# Basic Organizational Organizational Behavior

John R. Schermerhorn, Jr.

James G. Hunt

Richard N. Osborn





# Basic Organizational Behavior

John R. Schermerhorn, Jr.

Ohio University

James G. Hunt

Texas Tech University

Richard N. Osborn

Wayne State University



ACQUISITIONS EDITOR Ellen Ford
MARKETING MANAGER Karen Allman
SENIOR PRODUCTION EDITOR Jeanine Furino
DESIGN SUPERVISOR Ann Marie Renzi
ILLUSTRATION COORDINATOR Anna Melhorn
COVER AND TEXT DESIGN David Levy
COVER PHOTO M. Tcherevkoff/Image Bank

This book was set in 10/12 Times Roman by Achorn Graphics and printed and bound by R.R. Donnelley & Sons, Inc. The cover was printed by Phoenix Color Corp.

Recognizing the importance of preserving what has been written, it is a policy of John Wiley & Sons, Inc. to have books of enduring value published in the United States printed on acid-free paper, and we exert our best efforts to that end.

Copyright © 1998, by John Wiley & Sons, Inc.

All rights reserved. Published simultaneously in Canada.

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning or otherwise, except as permitted under Sections 107 or 108 of the 1976 United States Copyright Act, without either the prior written permission of the Publisher, or authorization through payment of the appropriate per-copy fee to the Copyright Clearance Center, 222 Rosewood Drive, Danvers, MA 01923, (508) 750-8400, fax (508) 750-4470. Requests to the Publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 605 Third Avenue, New York, NY 10158-0012, (212) 850-6011, fax (212) 850-6008, E-Mail: PERMREQ@WILEY.COM.

Printed in the United States of America

10987654321

Puzzle pieces are wonderful, coming as they do in all patterns, sizes, and colors. Their diversity represents the shape of things in today's dynamic organizations. Just as all pieces of a puzzle must fit properly, people must work well together if organizational goals are to be accomplished and high-performance outcomes achieved. And just as the borderlines disappear as pieces blend into the final scene or picture of a great puzzle, so, too, must processes, structures, and resources be integrated into high-performing organizational systems.

Like a puzzle board, the new workplace is a meeting ground for diverse viewpoints, new ideas, intense problem-solving, and interactive teamwork. The changing landscape of organizations is a patchwork of puzzle pieces linked together, but in dynamic ways. These symbols of an emerging world of work are bold, bright, imaginative, and everchanging. They are alive with color and possibilities. So, too, is the learning potential of the discipline we call organizational behavior—the study of individuals and groups in organizations.

Like a newly opened puzzle box, we have entered a new era of management and organizational practices. Past successes don't count. The old ways and solutions aren't good enough to master new challenges. Society increasingly demands high-performance, quality products and services, respect for diversity, ethical behavior, and socially responsible actions by all organizations and the people who staff them. This is the world in which our students must find career success as individual contributors, team members, and group leaders or managers.

The second edition of *Basic Organizational Behavior* has been prepared with these many challenges, needs, and opportunities in mind. The book presents the basic foundations of OB through discussions of core theories, concepts, and issues. An all new design embraces readers with open page layouts and a professional appearance. Each chapter opens with a set of **study questions** tied directly to major text headings; end-of-chapter **summaries** use these questions again to remind readers of core points. In keeping with our commitment to theory-into-practice applications, **Effective Manager** boxes in each chapter offer action guidelines for using the insights in real work situations. A supplementary module, *Research Methods in Organizational Behavior*, new to this edition, allows further study and enables students to make better use of appropriate research foundations in dealing with questions and problems of concern to them.

Basic Organizational Behavior/2e was revised to meet new realities. You will find the second edition is organized in a convenient manner that allows for flexible scheduling of chapters to fit a variety of innovative course design. The book can be easily used with case studies, experiential exercises, Internet research, group projects, and outside readings. It gives special attention to important contemporary themes, including: life-long learning,

organizational learning, cultural differences, values and diversity, technology and job design, high-performance teams, organizational cultures, empowerment and the new leadership, dynamics of change, and much more. And importantly, it does all this in the form of a concise paperback book that we are pleased to offer you—Basic Organizational Behavior/2e.

