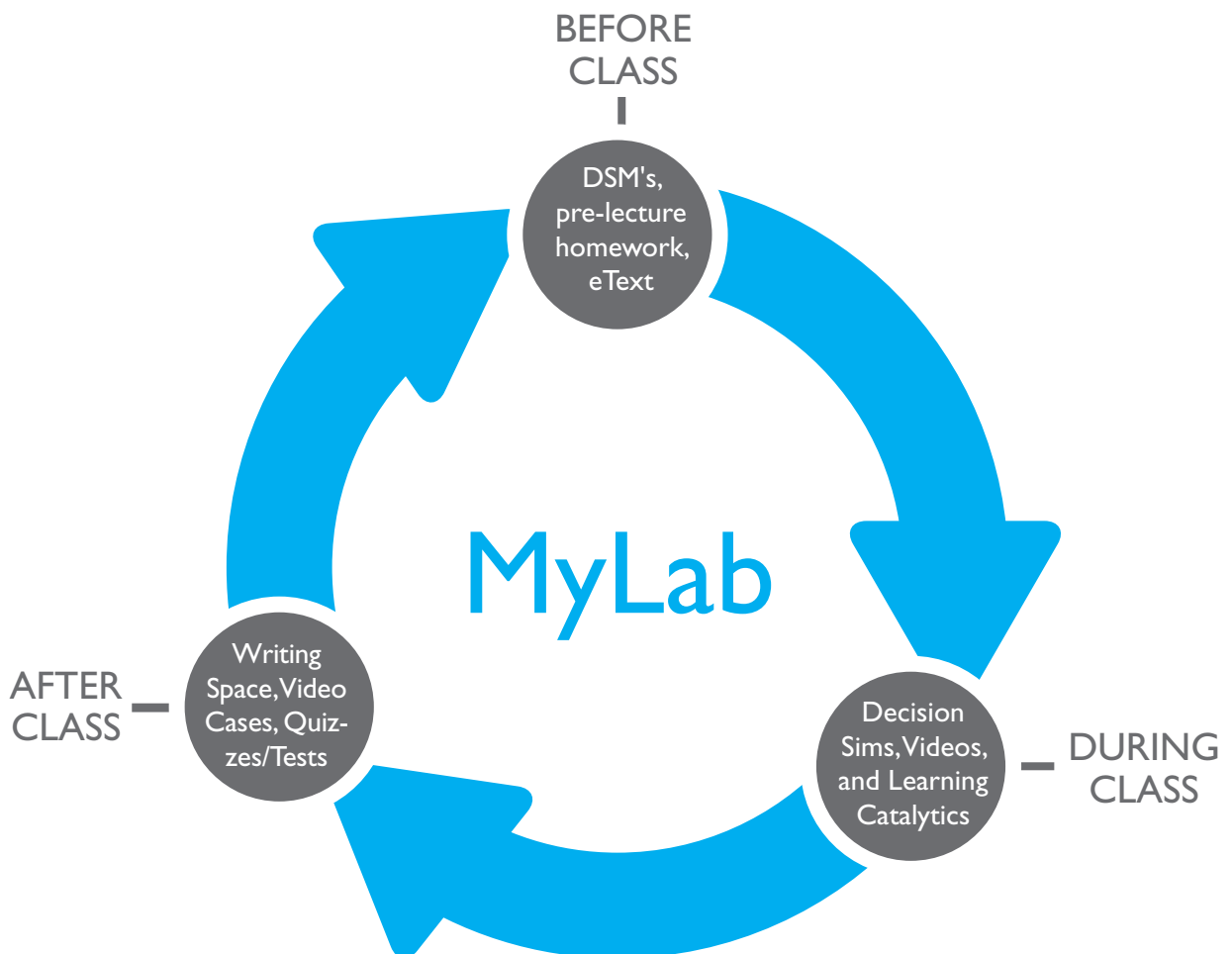Stephen P.

Timothy A.

