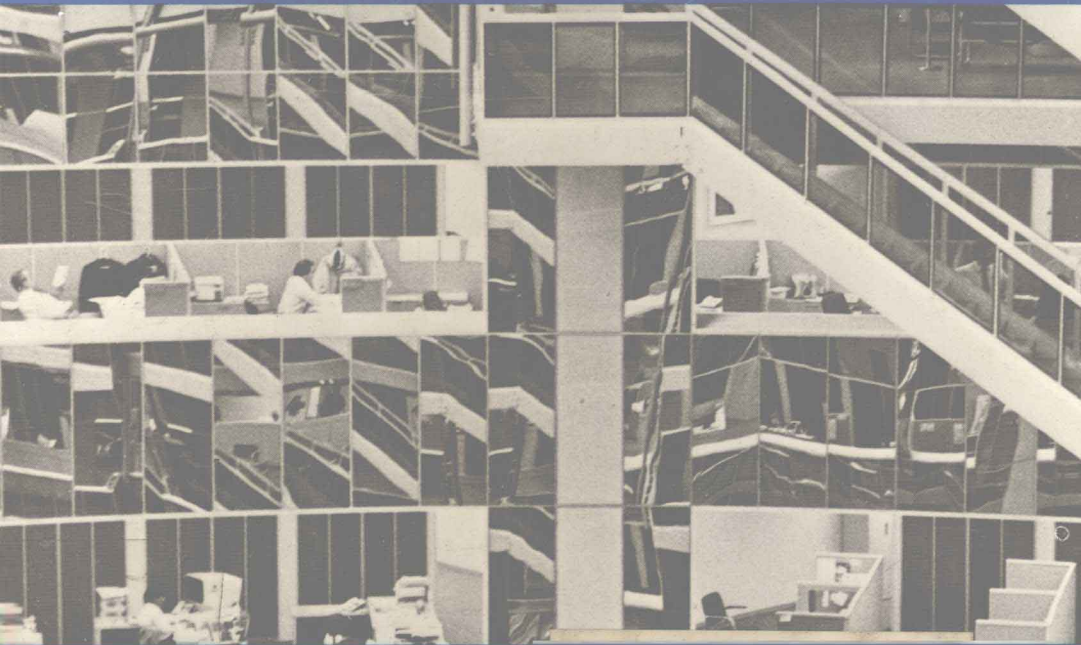


Harold J. Leavitt and
Homa Bahrami

Managerial Psychology

Managing Behavior
in Organizations



Fifth
Edition

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Managerial Psychology

Preface to the fifth edition

Things have changed—again. And they have also remained the same. The last edition of this book was written just as Americans had recovered from student revolt, Vietnam, and black-white and male-female confrontations. Now, almost 10 years later, we have cooled way down, probably too far down. Indeed, on the managerial front we're faced with some serious challenges. The Japanese have been on our tails for a decade, and the Koreans are coming along behind them. Trade wars are looming. Technology seems to move faster than we can handle it. Instead of concentrating on producing better goods and services, we have been overtaken by a mania for takeovers.

But American managers respond. They experiment. They adapt. So the next decade could become a decade of managerial experimentation and innovation. It *could*, if we are willing to pick up the challenge.

As to this fifth edition of *Managerial Psychology*, it too has changed. Something like 70 percent of the material is new. But the overall structure remains about the same, working from the small to the large, from the individual to the organization.

Part 1 is about the psychology of the individual. It tries to pull together a few key concepts and ideas about individual human beings in organizational settings. But psychological beliefs, theories, and findings have changed over this last decade, and perhaps even progressed. So Part 1 is redesigned. It tries to incorporate more from the burgeoning field of cognitive psychology. There's a lot more on human thinking, on current views about motivation, and on how attitudes and values change.

In part 2 we shift our focus from one person to relationships between people; to how our person can try to change the behavior of another. This part is considerably different, too. There's more material on alternative forms of influence, and their costs and benefits, and a revised chapter on incentives, new models and old.

Part 3, on small groups, has been modified less than the others because not much basic new research has been done on groups. The real-world

application of ideas about groups, however, has made great strides. So a new chapter on the uses of groups in modern organizations replaces our old one.

Big changes show up again in part 4, in which we broaden our focus to look at the whole organization and at the complex process of managing. Our knowledge of macro-organizational processes has increased considerably in the last few years, so we have expanded and updated the material on organizations. Current concerns about organizational leadership, organizational culture, and organizational structure are all reflected in this revised section.

