Stephen P. Robbins
Timothy A. Judge

Essentials of Organizational Behavior

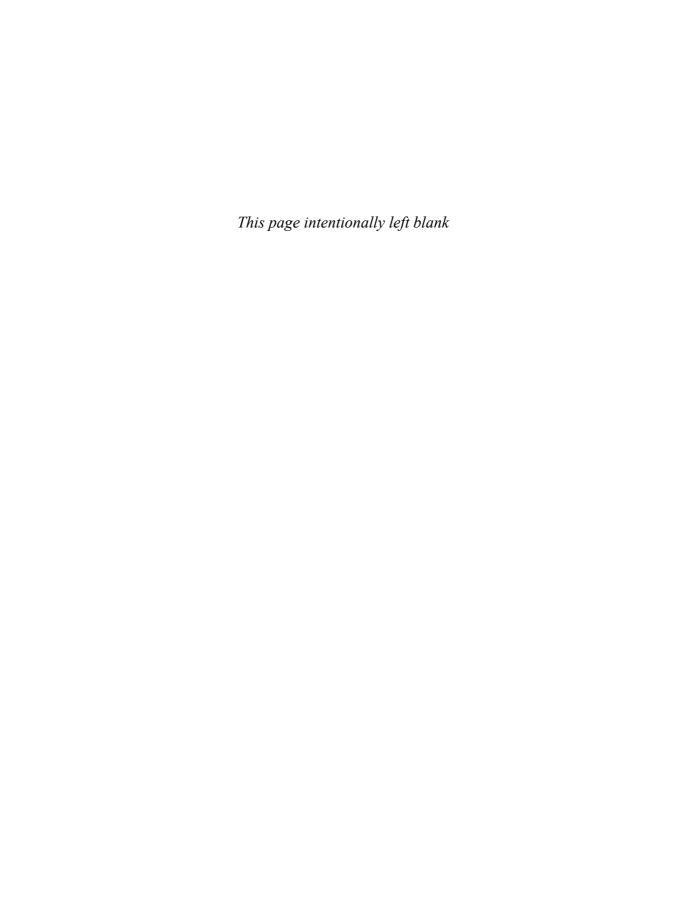**12th EDITION**

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Twelfth Edition

ESSENTIALS OF ORGANIZATIONAL BEHAVIOR

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Twelfth Edition

ESSENTIALS OF ORGANIZATIONAL BEHAVIOR

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*This book is dedicated to our friends and colleagues in
The Organizational Behavior Teaching Society
who, through their teaching, research, and commitment
to the leading process, have significantly
improved the ability of students
to understand and apply OB concepts.*

BRIEF CONTENTS

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PREFACE

This book was created as an alternative to the 600- or 700-page comprehensive textbook in organizational behavior (OB). It attempts to provide balanced coverage of all the key elements comprising the discipline of OB in a style that readers will find both informative and interesting. We're pleased to say that this text has achieved a wide following in short courses and executive programs as well as in traditional courses as a companion volume with experiential, skill development, case, and readings books. It is currently used at more than 500 colleges and universities in the United States, Canada, Latin America, Europe, Australia, and Asia. It has also been translated into Spanish, Portuguese, Japanese, Chinese, Dutch, Polish, Turkish, Danish, and Bahasa Indonesian.

KEY CHANGES TO THE TWELFTH EDITION

- New chapter on diversity in organizations including information on current U.S. workforce demographics, discrimination, biographical characteristics, abilities, and implementing diversity management strategies.
- Improved integration of contemporary global implications: with the explosion of international research, global OB research is now woven into each chapter, rather than contained in a stand-alone section at the end of the chapter.
- Summary and Implications for Managers section revised to bring the topics together with the application for managers.
- New end of chapter assisted-graded writing question located in MyManagmentLab provides support for developing students' critical thinking skills.
- Six new videos added demonstrating the real-world applications of OB concepts. Companies and topics include: East Haven Fire Department on Emotions and Moods and Managing Stress, Gordon Law Group on Conflict and Negotiation, Orpheus Group Casting on Social Perception and Attribution, Power and Political Behavior, and Verizon on Diversity.
- Thoroughly updated examples and figures illustrating the latest data pertaining to Organizational Behavior.

RETAINED FROM THE PREVIOUS EDITION

What do readers like about this book? Surveys of users have found general agreement about the following features. Needless to say, they've all been retained in this edition.