## Acknowledgments

Basic Organizational Behavior/2e has benefitted from the assistance of the following management educators who contributed insights and suggestions to both editions: Vern Buck, University of Washington; Richard Litherland, Friends University; Elizabeth Rozell, Missouri Southern State University; William Rucker, University of Arkansas/Pine Bluff; Joseph Garcia, Western Washington University; John Stengrevics, Babson College; Gail Hankins, North Carolina State University.

The authors are indebted to William and Marilyn Gardner, University of Mississippi, for an excellent job preparing the *Instructor's Manual* and *Test Bank*. We further recognize the fine contributions of Wiley's expert and dedicated support staff. Specifically, we thank our editor Ellen Ford, production editor Jeanine Furino, designer Ann Marie Renzi, and illustration coordinator, Anna Melhorn. As always, the Wiley commitment to professionalism is evident in the finished product.

> JOHN SCHERMERHORN JERRY HUNT DICK OSBORN

For MiMi with love. -John

To my mother for her love, wisdom, and support.

-Dick

To the new workplace women in my life: Donna, Holly, Robin and Linda. -Jerry

# • • • PART 1 ENVIRONMENT

Chapter 1 Organizational Behavior Today	1
Organizational Behavior and the New Workplace 2 Changes in the Workforce 2 Changes in Customer Expectations 3 Changes in Organizations 3 Changes in Managers 4 Changes in Careers 4	
Learning about Organizational Behavior 5  Lifelong and Experiential Learning 5  Scientific Foundations of Organizational Behavior 5	
The Nature of Organizations 7	
The Nature of Managerial Work 8  The Management Process 8  Managerial Roles and Networks 8  Managerial Skills and Competencies 9	
Ethics and Organizational Behavior 10 Ways of Thinking About Ethical Behavior 10 Ethical Dilemmas in the Workplace 11 Organizational Social Responsibility 12 Quality of Working Life 12	
Summary 13	
THE EFFECTIVE MANAGER  1.1 How to Make Diversity Stick 3  1.2 How to Deal with Ethical Dilemmas 12	
Chapter 2 International Dimensions of Organizational Behavior	15
The International Context of OB 16 A Global Economy 16 Regional Economic Alliances 17 Global Managers 19	

What Is Culture? 20 Popular Dimensions of Culture 20 Values and National Cultures 22 Understanding Cultural Differences 23	
Perspectives on Multicultural Work 25  Multinational Employers 25  Multicultural Workforces 26  Expatriate Work Assignments 26	
A Global View of Organizational Learning 27 Role of Strategic Alliances 28 Comparative Management Systems 29 Implications for the Global Manager 29	
Summary 30	
THE EFFECTIVE MANAGER 2.1 Who's In the EU? 18 2.2 Attributes of the "Global Manager" 19	
ART 2 MANAGING INDIVIDUALS	
Chapter 3 Diversity and Individual Differences	32
Workforce Diversity 33  Managing Diversity Versus Affirmative Action 34	
Demographic Differences Among Individuals 34  Gender 35  Age 35  Able-bodiedness 36  Racial and Ethnic Groups 36  Other Demographic Characteristics 36	
Aptitude and Ability Differences Among Individuals 36	
Personality Differences Among Individuals 37 Personality Determinants 37 Developmental Approaches 37 Important Personality Traits 39	
Value and Attitude Differences Among Individuals 42 Sources and Types of Values 42 Patterns and Trends in Values 43 Attitudes 43	
Managing Diversity and Individual Differences 45  Accountability Practices 46	

