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Steven L. McShane

Mary Ann Von Glinow

Organizational *10e* Behavior

Emerging Knowledge.
Global Reality.



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Interconnected Knowledge

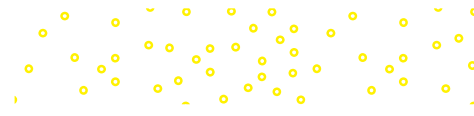
Mary Ann Von Glinow

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ORGANIZATIONAL BEHAVIOR

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Steve enjoys spending his leisure time hiking, swimming, body board surfing, canoeing, skiing, and traveling with his wife and their two daughters and partners.

Mary Ann Von Glinow

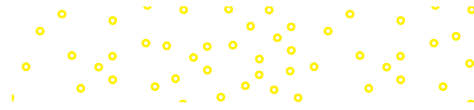
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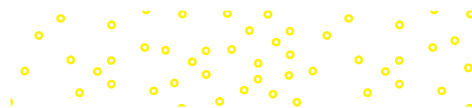
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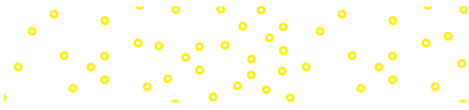


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Dr. Von Glinow has authored over 100 journal articles and 13 books, most of which have been translated into Chinese, Hindi, and Spanish. Her book on organizational learning capability won a Gold Book Award from the Ministry of Economic Affairs in Taiwan in 2002. She is the 2005 recipient of the Academy of Management's Distinguished Service Award, one of the highest honors bestowed by the Academy.

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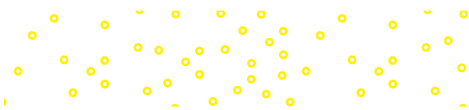
dedication

Dedicated with love and devotion to Donna, and to our wonderful daughters, Bryton and Madison

—S.L.M.

Dedicated to Zack, Emma, Googun, Blue, Chloe, Jackson, and Boomer

—M.A.V.G.





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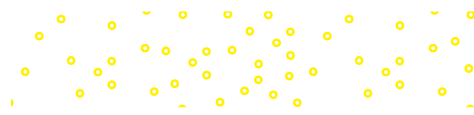
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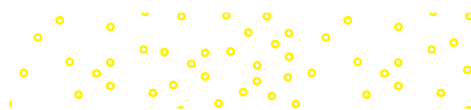
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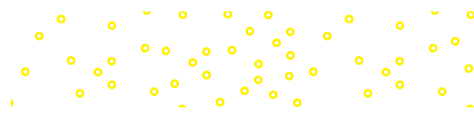
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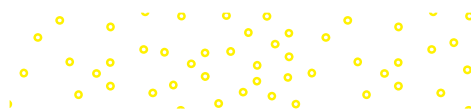
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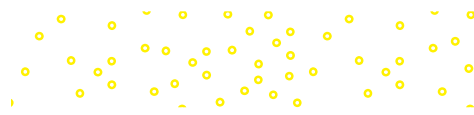
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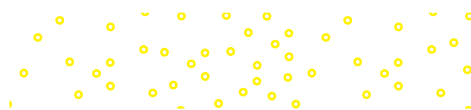
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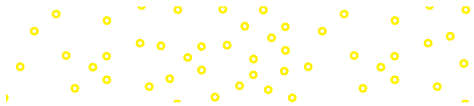
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Appendix A

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Welcome to the fascinating and highly relevant field of organizational behavior! Knowledge is replacing infrastructure. Digital communication platforms and remote teams are transforming the way employees work together. Employees are guided more by values and self-leadership rather than command-and-control management. Companies seek out employees with emotional intelligence and effective problem-solving, analytical, communication, and teamwork skills, not just technical smarts.

Organizational Behavior, Tenth Edition, is written in the context of these emerging workplace realities. This edition explains how design thinking and agile methodologies are improving creativity and decision making in organizations; how self-concept is a significant determinant of individual behavior, team cohesion, and leadership; how employees increasingly communicate and coordinate through emerging digital channels; how emotions influence employee motivation, attitudes, and decisions; and how global mindset has become an important employee attribute in this increasingly diverse and inclusive interconnected world. This book also adopts the view that organizational behavior is not just for managers; it is relevant and valuable to anyone who works in and around organizations.

Linking Theory with Reality

Every chapter of *Organizational Behavior* is filled with examples that make OB knowledge more meaningful and illuminate the relevance and excitement of this field. These stories about real people and organizations translate academic theories into useful knowledge and real-life applications.