ROBBINS
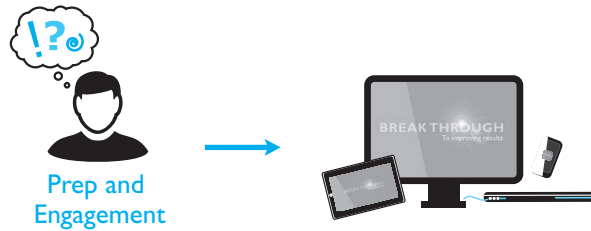# JUDGE

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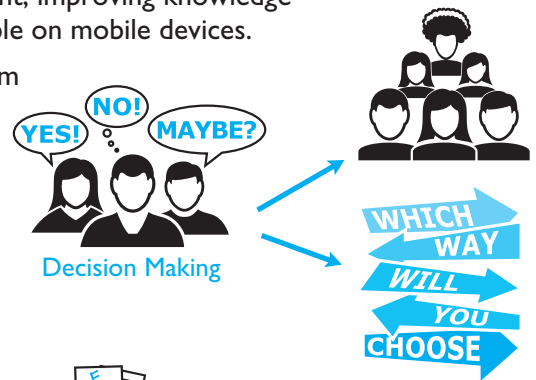
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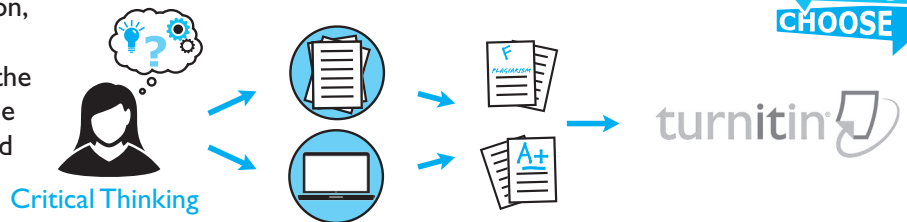
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ESSENTIALS OF ORGANIZATIONAL BEHAVIOR

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Essentials of Organizational Behavior

Stephen P. Robbins
San Diego State University

Timothy A. Judge
University of Notre Dame

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

CONTENTS

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's also been translated into Spanish, Portuguese, Japanese, Chinese, Dutch, Polish, Turkish, Danish, and Bahasa Indonesian.

KEY CHANGES FOR THE THIRTEENTH EDITION

- Increased content coverage was added to include updated research, relevant discussion, and new exhibits on current issues of all aspects of organizational behavior.
- Increased integration of contemporary global issues was added into topic discussions.
- A new Implications for Managers section was created to bring chapter topics together with practical applications for managers.
- New global icons have been added to indicate material with a specific international application.
- P.I.A. (Personal Inventory Assessment) new assessment tool.
- Glossary and Index are now separate sections.

MyManagementLab™ Suggested Activities

For the 13th edition, the authors are excited that Pearson's MyManagementLab™ has been integrated fully into the text. These new features are outlined below. Making assessment activities available online for students to complete before coming to class will allow the professor more discussion time during the class to review areas that students are having difficulty comprehending.

CHAPTER WARM-UP

Students can be assigned the Chapter Warm-up before coming to class. Assigning these questions ahead of time will ensure that students are coming to class prepared.

WATCH IT

This feature recommends a video clip that can be assigned to students for outside classroom viewing or that can be watched in the classroom. The video corresponds to the chapter material and is accompanied by multiple-choice questions that reinforce students' comprehension of the chapter content.

Personal Inventory Assessments (PIA)

Students learn better when they can connect what they are learning to their personal experience. PIA (Personal Inventory Assessments) is a collection of online exercises designed to promote self-reflection and engagement in students, enhancing their ability to connect with concepts taught in principles of management, organizational behavior, and human resource management classes. Assessments are assignable by instructors who can then track students' completions. Student results include a written explanation along with a graphic display that shows how their results compare to the class as a whole. Instructors will also have access to this graphic representation of results to promote classroom discussion

RETAINED FROM THE PREVIOUS EDITION

What do people 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 350 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.
- *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 only in separate 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 that includes a comprehensive Instructor's Manual and Test Bank, TestGenerator, and PowerPoint slides. See below for access information.