Summary 46	
THE EFFECTIVE MANAGER  3.1 Tips in Dealing with Male and Female Managers 35  3.2 Four Problem-solving Styles and Their Occupational Match-ups 40	
Chapter 4 Perception and Attribution	49
The Perceptual Process 50  Factors Influencing the Perceptual Process 52  Stages of the Perceptual Process 52  Response to Perceptual Process 55  Common Perceptual Distortions 55	
Managing the Perceptual Process 57 Perceptual Process and Distortion Management 57	
Attribution Theory 59  Managing Attributions 60	
Summary 61	
THE EFFECTIVE MANAGER 4.1 Creating Positive Self-fulfilling Prophecies for Employees 58 4.2 Keys in Managing Perceptions 59	
Chapter 5 Motivation	63
What Is Motivation? 64  Content and Process Theories 64  Motivation Across Cultures 65	
Content Theories 65  Hierarchy of Needs Theory 65  ERG Theory 66  Acquired Needs Theory 66  Two-factor Theory 68	
Process Theories 69 Equity Theory 69 Expectancy Theory 71	
Motivation and Job Satisfaction 73  Components of Job Satisfaction 73  Job Satisfaction, Absenteeism, and Turnover 74  Job Satisfaction and Performance 74	
Integrating the Motivation Theories 76	
Summary 76	
THE EFFECTIVE MANAGER 5.1 Steps for Managing the Equity Dynamics 70 5.2 Tips on Managing the Valence of Rewards 73	

Chapter 6 Performance Management and Rewards	80
Human Resource Strategic Planning and Staffing 81  Job Analysis 81  Recruitment 81  Selection 82  Socialization 83	
Training and Career Planning and Development 83  Training 83  Career Planning and Development 84	
Performance Appraisal 86 Purposes of Performance Appraisal 86 Who Does Performance Appraisal? 87 Dimensions and Standards of Performance Appraisal 87 Performance Appraisal Approaches and Methods 88 Measurement Errors in Performance Appraisal 90 Team Evaluation 90	
Rewards 91  Managing Pay as an Extrinsic Reward 91	
Summary 93	
THE EFFECTIVE MANAGER 6.1 Steps to Emphasize in Conducting Hiring Interviews 82 6.2 Suggestions for a Group Performance Evaluation System 91	
Chapter 7 Job Design and Work Arrangements	96
Approaches to Job Design 97 Scientific Management 97 Job Enlargement and Job Rotation 98 Job Enrichment 98	
Job Characteristics Theory 99 What Are the Core Characteristics? 99 Using Core Characteristics to Design Jobs 100 Research and Cultural Considerations 101	
Technology and Job Design 102  Automation 102  Flexible Manufacturing 102  Electronic Offices 102  Work-Flow and Process Reengineering 103	
Goal Setting 103  Goal-Setting Theory 104  Goal Setting and MBO 104	

Alternative Work Arrangements 106  Compressed Workweek 106  Flexible Working Hours 106  Job Sharing 106  Part-Time Work 106  Telecommuting 108	
Summary 109	
THE EFFECTIVE MANAGER 7.1 Job Enrichment Principles 99 7.2 Benefiting from Flextime 107	
 PART 3 MANAGING GROUPS	
Chapter 8 How Groups Work	111
Groups in Organizations 112 Groups and Task Performance 112 Groups and Individual Needs 113 Formal and Informal Groups 114	
Stages of Group Development 115 Forming Stage 115 Storming Stage 115 Norming Stage 115 Performing Stage 116 Adjourning Stage 116	
Foundations of Group Effectiveness 117 Tasks 118 Goals, Rewards, and Resources 118 Technology 118 Membership Diversity 119 Group Size 119	
Group Dynamics 120 Required and Emergent Behaviors 120 Activities, Interactions, and Sentiments 121 Intergroup Cooperation and Competition 121	
Decision Making in Groups 122  How Groups Make Decisions 122  Assets and Liabilities of Group Decision Making 123  Groupthink 124  Ways to Improve Group Decision Making 124	
Summary 126	

THE EFFECTIVE MANAGER

8.1 Guidelines for Group Consensus 123 8.2 How to Avoid Groupthink 124	
Chapter 9 Teamwork and Group Design	128
High-Performance Teams 129  Teams and Teamwork 129  Characteristics of High-Performance Teams 130  The Team-Building Process 130  How Team Building Works 131	
Building Team Processes 133  Individual Entry Problems 133  Distributed Leadership 133  Roles and Role Dynamics 135  Group Norms 136  Group Cohesiveness 137	
Teamwork and Employee Involvement Groups 138 What Is an Employee Involvement Group? 138 Quality Circles and Employee Involvement 138	
Self-Managing Teams 139  How Self-Managing Teams Work 139  Benefits of Self-Managing Teams 139	
Virtual Teams 140 Electronic Meetings 141 Virtual Team Dynamics 141	
Summary 142	
THE EFFECTIVE MANAGER 9.1 How to Build a High-Performing Team 131 9.2 Seven Steps to Positive Norms 136	
• • • PART 4 MANAGING ORGANIZATIONS	
Chapter 10 Organization Goals and Structures	144
Contributions and Goals of Organizations 145 Societal Contributions of Organizations 145 Primary Beneficiaries 146 Output Goals 146	
Systems Goals and Organizational Survival 146	
Formal Structures and the Division of Labor 147	

