."[1] New theories have appeared on the scene, others have been validated, and some have begun to fade into oblivion. Organizational behavior, while recording great progress, still faces many questions and opportunities for improvement. This book pulls together the best and most current knowledge and provides rich insights into people at work in all kinds of situations and organizations.

One criticism of the OB field is that it has largely ignored the needs of practitioners. By contrast, this book makes a major effort to include numerous examples of real-life work situations, and dozens of these are identified by name. In addition, the chapter-closing "Advice to Future Managers" sections provide extensive lists of practical suggestions that can guide managers for years into the future. The book is characterized by its *applied orientation,* including a variety of end-of-chapter experiential approaches that encourage readers to reflect on what they have read and engage in self-examination. The text is designed to be kept as a reference guide, and it includes **160 action prescriptions** for practical guidance (see the summary of managerial prescriptions in Appendix B).

These rules form one powerful basis for a critical managerial skill—that of *deductive reasoning*. Once you grasp the rule and understand the underlying rationale (theory) for it, you can then derive useful observations and conclusions in a specific situation on your own. (This is a process of moving from the general to the particular.) You can also develop the complementary skill of *inductive reasoning,* which is combining an observation of an event with a relevant explanation to infer new rules (action prescriptions) for yourself. (This is a process of moving from the particular to the general.) These scientific processes are aided by four skills, as discussed below.

FOUR LIFELONG SKILLS

This book is written in part to encourage and promote the development of four distinct but complementary thought processes by students—insights, causal analysis, critical thinking, and reflection.

Insights are basically those "Ah-ha!" moments when the metaphoric light bulb goes on in your brain and you reach a meaningful conclusion (new perception) about something. You are asked to search for and generate these via the "Generating Organizational Behavior (OB) Insights" exercise at the end of each chapter.

A second major objective is to encourage you to think about logical and research-based connections between relevant variables. This **causal thinking** involves the capacity to identify an independent factor that, when present or introduced, results in a predictable consequence (good or bad).

Business leaders continually admonish younger managers to engage in **critical thinking**[3]— to ask penetrating questions, examine underlying assumptions, search for probable unintended consequences, detect inconsistencies in arguments, be sensitive and alert to the agendas and motivations of others, objectively appraise the merits of positions held by others, balance the needs of different stakeholders, and even challenge the mental models and theories espoused by others. Useful practice in critical thinking can be gained while reading this book as you search for behavioral insights, derive conclusions from material read, and challenge the utility of various concepts.

Reflection suggests pondering an idea, probing its meaning, reconsidering a position, or engaging in careful thought. Despite its possible connotation as a passive process, it is best viewed as an active mental activity in which you think deeply about something, relate it to previous experiences or relevant material, explore reasons for observed phenomena, review and analyze what you have encountered, and reach new insights into the material. Reflection requires that you open your mind and become receptive to the new ideas and different perspectives offered by others.[4] Throughout this book, I encourage you to develop your critical thinking and reflection skills by asking many "Why?" and "How" questions. You are given an opportunity to demonstrate these skills in the end-of-chapter exercises, "Nurturing Your Critical Thinking and Reflective Skills."

Earlier editions of this book have been tested on the firing line in university classrooms and in organizations for many years, and revised substantially over time to reflect new developments. Many ideas—both for additions and deletions of material—offered by long-time users of previous editions and other insightful reviewers are incorporated into this new edition. Many topical ideas, figures, and applied examples have been provided by professors and managers from around the country and around the world. I actively solicit comments to help make this book even more useful in the future. I listen, I care about your input, and I strive to produce a high-quality, well-documented, useful product. I invite you to contact me via the Internet (jnewstro@d.umn.edu) with any comments, ideas, or questions you may have.

THE AUTHOR'S ROLE

How is a book like this created and updated? I begin by continuously immersing myself in the thinking, research, and practice of organizational behavior to gain an in-depth understanding of hundreds of concepts. I keep abreast of new developments by regularly reading dozens of journals and books, as well as interacting with managers in a variety of organizations. Then, I develop a logical and engaging organizational framework and proceed to identify the most important elements for inclusion. Finally, I organize and present the information in ways that will help readers learn and retain the ideas.