CHAPTER-BY-CHAPTER CHANGES

Chapter 1 What Is Organizational Behavior?

- New exhibit "Employment Options"
- Major new section "Enhancing Well-Being at Work"

- New research on the importance of interpersonal skills
- Updated discussion in "Challenges and Opportunities for OB" and "Responding to Economic Pressures"
- New section "Adapting to Differing Cultural and Regulatory Norms"
- New section "Implications for Managers," with how-to tips on applying the chapter to worklife

Chapter 2 Diversity in Organizations

- New research on the composition and fitness of the aging workforce
- New research and discussion on the representation of gender equality at work
- New research in "Race and Ethnicity" section
- Updated/new major section "Sexual Orientation and Gender Identity"
- Major new section "Cultural Identity"
- New research in "Attracting, Selecting, Developing, and Retaining Diverse Employees"
- New section "Implications for Managers," with how-to tips on applying the chapter to worklife

Chapter 3 Attitudes and Job Satisfaction

- New research on the relationship between job satisfaction and turnover
- New research in "What Are the Major Job Attitudes?" and "Are These Job Attitudes Really All That Distinct?"
- New research and discussion in "Perceived Organizational Support"
- New research and discussion in "Employee Engagement"
- New research in "Does Behavior Always Follow from Attitudes?" and "What Causes Job Satisfaction?"
- New section "Implications for Managers," with how-to tips on applying the chapter to worklife

Chapter 4 Emotions and Moods

- New exhibit "Time of Day Effects on Mood of U.S. Adults as Rated from Twitter Postings"
- New exhibit "Day-of-Week Mood Effects across Four Cultures"
- New research and discussion on the role of emotions on ethical decisions

- New research on surface acting and well-being
- Major new section "Emotion Regulation"
- New research and discussion on transformational leadership and emotional display
- New research and discussion on anger and workplace outcomes
- New section "Implications for Managers," with how-to tips on applying the chapter to worklife

Chapter 5 Personality and Values

- Major new section "The Dark Triad"
- Major new section "Personality and Situations"
- New exhibit "Trait Activation Theory: Jobs in Which Certain Big Five Traits Are More Relevant"
- Major new section "Approach–Avoidance"
- New research and discussion in "Proactive Personality"
- Major revision regarding Hofstede's model of culture and its consequences
- Updated research in "The GLOBE Framework for Assessing Cultures" and new Comparison section
- Updated discussion in "Terminal Versus Instrumental Values"
- New section "Implications for Managers," with how-to tips on applying the chapter to worklife

Chapter 6 Perception and Individual Decision Making

- Major new section "Creativity in Organizations"
- New exhibit "Three-Stage Model of Creativity in Organizations"
- New research and discussion in "Three Ethical Decision Criteria"
- New research on the availability bias
- New research and discussion on "Escalation of Commitment"
- New research and discussion in "The Rational Model, Bounded Rationality, and Intuition"
- New section "Implications for Managers," with how-to tips on applying the chapter to worklife

Chapter 7 Motivation Concepts

- New research on extrinsic rewards
- New research and discussion on goal pursuit and accomplishment

- New/updated section "Equity Theory/Organizational Justice"
- New section "Implications for Managers," with how-to tips on applying the chapter to worklife

Chapter 8 Motivation: From Concepts to Applications

- Major new section "Relational Job Design"
- New research on flextime
- New research on job sharing
- New research and discussion on telecommuting
- New research on employee involvement and participative management
- New research and discussion on pay strategies
- Updated section "Merit-Based Pay"
- New research in "Bonuses" and "Profit-Sharing Plans"
- New section "Implications for Managers," with how-to tips on applying the chapter to worklife