- *Length.* Since its inception in 1984, we've tried diligently to keep this book in the range of 300 to 400 pages. Users tell us this length allows them considerable flexibility in assigning supporting materials and projects.
- *Balanced topic coverage.* Although short in length, this book continues to provide balanced coverage of all the key concepts in OB. This includes not only traditional topics, such as personality, motivation, and leadership, but also cutting-edge issues such as emotions, diversity, negotiation, and teamwork.
- *Writing style.* This book is frequently singled out for its fluid writing style and extensive use of examples. Users regularly tell us that they find this book "conversational," "interesting," "student friendly," and "very clear and understandable."

- *Practicality.* This book has never been solely about theory. It's about *using* theory to better explain and predict the behavior of people in organizations. In each edition of this book, we have focused on making sure that readers see the link between OB theories, research, and implications for practice.
- *Absence of pedagogy.* Part of the reason we've been able to keep this book short in length is that it doesn't include review questions, cases, exercises, or similar teaching/learning aids. It continues to provide only the basic core of OB knowledge, allowing instructors the maximum flexibility in designing and shaping their courses. Exercises and other teaching/learning aids can be found online on MyManagementLab.
- *Integration of globalization, diversity, and ethics.* The topics of globalization and cross-cultural differences, diversity, and ethics are discussed throughout this book. Rather than being presented in stand-alone chapters, these topics have been woven into the context of relevant issues. Users tell us they find that this integrative approach makes these topics more fully part of OB and reinforces their importance.
- *Comprehensive supplements.* Although this book may be short in length, it's not short on supplements. It comes with a complete, high-tech support package for both faculty and students. This includes a comprehensive Instructor's Manual, Test Item File and computerized Test Generator, DVD, PowerPoints, Blackboard and Web CT Courses and MyManagementLab. The Self-Assessment Library provides students with insights into their skills, abilities, and interests. These supplements are described in detail later in this preface.

CHAPTER-BY-CHAPTER CHANGES

Chapter 1 (What Is Organizational Behavior?)

- Defines *organizational behavior* with current data, business examples, and research
- New OB model, with better integration with pedagogy (structure) of book

Chapter 2 (Diversity in Organizations)

- Describes the two major forms of workplace diversity, covering surface-level diversity and deep-level diversity
- Explores the biographical characteristics of age, gender, race, disability, and length of service as some of the most obvious ways employees differ, and how those identities impact the workplace
- Discusses other biographical characteristics such as tenure, religion, sexual orientation, and gender identity as additional sources of workplace diversity
- Explores the role of intellectual ability and physical ability on employee performance
- Provides diversity management strategies for attracting, selecting, developing, and retaining diverse employees

Chapter 3 (Attitudes and Job Satisfaction)

- Describes how the social relationships one has at work contribute to job satisfaction
- Updated research on organizational commitment and employee engagement

- Review of recent studies on within-person variation in job attitudes
- Updated material on organizational citizenship behaviors
- New perspectives on attitudes and organizational performance
- Exploration of job satisfaction across cultures, including a look at Eastern and Western cultural differences

Chapter 4 (Emotions and Moods)

- Revised introduction to the topic
- Enhanced discussion of emotional intelligence
- Review of research on moods and employee attachment
- New section on "moral emotions"
- Discussion of emotion regulation strategies and their consequences
- New research on gender and emotions
- Updated content on emotional displays at work
- Integration of international cultural considerations
- Research discussion on positive and negative affect in Western and Eastern cultures

Chapter 5 (Personality and Values)

- Introduces concepts related to dispositional self- and other-orientation
- New material regarding vocational choices
- New discussion of values and reaction to violations of employee values
- Major revision regarding Hofstede's model of culture and its consequences
- Updated information on personality and expatriate success

Chapter 6 (Perception and Individual Decision Making)

- Review of recent work on self-serving biases
- New information on stereotyping processes
- Discussion of latest trends in decision errors research
- Updated discussion of culture and perceptions

Chapter 7 (Motivation Concepts)

- New material on psychological need theories
- Increased discussion of employee engagement
- Updates to the discussion on goal-setting theory
- New perspectives on equity and organizational justice
- Discussion of the impact of various cultures on the hierarchy of needs theory and McClelland's theory of needs. Exploration of the implications of equity theory in different cultures

Chapter 8 (Motivation: From Concepts to Applications)

- Updated discussion of job characteristics
- New coverage of flextime, telecommuting, and related work practices
- Revised discussion of employee empowerment and its effects
- Discussions of innovations in gainsharing practices
- Integration of international cultural considerations

- Consideration of job rotation in international manufacturing settings, a discussion of the success of employee involvement programs in non-U.S. countries, and the adoption of flexible benefits programs in Canada and the United Kingdom