An entirely new section, part 5, has now been added to the book. Its purpose is to take one full step that was only partially taken in the fourth edition. Part 5 is about the relationship between contemporary organizations and their environments. We've added this section, of course, because contemporary managers live in a very small, very crowded, very intrusive world. Strong competitors are popping up in different parts of the world, and, although they may speak in different tongues, they nevertheless seem to operate rather effectively in "our" market places. Government regulations, lawsuits, international crises, and pressure groups all nip at the modern manager's heels. Managers no longer just manage the inside of their organizations. They have to try to manage the outside, too—or at least their interactions with the outside.

A couple of other issues. We have tried to avoid the awkwardness of using both masculine and feminine third-person pronouns. We have done it simply by using the masculine form throughout. We hope readers of both sexes will forgive what may appear to some to be a breach of principle in exchange for simplicity and convenience in communication.

Readers even faintly familiar with past editions will also note two other major changes that show up on the cover of this edition. Because we have extended our coverage to encompass much of what is now called "organizational behavior," we have also extended the book's title to reflect the change. More important, we now have an additional author, someone with more expertise than the original on matters of organizational design and strategy.

We are both most grateful to Mrs. Arleen Danielson for working and reworking our manuscript, and to the many friends, students, and colleagues who have contributed to our thinking along the way.

H. J. L.
H. B.

Contents

**Part 1 People one
at a time:
The individual in
the organization**

Preface ix

Introductory note 3

- 1** People are all alike: Three key ideas 5
- 2** People are different: The development of individuality 13
- 3** People are emotional: Human feelings and the manager 23
- 4** Thinking, learning, problem solving: People are also reasoning creatures 42
- 5** The turbulent marriage of reason and emotion: Attitudes, beliefs, and values 59
- 6** Managerial styles of thinking: Is orderly thinking always good thinking? 68
- 7** Assessing people: Dilemmas of the evaluation process 79

**Part 2 People two
at a time:
Communicating,
influencing,
commanding,
challenging**

Introductory note 99

- 8** Communicating: Getting the word from A to B 103
- 9** Influencing other people: Dimensions and dilemmas 113
- 10** Authority: What is it, and when does it work? 121
- 11** Power tactics: Pressure, brainwashing, blackmail, and more 133
- 12** Manipulation: Slippery styles for influencing behavior 142
- 13** Collaborative models: Influencing softly, by supporting, helping, and trusting 148
- 14** From monetary incentives to career development: Efforts to influence human productivity 158

**Part 3 People in
threes to twenties:
Efficiency and
influence in groups**

Introductory note 169

- 15** Group decisions: Monsters or miracles? 171
- 16** Group process: What was really going on in that meeting? 177
- 17** Group pressure and the individual: Conformity and deviation 190
- 18** Conflict and competition among groups: My team can beat your team 199
- 19** Communication nets in groups and organizations: Who can talk to whom about what? 208

- 20** Taking groups seriously: Designing organizations around small groups 217

Part 4 People in hundreds and thousands: Managing the whole organization

Introductory note 231

- 21** The managing process: Pathfinding, problem solving, implementing 233
- 22** The volatile organization: Everything triggers everything else 246
- 23** Four influential ideas: From scientific management to organizational culture 257
- 24** Organizational missions and strategies: Toward proactive pathfinding 270
- 25** Managing people in large numbers: From organizational pyramids to organizational cultures 280
- 26** Organizational structure: Managing the situation to manage the people 296

Part 5 Organizations and environments: Managing in a turbulent world

Introductory note 309

- 27** The changing organizational environment: You'd hardly recognize the old neighborhood 311
- 28** Organizations in intrusive environments: Can managers be masters of their fates? 321
- 29** Managing our environments: Can managers create new worlds? 329

Suggested readings 339

Index 345

1

**People one at a time:
The individual
in the organization**

Introductory note

Part 1 of this book is the most psychological part. It tries to pull together some important ideas about individual human beings. But this book is not primarily about the psychology of the individual. It's about individuals in organizations and about managing small and large numbers of individuals in organizational settings. So we have tried to select from contemporary psychological research and theory those ideas, concepts, and findings that seem particularly relevant to the world of managerial work.

Why do we need this first part? Because organizations are still—despite all our modern technology—*human* institutions. They are created by people, populated by people, managed by people, developed by people, and operated by people. And people are flexible, intelligent, fallible, often unpredictable, emotional, creative, and more. So we'll try to get as useful a picture as we can of what does and what doesn't make them tick.

Part 1 is designed like this:

Chapter 1 is about ideas that apply to all people alike. Despite our individuality, human similarities are more impressive than human differences. In chapter 1 we outline three key ideas about people that will recur again and again throughout the remainder of the book.

