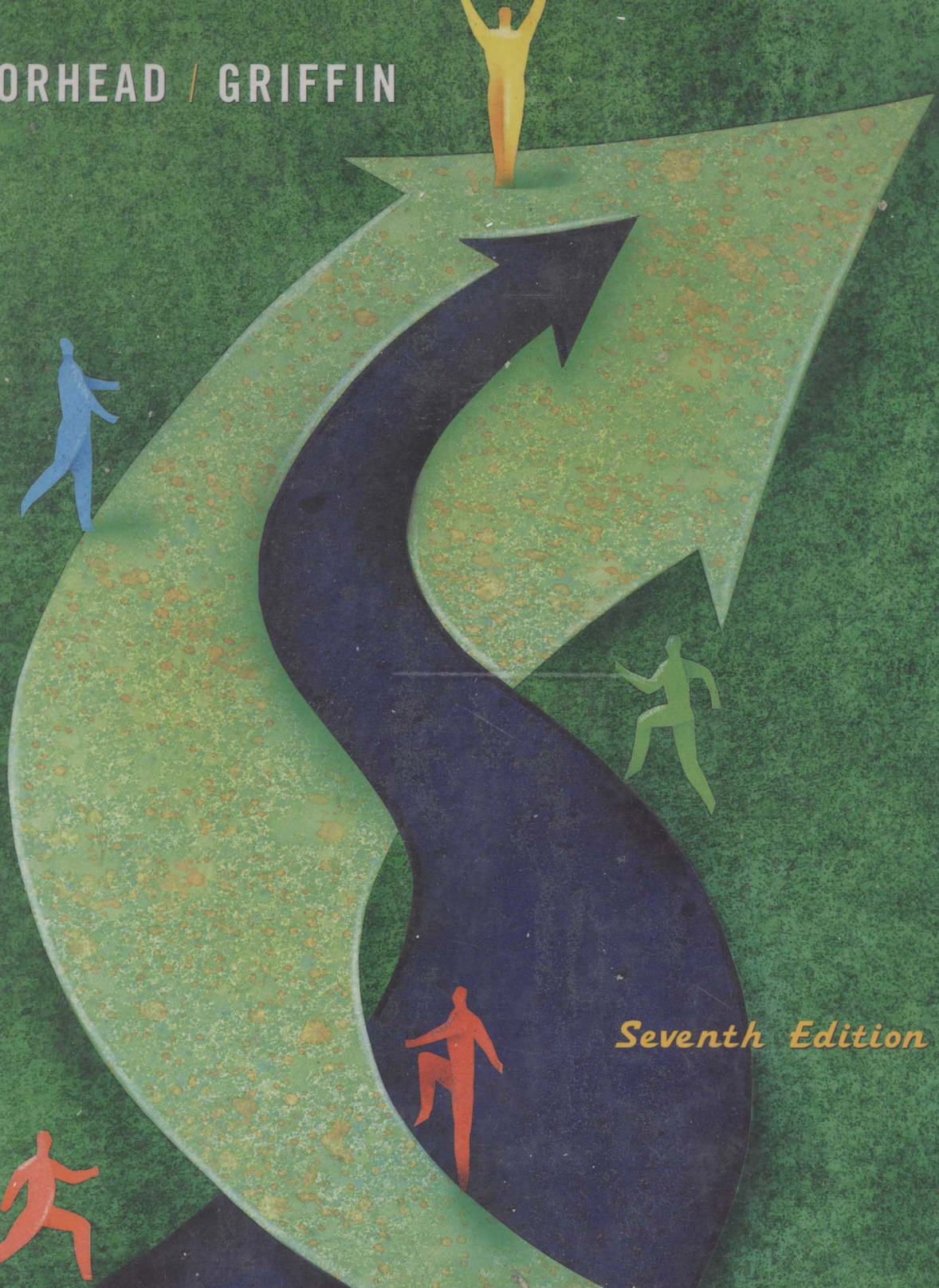


MOORHEAD / GRIFFIN



Seventh Edition

ORGANIZATIONAL BEHAVIOR
Managing People and Organizations

SEVENTH EDITION

rganizational Behavior

Managing People and Organizations

▼ ▼ ▼
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Houghton Mifflin Company Boston · New York

For my family: Linda, Alex, and Lindsay. —G.M.