My primary objective is to produce a book that is accurate, useful, up-to-date, and engaging. Content and substance are emphasized, and I present the material in an organized and provocative fashion that will enable readers to integrate the various parts of this discipline into a whole philosophy of organizational behavior. The fourteenth edition has been upgraded with thorough citations to recent research and practice, which indicate the basis for my conclusions and advice.

Where appropriate, I include alternative viewpoints on a subject or express the weaknesses inherent in a particular model or concept. There are no simple answers to complex behavioral issues. I encourage readers to do their own thinking and to integrate a variety of perspectives. Consequently, I believe this book will serve as a valuable foundation of behavioral knowledge. I hope it will stimulate readers to enrich their understanding through continued study of organizational behavior. Many prior students have chosen to retain their copy of *Organizational Behavior,* and they refer to it as a valuable reference manual when they encounter real-world problems and issues.

FEATURES OF THE BOOK

Many features of *Organizational Behavior: Human Behavior at Work* stand out in the eyes of its users. The most notable is its **careful blending of theory with practice,** so that its basic theories come to life in a realistic context. Readers learn that concepts and models do apply in the real world and help build better organizations for a better society. The ideas and skills learned in organizational behavior can help readers cope better with every aspect of their lives.

Another popular feature is the large number of **examples of real organizational situations.** These real-life vignettes show how actual organizations operate and how people act (sometimes unexpectedly!) in specific situations. Most of the major concepts in this book are illustrated with one or more of these true examples.

A feature highly appreciated by both faculty and students is the book's **readability.** I have maintained a moderate vocabulary level, manageable sentence length, and a readable style to present a complex field in understandable language. Variety—provided by figures, practical illustrations, margin notes, and research results—enhances the readability by presenting a refreshing change of pace from content discussions. I have also woven into the text a wide variety of rich analogies (e.g., "People are like snowflakes; no two are alike") to help you "see" a concept from a more common perspective.

Other features of the book include:

- A detailed table of contents to locate major topics
- Provocative quotes at the beginning of each chapter to stimulate thought and in-class discussion, and margin notes to highlight key concepts
- A "Facebook" page provides a glimpse into the chapter topics via the exchanges between two or more students
- Chapter-opening illustrations preceding every chapter to engage the reader in a real-life issue
- "Engaging Your Brain" questions get you to think about some of the chapter material before you have even read the content.
- A widely accepted, and specially updated, presentation of five models of organizational behavior that provides an integrating framework throughout the book
- Strong, and early, coverage of employee communication
- A comprehensive chapter on motivational theories and another on their application to reward systems in organizations

- A chapter on empowerment and participation that is unique among organizational behavior books in capturing this highly contemporary approach
- Discussion of international issues in organizational behavior so students can later examine how selected concepts might require adaptation to other cultures
- A unique discussion of the limitations of organizational behavior to provide yet another balanced perspective
- At least one behavioral incident for analysis and one experiential exercise to involve students in their own learning, at the end of every chapter
- A comprehensive glossary of terms at the end of the book, providing a concise definition-at-a-glance for about 400 key organizational behavior terms
- A 16-chapter structure that accents the issues of greatest importance in organizations today—motivation, leadership, conflict and power, groups and teams, and the nature of change and its effects
- Substantial coverage of teams—their organizational context, factors that make them successful, and team-building processes that help members work together more effectively
- A distinctive in-chapter exercise, called "Critical Thinking Exercise," that encourages students to identify the likely positive and negative effects of a variety of behavioral concepts
- A unique feature, called "What Managers Are Reading" that provides concise summaries of recent best-selling books related to the chapter content
- Boxes within each chapter that focus on ethical questions in organizational behavior or real company examples
- Special emphasis on practicality, as evidenced by the inclusion of "Advice to Future Managers" to guide managers toward improved practice of organizational behavior
- An end-of-chapter exercise, "Nurturing Your Critical Thinking and Reflection Skills," designed to facilitate your development in this area
- The inclusion of Appendix A, which encourages students to insert their scores from the "Assess Your Own Skills" exercise, compare their own assessments with those of others, and develop a personalized self-improvement plan
- The development of a "Generating OB Insights" exercise at the end of each chapter, in which students are encouraged to review the text material and create a set of 10 key insights gained that will help them build a strong base of OB knowledge

You are about to embark on a journey of learning about key behavioral concepts that have been proven to be useful to managers at every level of an organization. I sincerely hope this "roadmap" helps you get started and guides you successfully to your chosen destination!

