

ORGANIZATIONAL BEHAVIOR  
AND ADMINISTRATION

*Cases and Readings*

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Paul R. Lawrence  
Louis B. Barnes  
Jay W. Lorsch

IRWIN SERIES IN MANAGEMENT AND  
THE BEHAVIORAL SCIENCES

**ORGANIZATIONAL  
BEHAVIOR AND  
ADMINISTRATION**  
*Cases and Readings*

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**Third Edition**

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## Preface

This book, as were the two previous editions, is about the way people actually behave in business organizations. It is addressed to those who intend to assume positions of leadership in business organizations in line or staff, at top, bottom, or middle levels of management—all practitioners of the art and science of business management. The book is concerned with helping these people improve their own personal competence in understanding and dealing with the many human problems that arise in complex organizations.

How can we account for some of the stubborn human problems that prevail in many modern organizations? Why are some employees hostile, others apathetic? Why do some people restrict their output? Why are some groups enthused about their work experiences and others completely indifferent? Why are some supervisors so harassed? Why do some managers use their experiences to develop and enhance their capacities while others do not? What causes severe interpersonal conflict in organizations? Why do sales, production, engineering, and other groups often get into persistent costly feuds with each other? Why do superiors so often get “unintended consequences” from issuing seemingly “simple” directions. Why do misunderstandings so often develop between field forces and home office? Under what conditions are you more apt to find collaborative relations between different parts of an organization? In order to find better answers to questions of this kind, this book focuses on the *social* and *organizational* aspects of behavior, as well as the individual and interpersonal.

What kinds of material are in the book? In the first place the book presents a considerable number of case descriptions of the actual behavior of people in organizations. Many of these cases are new ones that have been prepared since the first revised edition was published. These cases were not written to demonstrate some point about how people are supposed to act. They were written instead, with careful attention to reproducing what was actually going on in the situation, no matter how confusing or contradictory some of the facts and events might seem. Of course, these cases do not and could not contain all the relevant facts. But the point is still valid that conscious care was taken to avoid writing them to “prove” some theory of human behavior.

On the other hand, these cases are not presented as if each one were a completely unique problem to be analyzed *de novo*, with no relation to other cases and the existing knowledge about human behavior. They have been grouped into clusters and given a particular ordering in this book, to help students accumulate and build the simulated experience that the discussion of cases can provide. One case can be used to build on another in a rough but effective kind of inductive learning.

Most of the sections in the book contain cases of several general types: cases that are richly *descriptive* of a pattern of behavior that is commonly seen in industrial organizations in our culture, cases that are designed for *drill* in the use of a conceptual scheme, cases that are fairly complete reports of systematic *research*, cases that present simply the fragmentary symptoms of a problem as it might initially come to the attention of an administrator responsible for taking *action*. Cases of all these types, if carefully analyzed, can provide means both for the accumulation of organizational knowledge and for the acquisition of increasing skill in diagnosing both the general and the unique about every case. The cases can also provide students with greater understanding of the process of decision making in organizations and the problems of implementation, as well as with a direct experiencing of decision making—the commitment to act under the burden of responsibility for multiple consequences.

In addition to cases, this book also contains readings selected to reflect widely accepted theories and relevant research. In this respect the volume has changed from the earlier edition that offered primarily summaries of discrete research studies. In the intervening ten years the field of organizational behavior has, in our judgment, matured sufficiently to now justify the survey approach used in most of the selected readings. The readings cannot, of course, in the limited space, cover all the current theories relevant to organizational behavior. We have presented a range of concepts that we have found to be particularly useful to managers. This was our primary selection criterion.

Finally, all the material in the book was selected to help develop students' faith that there is order in the human universe; that man's behavior is not a chaotic chance affair; that, within limits, it is predictable; that intelligence can usefully supplement intuition in the conduct of important human affairs; and that knowledge and skillful diagnosis of human behavior, our own as well as others', can help liberate us from slavish conformity and from narrow moralistic judgments, and can help us to become more realistic, more understanding, and, in the deepest sense of the word, more productive.

December 1975

PAUL R. LAWRENCE  
LOUIS B. BARNES  
JAY W. LORSCH

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Finally, we wish very much to acknowledge the considerable help we have received in the preparation of the manuscript from Connie Bourke, Susan Christiansen, and Lisa Leask.

Even though we gladly acknowledge the many contributions of others to this book, we, the authors, are fully responsible for this book and accept any and all of its faults.

*Boston, Massachusetts*  
*December 1975*

P.R.L.  
L.B.B.  
J.W.L.

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*Section*

# I

*Human Aspects of  
Management*



# *Cases*

## *1      Dashman Company*

The Dashman Company was a large concern making many types of equipment for the armed forces of the United States. It had over 20 plants, located in the central part of the country, whose purchasing procedures had never been completely coordinated. In fact, the head office of the company had encouraged the plant managers to operate with their staffs as separate, independent units in most matters. Late in 1940, when it began to appear that the company would face increasing difficulty in securing certain essential raw materials, Mr. Manson, the company's president, appointed an experienced purchasing executive, Mr. Post, as vice president in charge of purchasing, a position especially created for him. Manson gave Post wide latitude in organizing his job, and he assigned Mr. Larson as Post's assistant. Larson had served the company in a variety of capacities for many years, and knew most of the plant executives personally. Post's appointment was announced through the formal channels usual in the company, including a notice in the house organ which was published monthly by the Dashman Company.

