Part 1

Introduction

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Organizational Behavior in Changing Times

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Chapter 1

Organizational Behavior in Changing Times

Thinking Ahead: Patagonia

Changing Administrations, Business, the Environment, and Patagonia

A change in our federal government’s administration may also bring changes in policies that affect both business and the environment. Although the Clinton administration was not considered to be particularly friendly toward business, the eight years of that administration were ones that saw a strong bull stock market and strong economic expansion. The historic election of 2000 set the stage for a change of administration in January 2001. During the early months of the new George W. Bush administration, questions arose about the administration’s concern for the natural environment versus its concern for business and corporate interests. The deregulation of the electric power industry throughout the United States began in earnest during 2000 and produced power shortages in parts of the country, in particular in the state of California, by 2001. The debate over how to manage the energy crisis and whether to drill for oil on national park lands in Alaska was posed as a conflict of interest between industrial development and the environment. Is it?

Patagonia is one company that does not think so. The company has not found a fundamental conflict between business success and environmental concerns. In fact, the company has found a niche in which it actively exploits its green orientation and an environmentally friendly attitude throughout its work culture. Patagonia believes that it must be a thriving, successful

Learning Objectives

After reading this chapter, you should be able to do the following:

1. Define organizational behavior.
2. Identify six interdisciplinary contributions to the study of organizational behavior.
3. Identify the important system components of an organization.
4. Describe the formal and informal elements of an organization.
5. Understand the diversity of organizations in the economy, as exemplified by the six focus organizations.
6. Recognize the challenge of change for organizational behavior.
7. Demonstrate the value of objective knowledge and skill development in the study of organizational behavior.
company first if it wants to support the environment. Without profits, the company is not respected by the business community and, without profits, the company cannot fund the positive environmental efforts it wants to nurture. With profits, Patagonia has been able to support “green” causes worldwide.

The way Patagonia has done this is through an “Earth Tax,” which they have collected annually since 1985. The Earth Tax began as 10 percent of pre-tax profits and then became either that or 1 percent of annual sales, whichever was greater. The Earth Tax funds a grants program managed by the company that supports environmental causes. Because the company employs sports and environmental enthusiasts, it provides a fertile work culture that supports employee passions for environmentally friendly causes and activities. The strong sense of purpose and mission in the Patagonia culture has yielded the 2000 Workforce Optimus Award for Quality of Life and a number 80 ranking in Fortune’s list of the 100 Best Companies to Work for in 2000. While these awards and recognitions are nice, they are not the most important concerns at Patagonia, a company that looks outward into the environment, not inward toward itself.

**Human Behavior in Organizations**

1. Define organizational behavior.

**organizational behavior**
The study of individual behavior and group dynamics in organizations.

**Organizational behavior** is individual behavior and group dynamics in organizations. The study of organizational behavior is primarily concerned with the psychosocial, interpersonal, and behavioral dynamics in organizations. However, organizational variables that affect human behavior at work are also relevant to the study of organizational behavior. These organizational variables include jobs, the design of work, communication, performance appraisal, organizational design, and organizational structure. Therefore, although individual behavior and group dynamics are the primary concerns in the study of organizational behavior, organizational variables are also important.

This chapter is an introduction to organizational behavior. The first section provides an overview of human behavior in organizations and its interdiscipli-
nary origins. The second section presents an organizational context within which behavior occurs and briefly introduces the six focus companies used in the book. The third section highlights the importance of change and challenge for organizational behavior in these changing times. The fourth section addresses the ways people learn about organizational behavior and explains how the text’s pedagogical features relate to the various ways of learning. The final section of the chapter presents the plan for the book.

Human behavior in organizations is complex and often difficult to understand. Organizations have been described as clockworks in which human behavior is logical and rational, but they often seem like snake pits to those who work in them. The clockwork metaphor reflects an orderly, idealized view of organizational behavior devoid of conflict or dilemma because all the working parts (the people) mesh smoothly. The snake pit metaphor conveys the daily conflict, distress, and struggle in organizations. Each metaphor reflects reality from a different perspective—the organization’s versus the individual’s point of view. These metaphors reflect the complexity of human behavior, the dark side of which is seen in cases of air rage. Organizational Reality 1.1 describes how the FAA is addressing changes in air travel to make it a more positive and pleasant experience for passengers who too often feel stressed.

This section briefly contrasts two perspectives for understanding human behavior, the external and the internal perspectives. It then discusses the six scientific disciplines from which the study of organizational behavior has emerged. Each discipline has made a unique contribution to organizational behavior.

Understanding Human Behavior

The vast majority of theories and models of human behavior fall into one of two basic categories. One category has an internal perspective, and the other has an external perspective. The internal perspective considers factors inside the person to understand behavior. This view is psychodynamically oriented. People who subscribe to this view understand human behavior in terms of the thoughts, feelings, past experiences, and needs of the individual. The internal perspective explains people’s actions and behavior in terms of their history and personal value systems. The internal perspective gives rise to a wide range of motivational and leadership theories. This perspective implies that people are best understood from the inside and that people’s behavior is best interpreted after understanding their thoughts and feelings.

The other category of theories and models of human behavior takes an external perspective. This perspective focuses on factors outside the person to understand behavior. People who subscribe to this view understand human behavior in terms of external events, consequences of behavior, and the environmental forces to which a person is subject. From the external perspective, a person’s history, feelings, thoughts, and personal value systems are not very important in interpreting actions and behavior. This perspective gives rise to an alternative set of motivational and leadership theories. The external perspective implies that a person’s behavior is best understood by examining the surrounding external events and environmental forces.

The internal and external perspectives offer alternative explanations for human behavior. For example, the internal perspective might say Mary is an outstanding employee because she has a high need for achievement, whereas
Organizational Reality 1.1

Changing Air Travel and the FAA

The Federal Aviation Administration (FAA) has ensured the safety of air travel in the United States since deregulation of the industry in 1979. The tragic events of September 11, 2001, were a dramatic exception, marring an otherwise excellent record. Prior to the terrorist attack, increased competition among airlines had dropped airfares and the number of passengers choosing air travel had increased dramatically. In 2000, air travel was especially difficult for travelers. Many congressional leaders believe that the 43-year-old air traffic control system is at fault for the increasing inconveniences associated with air travel, such as long delays and cancelled flights. The FAA has 36,000 controllers and technicians, 533 control towers, and 190 terminal radar facilities in its air traffic control system nationally. Critics argue that air travel can be improved through a system known as free flight. Boeing CEO Phil Condit suggests that this satellite-based system can take over conventional air traffic control and allow twice the number of aircraft flying in most parts of the sky at any one time. While Boeing is interested in the potential $70 billion-a-year market, the FAA has a two-phase plan of its own to introduce free flight. The FAA aims to maintain safety in free flight by establishing a protected zone and an alert zone around each aircraft in flight. In addition, due to the events of September 11, 2001, the FAA aims to enhance safe air travel with significantly improved airport and in-flight security systems.


2. Identify six interdisciplinary contributions to the study of organizational behavior.

Psychology
The science of human behavior.

Interdisciplinary Influences
Organizational behavior is a blended discipline that has grown out of contributions from numerous earlier fields of study, only one of which is the psychological discipline from which Kurt Lewin came. These interdisciplinary influences are the roots for what is increasingly recognized as the independent discipline of organizational behavior. The sciences of psychology, sociology, engineering, anthropology, management, and medicine are the disciplines from which organizational behavior has emerged or by which it has been influenced. Each of these sciences has had its own important and unique influence on the discipline of organizational behavior.