John W. Newstrom

Preface for Instructors

I encourage you to read my open "letter" to students in the preceding four pages, and to embrace and reinforce the themes I have presented there. Now I will briefly highlight the learning aids I have used in this book, the instructional aids available to you, and provide well-earned acknowledgments to a variety of people.

Major features included in each chapter are chapter objectives, introductory quotations and incidents, a chapter summary, terms and concepts for review, and true case incidents for analysis in terms of chapter ideas. All chapters contain thorough and both classical and up-to-date references that provide a rich source of additional information for the interested reader. These come from a wide variety of sources, covering both academic and practitioner-related publications, to demonstrate that useful knowledge and illustrations can be found in many places. I encourage students to refer to these references regularly, since they not only indicate the source of information but often provide an interesting historical perspective on an issue or a counter vailing viewpoint. There are also numerous discussion questions, many of which require thought, encourage insight, or invite readers to analyze their own experiences in terms of the ideas in the chapter. Other questions suggest appropriate group projects. Each chapter also contains an experiential exercise to involve students in the application of a chapter concept.

A wide array of new material is incorporated into the fourteenth edition of this book. New topics covered include sustainability, paradigm shifts, transparency, work–family conflict, countercultures, reverse mentoring, high-energy (vs. fatigued) workers, positive contagion, perceptual distortion, workplace bullying, face time, emotional contagion, employee engagement, social screening, care and compassion, incivility/abusive supervision, social norms, crowdsourcing, red-teaming, shared mental models, champions, accelerators of change, nonwork stressors, and mindfulness.

INSTRUCTIONAL AIDS

Online Learning Center

The following supplements for instructors are available from the Online Learning Center: *www.mhhe.com/newstrom14e*.

The Instructor's Manual is designed to save instructors time. It includes sample assignment sheets for quarter and semester schedules; chapter synopses; teaching suggestions; a detailed analysis for each of the end-of-chapter case incidents; and suggested answers to the end-of-chapter discussion questions and cases in the last part of the text.

The Test Bank contains multiple-choice and true-false questions for each of the text's chapters, with solutions for each.

PowerPoint slides are available to help instructors demonstrate key principles and concepts during their lectures. Slides consist of key points and figures from the text.

Student Resources are also available from the Online Learning Center, including practice quizzes and chapter review material. Access to the Manager's Hot Seat Videos (www.mhhe.com/mhs) can also be purchased through a link on the website.

Organizational Behavior Video DVD, Vol. 2

Videos are available for instructors to enhance their lectures.

ACKNOWLEDGMENTS

Fundamentals of Organizational Behavior

Chapter One

The Dynamics of People and Organizations

A primary goal of management education is to develop students into managers who can think ahead, exercise good judgment, make ethical decisions, and take into consideration the implications of their proposed actions.

Jane Schmidt-Wilk[1]

(Management students) must develop systemic thinking skills that will enable them to develop a richer understanding of the complexity they will face on a daily basis.

J. Brian Atwater, et al.[2]

CHAPTER OBJECTIVES

AFTER READING THIS CHAPTER, YOU SHOULD UNDERSTAND

1–1   The Meaning of Organizational Behavior
1–2   The Key Goals and Forces with Which It Is Concerned
1–3   The Basic Concepts of Organizational Behavior
1–4   Major Approaches Taken in This Book
1–5   How Organizational Behavior Affects Organizational Performance
1–6   The Limitations of Organizational Behavior

Student A: Hey, I just registered for this college course.

Student B: What's it called?

Student A: Something like "Organizational Behavior," or OB for short.

Student C: I didn't think organizations behaved. What's OB about?

Student A: The course description says OB is "the systematic study and careful application of knowledge about how people—as individuals and as groups—act in organizations, and how they can do so more effectively."

Student B: Sounds interesting, but a bit intimidating.

Student C: What do you think you'll learn?

Student A: By the end of the first chapter, I'm expected to understand Organizational Behavior, know its goals and some forces it's concerned about, identify some basic concepts in OB, understand the four major approaches taken in the book, see how OB affects organizational performance, and also recognize the limitations of OB.

Student C: That's a mouthful. I think you'd better get started right now, dude.

Student D: Like.

Student A: I'm on it already. Wait until you hear some of the new terms I'm expected to learn—behavioral bias, contingency approach, evidence-based management, law of diminishing returns, selective perception, and more.

