CHAPTER ONE

Management and Organizational Behavior

Management education and development have traditionally emphasized what might be termed the content of managerial work. Indeed, much of management education today continues to focus on upgrading the technical competence of managers and managers-to-be in such areas as accounting, finance, marketing, operations, and information technology-related services. This focus on content has been referred to as the what of a manager’s job, encompassing such concerns as: developing appropriate procedures for auditing and inventory control; creating new marketing programs; establishing management information systems, just-in-time inventory, and production systems; enhancing global supply chain efficiencies; and other specific aspects of managerial work.\(^1\)

While the technical aspects of management are, of course, quite important for the successful functioning of an organization, understanding the process of management or the how of a manager’s job is also a critical component of management education. Within this process view of management, attention is often given to the roles, behaviors, and skills that are necessary for effective managerial performance. Some of these behavioral skills are communicating with peers, subordinates, and bosses; obtaining and sharing information; running meetings; allocating resources to different groups; and handling conflict within or between teams.\(^2\) This understanding of management processes, often referred to as organizational behavior (OB), thus extends managerial education to the study of people, groups, and their interactions in organizations.

Recent analyses of our changing business environment reflect the importance of this dimension of management, and corporations are demanding a much broader range of skills and competencies from their business professionals. As summarized in Table 1-1, while technical expertise in one’s area of concentration (e.g., accounting, finance, marketing, operations) is a critical dimension of marketability, companies are interested in applicants with a broader, more complex skill set. Thus, rather than focus solely on perfecting relatively narrow technical capabilities, it is also important for business students to develop broader problem-solving, decision-making, communicative, and interpersonal competencies.
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Table 1-1  Model of the Business Professional for the 21st Century

- Strong functional expertise: Technical proficiency and cross-functional awareness
- Ability to work in an unstructured, team environment
- Interpersonal competency and diversity-related skills
- Excellent negotiating and influencing skills
- Outstanding information technology skills: PC/computer, Internet, and intranet
- Global/transnational perspective
- Exceptional verbal and written communication skills
- Ethical awareness and legal sensibilities
- Critical thinking and analysis capabilities
- Change agent skills and leadership capabilities

LEARNING ABOUT ORGANIZATIONAL BEHAVIOR

Organizational behavior has, thus, become an increasingly important component of management education, focusing on what people actually do in the workplace. Within this context, there are two different levels of learning: a cognitive understanding of behavior in different contexts and an ability to undertake those activities. This distinction has led to two different approaches to teaching OB. The traditional approach attempts to develop the student’s command of conceptual maps and theoretical frameworks, which facilitates an understanding of human behavior in organizations. The essence of this orientation is to encourage an understanding of essential concepts in the field, which then can be applied to different organizational situations. An alternative approach—often referred to as the experiential orientation—takes more of an emergent view of the learning process. Proponents of this method argue that schools of management will be able to significantly influence management practice only when they are capable of developing the various “skills” that are associated with the actual job of managing. Thus, learning by experience, which involves practicing a skill (such as decision making under uncertainty) in a simulated situation (such as the classroom), is thought to improve an individual’s ability to perform on the job. Within this context, many OB instructors attempt to develop such key management skills as working in teams, effective listening, problem solving, managing conflict, delegating tasks, giving directions, and motivating and leading others.

Although there are differences of opinion as to which of these approaches is indeed the most effective, it seems that a combination of cognitive learning and skill development is the key to management education. This book provides the foundation for a cognitive understanding of OB. Combined with an experience-based text and/or book of cases or readings in OB and management, the book is intended to be part of an integrative approach to learning about behavior in organizations.

Within this context, the book has three basic objectives: First, to introduce the terms, concepts, and research that are necessary for a fuller understanding of OB and management; second, to give students an overview of a typical OB course, which encompasses concepts from psychology, sociology, and political science among other disciplines; and third, to provide sufficient background in OB to enable students to read the literature in such trade journals and scholarly publications as the Harvard Business
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Review, Sloan Management Review, and the Academy of Management Journal. To facilitate this goal, an integrated set of research-based appendixes, including one on how to read a research-oriented journal article, is included at the end of the book.

In writing this text, care was taken to provide a broad overview of topics in the field. There are, however, two things to keep in mind as you go through this book or any set of readings in OB. First, the field is expanding and changing. A book revised just a few years ago might have 25 percent new material in its latest edition. While there are some research findings that have been confirmed over time, other findings may have been modified or qualified. In many cases, new ground may have been broken, which can lead to further understanding about a particular problem. Second, it is apparent that no one approach to management is effective under all circumstances. You will find, for example, that in some situations a participative leadership style will tend to be more effective than a more directive approach. In other situations, a different style will be more productive. The same can be said for organizational structure, approaches to motivating people, and other key OB topics. One must not conclude, however, that because certain approaches may be more effective under different circumstances, it doesn’t matter what approach is used. Rather, a diagnostic orientation is called for, being careful to specify when and under what conditions one approach might be more effective than another.

ETHICS AND ORGANIZATIONAL BEHAVIOR

Although our society has placed increased emphasis on ethics in organizational life, recent events have, once again, shaken our faith in the business system. It doesn’t seem all that long ago when the corporate culprits were Drexel Burnham Lambert, Salomon Brothers, and Lincoln Savings and Loan. More recently, Enron, WorldCom, Tyco, Arthur Andersen—the list seemingly goes on and on—have quickly gone from highly admired corporations to infamy. Ivan Boesky and Michael Milken have been replaced by Jeffrey Skilling, Ken Lay, Dennis Kozlowski, and Bernie Ebbers as the latest examples of corporate greed, mismanagement, and deception. On the surface, while it appears that questionable deal making and even more questionable accounting practices lie at the heart of many of our current problems, the problems run much deeper, reflecting concerns about our basic approach to organizational life.

Although you may not initially think about it as you read through this book, one of the most difficult issues in OB deals with questions of organizational ethics. Topics such as motivation, trust in relationships, the psychological contract, influence and persuasion, goal setting, and behavior modification all have strong ethical content. The application of OB concepts in such managerial practices as management by objectives (MBO), performance reviews, assessment centers, and reward and control systems, as well as issues raised by organization design, leadership, power, and organizational politics are also influenced by ethical concerns. The growing sociodemographic diversity in the workplace continues to raise our awareness about discrimination and employee rights, sexual harassment, and the use of psychological examinations. In fact, a study of the “tough choices” managers face in their daily job experiences found that the most frequently cited sources of ethical concern fell in the realm of managing their firms human resources: (1) performance evaluation and resultant hiring, firing, promotion,
and demotion decisions; (2) designing and administering personnel policies and systems (e.g., disability policies, reward systems); and (3) managing relationships on the job. Such studies underscore that ethical dilemmas in business are an intricate part of, not separate from, the routine practices of management.

Enron’s Peer Review Committee (PRC) provides a good illustration of such “tough choices” in action. The PRC process—referred to internally as the firm’s practice of “rank and yank”—ranked all employees on a scale of 1 to 5 every six months. The bottom 15 percent was automatically “redeployed”—in essence, they were given a few weeks to find another job within the company or be let go. The PRC process, combined with a very generous bonus system, created a strong incentive for Enron employees to show high-level performance, even if that meant inflating the value of the contracts they were securing. Supported by a culture that suppressed honesty and openness, the result was a company destined to implode amidst financial irregularities, precipitating Chapter 11 bankruptcy, mass layoffs, and shattered pensions and investments. While some employees jokingly referred to Enron as the “Crooked E,” supposedly because of its slanted-E logo, it appears that the sentiment reflected the more nefarious aspects of the company’s destructive culture.

Business ethics focuses on management’s systematic, value-oriented assessment of the moral significance of personal and organizational actions and their consequences for others and the larger society. Yet, while ethics are based on values, ethics and values are not the same thing. Business ethics constitute a way of translating values into appropriate behaviors that respond to the realities of daily life. In practice, however, many of us have difficulties in determining what actually constitutes ethical and unethical behavior. In many instances, the ethical issues we are faced with are not simply about choosing between right and wrong—we must often choose between two things that appear “right.” There also seems to be an ethical theory to justify virtually every form of behavior—from teleological ethics that examine the consequences of an act (both from self-interest and public-interest perspectives) to deontological ethics that look at the extent to which a behavior conforms to certain universally accepted guiding principles.

Ethical decisions in organizations are a function of individual and organizational factors. In general, when people need to resolve ethical concerns in their daily lives, they draw on their own values and principles of right or wrong. While we would expect a similar dynamic to take place in an organization, people do not exist in a vacuum. As studies have found, a company’s culture and values often have a greater influence on work-related decisions than the personal values of its employees. Many managers approach business problems as if they were amoral in nature. While they are not overtly immoral, many managers lack sufficient ethical perception or awareness; as a result they are not as sensitive to the reality that their day-to-day business decisions may have deleterious effects on others.