Then, in chapter 2, we turn to the other side, to look at how each of us gets to be different from every other one of us. Both the similarities and the differences are critical in the managing process. Managers often have to manage large numbers of people at the same time, so understanding human commonalities is critical. But managers also manage small numbers of people, small teams, groups, and individuals. And to do that job well managers should also understand the unique attributes of individuals.

Chapter 3 is about emotions. Managers may dream of a cool and unemotional organizational world, but they will never find it. The real world is full of loving, hating, searching, inquiring, laughing, and crying people. And good managers don't treat that cauldron of human emotions as a load of noise and trouble. They realize that all that emotion is the stuff from which loyalty and commitment and effort are made. Good managers are aware that a large part of their job is to manage emotions.

But of course, people aren't just emotional. They also think and plan and reason. So chapter 4 is about the reasoning parts of people, about how we use our heads to plan, create, and solve problems.

The next chapter, chapter 5 then tries to put those two big pieces—emotion and reason—back together, which is the way the two exist in the real, human world.

We then return to the thinking process, in chapter 6. This time the focus is more applied. We look at different styles of thinking, at how each of us develops our own style; and we also consider the marginal costs and benefits of different cognitive styles.

Finally, as we will do at the end of four parts of this book, we end part 1 with an application chapter that tries to put some of our concepts and ideas to work on a few real managerial problems. In this case, in chapter 7, the spotlight is on managers' endless need to assess, evaluate, and judge the people they encounter as well as those they manage. We look at different approaches to evaluation and assessment, and at some of the costs—economic, psychological, and ethical—of different ways of going about it.

1

People are all alike: Three key ideas

Managers' decisions, like other people's, are usually based on some combination of fact and theory. They are choices made by interpreting things observed in the light of things believed. And in most of their decisions, managers are reasonably aware of the particular theories they use in interpreting what they observe. They take supply-and-demand ideas into account in making marketing decisions, for example. And they often use high-level technical theory in attacking engineering and production problems.

Managers also use theory in dealing with human problems. But in the human area, theorizing is usually a much more implicit or even unconscious process. Manager's theories of human behavior also seem to be much more diverse than their economic and engineering theories, perhaps because they are more the private property of individual executives. Here, for instance, are some pairs of assertions that have been made by business executives. Each reflects a number of basic theoretical assumptions about the nature of human beings:

- People are basically lazy. Or, people just want a chance to show what they can do.
- Always be careful of executives who lose their temper. Or, watch out for executives who never lose their temper.
- Good salespeople sell themselves before their products. Or, a good product sells itself.
- Men think more logically; women think more intuitively.
- If you give people a finger, they'll take the whole arm. Or, kindness begets kindness.
- You can never get a high-quality decision from a group. Or, if your group isn't involved in making a decision, that decision won't be implemented.
- People need to know exactly what their jobs are. Or, people will work best when they have room to define their own jobs.

Each of these statements (and the list is not exhaustive) is either an assumption about the nature of people or a derivation from such an assumption. Each is a flat, unequivocal generalization, much like the statement, "Air is lighter than water."

The fact that many of these generalizations contradict one another suggests that they cannot all be correct, so difficult questions of proof and consistency arise. This first section of our book does *not* aim to prove that some are true and others are false. What it does aim to do is to provide a set of internally consistent generalizations—generalizations that should be useful for those who want to manage human organizations.

Managers have a reputation for practicality and hardheadedness, a reputation fledgling managers may mistakenly equate with entirely concrete and nongeneral thinking. Yet statements like those above are extremely general, extremely theoretical. Some kind of psychological theory is just as necessary for managers dealing with human problems as is electrical and mechanical theory for engineers dealing with machine problems. Without theory, engineers have no way of diagnosing what might be wrong when an engine stops, no way of estimating the effects of a proposed change in design. Without some kind of psychological theory, managers cannot attach meaning to the red flags of human disturbance; nor can they predict the likely effects of changes in organizational structure or personnel policy.

The theoretical positions outlined in these early chapters will not be new to most readers. Most of us already accept them, though often we do not use them. If they are good theories they should lead to useful predictions. Incidentally, if they are good theories, they may not necessarily turn out to be true theories. No one knows whether some of the things said here are, in some absolute sense, true or false. You can decide for yourself whether or not they are reasonably useful.

Three ideas about human behavior

Consider three theoretical ideas that are pervasive in contemporary psychological theory and practice: *motivation*, *reinforcement*, and *cognition*.

Motivation is about people's drives, needs, wants; about tensions emanating from within the individual that drive behavior, that push people out into the world in search of straightforward things like food or shelter and not so straightforward things like love or achievement or personal fulfillment. Behind most ideas about motivation lie ideas about the dynamics of human personality and human potential. We'll talk more about those later.