For my daughter Ashley: Still a sweet and shining star moving
boldly forward through life's big adventure. —R.W.G.

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Preface

New Challenges for the New Century

WOW!! How things are changing in the new century! As we wrote the previous edition (the sixth), everyone was excited about the opportunities of the new century. Optimism was everywhere: for the new e-business, the Internet, an ever-expanding stock market, and a truly global marketplace. Now, three years later, the United States is in a recession, layoffs are commonplace, and while the Internet is still expanding, e-business is now in retrenchment. The stock market has plummeted and may take years to recover. Terrorism has invaded our peaceful world, threatening more people in scarier ways. The threat and existence of military conflicts in various parts of the world makes the business world less than stable. And all of those ubiquitous Top Ten Lists of the previous century are now forgotten as organizations struggle to figure out the new world order for their businesses, and then how to survive in it.

Focusing on how to survive and thrive in this ever-changing world is as important as ever. Computers are having the impact that was predicted twenty to thirty years ago. With computers and the advances in communications technology, we are certainly in the Internet age. The Internet age is so much more than just a faster way to communicate, however. Everything that people do is now done faster. In organizations, managers do not have the luxury of making significant changes and then sitting back to watch as the system adjusts and restabilizes, and these changes have an impact on operations. Previously, managers had the time to take measurements on the impact of the change and make more adjustments. Managers now must make a change and then prepare for the next change before the first one has fully taken effect. All of these changes that organizations are making—downsizing, merging, valuing diversity, acquiring, reengineering, and going global—are made at warp speed. Managers are creating new business, e.g., creating on-line stores that cannibalize their existing sales and distribution systems, before they know if Internet shopping will even work for their business. All of these changes require people to make the decisions and carry them out.

“Most managers now seem to understand that they will find competitive advantage by tapping employees’ most essential humanity, their ability to create, judge, imagine, and build relationships. The champion managers of the Infotech Age will be those who do it fastest and best.”—Geoffrey Colvin, “Managing in the Info Era,” Fortune, March 6, 2000, pp. F-6–F-9, quote on p. F-9.

As we prepared this edition of *Organizational Behavior: Managing People and Organizations*, we considered what we had learned in the past and what new managers will need over the next few years, given the grave uncertainties that managers are facing. We realize that we cannot prepare them for every possibility and dilemma they will face in their management careers—their careers, after all, may last 40 years or longer! The world is already changing too fast for that.

We realize that we need to equip today's students with a perspective on managing people that allows them to create, judge, imagine, and build relationships, rather than provide every answer to every dilemma. That perspective needs to provide a firm grasp of the fundamentals of human behavior in organizations—the basic foundations of behavior so that they can develop new answers to the new problems they encounter. That perspective must also provide the background of the theories and approaches, not simply so they can answer questions on an exam, but so they can go back to the basics, the fundamentals, when things perplex them. A famous golf coach tells his students that if they go into a slump in hitting the golf ball, then they should always go back to the basics, and check the fundamentals in order to get back on track. The same works in managing people in organizations. As new challenges are thrust on us from around the world by global competition, new technologies, newer and faster information processes, new world-wide uncertainties and customers who demand the best in quality and service, the next generation of managers will need to go back to basics—the fundamentals—then combine those basics with valid new experiences in a complex world, and then develop creative new solutions, processes, products, or services to succeed and even gain a competitive advantage.