On an individual level, as a way of thinking through these issues in an applied framework, the Center for Business Ethics at Bentley College has formulated six simple questions about a behavior or act for the “practical philosopher” that are used in its corporate training programs:

1. Is it right? (based on the deontological theory of moral rights)
2. Is it fair? (based on the deontological theory of justice)
A Historical Framework for the Study of Management and OB

3. Who gets hurt? (based on the utilitarian notion of the greatest good for the greatest number of people)

4. Would you be comfortable if the details of your decision were reported on the front page of your local newspaper? (based on the universalist principle of disclosure)

5. What would you tell your child to do? (based on the deontological principle of reversibility)

6. How does it smell? (based on the “gut principle,” that using ethical theory or not, we usually have a sense of whether something feels “good”)

These questions are not meant to suggest that a naive eclecticism of different ethical theories will produce “good” decisions. Rather, they underscore a process of ethical thought that can be applied to business decision making. An underlying goal is to develop the ability to recognize ethical issues in organizational life, moving away from the type of “moral blindness” that typifies many business decisions.16

While these guidelines can promote ethical decision making at the individual level, it is important to support this process at the organizational level. An organizational culture (see Chapter 10) that stresses the importance of ethical values and a comprehensive ethics program that guides and reinforces the decision-making process are also crucial. Training programs, codes of conduct, ethics officers and related high-level personnel who oversee compliance programs, and creation of systems to monitor, audit, and report misconduct are all part of an effective approach to ensuring ethical decisions and behavior.

As you read through this book, think about the ethical issues posed by the different topics. A fine line often exists between motivation and manipulation, participation and deception, goal setting and coercion, and other central facets of organizational life. While these six questions will not automatically help you resolve such concerns, they can assist you in thinking through your decisions in a responsible and thoughtful manner.

A HISTORICAL FRAMEWORK FOR THE STUDY OF MANAGEMENT AND OB

Although many of the great early civilizations—Egypt, China, India, the Middle East, and Peru, for example—had sophisticated management systems, the systematic study of organizations and their management did not occur until the Industrial Revolution had swept through Europe and the United States. Yet, even within this relatively short time span, students often dismiss the thinking and contributions of early management scholars as being either naive or passé. Today’s management theory, however, is part of a logical evolution in management thought.

The development of modern management thought and practice can be analyzed by examining the evolution of society as it has passed from an agrarian through an industrial to a postindustrial structure. The framework that will guide this discussion is presented in Figure 1-1.17 The rationale underlying this historical perspective emerges from an area of study within sociology referred to as the sociology of knowledge. This field of study holds that various theories and explanations of the world are in some
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**Figure 1-1** The Evolution of Management Theory
measure social products that are influenced by wider cultural, economic, political, and technological forces. By examining the fundamental transitions that have revolutionized our society, changing it from a rural culture based on agriculture and the family as the basic production unit, to a culture based on technology, industry, and urban settings, we can further understand the development of management theory over time.

**Early Management**

Problems of administration were of great interest to early societies, and they developed sophisticated systems to handle governmental affairs, religious institutions, and trade and commerce. What is often viewed as the first management text—*The Duties of the Vizer*—was written in the early sixteenth century B.C. as part of an effort to reform and restore the Egyptian system of central administration. Clear procedures were outlined for appointing and managing scribes, royal clerks, secretaries, and key officials such as foremen and provincial governors. The resultant management systems were highly authoritarian, top-down, and minutely organized. Yet since these systems of authority were based on long-standing institutions that were perceived as legitimate by the populations of these societies, most individuals obeyed the ruling elite in accordance with traditional customs.

At the end of the Dark Ages, as commerce began to flourish in the Mediterranean region, many of the managerial tools that we continue to use today began to be developed. The needs of mercantile businessmen in Italy during the late 1400s, for example, led to the creation of double-entry bookkeeping as a means of keeping records on business transactions. Since authority was still largely viewed as resting with traditional institutions and the individuals associated with those institutions, however, there was little attempt to actually formulate theories of management. Moreover, considering that the labor force was largely composed of farmers and craftsmen, and production was part of the social life within the family, there was little real need for specific emphasis on management practices.

As members of society begin to question the existing social order, traditional means of authority are slowly undermined and eventually give way to new authority structures. Thus, rather than tradition being the dominant force that legitimized systems of authority, a rational-legal form of legitimation emerged. This set of beliefs held that those in power were granted their authority by general sets of rules created as part of organized hierarchies. In other words, instead of tradition being the dominant reason that people listened to or obeyed others, some individuals have power over others based on the position or role they hold in an organization. Accession to this role is based on widely known and agreed-upon rules and policies, forming a “rational” and “legal” basis for authority.

This gradual shift in the way in which authority is legitimated in society thus laid the foundation for our modern form of capitalism. During the 1700s, the United States began to focus more explicitly on economics and profitability. During the 1800s, technological improvements started to minimize the need for agricultural labor (e.g., the cotton gin) and created the basis for a continuous system of manufacturing (e.g., the concept of interchangeable parts). These changes set the stage for the examination of management practices and ways to improve those activities.
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Classical Management

Toward the end of the nineteenth century and into the beginning of the twentieth, the social, economic, political, and technological environment created the necessary conditions for the systematic assessment of management. The Industrial Revolution, initiated by the inventions and technological improvements of the eighteenth century, led to changes not only in the workplace, but in the very nature of our society as well. Conceptually, such industrialization occurs through two basic stages: (1) the development of an industrial infrastructure and (2) the creation of a capital goods sector. Essentially, an industrial infrastructure consists of such factors as:

- Nationwide systems of transportation (initially canals and railroads)
- Sources of relatively cheap power (coal and oil)
- Technological innovations (such as the cotton gin and the steam engine)
- Modern communication systems (the telegraph)
- Networks of financial institutions (banks, stock exchange, national currency)
- Preparation of the labor force (through education and technical training)

This infrastructure provides the basis for the development of a capital goods sector, which consists of the machinery and plants that allow the mass production of consumer goods and services.

The process of industrialization changed the nature of work from farming and crafts to more complex forms of manufacturing and working with machines. It also led to the urbanization of our society as the industrial process transferred the locus of work from the farm and the rural home to the factory and the city. As plants and factories were built in centralized locations (close to transportation systems), people began to migrate from rural areas to where the “new” jobs were located. Immigrants created urban enclaves in areas near the factories as well. As a result, the business firms and a complex division of labor that evolved from this transition further prompted efforts to seriously study these new forms of organization and their management.

The Classical school of management was influenced by the wider social, economic, and technological forces that brought about the transition from an agrarian to an industrial society. The dominant set of assumptions about human nature characterized people as rational, economic beings who would act to maximize their own self-interests. Correspondingly, the emerging focus on management dealt with how these new forms of industrial organization could be structured, how work could be delegated and coordinated, and how people within these organizational structures could be motivated.

Administrative Theory

One of the major orientations within the Classical school is referred to as Administrative Theory or the Universal Principles school of management. Based on deductive reasoning, this group examined certain forms of organization, such as the church and the military, and concluded that there were basic dimensions of organizational structure and characteristics of management that were common to all organizations.
Perhaps the most well-known theorist of this tradition is Henri Fayol, a French industrialist who identified five basic functions of management: planning, organizing, commanding, coordinating, and controlling. Based on these functions, Fayol described how management should be carried out in fourteen management principles, which included:

- **Division of work**: Specialization of tasks and control of the number of people under each manager improves effectiveness and efficiency.
- **Authority and responsibility**: The person in authority has the right to give orders and the power to obtain obedience; responsibility emerges directly from authority.
- **Unity of command**: No one should have more than one boss.
- **Remuneration**: Pay should be fair and satisfactory to the employer and employee; no one should be under- or over-rewarded.
- **Esprit de corps**: Morale and good feelings about the organization are enhanced by effective face-to-face communication and group cohesiveness.

Over time, other Universalist theorists concentrated on five basic facets of organization, which were distilled from Fayol’s fourteen principles:

- **Structure**: an organization’s formal design, as represented by an organization chart
- **Division of labor**: dividing work into components that are capable of being done by individuals or groups
- **Coordination**: integrating the various parts of the organization in order to reach organizational goals and objectives
- **Scalar relationships**: creating a hierarchical chain of command and providing for coordination
- **Functional principle**: differentiating work according to the various functional areas of the organization such as production, marketing, and finance

In conclusion, much of our knowledge about and interest in organizational structure came from the Administrative Theory school. Its focus was on the formal structure of organizations, and their top and middle management. The orientation, however, was highly authoritarian, with one best way to approach all organizational and managerial problems. Employees were basically viewed as extensions of the organization’s structure and machinery.

**Scientific Management**

In contrast to the emphasis on principles of organization, the Scientific Management school focused on the measurement and structure of work itself, its classification, quantification, and rationalization. Frederick Taylor, a production expert and industrial consultant, focused on creating the most effective way to carry out work tasks. Since people were viewed as rational, economic beings, it was reasoned that they would...
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act on their own interests (and subsequently the organization’s) if they understood “correct” work procedures and were rewarded for following them.

The underlying objectives of Taylor’s Scientific Management are the subject of considerable debate. Taylor is frequently criticized as someone who ignored the human element, a symbol of “cruel management power” who treated workers as if they were little more than extensions of the tools and machines they utilized. Others, however, argue that it is important to put his work in the context of typical labor-management practices of the time and the relatively unskilled nature of the labor force. As practiced by Taylor and his followers, Scientific Management focused on improving and standardizing existing work procedures, while concurrently attempting to conserve resources. His emphasis was that the real way to increase output was to “work smarter,” not necessarily harder. By understanding the nature of jobs—to be deduced from study and analysis—the process of work could be made more effective. He did, however, appear to have the needs of the individual worker at heart. In fact, he would refuse to take a factory as a client unless the owners agreed to first substantially raise wages, sometimes even tripling them.