The idea of *reinforcement* is about rewards and punishments, emanating mostly from the world outside the person. Behind the notion of reinforcement lie ideas about the ways people learn, ideas like "the law of effect." The law of effect says, in effect, "That which satisfies is learned." "That which satisfies" is a reinforcer. So reinforcement is important because it directs and shapes human behavior by causing selective learning. If doing *X* is reinforced, we tend to do it again. If it isn't we tend to forget it.

Cognition is, among other things, about thinking, anticipating reinforce-

ments before they occur, and learning vicariously when we observe something happening to somebody else. Behind the broad concept of cognition lie ideas about the richness of the human mind, its capacity to imagine, to expect, to estimate, to generalize. We don't just do it again if it satisfies; we also think about it and look for ways to make it happen again.

Those three ideas apply to the behavior of everybody, everywhere, at all times. In relation to those three concepts, that is, people are all alike. We are all motivated. Selective reinforcement works for everybody. And all of us, everywhere, think and imagine and forecast things that may happen in the future.

It's useful to treat those three ideas as gateways to three levels of human complexity. The motivational idea, which evolved largely out of Freudian psychoanalytic thinking, is a kind of basic gateway. It tries to account for mankind's pervasive drives not only to eat and reproduce but to achieve, explore, and group into communities. Classical motivation theories seek understanding by looking mostly *inside* the person; they hypothesize inner tensions and hungers that drive the individual into action in search of relief or fulfillment.

Reinforcement theory (out of Pavlov, Watson, and Skinner) is a second gateway, which treats man as an almost mechanical beast, one who learns in small, simple increments. If I found candy there last time, I'll probably learn to go back to the same place. People can be "conditioned" like chickens and kittens, through manipulation of rewards and punishments, to repeat behaviors that are rewarded and to "extinguish" behaviors that are not. Thus, people can be trained to develop finely honed skills. And they can be socialized through suitable reinforcement procedures to behave in approved ways.

Notice that, although true believers in reinforcement and true believers in dynamic motivational theories often fight like the devil, they still need each other. The reinforcement gateway needs some kind of motivation to work. Reinforcement requires reward, payoff. But when is a reward a reward? Only when it is "wanted" or "needed." So some kind of built-in wants (or motives) are required if reinforcers are to have any way of reinforcing anything.

On the other hand, the motivationists need reinforcement to account for the learning and development of new motives. For everyone agrees that humans are learning animals, and what motivates them as adults are not all the same things that motivated them as infants. Motivationists need to explain why some adults develop strong power motivation whereas others disdain power and want only to achieve, affiliate, or become competent.

So now we have the inner person, motivated by internal tensions (like hunger or fear) who learns by experiencing positive and negative reinforcements, to shape and narrow behavior in order to get those positive reinforcements that will eliminate those motivational tensions. We've

added man's ability to *learn* from experience to the recipe for understanding human behavior.

Finally, there is that third gateway that's relevant here. People also think. We notice what other people do and what happens when they do it. We wonder how the candy got there in the first place. We also ask, "Why?" We attribute causes to things that happen, sometimes correctly, sometimes quite incorrectly.

Cognition is about those thinking parts of people—expectations, anticipations, and attributions, as well as learning vicariously (what happened to that other guy could happen to me), hypothesizing (what would happen if . . . ?), and estimating costs and benefits (how hard would I have to work to get what I want, and what's the probability that I would get it even if I did work very hard?). The cognition idea is the gateway to the enormous variety and complexity of human thinking. And, we should add, although great strides have been made in the last decade, we still don't know very much about it.

Let's back up now and look at each of those three ideas in a little more detail.

Motivation 1

Deficiency models

Motivation means drive, interest in trying to get something. Unmotivated people just sit there. Motivated people get up and go searching, building, doing. No wonder managers worry about motivating people at work.

One classical model of how motivation works has been called the *deficiency* model. It looks at human behavior as a kind of closed circuit in which motivation (tension, resulting from a deficiency) causes people to behave. That behavior continues until it leads to something that eliminates the motivation (reduces the tension) and thereby stops the behavior. Thus, for instance, your stomach is empty. The emptiness stimulates impulses interpreted as "hunger." The feeling of hunger stimulates the behavior of searching for food. You find food. The food fills the stomach, causing the "feeling hungry" impulse to stop, which in turn stops the behavior in search of food.

This simple closed-circuit motives-as-tensions conception has many weaknesses. For instance, "psychological," as distinct from "physical," motives are not finite and specific. One can consume a specific quantity of food and thereby temporarily stop feeling hungry. It is doubtful, however, that one can consume a specific quantity of prestige, for instance, and feel sated. Prestige and other "psychological" wants seem to be boundless; enough may never be obtained to inactivate the tensions, and hence the behavior.