Student B: What ever happened to one- and two-syllable words?

Chris Hoffman graduated from college and was excited to begin her new job as a sales representative with IBM. The first few months at work were extremely hectic for her. She attended numerous formal training sessions, learned about the wide array of products she was to sell, and tried hard to understand the complex and fluid nature of her new employer.

Returning to her home late one night, she was too confused to fall asleep immediately. Many questions raced through her mind, based on her observations at work in recent weeks: "Why are some of my colleagues more successful than others? How can we act as a team when we are working out of our homes and interacting primarily through our laptop computers? How will I ever learn to handle the stress of meeting my sales quotas? Why doesn't my colleague Carrie cooperate with me when I ask her for assistance? Why does my manager ask me for suggestions, and then go ahead without using my input? How is the new 'IBM culture' different from the old one? And why is it constantly changing, anyway?"

Chris is already learning some key facts about life at work. *Organizations are complex systems.* If Chris wishes to be an effective employee and later a manager, she'll need to understand how such systems operate. Organizations like IBM effectively combine people and science—humanity and technology. With the rapid discoveries and improvements that science has provided in the past century, mastering technology itself is difficult enough. When you add people to the mix you get an immensely complex sociotechnical system that almost defies understanding. However, the progress of society in the twenty-first century depends heavily on understanding and managing effective organizations today.

Engaging Your Brain

1. Do you think that most managers, upon studying OB, will likely use that knowledge for the benefit of employees, the organization, or themselves?

2. You hear a lot about the need for increased productivity in the economy. What important factors do you think lead to productivity?

3. Do you think it is likely that managers will become overly biased toward the use of OB knowledge to guide their efforts?

Chris also sees that *human behavior in organizations is sometimes unpredictable.* The behavior of her colleagues, manager, and customers arises from their deep-seated needs, lifetime experiences, and personal value systems. However, *human behavior in an organization can be partially understood* by studying and applying the frameworks of behavioral science, management, and other disciplines. Exploring the various facets of such behavior is the objective of this book. *There are no perfect solutions to organizational problems,* as Chris will soon discover. However, employees can increase their understanding and skills so that work relationships can be substantially upgraded. The task is challenging, but the results are worthwhile.

Organizational behavior is needed

On occasion, Chris may become so frustrated that she will be tempted to withdraw from her job. The uncooperative colleague may limit Chris's effectiveness; the behavior of her manager may sometimes be difficult to understand. Whether she likes the behavior of these individuals or not, Chris does not have the luxury of *not* working with or relating to other people. Therefore, it is imperative that she learn about human behavior, explore how to improve her interpersonal skills, and begin to manage her relationships with others at work. These are areas where knowledge of organizational behavior can make a significant contribution to her effectiveness.

UNDERSTANDING ORGANIZATIONAL BEHAVIOR

To provide an understanding of what goes on at the workplace, it is useful to begin with the definition, goals, forces, and major characteristics of organizational behavior (OB). Later in the chapter we introduce the key concepts that OB deals with, lay out the four basic approaches taken in this book, and identify some factors that limit or even undermine the success of OB.

Definition

Organizational behavior is the systematic study and careful application of knowledge about how people—as individuals and as groups—act within organizations. It strives to identify ways in which people can act more effectively. Organizational behavior is a scientific discipline in which a large number of research studies and conceptual developments are constantly adding to its knowledge base. It is also an applied science, in that information about effective practices in one organization is being extended to many others.

Five levels of analysis

Organizational behavior provides a useful set of tools at many levels of analysis. For example, it helps managers look at the behavior of *individuals* within an organization. It also aids their understanding of the complexities involved in *interpersonal* relations, when two people (two co-workers or a superior–subordinate pair) interact. At the next level, organizational behavior is valuable for examining the dynamics of relationships within small *groups,* both formal teams and informal groups. When two or more groups need to coordinate their efforts, such as engineering and sales, managers become interested in the *intergroup* relations that emerge. Finally, organizations can also be viewed, and managed, as *whole systems* that have interorganizational relationships (e.g., mergers and joint ventures).

Goals

Four goals of OB are to describe, understand, predict, and control human behavior at work

Most sciences have four major thrusts, and these are also the **goals of organizational behavior.**

- The first objective is to *describe,* systematically, how people behave under a variety of conditions. Achieving this goal allows managers to communicate about human behavior at work using a common language. For example, one benefit from the study of this book is the acquisition of a new vocabulary about organizational behavior (see, for example, the Glossary at the end of this book).