The four basic tenets of Taylor’s Scientific Management are:

1. Develop the one best way to do each job.
2. Select the best individual for the position.
3. Ensure that work is carried out in prescribed fashion through training and by increasing wages for those workers who followed correct procedures.
4. Divide work efforts among employees so that activities such as planning, organizing, and controlling are the prime responsibilities of managers rather than individual workers.

Although Taylor felt strongly that management rather than workers should choose the methods of carrying out and organizing work tasks, these four tenets were qualified by an exception principle. Once output standards and routine work procedures were defined (through the use of the scientific method and careful measurement), management should give its attention only to those situations where standards or procedures fell outside those norms.

In numerous instances, the gains and profits that emerged from his system were impressive; in others, such as the attempt to apply these principles to reform naval manufacturing, his efforts were deemed a failure. In these latter situations, the lack of success has been attributed to basic human reactions—internal political battles, resistance to shifts in power, and a lack of incentives to become more efficient—rather than a rejection of Taylor’s principles per se.

Other developments from the Scientific Management tradition include Frank and Lillian Gilbreth’s time and motion studies. Based on the principles of economy of motion, the Gilbreths analytic approach measured body motions to discover the most efficient way to carry out a particular task. Henry Gantt, who like Taylor was interested in production efficiency, was another contributor to this school. Gantt focused on devising remuneration procedures that would provide fair pay for correctly doing a task and a bonus for completing it in a timely fashion. His main contribution is a production scheduling aid referred to as the Gantt chart, a way of plotting
work in progress against the calendar, which remains the basis for modern scheduling techniques.

Structuralist School
In contrast to the deductive approach taken by the Universalists, the Structuralist school used an inductive approach in its study of organizations. Rather than creating a conceptual model of organizational structure and then generalizing to all organizations, members of this school examined many different organizations to empirically determine the common structural elements that characterized how organizations actually operate.

One of the main founders of the Structuralist approach was Max Weber, a German sociologist, who empirically discovered the basic factors that characterized an ideal organization, or what he referred to as a bureaucracy:

- Rules and procedures control organizational functions.
- A high degree of differentiation exists among organizational functions.
- The organization of offices is hierarchically determined; no subunit is allowed to “drift,” and each subunit reports directly to one higher-level office.
- An emphasis is placed on prescribed rules that regulate behavior.
- Ownership and administration of an organization are separate—in essence, the president does not own the company.
- An administrator must not be able to control positions or the “trappings” of an office.
- All administrative acts are recorded in writing.

Although Weber acknowledged that not all organizations were pure bureaucracies, it is clear that he thought bureaucracies were preferable to other forms of organization. Obviously, this view is in sharp contrast to today’s stereotypes about the inefficiencies of any form of bureaucratic organization. To Weber, bureaucracy was one of the most characteristic and ubiquitous forms of administration. It was efficient, it consisted of needed specialists and experts, and, since it dealt with people on an impersonal basis, it ensured that rules would be consistently applied in all situations.

Although there were differences in the manner in which the Universalists and the Structuralists created their models of organization, there are many aspects common to both. Overall, Classical theory was a significant step forward in our attempt to create a theory of organization and management. Today, while it is generally recognized that this orientation does not include important aspects of human behavior and larger environmental influences, the understanding of formal functions and structures that it provides is still an important part of our understanding of the visible and tangible aspects of organizations. It should be noted, however, as Figure 1-1 indicates, given the transition that society had undergone and the prevalent assumptions about human nature, this theory reflected the salient concerns of the period. Emphasis was placed on organizational structures and processes that could closely monitor and control physical labor and precise ways of performing work. Thus, while Classical management theory provides relevant insights into the nature of organization, the
value of the theory is limited by its rather narrow focus on the formal anatomy of the firm.

**Neoclassical Management and Organization Theory**

As early as the 1920s, a number of social critics began to point out the potentially harmful effects of trying to standardize people as well as jobs. Although many of the basic tenets of Classical management theory (e.g., formal structure, division of labor) were not directly challenged, criticism was focused on those individual managers and theorists who appeared to treat employees as little more than mere appendages to machines. In fact, when Taylor proposed his theory of Scientific Management, his work was often met with antagonism and hostility. Taylor defended his principles on the basis of a “mental revolution” that would take place in the attitudes of management and labor. In essence, Taylor felt that both sides would recognize the need for cooperation and the importance of scientific investigation rather than individual judgment as the basis for structuring work assignments. Critics, however, argued that while management might seek to standardize skills and methods, it could not expect perfectly standard, emotionless behavior from its employees.

Studies during this period also began to draw attention to the possibility that co-workers could exert a greater influence on work behavior than the economic incentives offered by management. The recognition that workers had social needs led to a new set of assumptions about human nature. Rather than viewing people solely as rational, economic creatures, social considerations were now seen as the prime motivator of behavior and work performance. Since the increasing mechanization of work was stripping jobs of their intrinsic value, people would seek out meaning in their work through social relationships on the job. Management, it was argued, must therefore help people to satisfy these natural desires. Although these arguments may appear to be somewhat moralistic, they were tied to prescriptions for organizational effectiveness and efficiency. If managers did not respond to these socially oriented needs with greater consideration and warmth, lagging work performance and resistance to authority were viewed as likely outcomes.

Thus, in an attempt to compensate for the neglect of human interaction in the Classical school, Neoclassical theory introduced the behavioral sciences into management thought. The underlying rationale was that since management involves getting things done with and through people, the study of management must be centered on understanding interpersonal relations. Within this context, the Neoclassical school of thought can be viewed as a critique of the Classical doctrine:

- Each organization should have a defined structure; however, human behavior can disrupt the most carefully planned organizational activities. While the formal structure may represent how things are supposed to occur, the informal organization that emerges in response to people’s social needs dictates how things are actually done.
- Although a division of labor might make sense from the organization’s standpoint, some of the unintended outcomes for workers are feelings of isolation and anonymity due to insignificant jobs.
• While the scalar and functional principles might be theoretically valid, they deteriorate in practice due to the way in which these processes are carried out (e.g., insufficient delegation, overlapping authority).
• Finally, a manager's span of control is a function of human factors and cannot be reduced to a precise, universally applicable ratio.

There are two main sources of Neoclassical theory: (1) the sociologists and social psychologists who were concerned with interaction and relations within groups, often referred to as the Human Relations school, and (2) the psychologists who focused on individual behavior, or the Behavioral school.

**Human Relations School**

The basic tenets of the Human Relations school (approximately 1930–1950) emerged from a series of studies during the mid-1920s and early 1930s known as the *Hawthorne Experiments*. Emerging from Classical theory, these experiments were conducted in Western Electric's Hawthorne plant to assess the effect of working conditions (e.g., lighting, rest periods, length of the work day) on productivity. Initially, a group of women were selected for the experiments and placed in a specially developed room where their behavior was carefully monitored as their working conditions were altered. Much to the surprise of the researchers, they found that regardless of what they did to the working conditions—whether for better or worse—the group's productivity (i.e., output per worker) increased. Since the conditions under which these individuals accomplished their tasks did not explain the change in productivity, the researchers were forced to look at other factors. One observation was that members of the work group had developed high morale during the experiments that seemed to positively influence their job performance. Further analysis revealed three basic underlying factors that influenced the group's morale:

• The workers perceived themselves as “special” and important to management because they were singled out for this research role.
• The women developed good interpersonal relationships with each other and their supervisor because they had considerable autonomy to decide their own division of work and their own work pace.
• The social contact and easy relations that emerged in the group created a generally pleasant work environment.

Based on these preliminary findings, the researchers hypothesized that the nature of social relations among members of a work group, and between employees and their supervisor, was an influential motivator of work performance. In an effort to test this hypothesis, another group of studies was conducted in which three small groups of men who worked on switchboard equipment were examined to assess the relative effects of a complex wage-incentive plan. The researchers found that production norms—those standards that the group created for itself—were more powerful determinants of production than wage incentives. The workers established an implied norm of a “fair day’s work,” and those who overproduced (“rate busters”) or underproduced (“chiselers”) were brought into line by their peers. These studies confirmed the importance of the
work group and pointed to the existence of an informal organization within a firm’s formal structure.

The Hawthorne Studies marked a significant turning point in the evolution of management theory because they introduced a new way of thinking about people in organizations. It is important to point out, however, that the Hawthorne Studies and the Human Relations school were not without their critics. A number of questions concerning research methodology and the way in which the experiment’s outcomes were interpreted surfaced early on and linger to this day. Even the basic rationale and intent of the experiments have been viewed with a degree of skepticism. Such criticism, however, became submerged in the overwhelming support that was given to the Human Relations school. The emerging set of beliefs held that management could not treat people as if they were mere extensions of an organization’s structure and machinery and became the initial underpinning for the field of organizational behavior.