Psychology is the science of human behavior and dates back to the closing decades of the nineteenth century. Psychology traces its own origins to philoso-
phy and the science of physiology. One of the most prominent early psychologists, William James, actually held a degree in medicine (M.D.). Since its origin, psychology has itself become differentiated into a number of specialized fields, such as clinical, experimental, military, organizational, and social psychology. The topics in organizational psychology, which include work teams, work motivation, training and development, power and leadership, human resource planning, and workplace wellness, are very similar to the topics covered by organizational behavior. An early leader in the field of psychology was Robert Yerkes, whose research efforts for the American military during World War I had later implications for sophisticated personnel selection methods used by corporations such as Johnson & Johnson, Valero Energy, and Chaparral Steel.

Sociology, the science of society, has made important contributions to knowledge about group and intergroup dynamics in the study of organizational behavior. Because sociology takes the society rather than the individual as its point of departure, the sociologist is concerned with the variety of roles within a society or culture, the norms and standards of behavior that emerge within societies and groups, and the consequences of compliant and deviant behavior within social groups. For example, the concept of role set was a key contribution to role theory in 1957 by Robert Merton. The role set consisted of a person in a social role and all others who had expectations of that person. A team of Harvard educators used the concept to study the school superintendent role in Massachusetts. More recently, the role set concept has been used to study the effects of codes of ethics in organizations. These sociological contributions were the basis for subsequent studies of role conflict and ambiguity in companies such as Tenneco Automotive, Purex, and The Western Company of North America.

Engineering is the applied science of energy and matter. Engineering has made important contributions to our understanding of the design of work. By taking basic engineering ideas and applying them to human behavior in work organizations, Frederick Taylor had a profound influence on the early years of the study of organizational behavior. Taylor's engineering background led him to place special emphasis on human productivity and efficiency in work behavior. His notions of performance standards and differential piece-rate systems contributed to a congressional investigation into scientific management at the behest of organized labor. Taylor was ahead of his times in many ways, and his ideas were often controversial during his lifetime. Nevertheless, applications of his original ideas are embedded in organizational goal-setting programs, such as those at Black & Decker, IBM, and Weyerhaeuser. Even the notions of stress and strain have their origins in the lexicon of engineering.

Anthropology is the science of human learned behavior and is especially important to understanding organizational culture. Cultural anthropology focuses on the origins of culture and the patterns of behavior as culture is communicated symbolically. Current research in this tradition has examined the effects of efficient cultures on organization performance and how pathological personalities may lead to dysfunctional organizational cultures. Schwartz used a psychodynamic, anthropological mode of inquiry in exploring corporate decay at General Motors and NASA during the 1980s.

Management, originally called administrative science, is a discipline concerned with the study of overseeing activities and supervising people in organizations. It emphasizes the design, implementation, and management of various administrative and organizational systems. March and Simon take the human organization as their point of departure and concern themselves with...
the administrative practices that will enhance the effectiveness of the system.\textsuperscript{13} Management is the first discipline to take the modern corporation as the unit of analysis, and this viewpoint distinguishes the discipline's contribution to the study of organizational behavior.

\textbf{Medicine} is the applied science of healing or treatment of diseases to enhance an individual's health and well-being. Medicine embraces concern for both physical and psychological health, with the concern for industrial mental health dating back at least sixty years.\textsuperscript{14} More recently, as the war against acute diseases is being won, medical attention has shifted from the acute diseases, such as influenza, to the more chronic, such as hypertension. Attention has also been directed to occupational health and well-being.\textsuperscript{15} Individual behavior and lifestyle patterns play a more important role in treating chronic diseases than in treating acute diseases.\textsuperscript{16} These trends have contributed to the growth of corporate wellness programs, such as Johnson & Johnson's "Live for Life Program" and Control Data Corporation's STAY-WELL program. Such programs have led to increasing attention to medicine in organizational behavior. The surge in health care costs over the past two decades has also contributed to increased organizational concern with medicine and health care in the workplace.\textsuperscript{17}

\section*{The Organizational Context}

A complete understanding of organizational behavior requires both an understanding of human behavior and an understanding of the organizational context within which human behavior is acted out. The organizational context is the specific setting within which organizational behavior is enacted. This section discusses several aspects of this organizational context and includes specific organizational examples. First, organizations are presented as systems. Second, the formal and informal organizations are discussed. Finally, six focus companies are presented as contemporary examples, which are drawn on throughout the text.

\subsection*{Organizations as Open Systems}

Just as two different perspectives offer complementary explanations for human behavior, two other perspectives offer complementary explanations of organizations. Organizations are open systems of interacting components, which are people, tasks, technology, and structure. These internal components also interact with components in the organization's task environment. Organizations as open systems have people, technology, structure, and purpose, which interact with elements in the organization's environment.

What, exactly, is an organization? Today, the corporation is the dominant organizational form for much of the Western world, but other organizational forms have dominated other times and societies. Some societies have been dominated by religious organizations, such as the temple corporations of ancient Mesopotamia and the churches in colonial America.\textsuperscript{18} Other societies have been dominated by military organizations, such as the clans of the Scottish Highlands and the regional armies of the People's Republic of China.\textsuperscript{19, 20} All of these societies are woven together by family organizations, which themselves may vary from nuclear and extended families to small, collective communities.\textsuperscript{21, 22} The purpose and structure of the religious, military, and family
organizational forms may vary, but people’s behavior in these organizations may be very similar. In fact, early discoveries about power and leadership in work organizations were remarkably similar to findings about power and leadership within families.23

Organizations may manufacture products, such as aircraft components or steel, or deliver services, such as managing money or providing insurance protection. To understand how organizations do these things requires an understanding of the open system components of the organization and the components of its task environment.

Katz and Kahn and Leavitt set out open system frameworks for understanding organizations.24 The four major internal components are task, people, technology, and structure. These four components, along with the organization’s inputs, outputs, and key elements in the task environment, are depicted in Figure 1.1. The task of the organization is its mission, purpose, or goal for existing. The people are the human resources of the organization. The technology is the wide range of tools, knowledge, and/or techniques used to transform the inputs into outputs. The structure is how work is designed at the micro level, as well as how departments, divisions, and the overall organization are designed at the macro level.

In addition to these major internal components, the organization as a system also has an external task environment. The task environment is composed of different constituents, such as suppliers, customers, and federal regulators. Thompson describes the task environment as that element of the environment

**FIGURE 1.1 An Open Systems View of Organization**


**task**
An organization’s mission, purpose, or goal for existing.

**people**
The human resources of the organization.

**structure**
The manner in which an organization’s work is designed at the micro level, as well as how departments, divisions, and the overall organization are designed at the macro level.
related to the organization’s degree of goal attainment; that is, the task environment is composed of those elements of the environment related to the organization’s basic task. For example, when steel was a major component in the production of cars, U.S. Steel was a major supplier for General Motors and Ford Motor Company—U.S. Steel was a major component of their task environments. As less steel and more aluminum was used to make cars, U.S. Steel became a less important supplier for General Motors and Ford—it was no longer a major component in their task environments.

The organization system works by taking inputs, converting them into throughputs, and delivering outputs to its task environment. Inputs consist of the human, informational, material, and financial resources used by the organization. Throughputs are the materials and resources as they are transformed by the organization’s technology component. Once the transformation is complete, they become outputs for customers, consumers, and clients. The actions of suppliers, customers, regulators, and other elements of the task environment affect the organization and the behavior of people at work. For example, Onsite Engineering and Management experienced a threat to its survival in the mid-1980s by being totally dependent on one large utility for its outputs. By broadening its client base and improving the quality of its services (that is, its outputs) over the next several years, Onsite became a healthier, more successful small company. Transforming inputs into high-quality outputs is critical to an organization’s success.