For example, we describe how Gitlab, one of the world's largest distributed companies (it has no physical offices), helps its remote workers fulfill their drive to bond through a variety of innovative virtual events and practices; how executives at Levi Strauss & Co. have applied several organizational change initiatives to transform the clothing company into an innovative digital leader in that industry; how cloud communications company RingCentral supports an inclusive workforce; how executives at Expedia, Netflix, and other companies have been questioned by investment analysts for engaging in self-serving bias to explain poor financial results; how local law enforcement agencies in Washington State, Ohio, and elsewhere are training officers to improve their emotional intelligence; and how digital business payments company Bill.com believes that a successful organizational culture depends on vibrant subcultures.

These and many other stories—which the authors of this book personally researched, selected, and wrote from diverse sources—appear in many forms. This edition is filled with photo captions, features, and in-text anecdotes about work life. Each chapter opens with a brief case vignette of events in a real organization related to one or more central topics in that chapter. *Global Connections* features “connect” OB concepts with events in real-world companies around the planet. Case studies in each chapter also link OB concepts to emerging workplace realities. Students will use their diagnostic skills to apply the OB theories and practices to analyze the causes and offer solutions to these cases. These anecdotes and detailed descriptions discuss large and small organizations around the world and in a wide range of industries.

Global Focus

From its first edition, this book has been crafted with the recognition that globalization has had a profound influence on the workplace. We continue this global focus by discussing international and cross-cultural issues in many chapters. Furthermore, every chapter includes truly global examples, not just how American companies operate in other parts of the world.

For example, this Tenth Edition describes how senior executives at German technology company Robert Bosch led an organization-wide change toward agile practices by applying those methodologies in their own executive boardroom; how Shiseido Company, the Tokyo-based cosmetics company, became a more globalized business by adopting a product-geographic matrix organizational structure; how the Norwegian Armed Forces developed and applied its version of the five factor personality model; how Nigerian software company Softcom motivates employees through job enrichment; how Tri-Mer Global Technologies, the global air pollution control systems company, created an obeya room to improve cross-functional teamwork at its headquarters near Milan, Italy; how ENWIN Utilities in Windsor, Canada, relies on a parallel learning structure to introduce employee-led organizational change; how the witty “You People!” commercial produced by South African restaurant chain Nando’s pokes fun at our tendency to stereotype others; and how Singapore-headquartered food and agri-business Olam International practices employee involvement through dozens of workshops in which employees identify more sustainable practices.

Contemporary Theory Foundation

Vivid real-world examples and practices are valuable only if they are connected to good theory. *Organizational Behavior* has developed a reputation for its solid foundation of contemporary and classic research and writing. This evidence-based knowledge is apparent from the number and quality of literature cited in each chapter, including dozens of articles, books, and other sources. This results in what we believe is the most up-to-date organizational behavior textbook available. These references also reveal that we reach out to marketing, information management, human resource management, and other disciplines for new ideas. This book is rigorously focused on information that is valuable to its readers, namely OB knowledge and practices. Consequently, with a few classic exceptions, we avoid writing a “who’s who” book; most scholars are named in the references, not in the main text.

One of the driving forces for writing *Organizational Behavior* has been to provide a more responsive conduit for emerging OB knowledge to reach students, practitioners, and fellow scholars. To its credit, *Organizational Behavior* is apparently the first major OB book to discuss the full self-concept model (not just core self-evaluation), the importance of emotions in several OB topics (perceptions, attitudes, motivation, decisions), social identity theory, design thinking, five strategies for regulating emotions, global mindset, four-drive theory, two main types of matrix organizational structures, specific elements of social networks, appreciative inquiry, affective events theory (but without the jargon), somatic marker hypothesis (also without the jargon), four criteria for selecting the preferred communication channel, Schwartz’s values model, learning orientation, predictors of moral sensitivity, social and information processing characteristics of job design, and several other groundbreaking topics.

This edition continues this leadership by introducing the latest knowledge on the shifting trends in digital communication in organizations, including the increasing use of emojis and other forms of digital nonverbal communication (Chapter 9); specific types of unintended consequences of performance-based rewards (Chapter 6); the underlying meaning of “culture add” rather than “culture fit” in the attraction-selection-attrition process (Chapter 14); and specific ways to practice boundary management in work-life integration (Chapter 1).

Diversity, Equity, and Inclusion

Organizational Behavior, Tenth Edition, continues to emphasize theories and practices around diversity, equity, and inclusion (DEI). A broad array of OB topics are connected to these objectives, so people of all backgrounds feel psychologically safe, engaged, valued,

authentic, listened to, and respected. Here is a brief list of the main areas where DEI receives considerable attention in this book.