Chapter 9 (Foundations of Group Behavior)

- New information on defining and classifying groups
- New material on dysfunctional behavior in teams
- Discussion of minority influence on group decision making
- New section on temporary groups with deadlines
- Updated information on group decision errors and groupthink
- Introduction of Group Property 6: Diversity
- New information on international variations in group behavior integration of international cultural considerations
- Discussion of social loafing in various cultures and the impact of group member diversity on group performance

Chapter 10 (Understanding Work Teams)

- Updated discussion of strategies to improve team performance
- Review of research on team decision-making strategies
- New perspectives on creativity in teams
- New material on team proactivity
- Discussion on diversity created by national differences
- Discussion on diversity in teams of members from various cultures, and research on teams in the United Kingdom and China

Chapter 11 (Communication)

- New section on social networking
- New section on blogs
- New section on lying
- Discussion of how to frame messages for maximum impact
- Discussion of the effects of authority, expertise, and liking on communication effectiveness
- Updated discussion of body language in communication
- Introduces new ideas about the effect of electronic communication
- Integration of international communication cultural considerations

Chapter 12 (Leadership)

- Expanded discussion of leader effects on employee attitudes
- New perspectives on culture and leadership
- New material regarding emotional intelligence and leadership
- Consideration of "servant leadership"
- Discussion of how leaders can increase employee productivity
- The GLOBE Framework for Assessing Cultures is discussed as it relates to behavioral theories of leadership
- Discussion of leadership internationally including transformational leadership and servant leadership

Chapter 13 (Power and Politics)

- Coverage of latest research on influence tactics
- Revised discussion of sexual harassment
- Updated discussion of political behavior in organizations
- Revision to discussion of international issues in power and politics
- Added discussions and research on the use of organizational power tactics and organizational political behavior across cultures

Chapter 14 (Conflict and Negotiation)

- Updated material on gender and negotiation styles
- New material on individual differences in negotiation styles
- Discussion of emotions in negotiation
- New information on suspicion and deception in negotiation
- Updates to discussion on conflict and conflict management processes
- Discussion of the effect of conflict on group productivity on team performance and the effectiveness of conflict resolution strategies in different cultures.
- Discussion on negotiation strategies within and across cultures

Chapter 15 (Foundations of Organization Structure)

- Latest research on boundaryless organizations and their functioning
- Discussion of technology's influence on organizational structure
- Updated review of the relationship between organizational structure and attitudes
- Updated examples from businesses and OB research
- Research on the role of various power-distance cultures on how structure affects employee performance and satisfaction

Chapter 16 (Organizational Culture)

- New review of basic issues in organizational culture and subcultures
- Enhanced discussion of ethical culture
- Review of culture and organizational performance
- Revised discussion of organizational socialization practices and outcomes
- Updated examples from businesses and OB research

Chapter 17 (Organizational Change and Stress Management)

- Updated review of research on individual readiness for organizational change
- Discussion of maladaptive behavioral response to stress at work
- Updated discussion of coping strategies
- Implications of the stress–health relationship
- Exploration of how idea champions are successful in various cultures. Research ideas on the impact of work stress on physical well-being across cultures.

SUPPLEMENTS PACKAGE

Essentials of Organizational Behavior continues to be supported with an extensive supplements package for both students and faculty.

Faculty Resources

All of the following supplements can be downloaded from our Instructor Resource Center. Request your user name and password from your Pearson Sales Representative. www.pearsonhighered.com/irc

If you ever need assistance, our dedicated technical support team is ready to help with the media supplements that accompany this text. Visit **http://247pearsoned .custhelp.com** for answers to frequently asked questions and user support.

INSTRUCTOR'S MANUAL

This instructor's manual includes chapter overview, chapter objectives lecture outlines, discussion questions and possible answers, and additional activities and assignments for your students.

TEST ITEM FILE

This Test Item File contains more than 1,000 questions, including multiple-choice, true/false, and essay. Each question is followed by the correct answer, the learning objective it ties to, AACSB category, course learning objective, question type (concept, application, critical-thinking, or synthesis), and difficulty rating. It has been thoroughly reviewed by an assessment expert.

TESTGEN

The software is PC/Mac compatible and preloaded with all of the Test Item File questions. You can manually or randomly view test questions and drag and drop to create a test. You can add or modify test-bank questions as needed.