The Formal and Informal Organization

The open systems view of organization may lead one to view the design of an organization as a clockwork with a neat, precise, interrelated functioning. The formal organization is the official, legitimate, and most visible part that enables people to think of organizations in logical and rational ways. The snake pit organizational metaphor mentioned earlier has its roots in the study and examination of the informal organization, which is unofficial and less visible. The informal elements were first fully appreciated as a result of the Hawthorne studies, conducted during the 1920s and 1930s. It was during the interview study, the third of the four Hawthorne studies, that the researchers began to develop a fuller appreciation for the informal elements of the Hawthorne Works as an organization. The formal and informal elements of the organization are depicted in Figure 1.2.

Potential conflict between the formal and informal organization makes an understanding of both important. Conflicts between these two elements erupted in many organizations during the early years of the twentieth century and were embodied in the union-management strife of that era. The conflicts escalated into violence in a number of cases. For example, during the 1920s supervisors at the Homestead Works of U.S. Steel were issued pistols and boxes of ammunition “just in case” it became necessary to shoot unruly, dangerous steelworkers. Not all organizations are characterized by such potential formal-informal, management-labor conflict. During the same era, Eastman Kodak was very progressive. The company helped with financial backing for employees’ neighborhood communities, such as Meadowbrook in Rochester, New York. Kodak’s concern for employees and attention to informal issues made unions unnecessary within the company.

The informal elements of the organization are frequent points of diagnostic and intervention activities in organization development, though the formal
elements must always be considered as well because they provide the context for the informal. These informal elements are important because people's feelings, thoughts, and attitudes about their work do make a difference in their behavior and performance. Individual behavior plays out in the context of the formal and informal elements of the system, becoming organizational behavior. The uncovering of the informal elements in an organization was one of the major discoveries of the Hawthorne studies.

**Six Focus Organizations**

Organizational behavior always occurs in the context of a specific organizational setting. Most attempts at explaining or predicting organizational behavior rely heavily on factors within the organization and give less weight to external environmental considerations. Students can benefit from being sensitive to the industrial context of organizations and from developing an appreciation for each organization as a whole. In this vein, six organizations are featured in the Thinking Ahead and Looking Back sections of three chapters. Patagonia is illustrated in this chapter.

The U.S. economy is the largest in the world, with a gross domestic product of more than $9.3 trillion in 2000. Figure 1.3 shows the major sectors of the economy. The largest sectors are service (38 percent) and product manufacture of nondurable goods (20 percent) and durable goods (8 percent). Taken together, the production of products and the delivery of services account for

5. Understand the diversity of organizations in the economy, as exemplified by the six focus organizations.
66 percent of the U.S. economy. Government and fixed investments account for the remaining 34 percent. Large and small organizations operate in each sector of the economy shown in Figure 1.3.

The private sectors are an important part of the economy. The manufacturing sector includes the production of basic materials, such as steel, and the production of finished products, such as automobiles and electronic equipment. The service sector includes transportation, financial services, insurance, and retail sales. The government sectors, which provide essential infrastructure, and nonprofit organizations are also important to our collective well-being because they meet needs not addressed in these economic sectors. We have chosen two manufacturing, one service, two retail, and one nonprofit organization to highlight throughout the text. These six organizations are Brinker International, Enron, Harley-Davidson, Hewlett-Packard, Patagonia, and the American Heart Association.

Each of these six organizations makes an important and unique contribution to the manufacturing or service sectors of the national economy and/or to our national well-being. These organizations are not alone, however. Hundreds of other small, medium, and large organizations are making valuable and significant contributions to the economic health and human welfare of the United States. Brief examples from many organizations are used throughout the book. We hope that by better understanding these organizations, you will have a greater appreciation for your own organization and others within the diverse world of private business enterprises and nonprofit organizations.

**Brinker International**

Brinker International is a multi-concept casual dining restaurant company with more than 1,100 units in forty-seven states and twenty countries. The portfo-
A portfolio of restaurants includes Chili’s Grill and Bar, Romano’s Macaroni Grill, On the Border Mexican Grill and Cantina, Maggiano’s Little Italy, Big Bowl, Cozymel’s Coastal Mexican Grill, Corner Bakery Café, and eatzi’s Market & Bakery. Norman Brinker is the dynamic leader who started his career in the restaurant business with Steak & Ale and Bennigan’s before he bought Chili’s. In May 1991, Chili’s, Inc., was renamed Brinker International, based on Norman’s name recognition and the fact that the name is easily recalled, to reflect the scope and diversity of the corporation’s operations.30

By 1996, Brinker International was a billion-dollar company investing more than $200 million in capital expenditures annually and employing more than 60,000 people. From 25 restaurants in 1983, it had grown to eight chains of more than 500 restaurants serving more than 2,500,000 meals each week. In 2000, Norman Brinker became chairman emeritus of the company. By 2001, Brinker International had become a $3 billion business with a Charitable Committee contributing more than $1 million to a number of charities through the Brinker International Foundation. The company reflects the founder’s values of achievement and concern for the human side of life.

**Enron**

Enron is a world leader in electricity, natural gas, and communication. Formed in 1985 through the merger of Houston Natural Gas and InterNorth of Omaha, Nebraska, the company creates value and opportunity by combining its financial resources, access to physical commodities, and market knowledge to design innovative solutions to challenging industrial problems. While Enron’s business is somewhat difficult to define, the company essentially creates commodity markets and manages risks so that it can deliver physical commodities like steel, forest products, and bandwidth capacity to customers at predictable prices. Fortune surveys have named Enron the most innovative company in America since the mid-1990s.

With revenues of $101 billion and assets of $177 billion in 2000, Enron operates in more than forty countries, has 30,000 miles of pipeline, and employs 20,000 people. The company is organized into four core areas. Enron Wholesale Services is a worldwide wholesale business for commodities and services. Enron Broadband Services includes the Enron Intelligent Network31 and bandwidth trading, content, and application services. Enron Energy Services is a retail business providing integrated energy and facility management outsourcing to commercial and industrial customers. Enron Transportation Services is a pipeline and transportation services group having one of the United States’ largest natural gas pipelines.

**Harley-Davidson**

In 1903, William Harley and Arthur Davidson made available to the public the first Harley-Davidson motorcycle. Harley-Davidson celebrates its 100th anniversary in 2003. By 1920, Harley-Davidson had more than 2,000 dealers in sixty-seven countries worldwide and was the world’s largest motorcycle manufacturer. As a result of the company’s licensing agreements with Sankyo Company of Japan, the Japanese motorcycle industry was founded in 1935. By the early 1980s, Harley-Davidson was in a pitched battle with the Japanese competition and fighting for its life. This competitive challenge spurred the company to make its celebrated financial turnaround in the late 1980s, leading to fifteen years of record revenues and earnings.32
By 2000, Harley-Davidson had net sales of about $3 billion and was selling more than 200,000 motorcycles per year. People are the company's only sustainable competitive advantage and its dealers are a key to the successful Harley business model. One of Harley-Davidson's most unique endeavors was the Harley Owners Group® begun in 1983 and fondly referred to as H.O.G.® H.O.G. quickly became the largest factory-sponsored motorcycle club in the world and had reached a membership of 600,000 by 2000. In addition to manufacturing and selling heavyweight motorcycles, Harley-Davidson offers financial services through HDFS to its dealers and enthusiasts.