- The first chapter includes an entire section on workplace diversity and inclusion. It describes these concepts in detail, summarizes how they are practiced in organizations, and identifies their benefits, challenges, and moral imperative.
- The self-concept model in Chapter 3 explains the authentic self, how self-concept awareness and acceptance allows people of all identities to be fully themselves while contributing to the organization, and how inclusion in informal workplace groups is an important part of everyone's self-concept.
- Chapter 3 also explains the effect of perceptual processes on DEI objectives, including the problems of stereotyping, systemic and intentional discrimination, and stereotype threat. The chapter also describes (with a detailed company example) how nonconscious bias training can improve self-awareness and minimize biased perceptions and prejudices.
- Chapter 5 presents a full discussion of equity as well as various forms of justice in organizational settings. It also distinguishes the equity concept from the concepts of equality and need. Beyond this chapter, equity and justice are also discussed in the context of several other OB topics, such as ethical values, organizational commitment, third-party conflict management, ethical organizational culture, and fairness in the process of organizational change.
- Chapter 10 explains how social networks can create a more inclusive workplace, with a detailed example of employee resource groups (support and information networks around gender, ethnicity, parenthood, and other specific commonalities). It also warns that some social networks potentially undermine workplace inclusion and equity.
- Chapter 14 discusses the potential advantages of diverse subcultures and introduces the emerging debate about whether organizations should aim for “culture add” rather than “culture fit.” The question is whether the former inherently undermines diversity, equity, and inclusion, whereas the latter supports those objectives and recognizes the benefits of diverse subcultures.
- Several chapters in this book present information on gender, ethnic, generational, and cultural differences across many topics, such as communication, conflict handling, and leading others.

Organizational Behavior Knowledge for Everyone

Another distinctive feature of *Organizational Behavior* is that it is written for everyone in organizations, not just managers. The philosophy of this book is that everyone who works in and around organizations needs to understand and make use of organizational behavior knowledge. People throughout the organization—systems engineers, production employees, accounting professionals—are taking on more responsibilities as companies remove layers of management and give the rest of us more autonomy and accountability for our work outcomes. This book helps everyone make sense of organizational behavior, and provides the conceptual tools to work more effectively in the workplace.

Active Learning and Critical Thinking Support

Teaching organizational behavior is an important part of our careers, so we understand how important it is to use a textbook that offers deep support for active learning and critical thinking. Business school accreditation associations also emphasize the importance of

the learning experience, which further reinforces our attention on classroom activities whether that be face-to-face, hybrid, or online. This Tenth Edition includes more than two dozen case studies in various forms and levels of complexity, and a similar number of team and class exercises. These learning resources engage students to apply OB concepts so they can solve problems, make decisions, or resolve conflicts described in those cases and exercises. This book also has four dozen self-assessments, most of which have been empirically tested and validated.

Student critical thinking is further aided with a *Debating Point* in each chapter. This feature demonstrates that even the most obvious OB knowledge may be contested by contrary evidence and logical counterarguments. *Debating Point* encourages students to continuously seek out divergent viewpoints and evidence rather than unquestioningly accept the validity of existing theories and practices.

Organizational Behavior, Tenth Edition, is also a rich resource for remote and face-to-face learning activities. Most of these cases and exercises are available only in this book, such as Deciphering the (Social) Network; The Cross-Cultural Communication Game, and the Personal Values Exercise.

Changes to the Tenth Edition

Organizational Behavior, Tenth Edition, continues to keep students and instructors up to date with new concepts, real-world examples, and useful learning resources. A unique strength of this book is that the authors personally researched and wrote all of the conceptual content, in-text examples, captioned photos, and features. They also wrote most of the new exercises and cases. In addition, the authors personally developed the instructors' manual and PowerPoint slides. This high-level involvement provides better integration of the knowledge and ensures that the examples are truly relevant and useful additions to the learning experience.

NEW LEARNING RESOURCES

The first thing you might notice about this edition is the significant number of new exercises and cases. In fact, almost half of the end-of-chapter learning activities are new, more than in any previous edition. The Additional Cases section at the end of the book also has two new case studies. Here is the complete list of new exercises and cases in *Organizational Behavior*, Tenth Edition:

CH01: Team Exercise: Wye & Valve Plumbing: A MARS Diagnostic Exercise	CH12: Case Study: IbexTel
CH02: Case Study: Personality and Values at Bridgewater Associates	CH12: Team Exercise: World Café on Leadership
CH02: Team Exercise: Ethics Dilemma Vignettes (one new vignette)	CH13: Case Study: Sloan & Wu, Inc.
CH03: Team Exercise: Why Did They Do That?	CH13: Team Exercise: Organizational Structure Scenarios
CH03: Team Exercise: My User Manual	CH14: Case Study: CommsOne Bank
CH04: Team Exercise: What Does That Face Tell You?	CH14: Team Exercise: Corporate Culture Dilemma Vignettes
CH04: Team Exercise: Attitudes Toward Mel the Manager	CH14: Team Exercise: Organizational Culture GIF Memes
CH05: Case Study: Motivated to Work in the Slow Lane	CH14: Team Exercise: Socialization Diagnostics Exercise
CH05: Team Exercise: Motivation Dilemma Incidents	CH15: Case Study: Delta Palm Mill
CH06: Team Exercise: Job Design Scenarios	CH15: Team Exercise: Organizational Change Incidents
CH08: Case Study: The Operating Room Surgical Team	CH15: Team Exercise: Applying Lewin's Force Field Analysis
CH09: Case Study: Difficult Connections	Additional Cases: Bayou Life Assurance and Waltham Financial
CH10: Team Exercise: Power, Influence, and Politics Mini-Cases	Additional Cases: CentraClear Inc.

NEW CONCEPTUAL CONTENT AND REAL-WORLD EXAMPLES

Every chapter of *Organizational Behavior*, Tenth Edition, provides new information about OB concepts and practices, thanks to reviews by organizational behavior instructors, along with our regular practice of scanning the diverse literature for new ideas that have gained sufficient evidential support. These conceptual updates are most apparent in Chapter 1 (Introduction to the Field of Organizational Behavior), Chapter 6 (Applied Performance Practices), Chapter 8 (Team Dynamics), Chapter 9 (Communicating in Teams and Organizations), and Chapter 14 (Organizational Culture).

Organizational Behavior, Tenth Edition, replaces most examples with new real-world stories that satisfy our criteria of being relevant, recent, and interesting. Fourteen of the 15 chapter-opening case studies are new (the remaining one is substantially revised). The majority of captioned photos and Global Connections features are new or updated. We have also added dozens of new in-text examples to help readers understand OB concepts and their relevance in organizations.

Here are the main conceptual improvements and new real-world features in *Organizational Behavior*, Tenth Edition:

Chapter 1: Introduction to the Field of Organizational Behavior

- Significantly updated content on personal strategies to improve work–life integration and ways to practice boundary management across roles.
- Revised and updated discussion on why OB is important to you and to organizations.
- The systematic research anchor has updated analysis on why organizational leaders overlook evidence-based knowledge, as well as ways to minimize these problems.
- The section on individual behavior and performance (MARS model) now includes habits as one of three aspects of ability.
- New exhibit on the three types of individual performance.
- New exhibit on strategies to improve work–life integration.
- Significantly updated exhibit on the most important skills for new hires.
- Completely revised factoid on “Mind the MARS Gap.”
- New Global Connections feature on why and how cloud-based communication company RingCentral fosters inclusion rather than just workforce diversity.
- New Global Connections feature about remote working at Automattic, the distributed (fully remote) organization.
- New chapter-opening case study describes why three individuals became participants in the Great Resignation.

Chapter 2: Individual Differences: Personality and Values

- MBTI and Jungian theory in the workplace has been updated with more discussion about the strengths and weaknesses of this personality model.
- This edition includes more details about ways to support ethical values and practices.
- The Dark Triad discussion now has its own section of the chapter.
- The topics of personal values and ethical principles have been updated.
- New factoid on ethical challenges in the workplace.
- New Global Connections feature on the COVID-19 pandemic’s effect on personality changes.
- New Global Connections feature on “gapjil” problems in South Korea’s high power distance culture.
- New chapter-opening case study examines the use of personality testing to select job applicants, and concerns with that practice.

Chapter 3: Perceiving Ourselves and Others in Organizations

- The attribution process topic provides further details about the concept as it was actually described in the original and subsequent scholarly literature.
- The topic of awareness of perceptual biases has been updated with more complete discussion.
- This edition introduces two limitations or adverse consequences when trying to improve self-awareness of perceptual biases.
- Self-concept characteristics, perceptual organization, problems with stereotyping, and attribution errors have some revised content.
- New factoid on positive self-evaluation in the workplace.
- New Global Connections feature on how executives use self-serving bias to explain away poor financial results.
- New Debating Point feature on whether empathy is always beneficial in the workplace.
- New chapter-opening case study describes how two executives changed career directions guided by their self-concepts.

Chapter 4: Workplace Emotions, Attitudes, and Stress

- This book pioneered the inclusion of emotions in several OB topics (perceptions, attitudes, motivation, decisions). This edition further refines and updates details about how people regulate their emotions.
- Other updates and rewriting are found within the topics of generating positive emotions at work, continuance commitment, and changing stress perceptions.
- New exhibit summarizing the five deep acting emotion regulation strategies.
- Completely revised factoid on workplace stress.
- Updated exhibit on job satisfaction in selected countries.
- New Global Connections feature on stress from dysfunctional conflict at the City of Edmonton.
- New Global Connections feature on improving police empathy and deescalation through emotional intelligence training.
- New opening case study about two companies that measure employee attitudes through timely pulse surveys.