- A second goal is to *understand* why people behave as they do. Managers would be highly frustrated if they could only talk about the behaviors of their employees and not understand the reasons behind those actions. Therefore, inquisitive managers learn to probe for underlying explanations.

- *Predicting* future employee behavior is another goal of organizational behavior. Ideally, managers would have the capacity to predict which employees might be dedicated and productive or which ones might be absent, tardy, or disruptive on a certain day (so that managers could take preventive actions).

- The final goal of organizational behavior is to *control,* at least partially, and develop some human activity at work. Since managers are held responsible for performance outcomes, they are vitally interested in being able to make an impact on employee behavior, skill development, team effort, and productivity. Managers need to be able to improve results through the actions they and their employees take, and organizational behavior can aid them in their pursuit of this goal.

Some people may fear that the tools of organizational behavior will be used to limit their freedom, manipulate their thoughts and actions, and take away their rights. Although that scenario is possible, it is not likely, for the actions of most managers today are subject to intense scrutiny. Managers need to remember that organizational behavior is a human tool for human benefit. It applies broadly to the behavior of people in all types of organizations, such as businesses, government, schools, and service organizations. Wherever organizations are, there is a need to describe, understand, predict, and control (better manage) human behavior.

Forces

Four key forces

A complex set of forces affects the nature of organizations today. A wide array of issues and trends in these forces can be classified into four areas—people, structure, technology, and the environment in which the organization operates. Each of the four forces affecting organizational behavior, and some illustrations of each, is considered briefly in the following sections.

People People make up the internal social system of the organization. That system consists of individuals and groups, and large groups as well as small ones. There are unofficial, informal groups and more official, formal ones. Groups are dynamic. They form, change, and disband. People are the living, thinking, feeling beings who work in the organization to achieve their objectives. We must remember that organizations should exist to serve people, rather than people existing to serve organizations.

The human organization of today is not the same as it was yesterday, or the day before. In particular, the workforce has become a rich melting pot of **diversity,** which means that employees bring a wide array of educational and ethnic and cultural and religious and gender and economic backgrounds, talents, and perspectives to their jobs. Occasionally, this diversity presents challenges for management to resolve, as when some employees

express themselves through alternative dress or jewelry, while others present unique challenges through their unique lifestyles and recreational interests. Other employees have examined their values and are determined to put their personal goals ahead of total commitment to the organization. Managers need to be tuned in to these diverse patterns and trends, and be prepared to adapt to them.

> Some of the changes in the labor force are as follows: There has been a decline in the work ethic and a rise in emphasis on leisure, self-expression, fulfillment, and personal growth. The automatic acceptance of authority by employees has decreased, while desires for participation, autonomy, and control have increased. At the same time, several major factors are affecting the workforce. Skills become obsolete as a result of technological advances, and manual workers must either be retrained for knowledge-oriented jobs or be displaced. Security needs become foremost in the minds of millions of workers (and loyalty diminishes) because of the threat or the reality of downsizings and outsourcings. And even in eras of controlled inflation, the absence of meaningful salary growth for many employees has placed renewed emphasis on money as a motivator.

Indeed, a new labor force has emerged, and management's leadership practices must change to match the new conditions. These fast-moving developments have given new emphasis to leadership ability. Some companies are discovering that demonstrating a sense of caring, really listening to employees, and being concerned with both competence and relationships are among the keys to motivating the present workforce. Other companies are urging their managers to respond to a diverse workforce by building pride without devaluing others, empowering some without exploiting others, and demonstrating openness, confidence, authentic compassion, and vulnerability.[3]

Structure Structure defines the formal relationship and use of people in organizations. To accomplish all of an organization's activities, different jobs are required, such as managers and employees, accountants and assemblers. These people must be related in some structural way so their work can be effectively coordinated. These relationships create complex problems of cooperation, negotiation, and decision making.

Technology Technology provides the resources with which people work and affects the tasks they perform. The great benefit of technology is that it allows people to do more and better work, but it also restricts people in various ways. It has costs as well as benefits. Examples of the impact of technology include the increasing use of robots and automated control systems in assembly lines, the dramatic shift from a manufacturing to a service economy, the impressive advances in computer hardware and software capabilities, the widespread use of the Internet, and the need to respond to societal demands for improved quality of goods and services at acceptable prices. Each of these technological advancements, in its own way, places increased pressure on OB to maintain the delicate balance between technical and social systems.