Chapter 9 Foundations of Group Behavior

- Major new section "Faultlines"
- New research and discussion in "Deviant Workplace Behavior"
- New section "Implications for Managers," with how-to tips on applying the chapter to worklife

Chapter 10 Understanding Work Teams

- Major new section "Multiteam Systems"
- Review of research on team decision-making strategies
- New perspectives on creativity in teams
- Presents new literature on work teams in international contexts
- New section "Implications for Managers," with how-to tips on applying the chapter to worklife

Chapter 11 Communication

- New research and discussion in "Choosing Communication Methods"
- New research and discussion in "A Cultural Guide"
- Major new section "Choice of Communication Channel"
- New exhibit "Information Richness and Communication Channels"
- Major new section "Persuasive Communication"

- New research on nonverbal communication and information security
- New section "Implications for Managers," with how-to tips on applying the chapter to worklife

Chapter 12 Leadership

- Major new section "Other Contingency Theories"
- New research and discussion in "Charismatic Leadership"
- New research and discussion in "Transformational Leadership"
- New research in "Authentic Leadership: Ethics and Trust"
- New/updated section "Ethical Leadership"
- Major new section "Leading for the Future: Mentoring"
- Major new section "Finding and Creating Effective Leaders"
- New section "Implications for Managers," with how-to tips on applying the chapter to worklife

Chapter 13 Power and Politics

- Major new section "How Power Affects People"
- Major new section "Mapping Your Political Career"
- New exhibit "Drawing Your Political Map"
- New section "Implications for Managers," with how-to tips on applying the chapter to worklife

Chapter 14 Conflict and Negotiation

- Major new section "Types and Loci of Conflict"
- New section "Culture in Negotiations"
- New section "Gender Differences in Negotiation"
- New research and discussion in "Personality Traits in Negotiation"
- New research and discussion in "Moods/Emotions in Negotiation"
- New section "Implications for Managers," with how-to tips on applying the chapter to worklife

Chapter 15 Foundations of Organization Structure

- New research in the latest trends in job specialization
- New research on centralization/decentralization
- Updated information on the simple structure

- New research and discussion on downsizing and organizational strategy
- New section "Implications for Managers," with how-to tips on applying the chapter to worklife

Chapter 16 Organizational Culture

- New research in "Culture as a Liability"
- New research in "Keeping a Culture Alive"
- New research and discussion regarding how employees learn culture through rituals and symbols
- New research in "Emphasizing Vitality and Growth"
- New research and discussion in "Global Implications"
- New section "Implications for Managers," with how-to tips on applying the chapter to worklife

Chapter 17 Organizational Change and Stress Management

- New research in "Forces for Change"
- New research in "Work Stress and Its Management"
- New section "Implications for Managers," with how-to tips on applying the chapter to worklife

INSTRUCTOR RESOURCES

At the Instructor Resource Center, www.pearsonhighered.com/irc, instructors can easily register to gain access to a variety of instructor resources available with this text in downloadable format. If assistance is needed, our dedicated technical support team is ready to help with the media supplements that accompany this text. Visit http://247.pearsoned.com for answers to frequently asked questions and toll-free user support phone numbers.

The following supplements are available with this text:

- Instructor's Resource Manual
- Test Bank
- TestGen® Computerized Test Bank
- PowerPoint Presentation

2015 Qualitative Business Video Library

Additional videos illustrating the most important subject topics are available in MyManagementLab™, under Instructor Resources: Business Today.