INSTRUCTOR POWERPOINTS

This presentation includes basic outlines and key points from each chapter. It includes figures from the text but no forms of rich media, which makes the file size manageable and easier to share online or via e-mail. This set was also designed for the professor who prefers to customize PowerPoints and who wants to be spared from having to strip out animation, embedded files, and other media-rich features.

LEARNING MANAGEMENT SYSTEMS

Our TestGens are converted for use in BlackBoard and WebCT. These standard course cartridges contain the Instructor's Manual, TestGen, Instructor PowerPoints, and when available, Student PowerPoints and Student Data Files.

VIDEO LIBRARY

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Contact your local Pearson representative to request access to either format.

Student Resources

PEARSON'S SELF-ASSESSMENT LIBRARY (SAL)

The Self-Assessment Library is available with this text in print, CD-ROM, and online. It contains more than 60 self-scoring exercises that provide insights into your skills, abilities, and interests. To order *Essentials of Organizational Behavior* with the Self-Assessment Library, use ISBN 0-13-336521-2.

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ACKNOWLEDGMENTS

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Stephen P. Robbins is professor emeritus of management at San Diego State University and the world's best-selling textbook author in the areas of both management and organizational behavior. His books are used at more than a thousand U.S. colleges and universities, have been translated into 19 languages, and have adapted editions for Canada, Australia, South Africa, and India. Dr. Robbins is also the author of the best-selling books *The Truth About Managing People*, 2nd ed. (Financial Times/Prentice Hall, 2008) and *Decide & Conquer* (Financial Times/Prentice Hall, 2004).

In his "other life," Dr. Robbins actively participates in masters' track competitions. Since turning 50 in 1993, he's won 18 national championships; 12 world titles; and set numerous U.S. and world age-group records at 60, 100, 200, and 400 meters. In 2005, Dr. Robbins was elected into the USA Masters' Track & Field Hall of Fame.

Timothy A. Judge
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Timothy A. Judge is currently the Franklin D. Schurz Professor of Management at the Mendoza College of Business, University of Notre Dame. He has held academic positions at the University of Florida, University of Iowa, Cornell University, Charles University in the Czech Republic, Comenius University in Slovakia, and University of Illinois at Urbana-Champaign. Dr. Judge's primary research interests are in (1) personality, moods, and emotions; (2) job attitudes; (3) leadership and influence behaviors; and (4) careers (person–organization fit, career success).

Dr. Judge has published more than 150 articles in these and other major topics in journals such as the *Academy of Management Journal* and the *Journal of Applied Psychology*. He is a fellow of several organizations, including the American Psychological Association and the Academy of Management. In 1995, Dr. Judge received the Distinguished Early Career Contributions Award from the Society for Industrial and Organizational Psychology, and in 2001, he received the Larry L. Cummings Award for midcareer contributions from the Organizational Behavior Division of the Academy of Management. He is a coauthor of *Organizational Behavior*, 13th ed., with Stephen P. Robbins and *Staffing Organizations*, 6th ed., with Herbert G. Heneman III. He is married and has three children, a daughter who was recently graduated with her a masters degree, a daughter currently in college, and a son in elementary school.

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Introduction to Organizational Behavior

After studying this chapter, you should be able to:

- Define *organizational behavior* (*OB*).
- Show the value to OB of systematic study.
- Identify the major behavioral science disciplines that contribute to OB.
- Demonstrate why few absolutes apply to OB.
- Identify the challenges and opportunities managers have in applying OB concepts.
- Identify the three levels of analysis in OB.

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If you ask managers to describe their most frequent or troublesome problems, the answers you get tend to exhibit a common theme. The managers most often describe people problems. They talk about their bosses' poor communication skills, employees' resistance to a company reorganization, and similar concerns. It may surprise you to learn that only recently have courses in people skills become an important part of business school programs.

Until the late 1980s, business school curricula emphasized the technical aspects of management, focusing on economics, accounting, finance, and quantitative techniques. Course work in human behavior and people skills received relatively less attention. Over the past three decades, business school faculty have come to realize the significant role understanding human behavior plays in determining a manager's effectiveness; required courses on people skills have therefore been added to many curricula.

Developing managers' interpersonal skills also helps organizations attract and keep high-performing employees. Regardless of labor market conditions, outstanding employees are always in short supply.[1] Companies known as good places to work—such as Starbucks, Adobe Systems, Cisco, Whole Foods, Google, American Express, Amgen, Pfizer, and Marriott—have a big advantage. A recent survey of hundreds of workplaces, and more than 200,000 respondents, showed the social relationships among co-workers and supervisors were strongly related to overall job satisfaction. Positive social relationships also were associated with lower stress at work and lower intentions to quit.[2] Having managers with good interpersonal skills is likely to make the workplace more pleasant, which in turn makes it easier to hire and keep qualified people. Creating a pleasant workplace also appears to make good economic sense. Companies with reputations as good places to work (such as *Forbes'* "100 Best Companies to Work for in America") have been found to generate superior financial performance.[3]

We have come to understand that in today's competitive and demanding workplace, managers can't succeed on their technical skills alone. They also have to have good people skills. This book has been written to help both managers and potential managers develop those people skills.