The Text That Meets the Challenge

This edition of *Organizational Behavior: Managing People and Organizations* takes on that charge by providing the basics in each area, bolstered by the latest research in the field, and infused with examples of what companies are doing in each area. We have made some changes in how the material is presented. We open each chapter with a textual introduction that weaves in a new opening incident and provides an immediate example of how the topic of the chapter is relevant in organizations. The chapter outlines and chapter objectives are available on the student web site as well as in the *Instructor's Resource Manual* for use in planning the discussion of the chapter material. We have further expanded the learning materials at the end of each chapter in order to provide more opportunities to work with the chapter content. In addition to the end of chapter case, experiencing exercise, and self-assessment exercise, we have revised the former Internet exercise to be a more practical OB Online, plus added an opportunity for students to build their own managerial skills, with the Building Management Skills exercise. We have kept the more in-depth case that is presented at the end of each part of the book. This edition's running case follows the blockbuster developments of the Enron case that rocked the business world in the recent past.

The text is presented in a dynamic and contemporary fashion, using more and bolder colors, more pictures, different print styles, and quotations by real managers about real organizational situations. We present the material in a fashion that is like popular business periodicals, and the book reads like a contemporary business magazine while still covering the basic foundation material of the field. Our students have remarked how easy it is to read this book and really get into the material. (They say they never count the pages they have left to read in each chapter in this book the way they do in other texts!)

In this edition we have kept the popular call-out quotes to emphasize bold statements made by contemporary organizational leaders talking about real managerial issues. We have resisted the recently popular trend of authors and publishers to cut the heart of the book in an effort to make books thinner. Several editions

ago we cut out some material and rewrote other parts in a briefer form in an effort to reduce the mass of the book. Whereas those changes were favorably received, we have not gone any further in this downsizing in order to maintain the integrity of the book as truly representative of the field. We have left the meat. The basic theoretical approaches and developments that are the heart of this field are discussed in enough detail that students will understand them, yet not in so exhaustive fashion that they are overwhelmed.

Organizational Behavior: Managing People and Organizations, Seventh Edition, prepares and energizes managers of the future for the complex and challenging tasks of the new century while it preserves the past contributions of the classics. It is comprehensive in its presentation of practical perspectives, backed up by the research and learning of the experts. We expect each reader to be inspired by the most exciting task of the new century: managing people in organizations.

Content and Organization

The seventh edition of *Organizational Behavior: Managing People and Organizations* has essentially the same overall organization and topical presentation as did the previous edition. That is one of the benefits of a book in its seventh edition: we no longer have to experiment with different ways of combining the topics into chapters and parts. Based on feedback from reviewers, the current organization fits the way that many instructors prefer to approach the topics in their courses. We have, however, updated much of the research and added topics that needed attention throughout the text. Part I discusses the managerial context of organizational behavior. In Chapter 1 we describe Yellow Corporation and the role people have played in its transformation. This opening case provides an effective vehicle to introduce basic concepts of the field, to discuss the importance of the study of organizational behavior, and to give a brief history of the field, and sets the stage for study of the field. In Chapter 2 we develop a managerial perspective on the field by describing how Continental Airlines effectively integrated basic and sound management techniques with respect and consideration for the employees and led a remarkable turnaround that helped the firm navigate a post-9/11 world. This chapter develops a managerial perspective on organizational behavior and describes the manager's job in terms of its functions, roles, and skills. New material on workforce expansion and information technology has been added as part of the discussion of managerial challenges. Chapter 3 has been a real hit with users of the sixth edition. It combined former chapters on diversity and international issues to form a cohesive treatment of global issues and workforce diversity. In addition to the discussion of diversity programs in operation at Procter & Gamble we have updated the data on the changing workforce and added special features on the special problems of working women in Asia, how some managers are bringing spirituality into the workplace, and how UPS is diversifying its workforce to meet the challenges of an increasingly diverse world. The first three chapters, therefore, constitute an in-depth look at the context within which organizational behavior takes place.