Environment Environments can be internal or external, and all organizations operate within them. Any organization is part of a larger system that contains many elements, such as government, the family, and other organizations. Numerous changes in the environment create demands on organizations. Citizens expect organizations to be socially responsible; new products and competition for customers come from around the globe; the direct impact of unions (as measured by the proportion of the labor force that is unionized) diminishes; the dramatic pace of change in society quickens. All these factors—but especially the rapid globalization of the marketplace, whose impact on OB is discussed in Chapter 16—influence one another in a complex system that creates a dynamic (even chaotic) context for a group

of people. The external environment influences the attitudes of people, affects working conditions, and provides competition for resources and power. It must be considered in the study of human behavior in organizations.

Positive Characteristics of the Organizational Behavior Field

Interdisciplinary

One major strength of organizational behavior is its *interdisciplinary* nature. It draws from the fields of *psychology* (the study of cognitive functions and behaviors), *sociology* (the study of human society and institutions), *social psychology* (the study of how people's thoughts, feelings, and actions are influenced by the presence of others), *group dynamics* (the study of behaviors within or between groups), and *anthropology* (the study of the evolution of humans and their cross-cultural relationships). OB integrates relevant knowledge from these behavioral science disciplines with other social sciences that can contribute to the subject. It applies from these disciplines any ideas that will improve the relationships between people and organizations. Its interdisciplinary nature is similar to that of medicine, which applies knowledge from the physical, biological, and social sciences into a workable medical practice.

Another strength of organizational behavior is its emerging base of *research knowledge, theories, models, and conceptual frameworks.* The field of organizational behavior has grown in depth and breadth, and it will continue to mature. The keys to its past and future success revolve around the related processes of theory development, research, and managerial practice.

Three keys to success

Theories (see additional arguments for theories in What Managers Are Reading) offer explanations of how and why people think, feel, and act as they do. Theories identify important variables and link them to form tentative propositions that can be tested through research. Good theories are also practical—they address significant behavioral issues, they contribute to our understanding, and they provide guidelines for managerial thought and action.[4] You will be introduced to several practical and interesting theories in this book, presented in a straightforward fashion.

Research is the process of gathering and interpreting relevant evidence that will either support a behavioral theory or help change it. Research hypotheses are testable statements connecting the variables in a theory, and they guide the process of data collection. Data are generated through various research methods, such as case studies, field and laboratory experiments, and surveys. The results of these research studies, as reported in various journals, can affect both the theory being examined and future managerial practices.

Research is an ongoing process through which valuable behavioral knowledge is continually uncovered. Examining a stream of research is like exploring the Mississippi River from its gentle source in northern Minnesota to its powerful ending in the Gulf of Mexico. Just as a trip down the entire river allows us to better appreciate its growth and impact, so does a review of research help us better understand how the major ideas in organizational behavior evolved over time. Consequently, the highlights of dozens of relevant research studies are briefly presented to you in appropriate places in this text.

Neither research nor theory can stand alone and be useful, however. Managers apply the theoretical models to structure their thinking; they use research results to provide relevant guides to their own situations. In these ways, theory and research form a natural and healthy foundation for **practice,** which is the conscious application of conceptual models and research results in order to improve individual and organizational performance at work. This is similar to the application of **evidence-based management,** which asks managers to set aside some of the things they think they know (conventional wisdom) and become totally committed to a rigorous collection of facts and combine these with relevant research. Evidence-based management depends heavily on the explicit use of four pillars

LEARNING TO BECOME GOOD CONSUMERS OF THEORY

Two best-selling authors and Harvard Business School professors argue that executives should care deeply about management theory (causal connections between variables). Despite the widespread misconception that theories are impractical, they are shown to be valuable in two key ways: They help make predictions, and they help interpret and understand present situations and explain why they occurred. As social psychologist Kurt Lewin once said, "There's nothing so practical as a good theory."

Since every action that managers take and every decision they make is based on some theory (implicit or explicit; valid or not), accepting and embracing theory, using it constructively, and helping improve it are important for managers. Managers are strongly urged to learn which theories will help them most and to differentiate between good and bad theories. In essence, managers should learn to become discerning *consumers* of theory.