Chapter 5: Foundations of Employee Motivation

- This edition updates information about evaluating OB Mod, including a brief introduction to “nudge” practices.
- The topics of goal setting, strengths-based coaching, and organizational justice have new introductions.
- Completely revised factoid on how well (or poorly) companies motivate employees through performance-to-outcome expectancies.
- New Global Connections feature on how distributed company Gitlab helps its 1,500 remote workers fulfill their drive to bond through innovative online social interaction events and practices.
- Completely revised chapter-opening case study highlights three companies that replaced their traditional performance appraisal process with meaningful feedback and developmental reviews.

Chapter 6: Applied Performance Practices

- The job design section now delineates the four main ways that job specialization improves work efficiency, including how it minimizes the attention residue effect.
- The section on financial rewards updates writing about job evaluation and internal pay inequity. That section also has a large number of new in-text examples to illustrate several types of pay practices.

- Two negative effects of job specialization on work quality are described more distinctly.
- The two social job characteristics (social interaction requirement and social feedback) are more distinctly presented.
- New Global Connections feature discusses (with specific examples) how financial rewards can lead to four specific types of unintended consequences.
- New chapter-opening case study describes how Expensify motivates employees with enriched jobs, an empowering work environment, equitable pay practices, and a culture that encourages self-leadership.

Chapter 7: Decision Making and Creativity

- This edition identifies multiple types of meta-decision making in the rational choice decision process.
- The topic of decision choice maximization now describes conditions in which decision paralysis is avoided or minimized when a large number of alternatives are presented.
- The topics of rational choice decision making, problems with information processing, evaluating decision outcomes more effectively, and contingencies of employee involvement have been noticeably revised.
- Completely revised factoid on using intuition or data analysis in organizational decision making.
- Revised exhibit on employee involvement contingencies and outcomes.
- New Global Connections feature on how sparks of creativity help employees develop new products at Bluedrop Training and Simulation.
- New Debating Point feature on whether organizations should encourage “fail fast” for creativity.
- New chapter-opening case study explains why employees at global packaging firm Syntegon Technology apply different decision making processes depending on the type of issue and situation.

Chapter 8: Team Dynamics

- This edition has a significantly fuller description of team mental models and assigns it as a separate topic within team processes.
- The team development topic has been revised and updated, and is now presented as a meta-model of team processes.
- The topic of team norms has been significantly updated, including more explanation on why norms develop.
- The topic of brainstorming more fully explains why real-world success of this practice differs from laboratory research findings.
- Task interdependence, team building, remote teams, team roles, and electronic brainstorming have been rewritten and updated.
- Completely revised factoid on the importance of effective team behaviors in organizations.
- Revised exhibit on the team effectiveness model, which now identifies team roles and team mental models as two distinct team processes.
- New exhibit on types of team roles.
- New Global Connections feature on how Norwegian law firm Thommessen supports teamwork.
- New Global Connections feature on how Italian firm Tri-Mer Global Technologies supports team decisions by installing an obeya room.

- New chapter-opening case study describes why Cisco Systems has shifted its attention to teams rather than just individual employees, and how the company supports a team-oriented workplace.

Chapter 9: Communicating in Teams and Organizations

- This book has been at the forefront of new research and practices on the rapid development of digital communication in the workplace. This edition continues that leadership with analysis of multiple digital channel trends over the past decade.
- The communication channels section has a new subtopic on digital nonverbal communication, which looks at workplace communication using emojis and animated GIFs.
- Several other updates and rewriting are found throughout the chapter, but particularly on the importance of communication, influences on effective encoding and decoding, the four factors in choosing the best communication channel, and communication through workspace design.
- Revised most statements in the factoid on how well organizations support internal communication.
- Significantly updated exhibit on the changing use of digital communication channels in the workplace.
- New Debating Point feature on whether emojis are beneficial or problematic in workplace communication.
- New chapter-opening case study explains how professional services firm RealFoundations has almost completely replaced email with an enterprise communication platform that supports its team-oriented and “work out loud” culture.

Chapter 10: Power and Influence in the Workplace

- This chapter more fully discusses the troubling issue of deference to power in organizations.
- The consequences of power topic receives more discussion and is moved earlier in the chapter.
- The organizational politics section now provides more clarity on its conceptual meaning, as well as discussion of dark triad personality as an individual predictor of organizational politics.
- The meaning of power, nonsubstitutability, and social network power through many ties have some revised content.
- New Global Connections feature about one professional’s use of extreme impression management (lying on his résumé) as an influence tactic.
- New chapter-opening case study in which several executives explain why and how employees should engage in upward influence (manage their boss).