CourseSmart eTextbooks

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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 nineteen 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 fifty in 1993, he's won eighteen national championships; twelve 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
Ph.D., University of Illinois at Urbana-Champaign

Timothy A. Judge is currently the Franklin D. Schurz Professor of Management at the Mendoza College of Business, University of Notre Dame; and Visiting Professor, Division of Psychology & Language Sciences, University College London. 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 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. Among the many professional acknowledgments of his work, most recently Dr. Judge was awarded the Academy of Management Human Resources Division's Scholarly Achievement Award for 2014. Dr. Judge is a co-author of *Organizational Behavior*, 16th ed., with Stephen P. Robbins, and *Staffing Organizations*, 8th ed., with Herbert G. Heneman III. At Notre Dame, Judge teaches undergraduate and MBA classes in management skills, organizational behavior, leadership, and staffing. He is married and has three children—a daughter who is a health care social worker, a daughter who is currently studying abroad, and a son in middle school.

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1

What Is Organizational Behavior?

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LEARNING OBJECTIVES

After studying this chapter, you should be able to:

1. Demonstrate the importance of interpersonal skills in the workplace.
2. Define *organizational behavior* (*OB*).
3. Show the value to OB of systematic study.
4. Identify the major behavioral science disciplines that contribute to OB.
5. Demonstrate why few absolutes apply to OB.
6. Identify the challenges and opportunities managers have in applying OB concepts.
7. Compare the three levels of analysis in this text's OB model.

⭐ Chapter Warm-up

If your professor has chosen to assign this, go to **www.mymanagementlab.com** to see what you should particularly focus on and to take the Chapter 1 warm up.

You've probably made many observations about people's behavior in your life. In a way, you are already proficient at seeing some of the major themes in organizational behavior (OB). At the same time, you probably have not had the tools to make these observations systematically. This is where OB comes into play. And, as we'll learn, OB is much more than common sense, intuition, and soothsaying.

THE IMPORTANCE OF INTERPERSONAL SKILLS

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. Since then, however, business schools have realized the significant role understanding human behavior plays in determining a manager's effectiveness. As the director of leadership at MIT's Sloan School of Business stated, "M.B.A. students may get by on their technical and quantitative skills the first couple of years out of school. But soon, leadership and communication skills come to the fore in distinguishing the managers whose careers really take off."[1]

Incorporating OB principles into the workplace can yield many important organizational outcomes. For one, companies known as good places to work—such as Starbucks, Adobe Systems, Cisco, Whole Foods, Google, American Express, Amgen, Pfizer, and Marriott—have been found to generate superior financial performance.[2] Second, developing managers' interpersonal skills helps organizations attract and keep high-performing employees, which is important since outstanding employees are always in short supply and are costly to replace. Third, there are strong associations between the quality of workplace relationships and employee job satisfaction, stress, and turnover. One large survey of hundreds of workplaces and more than 200,000 respondents showed that social relationships among coworkers 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.[3] Further research indicates that employees who relate to their managers with supportive dialogue and proactivity find that their ideas are endorsed more often, which improves workplace satisfaction.[4] Finally, increasing the OB element in organizations can foster social responsibility awareness. Accordingly, universities have begun to incorporate social entrepreneurship education into their curriculum in order to train future leaders to use interpersonal skills to address social issues within their organizations.[5] This curriculum reflects a growing awareness of the need for understanding the means and outcomes of corporate social responsibility.[6]

We understand that in today's competitive and demanding workplace, managers can't succeed on their technical skills alone. They also have to exhibit good people skills. This text has been written to help both managers and potential managers develop those people skills with the knowledge that understanding human behavior provides.

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 text 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. 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 these core topics:

- Motivation
- Leader behavior and power
- Interpersonal communication
- Group structure and processes
- Attitude development and perception
- Change processes
- Conflict and negotiation
- Work design[7]

⭐ WATCH IT

If your professor assigned this, sign into **mymanagementlab.com** to watch a video titled Herman Miller: Organizational Behavior to learn more about this topic and respond to questions.

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 commonsense 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 text will uncover important facts 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 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 made "on the fly," with little systematic study of available evidence.[8]

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 working with incomplete information—like making an investment decision with only half the data about the potential for risk and reward.