**Hewlett-Packard**

Hewlett-Packard Company (HP) was one of five winners of the Ron Brown Award for Corporate Leadership in 2000. The company was founded in 1939 by Bill Hewlett and Dave Packard.33 David Packard created the concept of “management by walking around” (MBWA) during the 1940s as a means to achieve a high involvement and open work culture. HP has been a leader in technology and in human resource management practices. As a technology leader, HP designed and produced the first handheld scientific calculator in 1972. As an innovator in management, HP introduced the radical notion of flexible work hours in 1967 and removed time clocks as a way to show respect for and trust in its employees. In 1995, HP named Carleton S. (Carly) Fiorina as president and chief executive officer of the company; she then became chairperson in 2000.

HP is a $41-billion-a-year business with seven major product lines and three service lines. HP products include computer desktops and workstations, mobile products, printing and digital imaging products, storage products, servers, networking products, and software. The company's services include e-services, personal services, and business services. HP has 88,500 employees and was one of the first companies to formalize telecommuting policies for its employees. The company has more than 540 sales and support offices and distributorships worldwide in 120 countries.

**Patagonia**

Established in the 1970s as a stepchild of Chouinard Equipment, the leading U.S. supplier of specialty climbing equipment, Patagonia recently celebrated its 25th anniversary as a privately held company. Patagonia is a subsidiary of Lost Arrow Corporation, a holding company. Patagonia’s stated purpose is to inspire and implement solutions to the environmental crisis. The company manages the research and development, design, manufacturing, merchandising, and sale (retail, catalog, and Internet) of adult and children’s outdoor products. Its products range from technical mountain biking wear to paddling gear, skiwear, fly-fishing outfits, hardgoods such as packs and travel bags, and, most recently, surfboards. Patagonia is renowned for its environmental consciousness and it is also a family-friendly company.34

Patagonia is a $180-million-a-year business with 1,000 employees, twenty-seven owned and operated retail stores, and a thriving Internet and catalog mail-order business. The company also sells to specialty retailers throughout the world. Since 1985, Patagonia has collected an annual “Earth Tax” that
equals 1 percent of Patagonia’s annual sales. The Earth Tax is earmarked for environmental causes that need financial support. The company receives more than 1,200 grant requests annually. To date, Patagonia has donated over $15 million to more than 900 organizations.

**American Heart Association**

The American Heart Association was founded in 1924 by six cardiologists. The mission of the American Heart Association (AHA) is to reduce disability and death from cardiovascular diseases, including stroke. Cardiovascular disease has been the number one killer in the United States, for both men and women, for every year since 1900 except 1918. Since 1949, the AHA has given nearly $1.5 billion to heart and blood vessel research. The AHA provides vital information for men, women, children, and the elderly about the basic care, maintenance, and troubleshooting for their hearts. During the 1980s, the AHA pursued an educational strategy for children, reasoning that heart healthy habits established during childhood would be maintained in adulthood. More recently, the AHA has focused on workplace health promotion and formed a Heart at Work Committee at its national center.

The American Heart Association’s 4.2 million volunteers, corporate partners, and staff throughout the United States raised $485 million during 1999–2000. More than 30 percent of the AHA’s yearly expenses are used to sponsor research. AHA-sponsored research has yielded important discoveries such as CPR, bypass surgery, and pacemakers. It is estimated that 61 million Americans—one in five men and women—have some form of cardiovascular disease, to include high blood pressure, stroke, and congenital defects.

**The Challenge of Change**

Changing times always pose a challenge for people and organizations. Global competition is a leading force driving change at work. Competition in the United States and world economies has increased significantly during the past couple of decades, especially in industries such as banking, finance, and air transportation. Corporate competition creates performance and cost pressures, which have a ripple effect on people and their behavior at work. The competition may lead to downsizing and restructuring, yet it provides the opportunity for revitalization as well. Further, small companies are not necessarily the losers in this competitive environment. Scientech, a small power and energy company, found it had to enhance its managerial talent and service quality to meet the challenges of growth and big-company competitors. Product and service quality is one tool that can help companies become winners in a competitive environment. Problem-solving skills are another tool used by IBM, CDC, Northwest Airlines, and Southwest Airlines to help achieve high-quality products and services.

Too much change leads to chaos; too little change leads to stagnation. Terrence Murray is chairman of FleetBoston Financial, a New England financial organization that has grown dramatically in recent years. As Mr. Murray says, “When there is change, morale is never going to be perfect.” What are your perceptions of change? Complete Challenge 1.1 and see how you perceive change.

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6. Recognize the challenge of change for organizational behavior.
International Competition in Business

Organizations in the United States are changing radically in response to increased international competition. According to noted economist Lester Thurow, the next several decades in business will be characterized by intense competition among the United States, Japan, and Europe in core industries.\(^37\) Economic competition places pressure on all categories of employees to be productive and to add value to the firm. The uncertainty of unemployment resulting from corporate warfare and competition is an ongoing feature of organizational life for people in companies or industries that pursue cost-cutting strategies to achieve economic success. The international competition in the automotive industry among the Japanese, U.S., and European car companies embodies the intensity that can be expected in other industries in the future.

Some people feel that the future must be the focus in coming to grips with this international competition, whereas others believe we can deal with the future only by studying the past.\(^38\) Global, economic, and organizational changes have dramatic effects on the study and management of organizational behavior. How positive were your perceptions of the change you analyzed in Challenge 1.1? Are you an optimist who sees opportunity, or a pessimist who sees threat?

Four Themes Related to Change

Chapter 2 develops four themes related to change in contemporary organizations: globalization, technology, diversity, and ethics. These are four driving forces creating and shaping changes at work. Further, success in global com-
petition requires organizations to be more responsive to ethnic, religious, and gender diversity in the workforce, in addition to responding positively to the competition in the international marketplace. Workforce demographic change and diversity are critical challenges in themselves for the study and management of organizational behavior. The theories of motivation, leadership, and group behavior based on research in a workforce of one composition may not be applicable in a workforce of a very different composition. This may be especially problematic if ethnic, gender, and/or religious differences lead to conflict between leaders and followers in organizations. For example, the former Soviet Union’s military establishment found ethnic and religious conflicts between the officers and enlisted corps a real impediment to unit cohesion and performance during the 1980s.

Customer Focused for High Quality

Organizations are becoming more customer focused to meet changing product and service demands as well as customers’ expectations of high quality. Quality has the potential for giving organizations in viable industries a competitive edge in meeting international competition.

Quality has become a rubric for products and services that are of high status. Total quality has been defined in many ways. We define total quality management (TQM) as the total dedication to continuous improvement and to customers so that the customers’ needs are met and their expectations exceeded. Quality is a customer-oriented philosophy of management with important implications for virtually all aspects of organizational behavior. Quality cannot be optimized, because customer needs and expectations are always changing. Quality is a cultural value embedded in highly successful organizations. Ford Motor Company’s dramatic metamorphosis as an automotive leader is attributable to the decision to “make quality Job One” in all aspects of the design and manufacture of cars.

The pursuit of total quality improves the probability of organizational success in increasingly competitive industries. The accompanying Scientific Foundation reports on one study that found the implementation of seven TQM practices improved the competitive advantage of hospitals. Quality is more than a fad; it is an enduring feature of an organization’s culture and of the economic competition we face today. Quality is not an end in itself. It leads to competitive advantage through customer responsiveness, results acceleration, and resource effectiveness. The three key questions in evaluating quality-improvement ideas for people at work are these: (1) Does the idea improve customer response? (2) Does the idea accelerate results? (3) Does the idea increase the effectiveness of resources? A “yes” answer means the idea should be implemented to improve total quality. Total quality is also dependent on how people behave at work.