Chain of Command and the Span of Control 148 Line and Staff Units 148 Managerial Techniques 149	
Control 150 Output Controls 150 Process Controls 151 Allocating Formal Authority: Centralization and Decentralization	152
Horizontal Specialization 153  Departmentation by Function 153  Departmentation by Division 153  Departmentation by Matrix 156  Mixed Forms of Departmentation 156	
Coordination 157 Personal Methods of Coordination 158 Impersonal Methods of Coordination 158	
Summary 159	
THE EFFECTIVE MANAGER  10.1 Signs of Too Much Control 150  10.2 Adjusting Coordination Efforts 159	
Chapter 11 Organizational Design and Learning	161
Organizational Design and Firm Size 162  The Simple Design for Smaller Units and Firms 162  The Bureaucracy 163  The Conglomerate 166	
The Simple Design for Smaller Units and Firms 162 The Bureaucracy 163	
The Simple Design for Smaller Units and Firms 162 The Bureaucracy 163 The Conglomerate 166 Technology and Organizational Design 166 Thompson's View of Technology 166 Woodward's View of Technology 167	
The Simple Design for Smaller Units and Firms 162 The Bureaucracy 163 The Conglomerate 166  Technology and Organizational Design 166 Thompson's View of Technology 166 Woodward's View of Technology 167 Where Technology Dominates: The Adhocracy 167  Environment and Organizational Design 168 Environmental Complexity 168	

xii	Conte	nts
		Organizational Learning Cycles 175  Deficit Cycles 176  Benefit Cycles 176
		Summary 176
		THE EFFECTIVE MANAGER 11.1 The Natural Dysfunctional Tendencies of a Bureaucracy 163 11.2 Avoiding More Problems with Downsizing 170
		Chapter 12 Organizational Culture
		The Concept of Organizational Culture 179  The Functions and Components of Organizational Culture 179  Subcultures and Countercultures 180  Importing Subcultures 181  Promoting Cultural Diversity 181  Levels of Cultural Analysis 182
		Observable Aspects of Organizational Culture 183 Stories, Rites, Rituals, and Symbols 183 Cultural Rules and Roles 184 The Evolution of Shared Meanings from Observable Culture 184
		Values and Organizational Culture 184
		Common Assumptions and Organizational Culture 185  Management Philosophy 186  Organizational Myths 186  National Roots of Common Assumptions 186
		Managing Organizational Culture 187  Building, Reinforcing, and Changing Culture Directly 187
		Using Organization Development to Manage Corporate Culture 188  Goals and Principles Underlying OD 188  The Process of Organization Development 189
		Organization Development Interventions 189  Organization-wide Interventions 190  Group and Intergroup Interventions 190  Individual Interventions 191
		Summary 191

178

### THE EFFECTIVE MANAGER

12.1 Picking a Firm by Its Culture 18112.2 Elements of Strong Corporate Cultures

185

# • • • PART 5 MANAGING PROCESSES

Chaper 13 Power and Politics	194
Power 195 Position Power 195 Personal Power 196 Power, Formal Authority, and Obedience 196 Acquiring and Using Power and Influence 198 Turning Power into Relational Influence 200	
Empowerment 200 The Power Keys to Empowerment 201	
Organizational Politics 202 The Two Traditions of Organizational Politics 202 The Double-Edged Sword of Organizational Politics 203 Organizational Politics and Self-Protection 203	
Political Action and the Manager 205  Political Action and Subunit Power 205  Political Action in the Chief Executive Suite 206	
Summary 208	
THE EFFECTIVE MANAGER 13.1 How to Issue a Directive 197 13.2 Guidelines for Implementing Empowerment 202	
Chapter 14 Leadership	210
Trait Theories 211	
Behavioral Theories 211  Michigan Studies 211  Ohio State Studies 212  The Leadership Grid 212  Graen's Leader-Member Exchange Theory 212  Evaluation and Application of Trait and Behavioral Approaches 213	
Situational Contingency Theories 213  Fiedler's Leadership Contingency Theory 214  Fiedler's Cognitive Resource Theory 214  House's Path-Goal Theory of Leadership 215  Hersey and Blanchard's Situational Leadership Theory 216  Substitutes for Leadership 217	
Attribution Theory and the New Leadership 217  Leadership Makes No Real Difference 219	