Big Data

It is good news for the future of business that researchers, the media, and company leaders have identified the potential of data-driven management and decision making. While "big data"—the extensive use of statistical compilation and analysis—has been applied to many areas of business, increasingly it is applied to making effective decisions and managing human resources. Let's discuss the roots of this new trend in management, which began over in the marketing department of some of the first online retailers.

It's difficult to believe it now, but it was not long ago that companies treated online shopping as a virtual point-of-sale experience: shoppers could browse websites anonymously, and sales data were tracked only on what shoppers bought. Gradually, though, online retailers began to track and act upon information on customer preferences that was uniquely available through the Internet shopping experience, information far superior to data gathered in simple store transactions. This enabled them to create more targeted marketing strategies than ever before. The bookselling industry is a case in point: Before online selling, brick-and-mortar bookstores could collect data about book sales only to create projections about consumer interests and trends. With the advent of Amazon, suddenly a vast array of information about consumer preferences became available for tracking: what customers bought, what they looked at, how they navigated the site, and what they were influenced by (such as promotions, reviews, and page presentation). The challenge for Amazon then was to identify which statistics were *persistent*, giving relatively constant outcomes over time, and *predictive*, showing steady causality between certain inputs and outcomes. The company used these statistics to develop algorithms that let it forecast which books customers would like to read next. Amazon then could base its wholesale purchase decisions on the feedback customers provided, both through passive methods and through solicited recommendations for upcoming titles.

The use of big data for managerial practices is a relatively new area but one that holds convincing promise. A manager who uses data to define objectives, develop theories of causality, and test those theories can determine which employee activities are relevant to the objectives.[9] However, we're not advising that you throw your intuition, or all the business press, out the window. In dealing with people, leaders often rely on hunches, and sometimes the outcomes are excellent. Other times, human tendencies get in the way. Research findings indicate we are likely to be biased toward information that we've heard most recently, that has been frequently repeated, or that is of personal relevance. While research findings should be viewed with the same discernment as data output, the prudent use of big data, along with an understanding of human behavioral

tendencies, can contribute to sound decision making and ease natural biases. What we are advising is to use evidence as much as possible to inform your intuition and experience. That is the promise of OB.

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 principally at the individual or micro level of analysis, while 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.
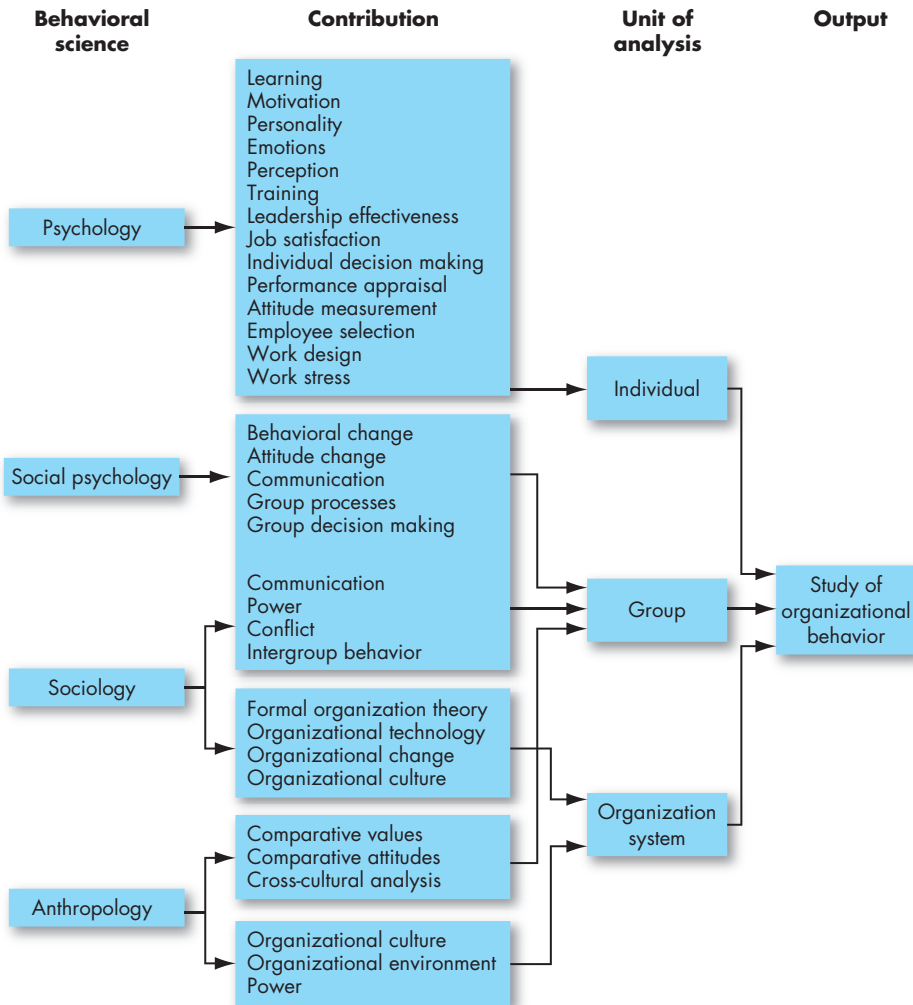
EXHIBIT 1-1
Toward an OB Discipline