Behavior and Quality at Work

Whereas total quality may draw on reliability engineering or just-in-time management, total quality improvement can be successful only when employees have the skills and authority to respond to customer needs. Total quality has direct and important effects on the behavior of employees at all levels in the organization, not just on employees working directly with customers. Chief executives can advance total quality by engaging in participative management, being willing to change everything, focusing quality efforts on customer service
A research study explored the relationship between the adoption of total quality management (TQM) practices and the corresponding competitive advantages achieved by the TQM organizations. A strong relationship was found, suggesting that organizations which adopted (not cost cutting), including quality as a criterion in reward systems, improving the flow of information regarding quality-improvement successes or failures, and being actively and personally involved in quality efforts. George Fisher, formerly chairman and CEO of Eastman Kodak, considers behavioral attributes such as leadership, cooperation, communication, and participation important elements in a total quality system.

Quality has become so important to our future competitiveness that the U.S. Department of Commerce now sponsors an annual award in the name of Malcolm Baldrige, former secretary of commerce in the Reagan administration.
to recognize companies excelling in total quality management. The Malcolm Baldrige National Quality Award examination evaluates an organization in seven categories: leadership, information and analysis, strategic quality planning, human resource utilization, quality assurance of products and services, quality results, and customer satisfaction.

According to former president George Bush, “Quality management is not just a strategy. It must be a new style of working, even a new style of thinking. A dedication to quality and excellence is more than good business. It is a way of life, giving something back to society, offering your best to others.”

Quality is one watchword for competitive success. Organizations that do not respond to customer needs find their customers choosing alternative product and service suppliers who are willing to exceed customer expectations. With this said, you should not conclude that total quality is a panacea for all organizations or that total quality guarantees unqualified success.

Managing Organizational Behavior in Changing Times

Over and above the challenge of enhancing quality to meet international competition, managing organizational behavior during changing times is challenging for at least four reasons: (1) the increasing globalization of organizations’ operating territory, (2) the increasing diversity of organizational workforces, (3) continuing technological innovation with its companion need for skill enhancement, and (4) the continuing demand for higher levels of moral and ethical behavior at work. These are the issues managers need to address in managing people at work.

Each of these four issues is explored in detail in Chapter 2 and highlighted throughout the text because they are intertwined in the contemporary practice of organizational behavior. For example, the issue of women in the workplace concerns workforce diversity and at the same time overlaps the globalization issue. Gender roles are often defined differently in various cultures and societies. In addition, sexual harassment is a frequent ethical problem for organizations in the United States, Europe, Israel, and South Africa as more women enter these workforces. The student of organizational behavior must appreciate and understand the importance of these issues.

Learning about Organizational Behavior

Organizational behavior is neither a purely scientific area of inquiry nor a strictly intellectual endeavor. It involves the study of abstract ideas, such as valence and expectancy in motivation, as well as the study of concrete matters, such as observable behaviors and physiological symptoms of distress at work. Therefore, learning about organizational behavior is a multidimensional activity, as shown in Figure 1.4. First, it requires the mastery of a certain body of objective knowledge. Objective knowledge results from research and scholarly activities. Second, the study of organizational behavior requires skill development and the mastery of abilities essential to successful functioning in organizations. Third, it requires the integration of objective knowledge and skill development in order to apply both appropriately in specific organizational settings.

Researchers have found that increasing student diversity is best addressed through more diverse learning options for students and greater responsibility.
Part 1  Introduction

skill development
The mastery of abilities essential to successful functioning in organizations.

Organizational Reality 1.2
Freedom Scientific and Microsoft Help Blind and Those with Vision Impairments Go On-Line

Microsoft has been bundling JAWS (Job Access With Speech) into its Windows 95 package, providing computer users who are blind or have vision impairments with access to a whole new on-line world. JAWS is a system that translates text and other Web-based content into sound through specialized software and simulated speech synthesizers. JAWS was developed in 1995 by Freedom Scientific’s Blind/Low Vision Group, HenterJoyce Division, to read HTML tables, frames, forms, graphic tags, and the text common to most Web page designs. Once JAWS reads the information, it then “recites” the content aloud. Microsoft’s bundling teams with Freedom Scientific to enhance the on-line access for those with vision limitations. The product has been translated into more than fifteen languages and is used by more than 50,000 people worldwide.

Until 2001, however, this world did not include e-learning. Enter MindLeaders, a global e-learning company and Web-based training provider. MindLeaders now enables students who are blind or have vision impairments to access JAWS within all of its on-line training courses. The company offers more than 500 self-paced, interactive courses to which students have open access after they pay an annual subscription fee. The team effort of Microsoft, Freedom Scientific, and now MindLeaders opens a whole new world of learning opportunities for people with vision problems so that they can participate in the same learning opportunities as those with visual access to the Web and on-line learning.


FIGURE 1.4 Learning about Organizational Behavior

on the part of students as coproducers in the work of learning. For those who are blind or have vision impairments, learning can be a special challenge. Organizational Reality 1.2 discusses how Freedom Scientific and Microsoft designed and delivered JAWS to help this special group gain access to on-line e-learning. To gain a better understanding of yourself as a learner, so as to maximize your potential and develop strategies in specific learning environments, you need to evaluate the way you prefer to learn and process information. Challenge 1.2 offers you a short, quick way of assessing your learning style. If you are a visual learner, then use charts, maps, filmstrips, notes, or flash cards, and write things out for visual review. If you are an auditory learner, listen and take notes during lectures, but also consider taping them so you can fill in gaps later; review your notes frequently; and recite key concepts out loud. If you are a tactile learner, trace words as you are saying them, write down facts several times, and make study sheets.
# Challenge 1.2

## Learning Style Inventory

Directions: This twenty-four-item survey is not timed. Answer each question as honestly as you can. Place a check on the appropriate line after each statement.

<table>
<thead>
<tr>
<th></th>
<th>OFTEN</th>
<th>SOMETIMES</th>
<th>SELDOM</th>
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</thead>
<tbody>
<tr>
<td>1. Can remember more about a subject through the lecture method with information, explanations, and discussion.</td>
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<tr>
<td>2. Prefer information to be written on the chalkboard, with the use of visual aids and assigned readings.</td>
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<tr>
<td>3. Like to write things down or to take notes for visual review.</td>
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<td>4. Prefer to use posters, models, or actual practice and some activities in class.</td>
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<tr>
<td>5. Require explanations of diagrams, graphs, or visual directions.</td>
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<td>6. Enjoy working with my hands or making things.</td>
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<tr>
<td>7. Am skillful with and enjoy developing and making graphs and charts.</td>
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<td>8. Can tell if sounds match when presented with pairs of sounds.</td>
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<td>9. Remember best by writing things down several times.</td>
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<tr>
<td>10. Can understand and follow directions on maps.</td>
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<tr>
<td>11. Do better at academic subjects by listening to lectures and tapes.</td>
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<td>12. Play with coins or keys in pockets.</td>
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<tr>
<td>13. Learn to spell better by repeating the words out loud than by writing the word on paper.</td>
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<tr>
<td>14. Can better understand a news development by reading about it in the paper than by listening to the radio.</td>
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<tr>
<td>15. Chew gum, smoke, or snack during studies.</td>
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<tr>
<td>16. Feel the best way to remember is to picture it in your head.</td>
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<tr>
<td>17. Learn spelling by “finger spelling” words.</td>
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<tr>
<td>18. Would rather listen to a good lecture or speech than read about the same material in a textbook.</td>
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<tr>
<td>19. Am good at working and solving jigsaw puzzles and mazes.</td>
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<tr>
<td>20. Grip objects in hands during learning period.</td>
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<tr>
<td>21. Prefer listening to the news on the radio rather than reading about it in the newspaper.</td>
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<tr>
<td>22. Obtain information on an interesting subject by reading relevant materials.</td>
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<tr>
<td>23. Feel very comfortable touching others, hugging, handshaking, etc.</td>
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<tr>
<td>24. Follow oral directions better than written ones.</td>
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</table>

### Scoring Procedures

Score 5 points for each OFTEN, 3 points for each SOMETIMES, and 1 point for each SELDOM.