Behavioral School

Influenced by the Human Relations school, a growing number of theorists began to shift their attention to the individual and the nature of work itself. Beginning with the Neoclassical assumption that work had lost its meaning through the mechanization accompanying the Industrial Revolution, these theorists argued that employees had become alienated from their work because their jobs prevented them from fully using their skills and capabilities. While they agreed that people had needs for acceptance, status, and recognition, they went beyond the human relations perspective and proposed that workers also wanted to gain personal satisfaction from their jobs by developing their abilities (and themselves) in the accomplishment of meaningful work.

The basic assumptions underlying human behavior were now perceived to be oriented to personal growth, accomplishment, and inner development. If managers were to become truly effective, it was argued, they must go beyond simply providing fair pay and treatment and attempt to make organizational members feel important. In the interest of effective and efficient organizational performance, managers should create jobs and organizational structures that allowed people an opportunity to develop their abilities and to experience personal growth.

This perspective is referred to as the Behavioral school. It was developed during the early 1950s and was based on the work of such theorists as Abraham Maslow, Douglas McGregor, Rensis Likert, Chris Argyris, Frederick Herzberg, and David McClelland. The contributions of these individuals will be discussed throughout this book. There has been a continual development of the behavioral perspective and it remains the basis of much management and supervisory education today. It can be viewed as a bridge between traditional Neoclassical theory and many of our contemporary analyses of management.

In summary, the Neoclassical perspective argues that there is a dimension of organizational reality that is not contained in the formal, structural orientation of the classical school—the behavior of groups and individuals within the organization. Emphasis shifted away from controlling patterns of precise physical movement toward patterns of social interaction, and managers were encouraged to develop supportive social systems and facilitate the personal development of their employees. The
insights of the Neoclassical doctrine thus added to our understanding of the complexity of organizations. It has been criticized, however, for not integrating the varied facets of human behavior that occur in organizations and, like the Classical school, for being shortsighted and incomplete. Moreover, while the Neoclassical school began to realize that organizations were affected by a wider range of factors than previously thought, its view of relevant environmental forces is quite narrow by today’s standards.

Modern Management and Organization Theory

Contemporary or modern management and organization theory is different from both the Classical and Neoclassical schools in that it emphasizes conceptualization and analysis, relies heavily on empirical research, and, perhaps most important, attempts to integrate the various elements that contribute to the whole organization. The underlying theme is that organizations are systems composed of mutually interrelated and interdependent variables. This is not to suggest, however, that modern theory is a unified body of thought. Indeed, different theorists and researchers have their own particular emphases on what they consider to be the more influential components of organizational systems. A common thread is the attempt to analyze organizations in their totality. A second, emergent trend is greater attention to interorganizational patterns and processes (e.g., mergers, acquisitions, strategic alliances, global supply chains), because fewer and fewer organizations operate on their own as purely independent, stand-alone entities.

The development of modern management theory has also been influenced by a number of social, political, economic, and technological changes in the larger society. Many social observers, for example, argue that similar to the transitions society had undergone when it evolved from an agrarian to industrial structure, we have undergone another transition from a machine-based industrial society to an information-based postindustrial society. In contrast to the agriculturally and industrially based societies of earlier periods, postindustrial society is characterized by:

- A basic shift in the orientation of the labor force from goods-producing to services-rendering and information-processing
- A gradual and steady rise in the influence of professional and technical occupations
- A growing influence and centrality of theoretical knowledge as the source of innovation and policy formulation for society
- An increased need for the planning and control of technology and its growth
- An emergence of mass integrated computer systems that create a new “intellectual technology”

We have undergone a transformation that has essentially rearranged our industrial and economic structure. For example, although routine production-type jobs are still found in both traditional manufacturing and high-tech industries, this type of work is increasingly being robotized, automated, and exported to the point where it currently constitutes roughly 16 percent of the U.S. employment base. At the same
time, while many people are employed in higher-level, analytic jobs—for instance, research scientists, design engineers, investment bankers, financial consultants—a significant proportion of the U.S. labor force has been relegated to lower-level, in-person service jobs. These latter jobs involve the direct delivery of person-to-person services, such as retail salespeople, hotel workers, waiters and waitresses, cashiers, home cleaning service staff, taxi drivers, and security guards. Combined with the general “flattening” and “delayering” of organizational structures and the strategic outsourcing of many business functions, these shifts have raised significant questions about our approaches to management and organization.

In addition to the rapid and often volatile technological changes envisioned by postindustrialism, organizations are also confronted with myriad pressures that include: (1) hyper-competition in the world arena; (2) shifting government regulation, deregulation, and reregulation; (3) increased labor-force and market diversity; and (4) changing cultural norms. Moreover, the growing influence of a number of activist stakeholders—public interest groups, environmentalists, local community advocacy groups, consumer advocates—further emphasizes the expanding demands and expectations that are being placed on business firms today. Modern management theory acknowledges this reality and focuses on the organization within its environment and the extent of congruence or “fit” of organizational subsystems within that larger mosaic.

As we began to realize the complexity of organizational environments, many of our basic assumptions underlying human nature were challenged. The move toward increased empirical research also produced inconsistent support for many of our generalized concepts. The major impact of these trends has been the move toward more complicated models of human nature and the resultant implications for how to manage these individuals. A set of complex assumptions about people began to emerge:

- Human needs fall into many categories and vary according to the individual's stage of development and total life situation.
- Since needs and motives interact to form complex motivation patterns, we must realize that for different people the same object or outcome (e.g., money) can vary in importance and fulfill quite different needs.
- People are capable of learning new motives through organizational experiences.
- The same individual may display different needs in different organizations or in different groups within the same organization.
- Employees can become productively involved with organizations on the basis of many different types of motives.
- Organizational members can respond to different kinds of managerial strategies, depending on their own motives and abilities, and the nature of the task.

As shown in Figure 1-1, this change in our underlying assumptions influenced a similar shift in the ways in which we conceive the focus and role of management. We are witnessing a transition from control to collaboration, from managing physical labor
and actions within specific departments to guiding knowledge-based activities driven
by advanced information technologies that cut across organizational boundaries—a
transition that is challenging much of our thinking about organization and manage-
ment.

The broad changes discussed previously have influenced a number of develop-
ments in management thought: (1) Management Science and Operations Research,
which emphasizes the use of computers and mathematical models in organizational
decision making; (2) Systems Theory, which looks at the organization and its envi-
ronment in totality; (3) Contingency Theory, which takes a situational (rather than a
one-best-way) view of organizational structure and managerial activity; and (4) the
growing influence of organizational behavior (OB), which has, for many, become
almost synonymous with management.

Management Science

The basic orientation of the Management Science school is to apply quantitative tech-
niques to management and organizational problems, and to merge strategic concerns
for planning and forecasting with administrative concerns for organizational effective-
ness and goal accomplishment. Although there were some earlier developments in
the use of statistical theory and quantitative methods in business, most people identify
World War II as the starting point of Management Science. During this period, op-
erations experts used quantitative models and computer simulations to calculate the
speeds and patterns followed by enemy ships, and the time and fuel required by their
aircraft to cover a given sector. Based on this information, Allied commanders were
able to reduce the number of reconnaissance flights while increasing the effectiveness
of their surveillance efforts.46

The late 1940s and 1950s saw the continued development of mathematical
techniques—ranging from queuing theory and mathematical programming to game
theory—that have become a basic part of operations management (OM).47 During the
1960s, the field continued to expand, taking a systems view of the production process.
This broadened perspective was further influenced over the following decades by the
steadily increasing and widespread application of computers and software applications
to operational problems.

The past few years have marked two other significant events in the evolution
of Management Science and Operations Research. First, the changing competitive
circumstances in our increasingly global business world have continued to pressure
manufacturers to improve both their productivity and product quality. These pressures
have led OM specialists to become more involved in the application of advanced tech-
nologies, such as flexible manufacturing systems and computer-integrated manufactur-
ing, as well as new manufacturing philosophies. Management Science has expanded its
focus to include such management practices as just-in-time (JIT) production, continu-
ous improvement (CI), and Total Quality Management (TQM) systems. Second, given
the evolution of society to postindustrialism, there has been a concomitant emphasis
within OM on service operations management, looking at such concerns as customer
contact, managing waiting periods, and, in general, enhancing the service experience
perceived by customers. Yet, as the adoption and implementation of these new tech-
nologies and foci have shown, the problems confronted by managers and their firms
are just as much social and organizational as they are scientific and technological.48
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Systems Theory

As researchers began to focus on the interaction between the structural (mechanistic) and behavioral (organic) dimensions of organizations and the influence of the external environment, the concept of a business firm as a system began to dominate organizational theory. According to this perspective, an organization is conceptualized as a system composed of subunits or subsystems that continually interact with and are mutually dependent on each other. Actions that occur within one part of the system not only affect that particular unit (department, section, group, etc.) but can have a “ripple effect” through other organizational subsystems as well. The implication of Systems Theory, therefore, is that things do not simply happen, but rather they evolve from multiple pressures and can entail multiple outcomes.