Psychology

Psychology seeks to measure, explain, and sometimes change the behavior of humans and other animals. Contributors who add to the knowledge 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 peoples' 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. They have made important contributions to our study of group behavior, power, and conflict.

Sociology

While 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. 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. For example, 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 work, or simple over complex tasks. A job attractive to one person may not be to another; its appeal is contingent on the person who holds it.

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; the workforce is becoming increasingly diverse; 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.

As a result of these changes and others such as the rising use of technology, employment options have adapted to include new opportunities for workers. Exhibit 1-2 details some of the types of options individuals may find offered to them by organizations or for which they would like to negotiate. Under each heading in the exhibit, you will find a grouping of options from which to choose—or combine. For instance, at one point in your career you may find yourself employed full time in an office in a localized, non-union setting with a salary and bonus compensation package, while at another point you may wish to negotiate for a flex-time, virtual position and choose to work from overseas for a combination of salary and extra paid time off.

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. When times are bad like they were during the recession, 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.

Managing employees well when times are good can be just as hard, if not harder, than when times are bad. 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.

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

Categories of Employment	Types of Employment	Places of Employment	Conditions of Employment	Compensation for Employment
Employed	Full-time	Anchored (office/cubicle)	Local	Salary
Underemployed/ underutilized	Part-time	Floating (shared space)	Expatriate	Hourly
Re-employed	Flex-time	Virtual	Short-term assignee	Overtime
Unemployed/jobless	Job share	Flexible	Flexpatriate	Bonus
Entrepreneur	Contingent	Work from home	International business traveler	Contract
Retired	Independent contractor		Visa employee	Time off
Job seeking	Temporary		Union/nonunion employee	Benefits
Furloughed	Reduced hours			
Laid off	Intern			

Employed—working for a for-profit or nonprofit company, organization, or for an individual, either for money and/or benefits, with established expectations for performance and compensation

Underemployed/underutilized—working in a position or with responsibilities that are below one's educational or experience attainment level, or working less than full-time when one wants full-time employment

Re-employed—refers to either employees who were dismissed by a company and rehired by the same company, or to employees who left the workforce (were unemployed) and found new employment

Unemployed/jobless—currently not working; may be job seeking, either with or without government benefits/assistance, either with or without severance pay from previous job, either new to the workforce or terminated from previous employment, either short-term unemployed (months) or long-term/chronic unemployed (years)

Entrepreneur—one who runs his or her own business, either as a sole worker or as the founder of a company with employees

Retired—one who has ended his or her career in a profession, either voluntarily by choice or involuntarily by an employer's mandate

Job seeking—currently unemployed; actively looking for a job, either with or without government benefits from previous job or from disability/ need, either with or without severance pay from previous job, either new to the workforce or terminated from previous employment