Part II includes six chapters that focus on key aspects of individual processes in organizations: individual differences and perception, motivation, employee performance, and stress. Chapter 4 presents the foundations for understanding individual behavior in organizations by discussing the psychological nature of people, elements of personality, individual attitudes, perceptual processes, and creativity. We

use numerous examples to illustrate some of the difficulties of dealing with the individuality of employees. Chapters 5 and 6 focus on the two primary categories of motivation theories: need-based approaches and process-based approaches. Although some may view this material as rather dull recitations of old theories, these two chapters are spiked with great real-world examples of how the basic approaches are meaningfully used in organizations today. Motivation techniques used by big companies such as Lucent Technologies, Ford Motor Company, and Commerce Bancorp are used throughout these chapters. Chapters 7 and 8 focus on specific methods, techniques, and strategies managers use to affect individual performance in organizations. Chapter 7 makes the transition from the theories to actual organizational practice by discussing job design, employee participation, and alternative work arrangements, including an expanded section on job sharing. To round out our study of individual/organizational motivation and performance, Chapter 8 provides the next practical step in motivation by focusing on goal setting, performance measurement, and rewards. The chapter includes special features on actual techniques, such as accelerated reviews, and pay and benefit practices at General Motors and Honda. Part II closes with the very important topics of work stress and work-life balance in Chapter 9. It presents the latest research on stress at work and shows how companies are paying more attention to the individual work-life balance and the needs of their employees. Included in this chapter is also a new discussion of the role of information technology in work stress.

In Part III we move from the individual aspects of organizational behavior to the more interpersonal aspects of the field, including communication, groups and teams, leadership and influence processes, and decision making. Chapter 10 describes the behavioral aspects of communication in organizations. Since most college and university business programs typically include one or two courses in communication, it is not our intent here to replicate that material. We do, however, provide an overview of the communication process, discuss important aspects of international communication, describe communication networks in organizations, and examine the impacts of computerized information processing and telecommunications in a variety of organizational settings. Chapters 11 and 12 are a two-chapter sequence on groups and teams in organizations. We believe there is too much important material to just have one chapter on these topics. Therefore, we present the basics of understanding the dynamics of small group behavior in Chapter 11 and discuss the more applied material on teams in Chapter 12. In this manner readers get to understand the more basic processes first before attacking the more complex issues in developing teams in organizations. New material on affinity groups has been added to Chapter 11, as well as examples from business—Lockheed Martin—and the business of sports—New York Yankees (the most successful sports franchise in history). Chapter 12 uses diverse examples, such as glass blowing and the Mayo Clinic, to illustrate the differences between groups and teams, the benefits and costs of teams, and the steps for implementing a team-based organization. We present leadership in a two-chapter sequence, examining models and concepts in Chapter 13 and influence processes in Chapter 14. These chapters present several new examples of non-traditional leaders such as Andy Pearson, CEO of Tricon, James Mullen, CEO of Biogen, and Susan Lyne, president of ABC Entertainment, in its coverage of the historical views of leadership; the basic trait, behavioral, and situational views; and contemporary views. This chapter includes a discussion of the role of gender in leadership and the newest version of the Vroom decision tree model of leadership. Closely related to leadership is the more complex topic of influence processes, discussed in Chapter 14.

The chapter moves from influence-based leadership approaches—transformational and charismatic leadership—to a discussion of substitutes for leadership, and then describes power and political behavior in organizations—both highly influence related phenomena. Finally, the last chapter in Part III on Interpersonal Processes in Organizations is Chapter 15, Decision Making and Negotiation. As we did in the sixth edition, we include group decision making in this chapter in order to present a cohesive discussion of individual and group decision making. Special features in this chapter include a discussion of decisions made at MTV by Bill Roedy and firms affected by the 9/11 terrorists attacks.

In Part IV we address more macro and system-wide aspects of organizational behavior. Chapter 16, the first of a two-chapter sequence on organization structure and design, describes the basic building blocks of organizations—division of labor, specialization, centralization, formalization, responsibility, and authority—and then presents the classical view of organizations of Weber, Fayol, and Likert. Special features describe the organization structure problems of AOL, Daimler-Chrysler, Deutsche Bank, General Electric, and Sapient. Chapter 17 describes more about the factors and the process through which the structure of an organization is matched to fit the demands of change, new technology, and expanding competition, including global issues and describes the restructuring problems at AT&T, Wal-Mart, Dell Computers, and Cisco. A special focus on ethics is highlighted in the organizational problems faced by ImClone Systems. Chapter 18 moves on to the more elusive concept of organizational culture. We differentiate culture from climate and describe the classic views of culture, as described by Peters and Waterman, Deal and Kennedy, and Ouchi. We strengthened the discussion of the process of creating the organizational culture and present special features on the unusual problems faced by Southwest Airlines as they try to maintain their culture following the retirement of Herb Kelleher, the eclectic culture of ING Corporation, the problems of women working at WalMart, and difficulties inherent in meshing the cultures of HP and Compaq. The final chapter, Chapter 19, could really be the cornerstone of every chapter, because it presents the classical and contemporary views of organizational change. Due to the demands on organizations today, as stated earlier and by every management writer alive, change is the order of the day, the year, the decade, and the new century. The only constant in organizations today is constant change. Changes at Vivendi, Avon, Context Integration, and Electronic Data Systems Corporation provide powerful illustrations of the necessity and complexity of change.