Within this context, organizations are often referred to as sociotechnical systems, composed of four basic components:

- A task/technological subsystem that consists of the basic work done by the organization, specific work activities or functions, and the tools or technologies that enable the work to be accomplished
- An administrative/structural subsystem (formal organization) that includes such things as task groupings (units, divisions, departments); work rules and policies; authority systems (reporting relationships, power bases, control procedures); and the way in which jobs are designed
- A subsystem of individuals that involves the people who perform the various organizational tasks, and the nature and characteristics of these individuals in terms of their knowledge, skills, attitudes, values, expectations, and perceptions
- An emergent subsystem (informal organization) that develops over time as people interact within the formal system and includes such implicit and unwritten arrangements as norms (standards of behavior), intraorganizational statuses, competition and cooperation between groups, and other “nonprogrammed” activities and interactions.

These four subsystems are highly interdependent on each other. A change in administrative policies, for example, will not only affect those policies, but can also exert an influence on the task, the people performing the task, and the informal system.

Organizations are also referred to as open systems. Conceptually, we often compare open and closed systems. Systems that are completely self-contained and do not involve any interaction with their environment are termed closed systems. Systems that interact with their environment and are influenced by external forces, by contrast, are defined as open systems. No system, however, is totally open or totally closed. A thermostat, for example, is often viewed as a closed system because it reacts to only one external factor—change in temperature. A thermostat that is connected to a furnace will turn the furnace on when the air around the thermostat is below a certain temperature and turn the furnace off when the air goes above that temperature. Basically, nothing else matters.

Organizations, in contrast, are open systems that are influenced by a multitude of environmental forces or inputs such as availability of raw materials, changes in...
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technology, and government regulation. In a bank, for example, deposits can be perceived as inputs that are transformed (through record keeping and bank policies) into consumer outputs (loans, mortgages). As recent industry trends have indicated, however, this process is influenced by a number of external factors such as changes in the inflation rate, government deregulation, advanced information technologies (e.g., home banking via the Internet, online loan businesses), and consumer attitudes. Thus, organizations receive inputs from their environment and transform these inputs into usable outputs for their customers within the context of their environment.

There are limits or boundaries, however, to the openness of organizational systems. These boundaries are based on the input–transformation–output process that links the organization to other systems; behavior not linked with these functions lies outside the system. Although the notion of a boundary is somewhat arbitrary and varies from system to system, it is an important concept since open systems are not affected by every external force or change.

As part of the input–transformation–output process, an organization receives feedback or information concerning its performance. The continuous flow of information among a system, its internal components, and the external environment forms a feedback loop that enables the organization to adapt to changing environmental conditions. Thus, the capacity to use this information to control the system and make necessary changes is crucial if organizations are to become self-correcting systems.

Another important aspect of systems is that they seek equilibrium, a steady state of regularity, consistency, or balance. When something occurs that puts the system out of balance, the system reacts to bring itself back into balance. This does not imply that organizations are, or should be, static and unchanging. Rather, as the feedback process discussed earlier indicates, organizational systems can use the information provided through their feedback loops to make certain adjustments to changing conditions (adaptation), and reach and maintain (for as long as appropriate) a new balance point. This equilibrium point then becomes the steady state until another change indicates the need for further adaptation.

The primary advantage to Systems Theory is that it provides a framework for thinking about organizations in more complex and dynamic terms than earlier organizational theories. The application of a systems perspective is especially useful when assessing the need for major organizational change. The theory can guide managers to think about how change in one part of the organization may affect other aspects of the organization, and the potential effect of the external environment. An underlying problem, however, is a tendency to be evaluative in such analytic efforts, that is, perceiving a particular behavior as being “good” or “bad.” Systems analysis is based on the functionality of a particular event or behavior, or the extent to which the event contributes to the maintenance of the system. If a given event occurs that dislocates a particular system (or subsystem) and leads to difficulties, the event is dysfunctional to that system. If an event reinforces the system, it is functional to that system. Caution must be exercised, however, when determining functionality. Certain behaviors that may appear to be dysfunctional for task performance (e.g., game playing, socializing) may be quite functional for individuals and their informal system by fulfilling social needs and reinforcing certain norms and interaction patterns.
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Contingency Theory

One of the outgrowths of Systems Theory is Contingency Theory. The central thesis of Contingency Theory is that there are no universal principles of management that can be applied uncritically in all situations. Management approaches must vary from one situation to the next because they depend on the unique environmental conditions and internal factors that are inherent to each organization. Thus, a diagnostic, situational approach to decisions about organizational structure and appropriate managerial behaviors is necessary.

There are three main emphases within the Contingency school:

- **Open systems planning**: There is no one “best” solution for all organizations since each firm has to cope with its own unique set of technical, human, and market inputs. The role and influence of the environment will be analyzed in Chapter 8.
- **Organizational design**: In relatively stable and predictable markets with simple, repetitive technologies, hierarchical organization structures tend to be effective; in more uncertain environments with complex technologies, in contrast, a “flatter” form of organization seems to be more effective. This orientation will be discussed more fully in Chapter 9.
- **Leadership**: Rather than taking one basic approach to leadership in all situations, leadership style should vary according to such factors as the nature of leader–member relations, the degree of task structure, the power (positional and personal) a leader has, and the expertise and willingness of subordinates to assume responsibility. This aspect of Contingency Theory will be examined in Chapter 7.

Although Contingency Theory has been criticized for being more of a classification scheme than a true theoretical formulation, it has greatly contributed to our base of knowledge about organizations and their management. It emerged from Systems Theory, a growing appreciation of the influence of the external environment, and the development of more complex assumptions about human nature.

SOCIETAL CHANGE AND ORGANIZATIONAL BEHAVIOR

As suggested by our assessment of the evolution of management theory, our views of management and organization are both shaped and challenged by sociocultural, economic, and technological changes in the broader society. In addition to the current attention given to business ethics that was discussed earlier, a number of shifts are taking place in our society that have significant implications for the ways in which we think about management and behavior.

OB and Advanced Information and Manufacturing Technologies

We are currently experiencing an unprecedented wave of technological growth and innovation in business. Although the Internet and “dot-com” companies that once dominated the business news seem almost passé, the resulting “e-revolution” is
continuing to restructure how business is conducted, managed, and even conceptualized. Most of us are struggling to keep up with the literal explosion of technology in our business as well as personal lives. We are continually wrestling with myriad questions and concerns about the new economy, a system based on knowledge and the development of intellectual capital.

Most assessments of these new technologies point to their potential for enriching our lives, creating more opportunities as well as more challenging and interesting work, and improving the overall efficiency and effectiveness of our work processes. Increasing concern, however, is centering on: (1) our ability to competently manage these technologies and (2) the “dark side” of these technological developments. Historically, there has been ample research documenting the effect of technology on workers and the workforce. The foci of these studies range from the human factors engineering examination of person-machine fit and the effects of automation on worker displacement, to psychological and sociological concerns about the dehumanizing character of mechanized work. While these research efforts exerted a significant influence on the nature of many organizational policies and practices, the magnitude of present changes in workplace technologies is creating new pressures and strains on organizations and their members.

Advanced information and manufacturing technologies—computer networks and the e-commerce revolution, robotics, computer-aided design and manufacturing (CAD/CAM), cellular communication devices—are continuing to revolutionize the ways in which organizations operate and people perform their jobs. As outlined in Figure 1-1, over time the basic focus of managerial control has evolved from overseeing patterns of physical movement and precise ways of performing work, to patterns of social interaction, to managing spans of attention and patterns of connectivity within and across organizational boundaries. As advanced technologies continue to influence the way work is performed, managers will increasingly need to focus on their workers’ patterns of attention, learning, and mental engagement to their tasks. People, of course, have always had to “pay attention” to their work if they were to properly complete their tasks. Yet, as most observations of routine work have shown, employees typically daydream, banter with one another, and engage in various games to pass the time. They must pay attention to their work with their eyes, but not necessarily with their brains. The quality of attention required by computer-mediated work assignments, in contrast, is quite different. Workers concentrating on a visual display unit, interacting with a robot or collaborating with a colleague thousands of miles away need to pay much closer attention to what they are doing. Indeed, if they are to understand and properly respond to the information they are dealing with, they must be mentally involved in their work.

Technology and Management Control

The changing nature of work is placing increasing emphasis on what might be termed a commitment or involvement-oriented management paradigm. Traditionally, managers have relied on a control-oriented, bureaucratic model to ensure that organizational goals and objectives were fulfilled. As underscored by the earlier discussion of Classical management theory, the basic assumption was that organizations can most effectively get people to perform their tasks through formal reward and punishment systems. Thus, jobs are described in detail, job performance is carefully measured,
and rewards are handed out on the basis of specified achievements. Lower-level organizational members are not asked to actively participate in planning, scheduling, coordinating, or controlling operational efforts. Instead, their actions and activities are coordinated through rules, procedures, and close supervisory direction. The involvement-oriented approach, by contrast, is based on a very different set of assumptions about what makes organizations effective. It stresses that employees can be intrinsically motivated (Chapter 3), that they have a capacity for self-direction and self-control, and that most employees are capable of providing important ideas on how the firm should be run. This orientation is manifested in such practices as self-managed work teams, quality circles, learning teams, skill-based pay and gainsharing programs, and flat, lean organizational structures.