Chapter 11: Conflict and Negotiation in the Workplace

- The section on task conflict and relationship conflict has further clarification on these approaches to conflict.
- The logical fallacy of argumentum ad hominem is described as a characteristics of relationship conflict.
- This edition revises and updates writing on several other topics, but notably on differentiation as a source of conflict, minimizing or reducing conflict through better communication and mutual understanding, gathering information in negotiations, and managing concessions in negotiations.
- Revised most statements in the factoid on the tendency of people to steer clear of (i.e., avoid) workplace conflict.

- New Global Connections feature on how a technology executive's third-party conflict resolution strategy was to have two feuding managers permanently switch jobs.
- New Global Connections feature on the importance of knowing your BATNA when negotiating pay increases.
- New chapter-opening case study about the problems of having too much of a “nice” company culture that discourages task-oriented conflict.

Chapter 12: Leadership in Organizational Settings

- The most significant change in this chapter is that the discussion about transformational leadership and charisma has an updated conceptualization of charisma.
- This edition also has some revised content on path-goal theory contingencies, leadership substitutes, and a few leadership attributes (e.g., drive).
- Completely revised factoid on how employees perceive and rate their managers.
- New Global Connections feature on servant leadership at TDIndustries.
- New chapter-opening case study describes the leadership style and attributes of Canva cofounder Melanie Perkins.

Chapter 13: Designing Organizational Structures

- The topic of matrix organizational structures has been revised and updated, particularly regarding types of matrix structures in global companies.
- The topic of coordination through informal communication has updated writing on liaison roles.
- Significantly revised exhibit on the three types of divisional structure, each with a new real-world example.
- New exhibit in the section on contingencies of organizational structure summarizing the recommended structure for various contingency variables.
- New exhibit depicting a simplified adaptation of the matrix organizational structure at Shiseido Company.
- New Global Connections feature on how Samsung Electronics is becoming more nimble by flattening its organizational structure and reducing status differences across the hierarchy.
- New Global Connections feature on how German engineering and technology company Robert Bosch is replacing its hierarchical organizational structure with one built around teams.
- New Global Connections feature on the risk of too much centralization of authority during pandemics.
- New chapter-opening case study documents Twitter's evolving organizational structure in recent years in attempts to improve innovation, collaboration among work units, and efficient decision making.

Chapter 14: Organizational Culture

- The attraction-selection-attrition topic describes and analyzes the recent debate about “culture fit” versus “culture add.”
- Some subtopics on changing and strengthening organizational culture have been revised, such as new writing on the role of communication and several new in-text examples throughout this section.
- The organizational culture concept has been revised to include norms as an element of that concept.
- The organizational socialization section more clearly delineates the four inherent conflicts between employers and job applicants during preemployment socialization.
- New factoid highlighting the importance of organizational culture.

- Revised exhibit depicting the elements and artifacts of organizational culture.
- New Global Connections feature explaining why the founder of Bill.com appreciates the digital software company's subcultures, not just its dominant organizational culture.
- New Global Connections feature on the debate about hiring for "culture add" rather than for "culture fit."
- New Global Connections feature on the award-winning onboarding process developed at Singapore-based mobile network operator Circles.Life.
- New chapter-opening case study describes the strategies Workday, Inc. has applied to maintain a strong people-focused corporate culture.

Chapter 15: Organizational Change

- The section on understanding resistance to change has a new opening example and now describes specific variations of resistance due to negative valence of change.
- The topic of creating an urgency for change has been revised, along with new in-text examples.
- The force field analysis model topic now notes that the unfreezing and refreezing metaphor was introduced after Kurt Lewin's original model.
- This edition also has some new writing within the topics of guiding coalitions and appreciative inquiry.
- New factoid on the challenges of resistance to organizational change.
- New Global Connections feature describing how the management board at Robert Bosch GmbH led the German company's organizational change to agile methodologies by modeling agile practices in the boardroom.
- New chapter-opening case study examines organizational change practices that transformed Levi Strauss & Co. from a declining business to an innovative digital leader in the clothing industry.

acknowledgments

Organizational behavior is an incredibly relevant and valuable field of study, which becomes apparent while developing a world-class book such as *Organizational Behavior*, Tenth Edition. Throughout this project, we witnessed the power of teamwork, the excitement of creative thinking, and the motivational force of the vision that we collectively held as our aspiration. The tight coordination and innovative synergy was evident throughout this venture. This development process is even more amazing when you consider that most team members on this project are scattered throughout the United States and the lead coauthor (Steve) spends most of his time on the other side of the planet! And all of this effort occurred while we began to emerge from a global pandemic.