ENTER ORGANIZATIONAL BEHAVIOR

OB's goal is to understand and predict human behavior in organizations; the complexities of human behavior are not easy to predict, but neither are they random—certain fundamental consistencies underlie the behavior of all individuals.

We've made the case for the importance of people skills. But neither this book nor the discipline on which it is based is called "people skills." The term that is widely used to describe the discipline is *organizational behavior.*

Organizational behavior (often abbreviated OB) is a field of study that investigates the impact individuals, groups, and structure have on behavior within organizations, for the purpose of applying such knowledge toward improving an organization's effectiveness. That's a mouthful, so let's break it down.

Organizational behavior is a field of study, meaning that it is a distinct area of expertise with a common body of knowledge. What does it study? It studies three determinants of behavior in organizations: individuals, groups, and structure. In addition, OB applies the knowledge gained about individuals, groups, and the effect of structure on behavior in order to make organizations work more effectively.

To sum up our definition, OB is the study of what people do in an organization and how their behavior affects the organization's performance. And because OB is concerned specifically with employment-related situations, it emphasizes behavior as related to concerns such as jobs, work, absenteeism, employment turnover, productivity, human performance, and management. Although debate exists about the relative importance of each, OB includes the core topics:

- Motivation
- Leader behavior and power
- Interpersonal communication
- Group structure and processes
- Attitude development and perception
- Change processes
- Conflict and negotiation
- Work design[4]

COMPLEMENTING INTUITION WITH SYSTEMATIC STUDY

Each of us is a student of behavior. Whether you've explicitly thought about it before, you've been "reading" people almost all your life, watching their actions and trying to interpret what you see or predict what people might do under different conditions. Unfortunately, the casual or common-sense approach to reading others can often lead to erroneous predictions. However, you can improve your predictive ability by supplementing intuition with a more systematic approach.

The systematic approach in this book will uncover important facts and relationships and provide a base from which to make more accurate predictions of behavior. Underlying this systematic approach is the belief that behavior is not random. Rather, we can identify fundamental consistencies underlying the behavior of all individuals and modify them to reflect individual differences.

These fundamental consistencies are very important. Why? Because they allow predictability. Behavior is generally predictable, and the *systematic study* of behavior is a means to making reasonably accurate predictions. When we use the term **systematic study**, we mean looking at relationships, attempting to attribute causes and effects, and basing our conclusions on scientific evidence—that is, on data gathered under controlled conditions and measured and interpreted in a reasonably rigorous manner.

Evidence-based management (EBM) complements systematic study by basing managerial decisions on the best available scientific evidence. For example, we want doctors to make decisions about patient care based on the latest available evidence, and EBM argues that managers should do the same, becoming more scientific in how they think about management problems. A manager might pose a managerial question, search for the best available evidence, and apply the relevant information to the question or case at hand. You might think it difficult to argue against this (what manager would say decisions shouldn't be based on evidence?), but the vast majority of management decisions are still made "on the fly," with little or systematic study of available evidence.[5]

Systematic study and EBM add to **intuition**, or those "gut feelings" about what makes others (and ourselves) "tick." Of course, the things you have come to believe in an unsystematic way are not necessarily incorrect. Jack Welch (former CEO of GE) noted, "The trick, of course, is to know when to go with your gut." But if we make *all* decisions with intuition or gut instinct, we're likely working with incomplete information—like making an investment decision with only half the data.

DISCIPLINES THAT CONTRIBUTE TO THE OB FIELD

Organizational behavior is an applied behavioral science built on contributions from a number of behavioral disciplines, mainly psychology and social psychology, sociology, and anthropology. Psychology's contributions have been mainly at the individual or micro level of analysis, whereas the other disciplines have contributed to our understanding of macro concepts such as group processes and organization. Exhibit 1-1 is an overview of the major contributions to the study of organizational behavior.

Several social science disciplines contribute to OB, but none are more important than psychology.