Most management specialists argue that while the control-oriented approach works well with relatively simple, repetitive tasks, it is far less effective in overseeing complex knowledge work. However, given the mundane nature of many computer-mediated jobs, traditional control orientations are still in ample evidence in today’s workplace. Computer monitoring, sometimes referred to as electronic supervision, for example, has become a controversial issue in labor-management relations. By using computers as an efficiency tool, managers can prompt employees to work faster, automatically present them with their next task, and warn them when they fall behind predetermined productivity standards. Computers can readily record when operators turn their video display terminals on and off, time customer service transactions, count keystrokes by the second, and track the number of operator errors made during a specified period of time. Biometric technology is increasingly being used for employee fingerprinting and retina scanning for even menial jobs to prevent “buddy punching” (i.e., when a co-worker “punches in” for another employee on a time clock). Due to escalating competitive pressures, many managers appear to be increasingly rationalizing such work speedups and tightening controls as a way to cut labor costs and enhance needed productivity gains. Yet, while some may applaud the efficiency and effectiveness of such capabilities, computer monitoring is also being linked with heightened stress, lowered job satisfaction and organizational commitment, and ironically, employee efforts that ultimately subvert management’s goal of greater productivity. Thus, while computerization is often viewed as a potential tool for liberating workers from menial tasks and drudgery, in many instances it has isolated employees from one another and has literally made them servants to their machines.

Self-Service Technologies

Technology is also dramatically and profoundly changing the ways in which services are both conceptualized and delivered to customers—changes that have significant implications for how service operations are staffed and managed. Advanced information technology has created wide-ranging opportunities for companies to implement systems that essentially allow customers to provide their own service. The idea of full service is rapidly being replaced with a new version of customer self-service, as we increasingly pump our own gasoline, do our own banking, self-scan our purchases, purchase airline tickets online, and even check ourselves in for the flight.

While there are myriad positive outcomes associated with such self-service technologies (e.g., cost reduction, ease of access), this technology also allows customers to complete their transactions without any direct interaction with the company’s
employees. The result, in a growing number of instances, is a significant loss of human interaction in the workplace. Compounded by fears related to job loss and reduced opportunities, many employees are increasingly reluctant to embrace these new technologies, creating difficulties at the organizational level. From an OB perspective, it is important to remember that such information technology solutions still depend on human actions and relationships, and that there are limits to an appropriate and productive use of these technologies in the workplace.

Mobile Employees, Outsourcing, and Contingent Workers

A related offshoot of the increased use of advanced manufacturing and information technologies in the workplace is a fundamental shift in the way work is done. Basic functions once performed in-house are now being accomplished at home, on the road, or outsourced to specialized firms that, in many instances, may be located in distant countries. Core tasks once performed by people are now routinely delegated to robots and computers. Work once performed by full-time, local workers is increasingly being sent to international locations where even highly skilled labor is a fraction of what it costs in the United States. The result is a radically transformed organization and workforce.

It is estimated, for example, that there were more than twenty-five million telecommuters in 2005. On any given day, as many as one-third of the salaried workforce may be operating from remote locations—working at home, in the client’s office, or out of a hotel room hundreds or even thousands of miles away. Human resource experts predict that the number of people involved in telework will continue to grow as workers, as well as organizations, require more flexibility (e.g., ability to deal with work overload, avoid frequent interruptions in the workplace, meet family needs) and as high-speed Internet connections make telecommuting easier. Similarly, while outsourcing strategies started with support-related activities (e.g., payroll, maintenance), critical functions—ranging from product design to manufacturing to distribution—are increasingly being shifted to specialist firms in offshore locations. Over the next fifteen years, for example, Forrester Research predicts that 3.3 million service jobs will move to countries such as India, Russia, China, the Philippines, and Ireland—with the IT sector leading the way.

These trends raise myriad implications for managers who must deal with a host of working arrangements—people still in traditional jobs, full-time employees who are not at the office for a typical working day, and part-time or contingent workers who are linked to the organization on a short-term, project-oriented basis. In fact, it appears that traditional employment schemes offering regular, long-term jobs are increasingly being replaced by more flexible, “contingent” arrangements under which workers are hired on a temporary or sporadic basis—a reality that is frustrating to many workers who still desire regular, permanent jobs.

As the field of OB continues to develop and evolve, the exact nature of these challenges is still being defined. As illustrated in Figure 1-2, the electronic office, consisting of information technologies that link people to people, people to information, and people to facilities, is transforming where and when work is accomplished—across the globe. High-speed fiber-optic cable and rapidly dropping bandwidth prices are enabling companies to transfer increasingly sophisticated tasks overseas. These shifts emphasize the need to develop a capacity for change and to deal with such issues as...
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People-to-Information Links
- Digital Archives: online collections of messages sent over e-mail
- Social Information Filtering Technology: approaches that aggregate the shared search experience of multiple users to reveal mutually useful paths to information
- Intranets

INTEGRATION VIA INFORMATION TECHNOLOGY

People-to-People Links
- E-mail
- Desktop Videoconferencing
- Fileservers: databases that record and report progress among distributed workers, accumulate shared documents, and save ongoing conversations
- Group Support Systems: e.g., electronic brainstorming, rank order tools, categorizers

People-to-Facilities Links
- Collaboratories: online laboratories where distant colleagues can interact with one another, share data, and use instruments
- Intranets

Figure 1-2 Information Technology and the Electronic Office

job displacement, redistribution of responsibility in the workplace, changing demands for worker skills, new, innovative compensation systems, and an increasingly diverse workforce.

Boundaryless Careers
While robotics, telecommuting, outsourcing, and self-service technologies create myriad efficiencies and opportunities, the idea of a “post-job” company, in which the bulk of traditional jobs have been automated and outsourced out of existence, raises significant questions for how we think about careers and career planning. In fact, some observers argue that the concept of a career should no longer be linked with one particular job or organization. People instead are being advised to focus on areas of competence, as many of today’s “hot jobs” may not be in existence in the near future. Although there are, of course, a number of practical and psychological impediments to continually shifting one’s job or organizational identity, the growing reality is that people are likely to experience several career cycles over their lifetimes. Thus, rather
than focusing on continuous upward mobility and managed career progress, we will have to change our expectations about our careers, being prepared to deal with periodic cycles of reskilling, lateral job changes rather than upward movement, and the possibility of phased retirement. While this trend has obvious ramifications for individuals, it also raises significant challenges for managers who will be interacting with a different type of workforce and faced with the challenge of creating an environment that will sustain their firm’s performance over the long term.

Protean Careers
Careers have traditionally been defined as the evolving sequence of a person’s lifelong series of work-related experiences and attitudes. In contrast to the traditional career, which is generally linear and managed significantly by one’s employing organization, a protean career is self-directed and driven by intrinsic factors (e.g., personal values). In the protean conceptualization of career development, the individual manages important career experiences such as formal education, training, employment, and leisure and family life. Relative to boundaryless careers, protean careers place greater emphasis on individuals’ values and quest for self-fulfillment.

The Quality Movement
At the same time that emerging technologies are revamping the workplace, the highly competitive, international business environment has placed significant emphasis on product and service quality. Traditionally, business viewed quality as a relatively minor, after-the-fact production assessment usually assigned to lower-level quality inspectors. As global competitiveness began to erode the U.S. position in the world economy, however, many U.S. businesses were criticized for failing to make sufficient improvement in the quality of their products and services that would allow them to be highly competitive in the global marketplace.

Many critics contend that, to a large degree, quality planning is still heavily influenced by Taylorism and the view that lower-level employees are not qualified to plan and evaluate how work should be done. Indeed, despite claims that many employees are ill-equipped to adequately deal with today’s complex work processes, some authorities assert that “managerial arrogance” is largely to blame for our current quality situation. By continuing to rely on a control-oriented, bureaucratic model to meet organizational goals and objectives, managers and executives have essentially separated themselves from their employees, suppliers, and customers, making true quality management impossible.

Total Quality Management (TQM) refers to a different philosophy, one that embraces the company-wide application of principles, practices, and systems designed to ensure complete customer satisfaction. Central to the underlying vision of attaining total quality is a belief in and understanding of the fundamental importance of employee participation. In essence, all organizational members must work together to achieve full customer satisfaction through continuous improvement (CI), creating systems and processes to ensure that literally everyone in the organization does the right thing, the right way, the first and every time. Emphasis is placed on building quality into the work process and striving to prevent problems rather than scrambling to correct them after the fact. When problems do occur, the focus is not just on fixing
them but on having organizational members discover and eliminate their root cause(s) to ensure that the same problems do not keep recurring.

Closely aligned to the idea of TQM and CI is business process reengineering (BPR). Rather than simply attempting to improve existing processes (through, for instance, automation), reengineering attempts to transform the organization by literally starting over, designing core business processes from scratch rather than reanalyzing existing systems. BPR's underlying orientation was to:

- Radically redesign and improve the way work is carried out
- Attack broad, cross-functional processes
- Focus on “stretch” goals that would improve organizational performance
- Use information technology to enable new ways of working

Although many BPR efforts became a code word for downsizing and reductions in force, the underlying intent was to enhance how work was accomplished. Yet Michael Hammer, one of the leading BPR gurus, lamented that the role people play in the process was overlooked: “I wasn’t smart enough about that… I was reflecting my engineering background and was insufficiently appreciative of the human dimension. I’ve learned that’s critical.”