Visual Preference Score = Points for questions 2 + 3 + 7 + 10 + 14 + 16 + 19 + 22 =

Auditory Preference Score = Points for questions 1 + 5 + 8 + 11 + 13 + 18 + 21 + 24 =

Tactile Preference Score = Points for questions 4 + 6 + 9 + 12 + 15 + 17 + 20 + 23 =

Objective Knowledge

Objective knowledge, in any field of study, is developed through basic and applied research. Research in organizational behavior has continued since early research on scientific management. Acquiring objective knowledge requires the cognitive mastery of theories, conceptual models, and research findings. In this book, the objective knowledge in each chapter is reflected in the notes that support the text material. Mastering the concepts and ideas that come from these notes enables you to intelligently discuss topics such as motivation, performance, leadership, and executive stress.

We encourage instructors and students of organizational behavior to think critically about the objective knowledge in organizational behavior. Only by engaging in critical thinking can one question or challenge the results of specific research and responsibly consider how to apply research results in a particular work setting. Rote memorization does not enable the student to appreciate the complexity of specific theories or the interrelationships among concepts, ideas, and topics. Good critical thinking, in contrast, enables the student to identify inconsistencies and limitations in the current body of objective knowledge.

Critical thinking, based on knowledge and understanding of basic ideas, leads to inquisitive exploration and is a key to accepting the responsibility of coproducer in the learning process. A questioning, probing attitude is at the core of critical thinking. The student of organizational behavior should evolve into a critical consumer of knowledge related to organizational behavior—one who is able to intelligently question the latest research results and distinguish plausible, sound new approaches from fads that lack substance or adequate foundation. Ideally, the student of organizational behavior develops into a scientific professional manager who is knowledgeable in the art and science of organizational behavior.

Skill Development

Learning about organizational behavior requires doing as well as knowing. The development of skills and abilities requires that students be challenged, by the instructor or by themselves. Skill development is a very active component of the learning process.

The U.S. Department of Labor is concerned that people achieve the necessary skills to be successful in the workplace. The essential skills identified by the Department of Labor are (1) resource management skills, such as time management; (2) information management skills, such as data interpretation; (3) personal interaction skills, such as teamwork; (4) systems behavior and performance skills, such as cause-effect relationships; and (5) technology utilization skills, such as troubleshooting. Many of these skills, such as decision making and information management, are directly related to the study of organizational behavior.

Developing skills is different from acquiring objective knowledge in that it requires structured practice and feedback. A key function of experiential learning is to engage the student in individual or group activities that are systematically reviewed, leading to new skills and understandings. Objective knowledge acquisition and skill development are interrelated. The process for learning from structured or experiential activities is depicted in Figure 1.5. The student engages in an individual or group structured activity and systematically reviews that activity, which leads to new or modified knowledge and skills.
If skill development and structured learning occur in this way, there should be an inherently self-correcting element to learning because of the modification of the student's knowledge and skills over time. To ensure that skill development does occur and that the learning is self-correcting as it occurs, three basic assumptions that underlie the previous model must be followed.

First, each student must accept responsibility for his or her own behavior, actions, and learning. This is a key to the coproducer role in the learning process. A group cannot learn for its members. Each member must accept responsibility for what he or she does and learns. Denial of responsibility helps no one, least of all the learner.

Second, each student must actively participate in the individual or group structured learning activity. Structured learning is not passive; it is active. In group activities, everyone suffers if just one person adopts a passive attitude. Hence, all must actively participate.

Third, each student must be open to new information, new skills, new ideas, and experimentation. This does not mean that students should be indiscriminately open. It does mean that students should have a nondefensive, open attitude so that change is possible through the learning process.

**Application of Knowledge and Skills**

One of the advantages of structured, experiential learning is that a person can explore new behaviors and skills in a comparatively safe environment. Losing your temper in a classroom activity and learning about the potential adverse impact on other people will probably have dramatically different consequences from losing your temper with an important customer in a tense work situation. The ultimate objective of skill development and experiential learning is that one transfers the process employed in learning from structured activities in the classroom to learning from unstructured opportunities in the workplace.
Although organizational behavior is an applied discipline, a student is not “trained” in organizational behavior. Rather, one is “educated” in organizational behavior and is a coproducer in learning. The distinction between these two modes of learning is found in the degree of direct and immediate applicability of either knowledge or skills. As an activity, training more nearly ties direct objective knowledge or skill development to specific applications. By contrast, education enhances a person’s residual pool of objective knowledge and skills that may then be selectively applied later—sometimes significantly later—when the opportunity presents itself. Hence, education is highly consistent with the concept of lifelong learning. Especially in a growing area of knowledge such as organizational behavior, the student can think of the first course as the outset of lifelong learning about the topics and subject.

**Plan for the Book**

Change and challenge are watchwords in organizations during these changing times. Managers and employees alike are challenged to meet change in the workplace: change in how work gets done, change in psychological and legal contracts between individuals and organizations, change in who is working in the organization, and change in the basis for organization. The four major challenges facing managers are the global environment, workplace diversity, technological innovation, and ethical issues at work. These four challenges, which are discussed in detail in Chapter 2, are shaping the changes occurring in organizations throughout the world. For example, the increasing globalization of business has led to intense international competition in core industries, and the changing demographics of the workplace have led to gender, age, racial, and ethnic diversity among working populations.

The first two chapters compose Part 1 of the book, the introduction. It is against the backdrop of the challenges discussed here that the specific content subjects in organizational behavior must be understood. In addition to the introduction, the text has three major parts. Part 2 addresses individual processes and behavior. Part 3 addresses interpersonal processes and behavior. Part 4 addresses organizational processes and structure.

The five chapters in Part 2 are designed to help the reader understand specific aspects of human behavior. Chapter 3 discusses personality, perception, and attribution. Chapter 4 examines attitudes, values, and ethics (see, for example, your attitude toward change in Challenge 1.1). Chapters 5 and 6 address the broad range of motivational theories, learning, and performance management in organizations. Finally, Chapter 7 considers stress and well-being at work.

Part 3 is composed of six chapters designed to help the reader better understand interpersonal and group dynamics in organizations. Chapter 8 addresses communication in organizations. Chapter 9 focuses on an increasingly prominent feature of the workplace, teamwork and groups. Chapter 10 examines how individuals and groups make decisions. Chapter 11 is about power and politics, the bases of which shift as the organization shifts. Chapter 12 addresses the companion topics of leadership and followership. Finally, Chapter 13 examines conflict at work.
The five chapters in Part 4 are designed to help the reader better understand organizational processes and the organizational context of behavior at work. Chapter 14 examines traditional and contemporary approaches to job design. Chapter 15 develops the topics of organizational design and structure, giving special attention to contemporary forces reshaping organizations and to emerging forms of organization. Chapter 16 addresses the culture of the organization. Chapter 17 focuses on the important issue of career management. Finally, Chapter 18 brings closure to the text and the main theme of change by addressing the topic of managing change.