Psychology

Psychology seeks to measure, explain, and sometimes change the behavior of humans and other animals. Those who have contributed and continue to add to the knowledge

EXHIBIT 1-1
Toward an OB
Discipline

Behavioral science	Contribution	Unit of analysis	Output

Psychology →

Learning
Motivation
Personality
Emotions
Perception
Training
Leadership effectiveness
Job satisfaction
Individual decision making
Performance appraisal
Attitude measurement
Employee selection
Work design
Work stress

Individual

Social psychology →

Behavioral change
Attitude change
Communication
Group processes
Group decision making

Sociology →

Communication
Power
Conflict
Intergroup behavior

Group

Formal organization theory
Organizational technology
Organizational change
Organizational culture

Organization system

Anthropology →

Comparative values
Comparative attitudes
Cross-cultural analysis

Organizational culture
Organizational environment
Power

Study of organizational behavior

of OB are learning theorists, personality theorists, counseling psychologists, and, most important, industrial and organizational psychologists.

Early industrial/organizational psychologists studied the problems of fatigue, boredom, and other working conditions that could impede efficient work performance. More recently, their contributions have expanded to include learning, perception, personality, emotions, training, leadership effectiveness, needs and motivational forces, job satisfaction, decision-making processes, performance appraisals, attitude measurement, employee-selection techniques, work design, and job stress.

Social Psychology

Social psychology, generally considered a branch of psychology, blends concepts from both psychology and sociology to focus on people's influence on one another. One major study area is *change*—how to implement it and how to reduce barriers to its acceptance. Social psychologists also contribute to measuring, understanding, and changing attitudes;

identifying communication patterns; and building trust. Finally, they have made important contributions to our study of group behavior, power, and conflict.

Sociology

Whereas psychology focuses on the individual, **sociology** studies people in relation to their social environment or culture. Sociologists have contributed to OB through their study of group behavior in organizations, particularly formal and complex organizations. Perhaps most important, sociologists have studied organizational culture, formal organization theory and structure, organizational technology, communications, power, and conflict.

Anthropology

Anthropology is the study of societies to learn about human beings and their activities. Anthropologists' work on cultures and environments has helped us understand differences in fundamental values, attitudes, and behavior between people in different countries and within different organizations. Much of our current understanding of organizational culture, organizational environments, and differences among national cultures is a result of the work of anthropologists or those using their methods.

THERE ARE FEW ABSOLUTES IN OB

Laws in the physical sciences—chemistry, astronomy, physics—are consistent and apply in a wide range of situations. They allow scientists to generalize about the pull of gravity or to be confident about sending astronauts into space to repair satellites. But as a noted behavioral researcher observed, "God gave all the easy problems to the physicists." Human beings are complex, and few, if any, simple and universal principles explain organizational behavior. Because we are not alike, our ability to make simple, accurate, and sweeping generalizations is limited. Two people often act very differently in the same situation, and the same person's behavior changes in different situations. Not everyone is motivated by money, and people may behave differently at a religious service than they do at a party.

That doesn't mean, of course, that we can't offer reasonably accurate explanations of human behavior or make valid predictions. It does mean that OB concepts must reflect situational, or contingency, conditions. We can say *x* leads to *y,* but only under conditions specified in *z*—the **contingency variables**. The science of OB was developed by applying general concepts to a particular situation, person, or group. For example, OB scholars would avoid stating that everyone likes complex and challenging work (the general concept). Why? Because not everyone wants a challenging job. Some people prefer routine over varied, or simple over complex. A job attractive to one person may not be to another; its appeal is contingent on the person who holds it.

As you proceed through this book, you'll encounter a wealth of research-based theories about how people behave in organizations. But don't expect to find a lot of straightforward cause-and-effect relationships. There aren't many! Organizational behavior theories mirror the subject matter with which they deal, and people are complex and complicated.

CHALLENGES AND OPPORTUNITIES FOR OB

Understanding organizational behavior has never been more important for managers. Take a quick look at the dramatic changes in organizations. The typical employee is

getting older; more women and people of color are in the workplace; corporate downsizing and the heavy use of temporary workers are severing the bonds of loyalty that tied many employees to their employers; and global competition requires employees to become more flexible and cope with rapid change. The global recession has brought to the forefront the challenges of working with and managing people during uncertain times.

In short, today's challenges bring opportunities for managers to use OB concepts. In this section, we review some of the most critical issues confronting managers for which OB offers solutions—or at least meaningful insights toward solutions.

Responding to Economic Pressures

When the U.S. economy plunged into a deep and prolonged recession in 2008, virtually all other large economies around the world followed suit. Layoffs and job losses were widespread, and those who survived the ax were often asked to accept pay cuts.