From an OB perspective, a true commitment to enhanced work processes and quality means that an organization, its management, and its members must reorient their thinking about how they do business and how they function as a company. Key initiatives include: (1) building a commitment to excellence into the firm’s basic business concept and strategic objectives, (2) creating new systems for evaluation and assessment, and (3) building a culture that encourages organizational members to enhance their performance. As studies have shown, successful quality improvement initiatives include: (1) involving employees in formal planning processes that have clear and realistic goals; (2) creating supportive structures that encourage people to get involved in decision-making processes and provide them with the information they need to make effective and timely decisions; (3) emphasizing working as a team, breaking down barriers across different work units; (4) communicating clearly, encouraging constructive criticism and open discussion of conflicts; (5) creating high performance standards and holding people accountable for performance objectives; (6) rewarding superior performance; and (7) creating challenging opportunities and a sense of personal satisfaction.

Discontent, Cynicism, and Fear in the Workplace

While the current influence on quality and IT-based workplaces points to the need for an involved and committed workforce, there are increasing signs that discontent, disillusionment, and disenchantment with work and the workplace are growing among both white- and blue-collar workers. As many surveys indicate, a growing number of managers and business professionals feel less and less secure in their positions, more mistrustful of top-level executives and co-workers, and increasingly convinced that companies will not return their loyalty. As studies point out, many U.S. corporations are (1) still preoccupied with short-term results, (2) continue to rely on outdated
strategies that focus on mass production and the domestic market, (3) persist in placing financial machinations above production needs and innovation, and (4) continue to neglect their human resources. In essence, U.S. corporations have been criticized as having profound problems in their underlying cultures and orientations.

Similar to the problems associated with BPR, the notion of corporate restructuring became a euphemism for a wide array of painful actions that typically translate into large-scale reduction-in-force, downsizing, and disinvestment activities. As part of this process, critics contend that corporations further contribute to employee discontent by promising much more than they intended to deliver, hiring overqualified people with the expectation of “getting more work out of them,” laying off workers and reassigning tasks to those who remain, and giving vague promises of early salary reviews and new job possibilities that rarely, if ever, materialize. One result is what one of the popular business magazines referred to as the “end of corporate loyalty.”

Workplace Incivility
The long-term effects of this loss of loyalty and commitment, of course, are quite ominous for both corporate America and the United States in general in an increasingly competitive global economy. A disillusioned and cynical workforce will obviously be far less cohesive and productive than a committed and trusting one.

A growing lack of civility between organizational members is rapidly becoming one of the main causes of work-related conflict and strife. Workplace incivility, which is defined as rude or disrespectful conduct that reflects a lack of regard for others, includes such behaviors as:

- Speaking in a condescending manner
- Demeaning, belittling, or harassing others
- Interrupting others in a rude or unnecessary manner
- Rumor mongering and gossiping
- Not listening when another person is speaking directly or indirectly to you
- Exclusionary behavior, especially shutting out new employees

This general decrease in socially acceptable behaviors, while often subtle in nature, can quickly lead to decreased productivity, problems with staff retention, increased conflict, and a general unwillingness to act in a collaborative and cooperative manner.

From a managerial perspective, it is important to help organizational members understand what constitutes workplace incivility. It is important to encourage the use of good communication (see Chapter 4) and conflict resolution skills (see Chapter 6), both of which require training and continuous enforcement. It is also important to model the type of behavior that you would like to see employees use with each other and with customers—listening and paying attention to what others say, being inclusive and empathetic, giving praise when called for, and being constructive when criticizing others.
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Workplace Violence and Vengeance

A related, even more problematic aspect of this change is a general increase in illicit, aberrant, and morally questionable behavior in the workplace. Although workplace deviance—which encompasses such acts as theft, fraud, vandalism, sabotage, sexual harassment, and illicit drug use—is suggested to be on the increase, perhaps the most disturbing dimension of this phenomenon is overt violence and aggression at work, where people are either threatened with or actually harmed or killed by physical force. While such incidents of violence are fortunately the exception rather than the rule, they are beginning to occur all too frequently, and homicide has become the second leading cause of death in the workplace.

Employee vengeance against former employers is also on the rise, especially as access to information technology provides disgruntled ex-employees with the ability to infiltrate an organization’s computer system. Irate workers, who in years past might have simply simmered or spread slander about their former employers, are hacking into company computers, deleting data, leaking sensitive information to competitors, and even changing customer orders. The ability to access these systems from remote locations, combined with the feeling that this can be done anonymously, is further contributing to the rise in this type of cyber-revenge and providing a new route for workplace anger.

As deviant acts continue to emerge in the workplace, we need to think much more specifically about both the nature and causes of such behavior. Given the range of interpersonal interactions that occur between people in today’s organizations, it is important to realize that while many of these interactions are positive and constructive, others can be quite negative and destructive. Organizations often find it necessary to downsize, lay off employees, or shift positions of power and responsibility. Managers often find themselves in situations where they feel it is necessary to reprimand or discipline employees, offer constructive criticism to subordinates, or even use their formal authority to control or coerce certain behaviors. While such actions may not necessarily be inappropriate or lead to an aggressive or violent response, it is important to reflect on notions of fairness and justice when dealing with other organizational members. As research in this relatively understudied area continues to evolve, questions of leadership, empowerment, group dynamics, and interpersonal relations among other central dimensions of the OB field promise to provide us with further insight into this troubling reality of organizational life.

The Workplace as a Darker Place

For many people, September 11, 2001, marked a drastic change in their perception of the world. Such traumatic events, especially those outside normal human experience, create significant stress and tension in our lives, often overwhelming our ability to cope with our surroundings. While there are no typical response patterns to such events, people can experience physical (headaches, sleep disorders, elevated blood pressure), emotional (shock, anger, guilt, anxiety, depression, fear), and cognitive (inability to concentrate, confusion) problems. Job performance typically suffers in the wake of such tragedies, and while some people can work through these difficulties in a matter of days, others can struggle for weeks or even months.

Some jobs have always been rather dismal because they involve dirty, smelly, or hazardous tasks. However, the emergence of new health risks—from terrorism to...
new viruses—is turning some formerly good jobs into bad ones and making some formerly bad jobs even worse. Postal work, for example, was often characterized as boring but reliable government employment, until postal workers faced the risk of anthrax spores. Package delivery may have been a mundane line of work, but that was before workers had to start screening parcels for bombs or explosives. Nursing has always carried a certain prestige along with some risk, but a combination of orange alerts and a raft of infectious diseases have added new stress. While the glamour and opportunity to travel the world made up for the relatively low pay for flight attendants, their working lives became quite different due to lingering threats of terrorism and risks associated with such illnesses as severe acute respiratory syndrome (SARS) and avian flu.

Combined with a literal explosion of mergers, acquisitions, downsizings, and outsourced jobs, the workplace has become a less desirable place for a growing number of employees. From an OB perspective, it is important for managers to help their employees reconnect to their work roles, facilitating a process of recovery that can begin to recapture their commitment and reenergize them. Managers, for example, are being encouraged to talk with employees about these events, sharing their own concerns, and showing empathy and compassion for what they are experiencing. While many managers may try to quickly return to “business as usual,” focusing their efforts and energies on key business imperatives, it is important to help people recover from the emotional realities and traumatic reactions associated with such events.

Sociodemographic Diversity in the Workplace

It is clear that profound demographic changes are occurring in our society and that our labor force is becoming increasingly diverse in terms of age, gender, race, and ethnicity. During the early 2000s, for example, it is estimated that approximately 15 percent of new hires will be white males, with the remaining 85 percent consisting of women, African Americans, Hispanics, Asians, and Native Americans. Our expanding consideration of diversity or social groups today also includes sexual orientation, age and (dis)ability, and other identity groups not covered by Equal Employment Opportunity (EEO) law such as nationality, personality, and cognitive orientation and ability. These changes have obvious implications for managers interacting with a group of disparate individuals, especially in terms of: (1) communicating effectively with employees from diverse cultural backgrounds; (2) coaching and developing sociodemographically heterogeneous individuals and groups; (3) providing meaningful performance feedback; and (4) creating organizational cultures and climates that both nurture and utilize the fruitful mix of talents and perspectives that diversity can offer. At the same time, the basic skills of managing diversity—active listening, coaching, and providing feedback—are a reflection of what is currently thought of as “good” management.

Recent research has begun to distinguish between the concepts of diversity and inclusion. Diversity generally refers to the demographic composition of workgroups or organizations, and also is related to the differences in perspective resulting from membership in various cultural and social identity groups. Inclusion, in contrast, is the extent to which workgroup and organization members can access information and
resources, are involved in workgroups, and can influence decision making. In other words, the notion of inclusion emphasizes the extent to which individuals feel a part of important organizational processes.

There are a number of advantages associated with increased sociodemographic diversity in the workplace. For instance, a diverse workforce can create advantages in recruiting, marketing, and customer service. A varied set of views and perspectives can provide an organization with greater insight into and understanding of a broad customer base, which can translate into a competitive advantage for culturally diverse firms. In contrast, problems associated with increasing sociodemographic diversity in the labor force include communication misunderstandings, increased training costs, increased factionalism among employees, cultural conflicts, and potential increases in tardiness, absenteeism, and turnover. Some critics contend that the effects of a significantly diverse workforce are so pervasive and subtle, and the concomitant business losses so large, that it is virtually impossible to identify the full impact. A recent review of forty years of diversity further acknowledges that while diversity is a social value in our culture, it can have negative effects on group process and performance. Studies have indicated that, especially under conditions of crisis or rapid change, diversity can hinder group and organizational performance since the advantages provided by multiple perspectives are offset by the problems of generating consensus.