Portfolio director Mike Ablassmeir led the development of *Organizational Behavior* with unwavering enthusiasm and foresight. Lead product developer Kelly Pekelder orchestrated the overall launch and process to ensure that this edition met her high standards. Product developer Allison Marker, product developer Laura Spell (Editors, Inc.), and senior content project manager Sherry Kane led the daily process with superhuman skill and determination, which is particularly important given the magnitude of this revision, the pressing deadlines, the 24-hour time zones, and later-stage pandemic in which we operated. Content licensing specialist Sarah Flynn fulfilled the critical permissions and copyright activities with professional scrutiny. Our photo researcher, Nichole Nalenz, proficiently identified photos that depict the examples we wrote about. We also extend our thanks to Laurie Lawrie for superb copyediting and to Debbie Clare for her excellent marketing development work.

Paula Kepos smoothly guided development of the Test Bank to reflect the significantly updated content of this edition. Many thanks to those involved in updating our Connect content. This has been a truly wonderful journey!

Several dozen instructors around the world reviewed parts or all of *Organizational Behavior*, Tenth Edition, or related editions in other countries over the past few years. Their compliments were energizing, and their suggestions significantly improved the final product. The following people from U.S. colleges and universities provided the most recent feedback for improvements specifically for this edition:

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supporting the learning process

AN INTERNATIONAL AUTHOR TEAM FOR THE GLOBAL EMPLOYEE

Drawing on their extensive international teaching and research experience, the authors have produced a book that is highly regarded for its global focus. Steve McShane has taught organizational behavior in Australia, Singapore, Canada, China, and elsewhere. As director of the Center for International Business Education, Mary Ann Von Glinow regularly visits and conducts research in South America, China, and elsewhere around the world.

DEBATING POINTS

The Debating Point feature in each chapter helps students think critically and recognize that even seemingly obvious ideas have logical counterarguments. Debating Points also raise the bar by focusing on topics that are central to the world of work.

REAL-WORLD EXAMPLES BRING OB TO LIFE

Every chapter is filled with examples to make OB knowledge more meaningful and reflect the relevance and excitement of this field. Opening case studies set the stage; captioned photos depict OB concepts; and Global Connections features present more detailed examples of OB concepts in practice.

SELF-ASSESSMENTS

Self-assessments are an important and engaging part of the active learning process. This edition features self-assessments associated with content in every chapter, such as power-distance orientation, romance of leadership, preferred organizational structure, work centrality, sensing-intuitive type, and guanxi orientation. These self-assessments are available online in Connect with self-scoring results and written feedback.

CASES AND EXERCISES

Cases and exercises at the end of each chapter provide a rich resource for remote and face-to-face learning activities. Most of these cases and exercises are available only in this book, and more than two dozen of them are new in this edition. Additional Cases at the end of the book provide students with an opportunity to explore how the concepts apply in real-world organizations.

student and instructor support materials

Organizational Behavior, Tenth Edition, includes a variety of supplemental materials to help instructors prepare and present the material in this textbook more effectively. The following items are available in Connect:

INSTRUCTOR'S MANUAL

This is one of the few textbooks for which the authors write the *Instructor's Manual*, ensuring that this valuable teaching resource is consistent with the textbook's content and supports instructor needs. Each chapter includes the learning objectives, glossary of key terms, a chapter synopsis, complete lecture outline that align with the PowerPoint slides, and suggested answers to the end-of-chapter critical thinking questions. Also included are teaching notes for the chapter case(s), team and class exercises, and self-assessments. The *Instructor's Manual* also provides complete teaching notes for the additional cases.

TEST BANK AND TEST BUILDER

Updated for this edition, the Test Bank includes more than 2,000 multiple-choice, true/false, and essay questions. Each question identifies the relevant learning objective, Bloom's taxonomy level, AACSB standard for assurance of learning, and difficulty level.

Available within Connect, Test Builder is a cloud-based tool that enables instructors to format tests that can be printed or administered within an LMS. Test Builder offers a modern, streamlined interface for easy content configuration that matches course needs, without requiring a download.

Test Builder allows you to:

- Access all test bank content from a particular title.
- Easily pinpoint the most relevant content through robust filtering options.
- Manipulate the order of questions or scramble questions and/or answers.
- Pin questions to a specific location within a test.
- Determine your preferred treatment of algorithmic questions.
- Choose the layout and spacing.
- Add instructions and configure default settings.

Test Builder provides a secure interface for better protection of content and allows for just-in-time updates to flow directly into assessments.

POWERPOINT PRESENTATION SLIDES

The PowerPoint slides have been prepared by the authors, allowing seamless integration between the slides and the *Instructor's Manual*. Each chapter includes more than two dozen slides, featuring key points, photographs, and figures from the text, as well as teaching tips and notes for using the slides.

