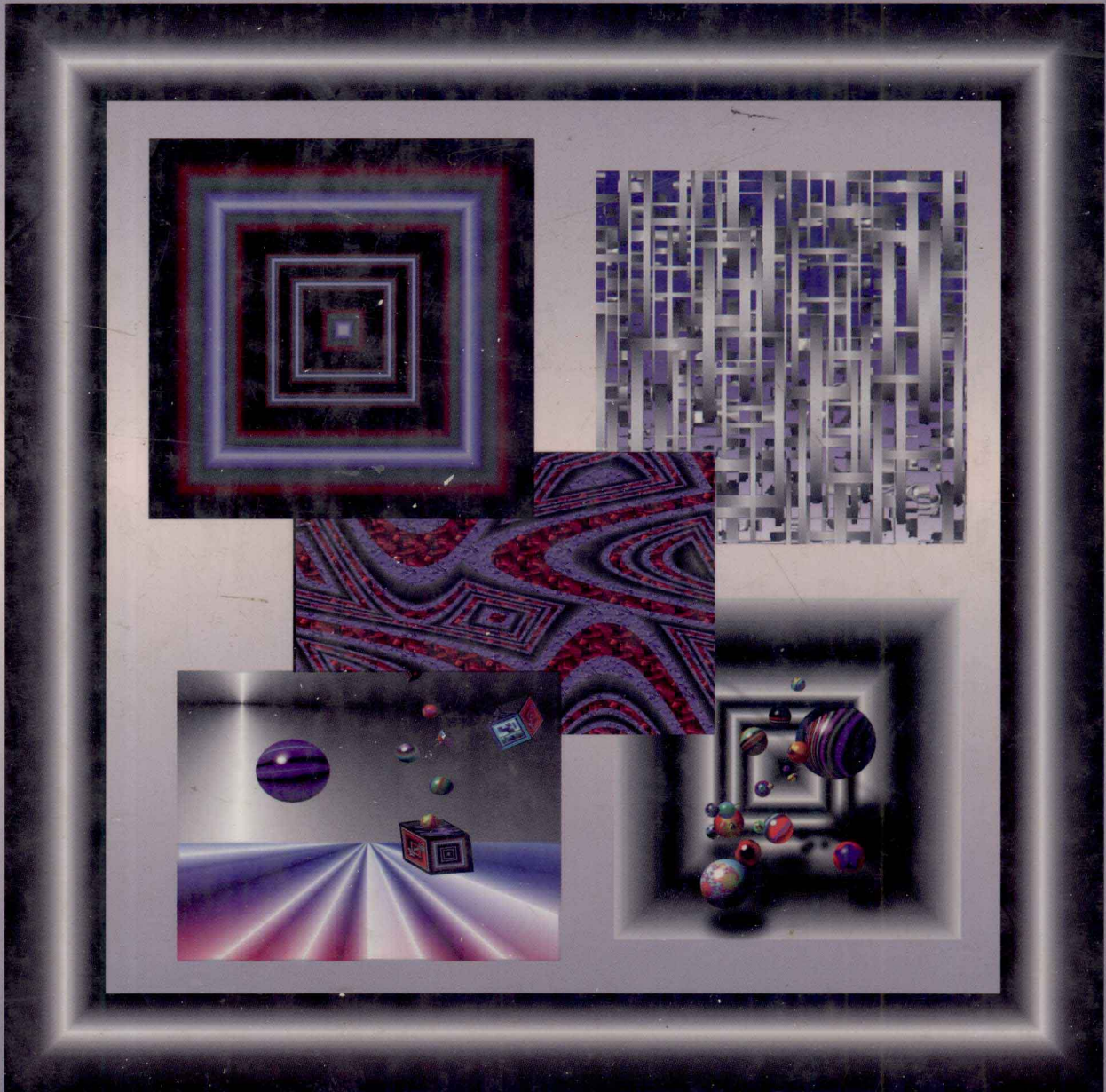


ORGANIZATIONAL BEHAVIOR

SEVENTH EDITION



FRED LUTHANS

Organizational Behavior

SEVENTH EDITION

FRED LUTHANS

George Holmes Distinguished Professor of Management
University of Nebraska

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About the Author

FRED LUTHANS is the George Holmes Distinguished Professor of Management at the University of Nebraska at Lincoln. He received his B.A., M.B.A., and Ph.D. from the University of Iowa and did some postdoctoral work at Columbia University. While serving in the armed forces, he taught at the U.S. Military Academy at West Point. He has been at the University of Nebraska since 1967, his entire academic career, and won the distinguished teaching award in 1986. A prolific writer, he has published a number of major books and over one hundred articles in applied and academic journals. His book *Organizational Behavior Modification*, coauthored with Robert Kreitner, won the American Society of Personnel Administration award for the outstanding contribution to human resources management, and a more recent book titled *Real Managers* is the result of a four-year research study that observed managers in their natural settings. *International Management*, coauthored with Richard Hodgetts and also published by McGraw-Hill, is now in its second edition. His articles are widely reprinted and have brought him the American Society of Hospital Administration award. The consulting coeditor for the McGraw-Hill Management Series, Professor Luthans is also the editor for *Organizational Dynamics* and is on the editorial board of several journals. He has been very active in the Academy of Management over the years and was elected a Fellow in 1981. He is a former president of the Midwest Region. He was vice president, program chair of the National Academy meeting in Boston in 1984, and was president in 1986 for the celebration of the fiftieth anniversary of the Academy of Management and the Centennial of the academic field of management. Also active in the Decision Sciences Institute (DSI), he was elected a Fellow in 1987. Professor Luthans has a very extensive research program at the University of Nebraska. Most recently, his studies with Dianne Welsh on behavioral management (published in the February 1993 *Academy of Management Journal*) and managerial activities (published in the Fourth Quarter, 1993 issue of *Journal of International Business Studies*) are the first ever conducted in Russia. He has been a visiting scholar at a number of universities in the U.S. and has lectured at universities and conducted workshops for managers in many countries around the world. Most recently, he has been actively involved in a U.S. A.I.D. program conducted in Albania and Macedonia. In addition, he has been on the Executive Committee of the annual Pan Pacific Conference since its beginning in 1984. This international research and experience is reflected in his approach to the field of organizational behavior. He served on the Board of Directors of the Foundation of Administrative Research. In addition, he is an active consultant and trainer to both private- (such as Wal-Mart) and public-sector (such as the National Rural Electric Cooperative Association) organizations.

Preface