During difficult economic times, effective management is often at a premium. Anybody can run a company when business is booming because the difference between good and bad management reflects the difference between making a lot of money and making a lot more money. When times are bad, though, managers are on the front lines with employees who must be fired, who are asked to make do with less, and who worry about their futures. The difference between good and bad management can be the difference between profit and loss or, ultimately, between survival and failure.

There are many reasons why it is more important than ever to learn OB concepts.

Managing employees well when times are tough is just as hard as when times are good—if not more so. But the OB approaches sometimes differ. In good times, understanding how to reward, satisfy, and retain employees is at a premium. In bad times, issues like stress, decision making, and coping come to the fore.

Responding to Globalization

Organizations are no longer constrained by national borders. Burger King is owned by a British firm, and McDonald's sells hamburgers in more than 100 countries in six continents. ExxonMobil, a so-called U.S. company, reported that less than 6 percent of their 2011 earnings were from gas and products sales in the United States.[6] New employees at Finland-based phone maker Nokia are increasingly being recruited from India, China, and other developing countries—non-Finns now outnumber Finns at their renowned research center in Helsinki. And all major automobile makers now manufacture cars outside their borders: Honda builds cars in Ohio, Ford in Brazil, Volkswagen in Mexico, and both Mercedes and BMW in South Africa.

The world has become a global village. In the process, the manager's job has changed.

INCREASED FOREIGN ASSIGNMENTS   If you're a manager, you are increasingly likely to find yourself in a foreign assignment—transferred to your employer's operating division or subsidiary in another country. Once there, you'll have to manage a workforce very different in needs, aspirations, and attitudes from those you are used to back home.

WORKING WITH PEOPLE FROM DIFFERENT CULTURES   Even in your own country, you'll find yourself working with bosses, peers, and other employees born and raised in different cultures. What motivates you may not motivate them. Or your communication

style may be straightforward and open, which others may find uncomfortable and threatening. To work effectively with people from different cultures, you need to understand how their culture, geography, and religion have shaped them and how to adapt your management style to their differences.

OVERSEEING MOVEMENT OF JOBS TO COUNTRIES WITH LOW-COST LABOR   It's increasingly difficult for managers in advanced nations, where minimum wages are typically $6 or more an hour, to compete against firms that rely on workers from China and other developing nations where labor is available for 30 cents an hour. It's not by chance that many people in the United States wear clothes made in China, work on computers whose microchips came from Taiwan, and watch movies filmed in Canada. In a global economy, jobs tend to flow where lower costs give businesses a comparative advantage, though labor groups, politicians, and local community leaders see exporting jobs as undermining the job market at home. Managers face the difficult task of balancing the interests of their organizations with their responsibilities to the communities in which they operate.

Managing Workforce Diversity

One of the most important challenges for organizations is *workforce diversity,* the concept that organizations are becoming more heterogeneous in terms of gender, age, race, ethnicity, sexual orientation, and inclusion of other diverse groups. Whereas globalization focuses on differences among people *from* different countries, workforce diversity addresses differences among people *within* given countries.

Workforce diversity acknowledges a workforce of women and men; many racial and ethnic groups; individuals with a variety of physical or psychological abilities; and people who differ in age and sexual orientation. Managing this diversity is a global concern. For example, most European countries have experienced dramatic growth in immigration from the Middle East. Argentina and Venezuela host a significant number of migrants from other South American countries, and nations from India to Iraq to Indonesia find great cultural diversity within their borders.

The most significant change in the U.S. labor force during the last half of the twentieth century was the rapid increase in the number of female workers. In 1950, for instance, only 29.6 percent of the workforce was female. By 2008, it was 46.5 percent. The first half of the twenty-first century will be notable for changes in racial and ethnic composition and an aging baby-boom generation. By 2050, Hispanics will grow from today's 11 percent of the workforce to 24 percent, blacks will increase from 12 to 14 percent, and Asians from 5 to 11 percent. Meanwhile, in the near term the labor force will be aging. The 55-and-older age group, currently 13 percent of the labor force, will increase to 20 percent by 2014.[7]

Though we have more to say about workforce diversity in the next chapter, suffice it to say here that it presents great opportunities and poses challenging questions for managers and employees in all countries. How can we leverage differences within groups for competitive advantage? Should we treat all employees alike? Should we recognize individual and cultural differences? How can we foster cultural awareness in employees without lapsing into political correctness? What are the legal requirements in each country? Does diversity even matter? Exhibit 1-2 outlines the major workforce diversity issues employers need to ensure they are addressed in their organizations.