One of Post's first decisions was to begin immediately to centralize the company's purchasing procedure. As a first step, he decided that he would require each of the executives who handled purchasing in the individual plants to clear with the head office all purchase contracts which they made in excess of \$10,000. He felt that if the head office was to do any coordinating in a way that would be helpful to each plant and to the company as a whole, he must be notified that the contracts were being prepared at least a week before they were to be

signed. He talked his proposal over with Manson, who presented it to the board of directors. They approved the plan.

Although the company made purchases throughout the year, the beginning of its peak buying season was only three weeks away at the time this new plan was adopted. Post prepared a letter to be sent to the 20 purchasing executives of the company. The letter follows:

DEAR ———:

The board of directors of our company has recently authorized a change in our purchasing procedures. Hereafter, each of the purchasing executives in the several plants of the company will notify the vice president in charge of purchasing of all contracts in excess of \$10,000 which they are negotiating, at least a week in advance of the date on which they are to be signed.

I am sure you will understand that this step is necessary to coordinate the purchasing requirements of the company in these times when we are facing increasing difficulty in securing essential supplies. This procedure should give us in the central office the information we need to see that each plant secures the optimum supply of materials. In this way the interests of each plant and of the company as a whole will best be served.

Yours very truly,

Post showed the letter to Larson and invited his comments. Larson thought the letter an excellent one, but suggested that since Post had not met more than a few of the purchasing executives, he might like to visit all of them and take the matter up with each of them personally. Post dismissed the idea at once because, as he said, he had so many things to do at the head office that he could not get away for a trip. Consequently, he had the letters sent out over his signature.

During the two following weeks, replies came in from all except a few plants. Although a few executives wrote at greater length, the following reply was typical:

DEAR MR. POST:

Your recent communication in regard to notifying the head office a week in advance of our intention to sign contracts has been received. This suggestion seems a most practical one. We want to assure you that you can count on our cooperation.

Yours very truly,

During the next six weeks the head office received no notices from any plant that contracts were being negotiated. Executives in other departments, who made frequent trips to the plants, reported that the plants were busy, and the usual routines for that time of year were being followed.

## 2 | *The Road to Hell\** . . .

John Baker, chief engineer of the Caribbean Bauxite Company of Barracania in the West Indies, was making his final preparations to leave the island. His promotion to production manager of Keso Mining Corporation near Winnipeg—one of Continental Ore's fast-expanding Canadian enterprises—had been announced a month before, and now everything had been tidied up except the last vital interview with his successor—the able young Barracanian, Matthew Rennalls. It was vital that this interview be a success and that Rennalls should leave his office uplifted and encouraged to face the challenge of his new job. A touch on the bell would have brought Rennalls walking into the room, but Baker delayed the moment and gazed thoughtfully through the window considering just exactly what he was going to say and, more particularly, how he was going to say it.

John Baker, an English expatriate, was 45 years old and had served his 23 years with Continental Ore in many different places: in the Far East; in several countries of Africa and Europe; and, for the last two years, in the West Indies. He hadn't cared much for his previous assignment in Hamburg and was delighted when the West Indian appointment came through. Climate was not the only attraction. Baker had always preferred working overseas (in what were termed the developing countries) because he felt he had an innate knack—better than most other expatriates working for Continental Ore—of knowing just how to get on with regional staff. Twenty-four hours in Barracania, however, soon made him realize that he would need all of this “innate knack” if he

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\* This case was prepared by Mr. Gareth Evans for use in an executive training program.

was to deal effectively with the problems in this field that now awaited him.

At his first interview with Hutchins, the production manager, the whole problem of Rennalls and his future was discussed. There and then it was made quite clear to Baker that one of his most important tasks would be the "grooming" of Rennalls as his successor. Hutchins had pointed out that not only was Rennalls one of the brightest Barracanian prospects on the staff of Caribbean Bauxite (at London University he had taken first-class honors in the B.S. engineering degree) but, being the son of the Minister of Finance and Economic Planning, he also had no small political pull.

The company has been particularly pleased when Rennalls decided to work for them rather than for the government in which his father had such a prominent post. They ascribed his action to the effect of their vigorous and liberal regionalisation program which since World War II had produced 18 Barracanians at mid-management level and had given Caribbean Bauxite a good lead in this respect over other international concerns operating in Barracania. The success of this timely regionalisation policy had led to excellent relations with the government—a relationship which had been given added importance when Barracania, three years later, became independent. This occasion had encouraged a critical and challenging attitude towards the role foreign interests would have to play in the new Barracania. Hutchins had therefore little difficulty in convincing Baker that the successful career development of Rennalls was of the first importance.