As we approach the new millennium the saying that “the only certainty is change” is truer than ever before. The dizzying rate of change and the accompanying uncertainty has had and will continue to have a tremendous impact on our organizations and the way they are managed. Some of the popular buzzwords of the day such as globalization, information superhighway, total quality management, empowerment, reengineering, benchmarking, learning organizations, knowledge workers, and diversity are indicative of the challenges. Although technology has received the most attention, as the head of Chrysler recently noted, the only sustainable competitive advantage in today’s environment is the people. How to effectively manage human resources has become the key challenge not only to compete, but to survive.

To genuinely like people and to want to work with them has become a basic prerequisite for effective management. Yet, however important and necessary it is to enjoy people, it is not sufficient. Managers must also understand and be able to apply innovative techniques to better manage their human resources. This is why the study and application of organizational behavior becomes so important in the years ahead. Like the previous editions, this latest version provides a strong conceptual framework for the study, understanding, and application of organizational behavior.

The previous edition recognized that we are now in a global economy and this international perspective is continued and expanded in this edition. Besides devoting an entire chapter to international organizational behavior, there are international examples in the text discussion, highlighted “International Application” boxes in many chapters throughout, and several end-of-chapter real cases from the international arena.

This edition also recognizes recent environmental developments with two new chapters: “Emerging Organizations: Information-Based, Total Quality, and Organizational Learning” and “Contemporary Challenges: Diversity and Ethics.” These new perspectives are sustained with text examples and with highlighted “Total Quality Management (TQM) in Action” and “Managing Diversity in Action” application boxes that appear throughout the book.

Besides containing contemporary perspectives, the real strength of the book over the years has been its research base and its comprehensive, readable coverage of the important topics of the field of organizational behavior. This latest edition should enhance this reputation because it has been thoroughly revised and updated to include new research findings and the latest topics. Just as the actual practice side of management can no longer afford to slowly evolve, neither can the academic side of the field. With the world turned upside down for most organizations today, drastically new thinking, approaches, and techniques are needed both in the practice of management and in the way we study and apply the field of organizational behavior.

Conceptual Framework. The book contains twenty chapters in five major parts. Part 1 provides the foundation for the study and application of organizational behavior. The introductory chapter provides the perspective, historical background, methodology, and theoretical framework for the field of organizational behavior and

a specific model for this text. This is followed by the two new chapters on the role of information technology, total quality, organizational learning, diversity, and ethics in the new paradigm facing today's organizations. After this foundation is laid, the subsequent parts of the text progress from a micro to a macro perspective and units of analysis.