Features of the Book

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

Student Orientation

We believe that students, instructors, and other readers will agree with our students' reactions to the book as being easy and even enjoyable to read with its direct

and active style. We have tried to retain the comprehensive nature of the book while writing in a style that is active and lively and geared to the student reader. We want your students to enjoy reading the book while they learn from it. As an example, here is an unsolicited quote from a professor whose students used this book this past semester.

“My students liked your textbook a lot (so did I)! They said the theories are described in ways that are clear and to-the-point. Interestingly, the engineers (about half of my students) said your book was extremely helpful because the theories were new to them.”—Lynne McClure, Ph.D., Arizona State University

The cartoons and their content-rich captions tie the humorous intent of the cartoons to the concepts in the text. All of the figures include meaningful captions, again to tie the figure directly to the concepts. The end-of-chapter features retain the popular experiential exercises and the diagnostic questionnaire, or self-assessments, and the real-world cases that show how the chapter material relates to actual practice.

We have changed the running case at the end of each of the four parts of the book to provide a more current, deeper, and more integrative real-world example. These end-of-part cases describe the interesting management problems in the Enron situation that dominated the front pages of the world’s newspapers, as well as the business section. We did not have to look very far to find this classic story. We hope you and your students enjoy considering the issues of this disaster.

Contemporary Content Coverage

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

Real World, Applied Approach

The organizations cited in the opening incidents, examples, cases, and boxed features throughout this edition represent a blend of large, well-known and smaller, less well-known organizations so that students will see the applicability of the material in a variety of organizational settings. Each chapter opens and closes with concrete examples of relevant topics from the chapter. The running end-of-part case on the Enron disaster provides a more in-depth case for class discussion. Each chapter also contains two or three boxes, selected from the five types of boxed features included in this edition. Each box has a unique, identifying icon that distinguishes it and makes it easier for students to identify.



Each **Talking Technology** box describes how a company uses advances in computer and information technology to improve its business.



Each **Mastering Change** box shows an organization rethinking its methods of operation to respond to changes in the business climate.



Each *Business of Ethics* box explores an organization dealing with ethical issues.



Each *Working with Diversity* box describes an organization meeting the needs of its increasingly diverse work force.



Each *World View* box examines an issue an organization and the people in it face as the organization expands its global operations.

Effective Pedagogy

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

- Each chapter begins with a Management Preview and ends with a Synopsis.
- *Discussion Questions* at the end of each chapter stimulate interaction among students and provide a guide to complete studying of the chapter concepts.
- An *Experiencing Organizational Behavior* exercise at the end of each chapter helps students make the transition from textbook learning to real world applications. The end-of-chapter case, “Organizational Behavior Case for Discussion” also assists in this transition.
- A *Self-Assessment* activity at the end of each chapter gives students the opportunity to apply a concept from the chapter to a brief self-assessment or diagnostic activity.
- The *OB Online* feature encourages students to reach beyond the text to find organizations or other resources on the Web that illustrate the issues discussed in the chapter.
- The brand new *Building Managerial Skills* activity provides an opportunity for students to “get their hands dirty” and really use something discussed in the chapter.
- The Integrative Running Case at the end of each part on the Enron collapse provides an opportunity for students to discuss an actual ongoing management situation with significant organizational behavior facets.
- Figures, tables, photographs, and cartoons offer visual and humorous support for the text content. Explanatory captions to figures, photographs, and cartoons enhance their pedagogical value.
- A running marginal glossary and a complete glossary at the end of the book provide additional support for identifying and learning key concepts.