The interview with Hutchins was now two years old; and Baker, leaning back in his office chair, reviewed just how successful he had been in the "grooming" of Rennalls. What aspects of the latter's character had helped and what had hindered? What about his own personality? How had that helped or hindered? The first item to go on the credit side would, without question, be the ability of Rennalls to master the technical aspects of his job. From the start he had shown keenness and enthusiasm and had often impressed Baker with his ability in tackling new assignments and the constructive comments he invariably made in departmental discussions. He was popular with all ranks of Barracanian staff and had an ease of manner which stood him in good stead when dealing with his expatriate seniors. These were all assets, but what about the debit side?

First and foremost, there was his racial consciousness. His four years at London University had accentuated this feeling and made him sensitive to any sign of condescension on the part of expatriates. It may have been to give expression to this sentiment that as soon as he returned home from London he threw himself into politics on behalf of the United

Action Party who were later to win the preindependence elections and provide the country with its first Prime Minister.

The ambitions of Rennalls—and he certainly was ambitious—did not however, lie in politics for, staunch nationalist as he was, he saw that he could serve himself and his country best—for was not bauxite responsible for nearly half the value of Barracania's export trade?—by putting his engineering talent to the best use possible. On this account, Hutchins found that he had an unexpectedly easy task in persuading Rennalls to give up his political work before entering the production department as an assistant engineer.

It was, Baker knew, Rennalls's well-repressed sense of race consciousness which had prevented their relationship from being as close as it should have been. On the surface, nothing could have seemed more agreeable. Formality between the two men was at a minimum; Baker was delighted to find that his assistant shared his own peculiar "shaggy-dog" sense of humour so that jokes were continually being exchanged; they entertained each other at their houses and often played tennis together—and yet the barrier remained invisible, indefinable, but ever present. The existence of this "screen" between them was a constant source of frustration to Baker since it indicated a weakness which he was loath to accept. If successful with all other nationalities, why not with Rennalls?

But at least he had managed to "break through" to Rennalls more successfully than any other expatriate. In fact, it was the young Barracanian's attitude—sometimes overbearing, sometimes cynical—toward other company expatriates that had been one of the subjects Baker had raised last year when he discussed Rennalls's staff report with him. He knew too that he would have to raise the same subject again in the forthcoming interview because Jackson, the senior draughtsman, had complained only yesterday about the rudeness of Rennalls. With this thought in mind, Baker leaned forward and spoke into the intercom. "Would you come in Matt, please? I'd like a word with you," and later, "do sit down," proffering the box, "have a cigarette." He paused while he held out his lighter and then went on.

"As you know, Matt, I'll be off to Canada in a few days' time; and before I go, I thought it would be useful if we could have a final chat together. It is indeed with some deference that I suggest I can be of help. You will shortly be sitting in this chair doing the job I am now doing; but I, on the other hand, am ten years older, so perhaps you can accept the idea that I may be able to give you the benefit of my longer experience."

Baker saw Rennalls stiffen slightly in his chair as he made this point, so added in explanation, "You and I have attended enough company



courses to remember those repeated requests by the personnel manager to tell people how they are getting on as often as the convenient moment arises, and not just the automatic 'once a year' when, by regulation, staff reports have to be discussed."

Rennalls nodded his agreement, so Baker went on, "I shall always remember the last job performance discussion I had with my previous boss back in Germany. He used what he called the "plus and minus" technique. His firm belief was that when a senior, by discussion, seeks to improve the work performance of his staff, his prime objective should be to make sure that the latter leaves the interview encouraged and inspired to improve. Any criticism must, therefore, be constructive and helpful. He said that one very good way to encourage a man—and I fully agree with him—is to tell him about his good points—the plus factors—as well as his weak ones—the minus factors—so I thought, Matt, it would be a good idea to run our discussion along these lines."

Rennalls offered no comment, so Baker continued: "Let me say, therefore, right away, that as far as your own work performance is concerned, the plus far outweighs the minus. I have, for instance, been most impressed with the way you have adapted your considerable theoretical knowledge to master the practical techniques of your job—that ingenious method you used to get air down to the fifth-shaft level is a sufficient case in point—and at departmental meetings I have invariably found your comments well taken and helpful. In fact, you will be interested to know that only last week I reported to Mr. Hutchins that from the technical point of view, he could not wish for a more able man to succeed to the position of chief engineer."

"That's very good indeed of you, John," cut in Rennalls with a smile of thanks. "My only worry now is how to live up to such a high recommendation."

"Of that I am quite sure," returned Baker, "especially if you can overcome the minus factor which I would like now to discuss with you. It is one which I have talked about before, so I'll come straight to the point. I have noticed that you are more friendly and get on better with your fellow Barracanian than you do with Europeans. In point of fact, I had a complaint only yesterday from Mr. Jackson, who said you had been rude to him—and not for the first time, either."

"There is, Matt, I am sure, no need for me to tell you how necessary it will be for you to get on well with expatriates, because until the company has trained up sufficient men of your calibre, Europeans are bound to occupy senior positions here in Barracania. All this is vital to your future interests, so can I help you in any way?"

While Baker was speaking on this theme, Rennalls had sat tensed in his chair, and it was some seconds before he replied. "It is quite extraordinary, isn't it, how one can convey an impression to others so