Managerial Implications: Foundations for the Future

Managers must consider personal and environmental factors to understand fully how people behave in organizations and to help them grow to be all they can be. Human behavior is complex and at times confusing. Characteristics of the organizational system and formal–informal dynamics at work are important environmental factors that influence people’s behavior. Managers should look for similarities and differences in manufacturing, service-oriented, non-profit, and governmental organizations.

Change is a primary concern for contemporary managers. Changing customer demands for high-quality outputs challenge companies to meet the global competition. Globalization, workforce diversity, technology, and ethics are four themes related to change that are developed in Chapter 2. Another aspect of meeting the competition is learning. Managers must continually upgrade their knowledge about all aspects of their businesses, to include especially the human side of the enterprise. They must hone both their technical and their interpersonal skills, engaging in a lifelong educational process.

Several business trends and ongoing changes are affecting managers across the globe. These include continuing industrial restructuring, a dramatic increase in the amount and availability of information, a need to attract and retain the best employees, a need to understand a wide range of human and cultural differences, and a rapid shortening of response times in all aspects of business activities. Further, the old company towns are largely relics of the past, and managers are being called on to reintegrate their businesses with communities, cultures, and societies at a much broader level than has ever been required before. Trust, predictability, and a sense of security become important issues in this context. Reweaving the fabric of human relationships within, across, and outside the organization is a challenge for managers today.

Knowledge becomes power in tracking these trends and addressing these issues. Facts and information are two elements of knowledge in this context. Theories are a third element of a manager’s knowledge base. Good theories are tools that help managers understand human and organizational behavior, help them make good business decisions, and inform them about actions to take or to refrain from taking. Managers always use theories, if not those generated from systematic research, then those evolved from the manager’s implicit observation. Theories tell us how organizations, business, and people work—or do not work. Therefore, the student is challenged to master the theories in each topic area, then apply and test the theory in the real world of organizational life. The challenge for the student and the manager is to see what works and what does not work in their specific work context.
Looking Back: Patagonia

A “Green” Business in More Ways than One

Patagonia is a “green” business in more ways than one, being both financially profitable and environmentally sensitive. While Patagonia (http://www.patagonia.com) finds that its environmental awareness contributes to its financial success and profitability, the company has experienced some tough times too. In 1991, the company hovered on the brink of financial disaster as a result of massive product orders that hit its warehouses just in time for the recession. This was accompanied by a sharp reduction in its credit line by financially troubled Security Pacific Bank. Times were tough. While Patagonia took some painful steps to get back to financial health, it did not touch two of its expensive cost centers. The two untouchables were the R&D department and the grants program that funds environmental activities. Patagonia supports the environment both in how it runs the business and the causes it funds through its grants program.

The company takes a holistic approach to running the business, aiming to minimize environmental impacts. This is true for both big and small issues. For example, the company makes conscious decisions about the energy sources it uses in its stores and offices. On a smaller issue, it may involve switching to organic cotton fiber in its apparel products. Patagonia’s internal environmental improvement efforts have reduced waste by more than 65 percent through reuse and recycling, improved efficiency of lighting, heating, and cooling, and the reduced use of toxic substances and emissions. These energy conservation efforts are supplemented with architectural design innovations that have contributed to a more than 30 percent reduction in energy costs.

The second way in which Patagonia supports the environment is through its grant program, which is supported by the company’s Earth Tax. Patagonia’s
grants program gives funds at the grassroots level to innovative groups overlooked or rejected by other corporate donors. The company wants to fund activists who take radical and strategic steps to protect habitat, wilderness, and biodiversity. Grants have gone to alternative energy, community activism, environmental education, sustainable agriculture, forests, water and marine, and publishing and other types of media organizations. These organizations have included ones as diverse as the Alaska Wildlife Alliance and France's Association pour le Respect du Site du Mont-Blanc. One $13,000 grant to the Pesticide Action Network in Germany (PAN-Germany) is designed to help minimize the use of pesticides throughout Europe by encouraging institutions and organizations to choose organic cotton over conventional cotton in their purchases.

Chapter Summary

1. Organizational behavior is individual behavior and group dynamics in organizations.
2. The disciplines of psychology, sociology, engineering, anthropology, management, and medicine have contributed to the discipline of organizational behavior.
3. Organizations are open systems composed of people, structure, and technology committed to a task.
4. Organizations have formal and informal elements within them.
5. Manufacturing organizations, service organizations, privately owned companies, and nonprofit organizations all contribute to our national well-being.
6. The changes and challenges facing managers are driven by international competition and customer demands.
7. Learning about organizational behavior requires a mastery of objective knowledge and specific skill development.

Key Terms

- organizational behavior (p. 4)
- change (p. 5)
- challenge (p. 5)
- psychology (p. 6)
- sociology (p. 7)
- engineering (p. 7)
- anthropology (p. 7)
- management (p. 7)
- medicine (p. 8)
- task (p. 9)
- people (p. 9)
- structure (p. 9)
- formal organization (p. 10)
- informal organization (p. 10)
- Hawthorne studies (p. 10)
- total quality management (TQM) (p. 17)
- objective knowledge (p. 19)
- skill development (p. 19)

Review Questions

1. Define organizational behavior. What is its focus?
2. Identify six disciplines relevant to the development of organizational behavior. How does each contribute?
3. What is an organization? What are its four system components? Give an example of each.
4. Briefly describe the elements of the formal and the informal organization. Give examples of each.
This exercise provides an opportunity to discuss changes occurring in your workplace and university. These changes may be for the better or the worse. However, rather than evaluating whether they are good or bad changes, begin by simply identifying the changes that are occurring. Later, you can evaluate whether they are good or bad.

**Experiential Exercises**

**1.1 What’s Changing at Work?**

1. The class forms into groups of approximately six members each. Each group elects a spokesperson and answers the following questions. The group should spend at least five minutes on each question. Make sure that each member of the group makes a contribution to each question. The spokesperson for each group should be ready to share the group’s collective responses to these questions.

**Discussion and Communication Questions**

1. How do the formal aspects of your work environment affect you? What informal aspects of your work environment are important?
2. What is the biggest competitive challenge or change facing the businesses in your industry today? Will that be different in the next five years?
3. Describe the next chief executive of your company and what she or he must do to succeed.
4. Discuss two ways people learn about organizational behavior.
5. Which of the focus companies is your own company most like? Do you work for one of these focus companies? Which company would you most like to work for?
6. (communication question) Prepare a memo about an organizational change occurring where you work or in your college or university. Write a 100-word description of the change and, using Figure 1.1, identify how it is affecting the people, structure, task, and/or technology of the organization.
7. (communication question) Develop an oral presentation about the changes and challenges facing your college or university based on an interview with a faculty member or administrator. Be prepared to describe the changes and challenges. Are these good or bad changes? Why?
8. (communication question) Prepare a brief description of a service or manufacturing company, entrepreneurial venture, or nonprofit organization of your choice. Go to the library and read about the organization from several sources, then use these multiple sources to write your description.

**Ethics Questions**

1. Suppose two people at work have a personal, informal relationship unrelated to the formal structure. Further assume their relationship could affect people in the formal structure. As an aware employee, should you tell the people who are unaware of it and may be affected by the relationship?
2. Which disciplines are important in understanding moral and ethical issues for organizations and management?
3. Suppose you would be able to beat the competition if you presented a prospective customer with negative information about the competition’s quality program. Should you provide the information? Further assume that the information relates to safety. Would that make a difference in whether you told the customer?
4. What are the most sensitive ethical issues in your business, industry, or organization today?
a. What are the changes occurring in your workplace and university? Members should focus both on internal changes, such as reorganizations, and on external changes, such as new customers or competitors. Develop a list of the changes discussed in your group.
b. What are the forces that are driving the changes? To answer this question, look for the causes of the changes members of the group are observing. For example, a reorganization may be caused by new business opportunities, by new technologies, or by a combination of factors.
c. What signs of resistance to change do you see occurring? Change is not always easy for people or organizations. Do you see signs of resistance, such as frustration, anger, increased absences, or other forms of discomfort with the changes you observe?