Given these realities, concerted effort is needed to explore how diverse perspectives can be shared more effectively and how heterogeneous individuals and groups can work together more constructively. Recent diversity research, for example, distinguishes among organizational approaches to managing diversity. This work has identified three prevalent approaches or “diversity paradigms” representative of organizational diversity management practice. The discrimination and fairness paradigm focuses on creating diversity and fostering equality among organizational members via human resources policies (e.g., affirmative action, sensitivity training, mentoring programs). Organizations operating under this paradigm expect minority members to assimilate, and organizational members are trained and encouraged to take a “color-blind” perspective to establish the principle that demographic differences do not matter. Organizations operating under an access and legitimacy paradigm seek to exploit the nature of employees’ demographic differences to gain access and legitimacy with diverse markets. This orientation is also commonly referred to as the “business case” for diversity. Organizational structures such as special divisions or business units largely comprised of female or minority employees dedicated to the service of emerging niche/minority markets are typical under this approach.

Finally, organizations operating under the integration and learning paradigm seek to incorporate diversity throughout the organization, vertically and horizontally, inclusive of the organization’s approach to processes, strategy, and work. In contrast to the “color-blind” perspective, cultural differences among organization members are recognized as sources of skill and insight that can have a direct impact on the organization’s core tasks. Importantly, and in contrast to the access and legitimacy paradigm, recognizing that people from different cultural backgrounds may contribute different sets of skills and perspectives to the organization does not warrant a cultural identity–based division of labor.

Thus, even thought blatant discrimination may be waning, managers must become more aware of the subtle forces in organizations that can prevent many organizational
members from reaching their full potential. Indeed, one of the major challenges of managing diversity is developing the ability to identify problems that are not readily apparent. Old standards of performance, for instance, tend to promote the status quo and provide mainstream employees with advantages over new entrants. As a result, diversity programs that uncover these tendencies can help managers to master human relations and problem-solving skills. The underlying key is to develop the ability to see things from different perspectives, to work with others to find answers, and to allow others to have input into decisions. There is a growing body of evidence to suggest that if done right, diversity can lead to higher organizational performance and profits. As will be explored in subsequent chapters, the foci of these endeavors and the skills that they attempt to develop emerge directly from an understanding of organizational behavior.

FADS AND FOIBLES IN MANAGEMENT

Drawing on the theoretical and conceptual material discussed throughout the book, the chapters that follow include a range of organizational applications. A brief word of caution, however, is necessary. Management is often dominated by various fads and techniques that are fashionable at a particular time. Managers have been criticized for jumping on and off a succession of behavioral-science bandwagons in their search for organizational effectiveness and efficiency. We have gone from T-groups and sensitivity training during the late 1960s and early 1970s, to Theory Z and our literal fixation with Japanese management techniques in the early 1980s, to corporate culture in the mid-1980s and Total Quality Management (TQM) during the latter part of the decade, to downsizing and reengineering in the 1990s. The fascination with downsizing and reengineering ultimately gave way to “organizational growth,” an emphasis on achieving sustainable, profitable growth in our companies. At the turn of the twenty-first century, information systems were regarded as the latest organizational savior, with an increased focus on knowledge management as one of the latest “big ideas.” Each one of these techniques, and the mass of writings that accompany them, claim to “revolutionize” our understandings of the management process.

Today, postmodern and critical views of diversity are calling the very notions of diversity and inclusion into question. Critics are asserting that affirmative action and other societal and organizational policies ostensibly created to rectify past injustice essentially create divisive social group boundaries, perpetuating negative associations (e.g., stereotypes) and debilitating supposed beneficiary group members. Others are calling into question the very notions of race and gender in organizations as objective properties of individuals, especially as they are currently treated in mainstream organizational diversity literature. An emerging view this research is bringing into focus emphasizes the subjective social and idiosyncratic organizational meanings of gender and race, bringing to our attention the mindsets, structures, and other features of organizational contexts that serve to reinforce prevailing assumptions about various social groups such as race and gender.

Some observers contend that all too often such management fads do little more than diffuse different administrative technologies that, in and of themselves, have little utility for any organization. Given the complexities that abound in organizational life, however, simple solutions rarely, if ever, succeed. In fact, other critics contend
that fads are actually harmful since they prompt managers to literally jump from one innovation to another, without allowing sufficient time or support for the intervention to work.\textsuperscript{114} Moreover, although Kurt Lewin’s suggestion that “nothing is as practical as a good theory” may be true, as we have recently been reminded the “obverse is also true: nothing is as dangerous as a bad theory.”\textsuperscript{115} Thus, while these prescriptions may have the potential to improve organizational performance, they require critical assessment and thoughtful execution. Only through sustained implementation can managers and their organizations develop the tacit knowledge, understanding, and skills necessary to successfully implement new programs and innovations.

Individual managers and organizations, however, often become infatuated with a specific form of intervention (usually after it has successfully been applied in another context), desire to be seen as “progressive,” or develop preconceptions about the cause of a particular problem. When this occurs, a frequent tendency is to turn to a particular technique for “relief.” The result is a discouragingly high failure rate of these behavioral-science tools in our corporations. The important point to remember is that the theories and approaches that will be discussed throughout the book are not panaceas to all organizational problems. Many of them are based on middle-range theories and research, which means that the practitioner/manager must carefully diagnose the situation and choose an appropriate approach to solving a particular problem. There are advantages and disadvantages as well as benefits and costs associated with any of these interventions. Each of these techniques, however, can be effectively used to deal with specific employee and organizational problems and, if applied carefully and thoughtfully, can enhance employee and organizational competency.

CONCLUSION

It should be clear from this introductory chapter that our models and ways of examining people and organizations have become more dynamic and complex. The focus of attention gradually shifted from an emphasis on physical and structural factors, to human relationships and interactions, to the application of quantitative methods and computer technology in organizational decision making. Currently, management theorists have developed a more integrated approach in the systemic analysis of organizations, their members, and their environments. We have moved from “one-best-way” approaches to a situational or contingency perspective.

Within this context, the study of OB today is a result of the gradual convergence of these various schools of thought. The field itself has evolved from what has been termed a micro-orientation (emphasis on the structures and processes within and between individuals, small groups, and their leaders) to include more of a macro-perspective (emphasis on the structures and processes within and between major subsystems, organizations, and their environments) as well. There is an attempt to combine the “logic” of the Classical school and the “nonlogical” feelings of the Neoclassical tradition through more systematic, integrated analyses of behavior and structure at the individual, small group, organizational, and interorganizational levels. This book does not purport to provide students with a full understanding of all of the subtleties and intricacies of this growing field. It does, however, attempt to provide a solid foundation for more rigorous study of the behaviors that occur within and between contemporary organizations.
NOTES

17. Figure 1-1 is based on a synthesis of numerous analyses of the changing nature of
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28. Ibid.


34. Taken from the testimony of Frederick Taylor at hearings before the Special Committee of the House of Representatives to Investigate Taylor and Other Systems of Shop Management, January 25, 1912, pp. 1387–1389. This is included as one of the readings in M.T. Matteson and J.M. Ivancevich, eds., *Management Classics*, 2nd ed. (Santa Monica, CA: Goodyear, 1981), pp. 5–8.


36. For the initial analyses of the Hawthorne Experiments see F.J. Roethlisberger and W.J. Dickson, *Management and the Worker* (Cambridge: Harvard University Press, 1950). The discussion in this section has also been drawn


39. This section is drawn from Schein, op. cit., pp. 68–72; and Miles, op. cit., pp. 41–44.

40. Scott, op. cit., p. 17.

41. Ibid., pp. 17–18.


44. For a good example of the influence of these broader, sociopolitical stakeholders see L.E. Post, L.E. Preston and S. Sachs, *Redefining the Corporation: Stakeholder Management and Organizational Wealth* (Stanford, CA: Stanford University Press, 2002).


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61. This discussion draws heavily from M.J. Bitner, A.L. Ostrow, and M.L. Meuter, "Implementing Successful Self-Service


66. Reported in Schwartz, "Down and Out in White-Collar America."


75. See B.L. Wisdom, "If Quality Is So Important, Then Why Don’t We Teach It?" *The Organizational Behavior Teaching Review* 13, no. 2 (1988–89): 68–78.


81. See Juran, op. cit., Chapter 1.


93. This discussion is based on J.A. Clair, “Teaching Through Traumatic Events: Uncovering the Choices of Management Educators as They Respond to September 11th,” Academy of Management Learning & Education 1, no. 1 (2002): 38–54.


100. This distinction is drawn from Q.M. Roberson, “Disentangling the Meanings of Diversity and Inclusion in Organizations,” Group and Organization Management 31 (2006): 212–236.


109. See Davenport and Prusak, What’s the Big Idea.


112. See Nkomo and Stewart, “Diverse Identities in Organizations.”

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(Greenwich, CT: Information Age Publishing, 2001), pp. 171–188.