Source: Clayton M. Christensen and Michael E. Raynor, *The Innovator's Solution*, Cambridge, MA: Harvard Business School Press, 2003.

of information: (1) immersion in, and critical evaluation of, existing research evidence on "best organizational practices"; (2) in-depth information unique to the organization and its local context; (3) input and reactions from various persons affected by it (similar to the patient in a clinical setting); and (4) the wisdom, expertise, and practiced judgment of the manager. This, needless to say, is a rather monumental task.[5]

Managers also have a vital role to play in the other direction—the testing and revision of theory and conducting research. Feedback from practitioners can suggest whether theories and models are simple or complex, realistic or artificial, and useful or useless.

Organizations serve as research sites and provide subjects for various studies. As shown in Figure 1.1, there is a two-way interaction between each pair of processes, and all three processes are critical to the future of organizational behavior. Better models must be developed, theory-based research must be conducted, and managers must be receptive to both sources and apply them to their work.

FIGURE 1.1
The Interaction of Theory, Research, and Practice in Organizational Behavior, and Sample Sources for Each
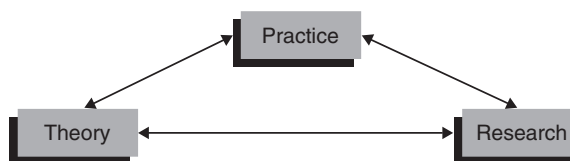
Sample Sources		
Theory Information	**Research Information**	**Practice Information**
Academy of Management Review	*Academy of Management Journal*	*Sloan Management Review*
Human Relations	*Journal of Applied Psychology*	*Organizational Dynamics*
Administrative Science Quarterly	*Journal of Management*	*Harvard Business Review*
Psychological Bulletin	*Organizational Behavior and Human Decision Processes*	*Business Horizons*
Annual Review of Psychology	*Journal of Organizational Behavior*	*California Management Review*
	Academy of Management Discoveries	*Workforce Management*

Increased acceptance

Researchers have identified key questions, designed appropriate studies, and reported the results and their conclusions. Others have examined related studies, and used them to construct models and theories that explain sets of findings and help guide future studies. As a result, organizational behavior has progressed substantially, and will continue to be vitally important throughout the twenty-first century. Sample sources of OB theory, research, and practice information are shown in Figure 1.1.

FUNDAMENTAL CONCEPTS

Every field of social science, or even physical science, has a philosophical foundation of basic concepts that guide its development. In accounting, for example, a fundamental concept is that "for every debit there will be a credit." The entire system of double-entry accounting was built on this equation when that system replaced single-entry bookkeeping many years ago. In physics, a basic belief is that elements of nature are uniform. The law of gravity operates uniformly in Tokyo and London, and an atom of hydrogen is identical in Moscow and Washington, D.C. Even though such uniformity cannot be applied to people, certain basic concepts regarding human behavior do exist.

As shown in Figure 1.2, organizational behavior starts with a set of fundamental concepts revolving around the nature of people and organizations. These concepts are the enduring principles that form a strong foundation for OB. A summary of these ideas follows, and they are woven into later chapters.

The Nature of People

Six basic concepts exist in regard to people: individual differences, perception, a whole person, motivated behavior, desire for involvement, and the value of the person.

Individual Differences   People have much in common (they become excited by an achievement; they are grieved by the loss of a loved one), but each person in the world is also individually unique. The idea of **individual differences** is supported by science. Each person is different from all others, just as each person's DNA profile is different. And these differences are usually substantial rather than meaningless. Think, for example, of a person's billion brain cells and the billions of possible combinations of connections and bits of experience stored there. All people are different, and this diversity should be recognized and viewed as a valuable asset to organizations.

The idea of individual differences comes originally from psychology. From the day of birth, each person is unique (the impact of *nature*), and individual experiences after birth tend to make people even more different (the influence of *nurture*). Individual differences mean that management can motivate employees best by treating them differently. If it were not for individual differences, some standard across-the-board way of dealing with employees could be adopted, and minimum judgment would be required thereafter. Individual differences require

Law of individual differences

FIGURE 1.2
Fundamental Concepts of Organizational Behavior

The Nature of People	The Nature of Organizations
• Individual differences	• Social systems
• Perception	• Mutual interest
• A whole person	• Ethics
• Motivated behavior	
• Desire for involvement	
• Value of the person	