EXHIBIT 1-2
Major Workforce Diversity Categories

GENDER

Nearly half of the U.S. workforce is now made up of women, and women are a growing percentage of the workforce in most countries throughout the world. Organizations need to ensure that hiring and employment policies create equal access and opportunities to individuals, regardless of gender.

RACE

The percentage of Hispanics, blacks, and Asians in the U.S. workforce continues to increase. Organizations need to ensure that policies provide equal access and opportunities, regardless of race.

NATIONAL ORIGIN

A growing percentage of U.S. workers are immigrants or come from homes where English is not the primary language spoken. Because employers in the United States have the right to demand that English be spoken at the workplace during job-related activities, communication problems can occur when employees' English-language skills are weak.

AGE

The U.S. workforce is aging, and recent polls indicate that an increasing percentage of employees expect to work past the traditional retirement age of 65. Organizations cannot discriminate on the basis of age and need to make accommodations for the needs of older workers.

DISABILITY

Organizations need to ensure that jobs and workplaces are accessible to the mentally, physically, and health challenged.

DOMESTIC PARTNERS

An increasing number of gay and lesbian employees, as well as employees with live-in partners of the opposite sex, are demanding the same rights and benefits for their partners that organizations have provided for traditional married couples.

RELIGION

Organizations need to be sensitive to the customs, rituals, and holidays, as well as the appearance and attire, of individuals of non-Christian faiths such as Judaism, Islam, Hinduism, Buddhism, and Sikhism, and ensure that these individuals suffer no adverse impact as a result of their appearance or practices.

Improving Customer Service

Today, the majority of employees in developed countries work in service jobs, including 80 percent in the United States. In Australia, 73 percent work in service industries. In the United Kingdom, Germany, and Japan, the percentages are 69, 68, and 65, respectively. Service jobs include technical support representatives, fast-food counter workers, sales clerks, waiters and waitresses, nurses, automobile repair technicians, consultants, credit representatives, financial planners, and flight attendants. The common characteristic of

these jobs is substantial interaction with an organization's customers. Many an organization has failed because its employees failed to please customers. Management needs to create a customer-responsive culture. OB can provide considerable guidance in helping managers create such cultures—in which employees are friendly and courteous, accessible, knowledgeable, prompt in responding to customer needs, and willing to do what's necessary to please the customer.[8]

Improving People Skills

As you proceed through the chapters of this book, we'll present relevant concepts and theories that can help you explain and predict the behavior of people at work. You'll also gain insights into specific people skills that you can use on the job. For instance, you'll learn ways to design motivating jobs, techniques for improving your listening skills, and how to create more effective teams.

Stimulating Innovation and Change

Whatever happened to Montgomery Ward, Woolworth, Smith Corona, TWA, Bethlehem Steel, and WorldCom? All these giants went bust. Why have other giants, such as General Motors, Sears, Boeing, and Lucent Technologies, implemented huge cost-cutting programs and eliminated thousands of jobs? The answer is to avoid going broke.

Today's successful organizations must foster innovation and master the art of change, or they'll become candidates for extinction. Victory will go to the organizations that maintain their flexibility, continually improve their quality, and beat their competition to the marketplace with a constant stream of innovative products and services. Domino's single-handedly brought on the demise of small pizza parlors whose managers thought they could continue doing what they had been doing for years. Amazon.com is putting a lot of independent bookstores out of business as it proves you can successfully sell books (and most anything else) from a website. After years of lackluster performance, Boeing realized it needed to change its business model. The result was its 787 Dreamliner and a return to being the world's largest airplane manufacturer.

An organization's employees can be the impetus for innovation and change, or they can be a major stumbling block. The challenge for managers is to stimulate their employees' creativity and tolerance for change. The field of OB provides a wealth of ideas and techniques to aid in realizing these goals.

Coping with "Temporariness"

Globalization, expanded capacity, and advances in technology have required organizations to be fast and flexible if they are to survive. The result is that most managers and employees today work in a climate best characterized as "temporary."

Workers must continually update their knowledge and skills to perform new job requirements. Production employees at companies such as Caterpillar, Ford, and Alcoa need to keep up with changes in CAD/CAM equipment. That was not part of their job descriptions 20 years ago. In the past, employees were assigned to a specific work group, gaining a considerable amount of security working with the same people day in, day out. That predictability has been replaced by temporary work groups, with members from different departments, and the increased use of employee rotation to fill constantly changing work assignments. Finally, organizations are in a state of flux. They continually