A new design reflects this edition’s content, style, and pedagogical program. The colors remain bold to reflect the dynamic nature of the behavioral and managerial challenges facing managers today, and all interior photographs are new to this edition and have been specially selected to highlight the dynamic world of organizational behavior. Call-out quotes like you might find in many popular business magazines are found throughout every chapter to call special attention to what real managers are saying about managing people in organizations.

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

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A Complete Teaching and Learning Package

A complete package of teaching and learning support materials accompanies the seventh edition.

For Students

The *Student Web Site* provides additional information, study aids, activities, and resources that help reinforce the concepts presented in the text. The site includes: learning objectives; brief chapter outlines; chapter summaries; the OB Online exercises from the text with relevant links and any necessary updates; ACE self-tests; a glossary of key terms; flash cards for reviewing the key terms; additional cases; convenient chapter links to the organizations highlighted in the text; and a resource center with links to various sites of general organizational behavior interest.

OB in Action, Seventh Edition, by Steven Wolff provides additional cases and hands-on experiential exercises to help students bridge the gap between theory and practice. Working individually or with teams, students tackle problems and find solutions, using organizational theories as their foundation. The author brings his extensive experience in both university classroom and executive training and development settings to his work in creating this new edition.

For Instructors

The *Instructor's Resource Manual*, revised by Bruce Barringer, *University of Central Florida*, includes for each chapter a synopsis, learning objectives, detailed lecture outline, suggested answers to the text questions and activities, and a supplemental mini-lecture. Also included are a section on learning and teaching ideologies, suggested course outlines, suggestions on how to use the mini-lectures, and a transition guide to help current users of the sixth edition move easily to this new edition.

The *Test Bank*, prepared by David Glew, *The University of Tulsa*, has been thoroughly revised to match changes in the new edition and contains multiple-choice, true/false, completion, matching, and essay questions for every chapter. A text page reference and learning-level indicator accompanies each question. A *call-in test service* is also available.

The new *HM ClassPrep with HM Testing* is offered on CD-ROM and is designed to assist the instructor with in-class lectures and text preparation. The *ClassPrep* component includes key pieces of the *Instructor's Resource Manual* in electronic format as well as a complete PowerPoint package that includes key figures from the text. Also included on the CD is *HM Testing*. This computerized version of the *Test Bank* allows instructors to select, edit, and add questions, or generate randomly selected questions to produce a test master for easy duplication. Online Testing and Gradebook functions allow instructors to administer tests via their local area network or the World Wide Web, set up classes, record grades from tests or assignments, analyze grades, and produce class and individual statistics. This program can be used on both PCs and Macintosh computers.

The completely new password-protected *Instructor Web Site* provides several tools to help prepare and deliver lectures: downloadable files of the *Instructor's Resource Manual*; downloadable PowerPoint® slides; suggested answers to the activi-

ties on the Student Web Site, and the Video Guide with video summaries, suggested uses, and questions for discussion.

A detailed set of *PowerPoint Slides*, available on both the *Instructor Web Site* and the *HM ClassPrep CD*, combines clear, concise text and art to create a complete lecture package with more than 20 slides per chapter. Instructors can use the slides as-is or edit them. Slides also can be printed for lecture notes and class distribution.

A set of full-color *transparencies* includes 100 images that highlight key figures and definitions from the text as well as additional images that can be used to enhance lecture presentation.

A special set of *videos* is provided to enhance the teaching package. Focusing on key topics of organizational behavior, the videos present additional material to help bring the concepts to life. Teaching notes and suggestions are also provided.

The *Instructor's Resource Manual* for *OB in Action* provides requirements, objectives, background, suggested outlines and timing for each exercise, and it flags some issues that may be raised. It also includes curve balls for instructors to use when groups come to facile or premature decisions.

Acknowledgments

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

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

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