The second part takes a very micro perspective with chapters on perception, personality and attitudes, two chapters on motivation (theoretical and applied), and learning (processes, reward systems, and behavioral management). The middle of the text, Part 3, is concerned with the dynamics of organizational behavior including chapters on group dynamics (with a new emphasis on teams), interactive conflict (with a new emphasis on negotiation skills), stress, power, and politics, and two chapters on leadership (background/processes and styles, activities, and a new emphasis on skills). Part 4 moves away from the micro-oriented concepts and applications and the mid-range dynamics of organizational behavior toward the macro end of the field. This macro part focuses on the processes and structure of organizational behavior with chapters on communication, decision making, organization theory and design, and organizational culture. Finally, Part 5 presents the horizons for organizational behavior with chapters on international organizational behavior and organizational change and development. These five parts and twenty chapters are fairly self-contained. Thus, a whole part, selected chapters, or even sections of chapters, could be dropped or studied in a different sequence without damaging the flow or content of the book.

New Topical Coverage. A number of new topics are added to this edition. These include topics such as the following:

- knowledge organizations
- nature of paradigm shifts
- information technology
- reengineering
- benchmarking
- empowerment
- organizational learning
- nature of diversity
- managing diversity
- impression management tactics
- “big five” personality traits
- three component commitment
- control theory
- agency theory
- realistic group conflict theory
- negotiation skills
- leadership skills
- communication technology
- radical humanism
- chaos theory
- network organization
- virtual organization
- horizontal organization
- cross cultural research
- transnational competencies

Pedagogical Features. As with the previous editions there are several strong pedagogical features. To reflect and reinforce the applications orientation of the text, two highlighted self-contained real-world application examples appear in each chapter. As mentioned earlier, some of these deal with international topics, total quality management, or ethics and diversity to maintain these important themes throughout the text. In addition to these applications boxes, the text also features experiential exercises and readings/cases. The end of each major part contains exercises (including several that are new to this edition) to get students involved in solving simulated problems or experiencing first-hand organizational behavior issues. Besides the usual end-of-chapter short discussion cases, there is also a “Real Case” at the end of each

chapter. These cases are drawn from recent events (most are updated or new to this edition) and are intended to enhance the relevancy and application of the theories and research results presented in the chapter. The same is done for each of the five major parts. A brand new, longer, integrative real reading/case that is relevant to the preceding chapters is placed at the end of each part. These end-of-chapter and end-of-part real cases serve as both examples and discussion vehicles. It is suggested that students read them, especially the longer end-of-part cases, even if they are not discussed in class. The intent is that they can serve as outside readings as well as discussion cases.

This edition also contains learning objectives at the start of each chapter. These objectives should help students better focus and prepare for what follows in the chapter. Finally, the chapters have the usual end-of-chapter summaries and review and discussion questions.

Intended Audience. Despite the significant changes and additions, the purpose and the intended audience of the book remain the same. Like the earlier editions, this edition is aimed at those who wish to take a totally up-to-date, research-based approach to organizational behavior and human resources management. It does not assume the reader's prior knowledge of either management or the behavioral sciences. Thus, the book can be used effectively in the first or only course in four-year or two-year colleges. It is aimed primarily at the behavioral follow-up course to the more traditional introductory management course, or it can be used in the organizational behavior course in the M.B.A. program. I would like to acknowledge and thank my many colleagues in countries around the world who have used previous editions of the book and point out that the cultural and international perspective and coverage should continue to make this new edition very relevant and attractive. Finally, the book should be helpful to practicing managers who want to understand and more effectively manage their most important asset—their human resources.

Acknowledgments. Every author owes a great deal to others, and I am no exception. First and foremost, I would like to acknowledge the help on this as well as many other writing projects that I have received from Professor Richard M. Hodgetts of Florida International University. He has been an especially valued colleague and friend over the years. Next, I would like to acknowledge the interaction I have had with my colleagues John Schaubroeck, Steve Sommer, and Doug May in the organizational behavior area at the University of Nebraska. In particular, I would like to acknowledge the total support and standards of excellence provided by my department chairman, Sang M. Lee. Linda Rohn, Rhonda Lakey, Debbie Burns, and especially Cathy Jensen from the Management Department staff have been very helpful. Dean Gary Schwendiman has also been very supportive. In getting started in my academic career, I never want to forget the help, encouragement, and scholarly values I received from Professors Henry H. Albers and Max S. Wortman. Over the years, I have been very lucky to have been associated with excellent doctoral students. I would like to thank them all for teaching me as much as I have taught them. In particular, I would like to mention Professor Don Baack of Pittsburg State University, Elaine Davis of Saint Cloud State University, Tim Davis of Cleveland State University, Nancy Dodd of Montana State University, Marilyn Fox of Mankato State University, Avis L. Johnson of the University of Akron, Robert Kreitner of Arizona State University, Diane Lockwood of Seattle University, Mark Martinko of Florida State University, Harriette S. McCaul of North Dakota State University,

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Fred Luthans

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