Step 2. Once you have answered the three questions in Step 1, your group needs to spend some time evaluating whether these changes are good or bad. Decide whether each change on the list developed in Step 1a is a good or bad change. In addition, answer the question “Why?” That is, why is this change good? Why is that change bad?

Step 3. Each group shares the results of its answers to the questions in Step 1 and its evaluation of the changes completed in Step 2. Cross-team questions and discussion follow.

Step 4. Your instructor may allow a few minutes at the end of the class period to comment on his or her perceptions of changes occurring within the university, or businesses with which he or she is familiar.

1.2 My Absolute Worst Job

Purpose: To become acquainted with fellow classmates.
Group size: Any number of groups of two.
Exercise schedule:
1. Write answers to the following questions:
   a. What was the worst job you ever had? Describe the following:
      (1) The type of work you did
      (2) Your boss
      (3) Your coworkers
      (4) The organization and its policies
      (5) What made the job so bad
   b. What is your dream job?
   2. Find someone you do not know, and share your responses.
   3. Get together with another dyad, preferably new people. Partner a of one dyad introduces partner b to the other dyad, then b introduces a. The same process is followed by the other dyad. The introduction should follow this format: “This is Mary Cullen. Her very worst job was putting appliqués on bibs at a clothing factory, and she disliked it for the following reason. What she would rather do is be a financial analyst for a big corporation.”
   4. Each group of four meets with another quartet and is introduced, as before.
   5. Your instructor asks for a show of hands on the number of people whose worst jobs fit into the following categories:
      a. Factory
      b. Restaurant
      c. Manual labor
      d. Driving or delivery
      e. Professional
      f. Health care
      g. Phone sales or communication
      h. Other
   6. Your instructor gathers data on worst jobs from each group and asks the groups to answer these questions:
      a. What are the common characteristics of the worst jobs in your group?
      b. How did your coworkers feel about their jobs?
      c. What happens to morale and productivity when a worker hates the job?
      d. What was the difference between your own morale and productivity in your worst job and in a job you really enjoyed?
      e. Why do organizations continue to allow unpleasant working conditions to exist?
   7. Your instructor leads a group discussion on Parts a through e of Question 6.


For more practice exercises, consult the fifth edition of Organizational Behavior: Experiences and Cases by Dorothy Marcic and Joseph Seltzer (South-Western, 1998).
ServiceMaster's View about the Purpose of a Business

With systemwide revenues in excess of $7.3 billion, ServiceMaster provides a variety of residential and commercial solutions for keeping homes clean, functional, and pest-free; making lawns healthy and attractive; and ensuring that businesses, hospitals, and schools run smoothly and efficiently. Begun by Marion Wade as a moth-proofing business in 1929, ServiceMaster has expanded to include businesses such as TruGreen ChemLawn, Terminix, Furniture Medic, Rescue Rooter, and Merry Maids, among others. Directly employing more than 72,000 people and managing about 170,000 people, ServiceMaster operates in more than 40 countries while serving over 12 million customers. ServiceMaster has been consistently recognized by Fortune magazine as the nation's most admired outsourcing company.

ServiceMaster's Chairman, C. William Pollard, says, "Much of our business may be classified as routine and mundane. We do such things as clean toilets and floors, maintain boilers and air-handling units, serve food, kill bugs, care for lawns, clean carpets, provide maid service, and repair home appliances. We also provide professional services, such as caring for the sick and elderly and providing employer-based childcare."

Marion Wade, ServiceMaster's founder, had a strong personal faith that carried over into his business practices. Wade viewed each individual employee and customer as "being made in God's image—worthy of dignity and respect." This view was nurtured by his successors and continues as the underlying philosophy that guides the management of ServiceMaster, even though the company's stock is publicly traded.

Drawing on this underlying management philosophy, ServiceMaster is driven by an interesting, if not somewhat unique, vision, mission, and set of corporate objectives. ServiceMaster's vision is to be "an ever expanding and vital market vehicle for use by God to work in the lives of people as they serve and contribute to others." Its mission statement is "To create and build value for Shareholders, Customers, and Employees by providing a wide range of services to homes, institutions, business, and industry, both domestically and internationally within the framework of our values."

Consistent with its vision and mission, ServiceMaster's objectives, beginning with the top priority, are:

- To honor God in all we do.
- To help people develop.
- To pursue excellence.
- To grow profitably.

These objectives, set in letters eight feet high, are carved into a curving marble wall that is 90 feet long and 18 feet tall in ServiceMaster's headquarters building in Downers Grove, Illinois. Pollard, ServiceMaster's Chairman, describes these objectives as "a living set of principles that allow us to confront the difficulties and failures that are a part of life with the assurance that the starting point never changes."

Some people may question the appropriateness of the company's vision and its first objective—particularly in a diverse and pluralistic society. ServiceMaster considers this vision and objective not only appropriate but also essential, because it provides the foundation for all the company's business operations. Perhaps the reasoning behind ServiceMaster's corporate commitment "to honor God in all we do" is best captured in two questions posed by Pollard. He asks: "Should the corporation serve merely as an efficient unit of production for quality goods and services? Or can it also become a moral community to help shape human character and behavior?"

ServiceMaster's orientation toward business ethics and social responsibility grows out of valuing God as a guiding force in business. According to Pollard, the first objective provides an effective corporate reference point for distinguishing between right and wrong, both short-term and long-term. Pollard points out that a company can be run without ethics,
“but whether you can do business long-term is another question.”

ServiceMaster’s senior management believes the objective “to honor God in all we do” affirms the worth and dignity of every person, regardless of race, ethnicity, gender, age, spiritual practices, or lifestyle. ServiceMaster is careful “not to exclude people who might otherwise be at odds with the decidedly Christian bent of senior management.” Everyone is accepted, “providing they are willing to serve and work honestly.”

ServiceMaster’s ability to embrace diversity is illustrated very well by the fact that over half of the people directly employed by ServiceMaster are minorities and women. Approximately 20 percent of the company’s officers are minority group members. The company also tries to promote from within—approximately 16 percent of its managers started out doing laundry, hauling trash, or refinishing floors.

Although ServiceMaster expects its employees “to serve and work honestly,” it nonetheless accepts behavior that is out of the ordinary. For example, consider an incident that occurred when lapel pins were being distributed to recognize years of service to the company. “One of the recipients, a young man, took the beautiful silver pin, said thanks, and with a wide grin put it proudly in his earlobe instead of his lapel. Instead of being astounded or offended, the manager who was passing out the recognition awards took the incident in stride—an overt gesture of embracing diversity.

Carlos Cantu, the company’s former President and CEO and now a member of its Board of Directors, emphasizes the company’s recognition and understanding of diversity. Pollard adds, “The simple truth is that recognizing the potential, dignity, and worth of the individual is one of the most critical tasks of leadership and one of the most important factors in the growth of any business.” Metaphorically describing the value of diversity for a corporation, Pollard also observes, “People may play different instruments and different parts, but when they perform together from the same musical score, they produce beautiful music and great value.”

Discussion Questions
1. From your perspective, what role(s) should business play in the contemporary world?
2. What implications do ServiceMaster’s vision, mission, and four objectives have for the attitudes and job behavior of their employees?
3. Would you like to work for a company like ServiceMaster? Why or why not?