Leadership Has Exaggerated Importance 219 Charismatic Approaches 220 Transformational and Transactional Approaches 221 Leading High-Performance Teams 223	
Summary 223	
THE EFFECTIVE MANAGER  14.1 National Cultures and Leader Prototypes 219  14.2 Five Charismatic Skills 221	
Chapter 15 Communication	226
The Communication Process 227  The Intended Communication 227  The Received Communication 228  Feedback 228	
Effective Communication 229  Nonverbal Communication 230  Active Listening 230  Communication Channels 232	
Communication Barriers 232 Physical Distractions 233 Semantic Problems 233 Cultural Differences 234 Absence of Feedback 234 Status Effects 234	
Organizational Communication 235 Information Flows 235 Communication Networks 237 Communication Technologies 238 Current Issues and Controversies 239	
Summary 240	
THE EFFECTIVE MANAGER 15.1 How to Give Constructive Feedback 229 15.2 Guidelines for Active Listening 231	
Chapter 16 Decision Making	242
Decision-Making Approaches 242  Decision Environment 243  Types of Decisions 244  Decision-Making Models 244	

Intuition, Judgment, and Creativity 245 Intuition in Decision Making 246 Judgmental Heuristics 246 Creative Thinking 247	
Managing the Decision-Making Process 248  Problem Choice 248  Participation and Involvement 249  Escalating Commitments 251	
Current Issues in Organizational Decision Making 252 Ethical Decision Making 252 Culture and Decision Making 252 Technology and Decision Making 253	
Career Decisions in the New Workplace 254	
Summary 255	
THE EFFECTIVE MANAGER  16.1 Ways to Improve Intuition 246  16.2 Avoiding the Escalation Trap 251	
Chapter 17 Conflict and Negotiation	257
Conflict 258 Substantive and Emotional Conflicts 258 Levels of Conflict 259 Constructive and Destructive Conflicts 259	
Managing Conflict 260  Specific Conflict Situations Faced by Managers 260  Stages of Conflict 261  Indirect Conflict Management Approaches 262  Direct Conflict Management Techniques 264	
Negotiation 266 Successful Negotiations 266 Organizational Settings for Negotiation 267	
Distributive and Integrative Negotiation Strategies 268	
Hard and Soft Distributive Bargaining 268 Classic Two-Party Negotiation 268 Using Integrative Negotiation 269 Gaining Integrative Agreements 270 Avoiding Common Pitfalls in Negotiation 270	

<ul><li>17.1 When to Use Conflict Management Styles 266</li><li>17.2 Criteria of an Effective Negotiation 267</li></ul>	
Chapter 18 Change and Stress	273
Change in Organizations 274  Planned and Unplanned Change 275  Organizational Forces and Targets for Change 275  Phases of Planned Change 277	
Planned Change Strategies 277 Force-Coercion 278 Rational Persuasion 278 Shared Power 279	
Resistance to Change 279  Why People Resist Change 280  How to Deal with Resistance 281	
Innovation in Organizations 282  The Innovation Process 282  Features of Innovative Organizations 283	
The Dynamics of Stress 283 Sources of Stress 283 Stress and Performance 285 Stress and Health 285 Effective Stress Management 285	
Summary 286	
THE EFFECTIVE MANAGER 18.1 Seven Reasons for Resisting Change 280 18.2 Signs of Excessive Stress 284	
Module Research Methods in Organizational Behavior	289
The Scientific Method 290  The Vocabulary of Research 290	
Research Designs 292  Laboratory Experiments 292  Field Experiments 293	
Case Studies 293 Field Surveys 293	