Furloughed—similar to a layoff; an employer-required work stoppage, temporary (weeks up to a month, usually); pay is often suspended during this time, though the person retains employment status with the company

Laid off—can be a temporary employer-required work stoppage, usually without pay, but is more often a permanent termination from the company in which the employee is recognized to be not at fault

EXHIBIT 1-2

Employment Options

Full-time—hours for full-time employment are established by companies, generally more than 30 hours per week in a set schedule, sometimes with salary pay and sometimes with hourly pay, often with a benefit package greater than that for the part-time employment category

Part-time—hours for full-time employment are established by companies, generally less than 30 hours per week in a set schedule, often with hourly pay, often with a benefit package less than that for the full-time employment category

Flex-time—an arrangement where the employee and employer create nonstandard working hours, which may be a temporary or permanent schedule; may be an expectation for a number of hours worked per week

Job share—an arrangement where two or more employees fill one job, generally by splitting the hours of a full time position that do not overlap

Contingent—the workforce of outsourced workers (including professional service firms, specialized experts, and business consultants), these employees are paid hourly or by the job and do not generally receive any company benefits and are not considered as part of the company; contingent workers may be also temporary employees or independent contractors

Independent contractor—an entrepreneur in essence, but often a specialist professional who does not aspire to create a business but who provides services or goods to a company

Temporary—individuals who may be employed directly by the organization or through an employment agency/temporary agency; their hours may be fixed per week or vary, they do not generally receive any company benefits, and are not considered as part of the company; they are employed either for a short duration or as a trial for an organization's position openings

Reduced-hours—reduction in the normal employee's work schedule by the employer, sometimes as a measure to retain employees/reduce lay-offs in economic downturns as in Germany's Kurzarbeit program, which provides government subsidies to keep workers on the job at reduced hours; employees are only paid for the time they work

Intern—short-term employment, often with an established term, designed to provide practical training to a pre-professional, either with or without pay

Anchored—an employee with an assigned office, cubicle, or desk space

Floating—an employee with a shared space workplace and no assigned working area

Virtual—an employee who works through the Internet and is not connected with any office location

Flexible—an employee who is connected with an office location but may work from anywhere

Work from home—an employee who is set up by the company to work from an office at home

Local—employees who work in one established location

Expatriate —employees who are on extended international work assignments with the expectation that they will return (repatriate) after an established term, usually a year or more; either sent by corporate request or out of self-initiated interest

Short-term assignee—employees on international assignments longer than business trips yet shorter than typical corporate expatriate assignments, usually 3 to 12 months

Flexpatriate—employees who travel for brief assignments across cultural or national borders, usually 1 to 2 months

International business traveler—employees who take multiple short international business trips for 1 to 3 weeks

Visa employee—an employee working outside of his or her country of residence who must have a work visa for employment in the current country

Union/nonunion employee—an employee who is a member of a labor union, often by trade, and subject to its protections and provisions, which then negotiates with management on certain working condition issues, or an employee who works for a nonunion facility or who sometimes elects to stay out of membership in a unionized facility

Salary—employee compensation based on a full-time workweek, where the hours are generally not kept on a time clock but where it is understood that the employee will work according to job needs

Hourly—employee compensation for each hour worked, often recorded on time sheets or by time clocks

Overtime—for hourly employees, compensation for hours worked that are greater than the standard workweek and paid at an hourly rate determined by law

Bonus—compensation in addition to standard pay, usually linked to individual or organizational performance

Contract—prenegotiated compensation for project work, usually according to a schedule as the work progresses

Time off—either paid or unpaid; negotiated time off according to the employment contract (including vacation time, sick leave, and personal days) and/or given by management as compensation for time worked

Benefits—generally stated in the employment contract or the Human Resources Employee Handbook; potentially include health insurance plans, savings plans, retirement plans, discounts, and other options available to employees at various types of employment

EXHIBIT 1-2
Employment Options (continued)