Connect Resources

SMARTBOOK 2.0

SmartBook 2.0 is an adaptive learning solution that provides personalized learning to individual student needs, continually adapts to pinpoint knowledge gaps and focuses learning on concepts requiring additional study. It fosters more productive learning, takes the guesswork out of what to study, and helps students better prepare for class. Our adaptive reading experience has been made more personal, accessible, productive, and mobile.

READANYWHERE APP

Read or study when it's convenient for you with McGraw Hill's free ReadAnywhere® app. Available for iOS or Android smartphones or tablets, ReadAnywhere gives users access to McGraw Hill tools including the eBook and SmartBook® 2.0 or Adaptive Learning Assignments in Connect. Take notes, highlight, and complete assignments offline—all of your work will sync when you open the app with Wi-Fi access. Log in with your McGraw Hill Connect username and password to start learning—anytime, anywhere!

INTERACTIVE EXERCISES

These activities help make the connection between theory and application.

ISEEIT! VIDEOS

These brief, contemporary, and engaging videos offer dynamic, student-centered introductions, illustrations, and animations that guide students through challenging concepts with assignable assessment questions.

SELF-ASSESSMENTS

These introspective, research-based surveys elicit feedback about oneself to promote student self-awareness and self-reflection.

CASE ANALYSES

A variety of cases, found in most chapters, provide an opportunity for students to delve further into the topical content and read about real-life products and companies. Accompanied by assignable, thought-provoking questions that check students' ability to apply the course material to these scenarios, these case analyses help students foster their critical thinking abilities and develop their workplace-readiness skills.

VIDEO CASES

An assortment of short video cases challenge students to analyze concepts as they manifest in real-life products and companies. Accompanied by assignable, thought-provoking questions that check the students' ability to apply the course material to these video cases, they help to develop students' critical thinking abilities and workplace-readiness skills.

MANAGER'S HOT SEAT

These videos allow students to assume the role of a manager as they immerse themselves in video-based scenarios in which managers in realistic situations deal with employees and complex issues. Through a series of assignable questions, students will use their critical thinking skills to apply, analyze, and evaluate these managerial challenges while learning from the manager's mistakes.

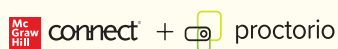
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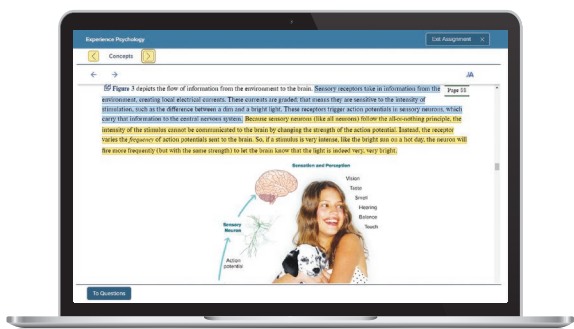
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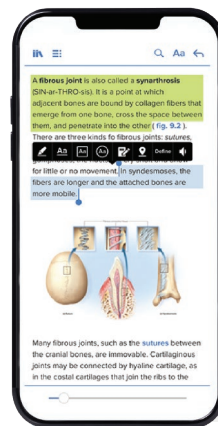
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- Jordan Cunningham,
Eastern Washington University

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Introduction to the Field of Organizational Behavior

Learning Objectives

After reading this chapter, you should be able to:

- LO 1-1** Define organizational behavior and organizations.
- LO 1-2** Explain why organizational behavior knowledge is important for you and for organizations.
- LO 1-3** Describe the anchors on which organizational behavior knowledge is based.
- LO 1-4** Summarize the workplace trends of diversity and the inclusive workplace, work–life integration, and remote work.
- LO 1-5** Diagram the MARS model and describe the four factors that directly influence individual behavior and performance.
- LO 1-6** Summarize the five types of individual behavior in organizations.

Marianne Taylin (we have changed actual names) and her coworkers at a professional association shifted to remote work when the pandemic spread throughout the world. More than a year later, as case numbers fell, the organization asked everyone to return to the office at least four days each week. Taylin soon realized that she could no longer tolerate her old daily commute—90 minutes each way between Baltimore, Maryland, and Alexandria, Virginia. “Why am I doing this?” Taylin asked herself. “It was affecting my health, and I couldn’t get my work done.” So Taylin quit, even before securing another job.

A long commute wasn’t a factor in David Martinez’s decision to change jobs. He lives just down the street from the once-popular small restaurant in Arkansas where he worked as the lead cook. The restaurant closed during the first year of the pandemic and two of the co-owners who actively managed the restaurant sold out to the two remaining owners. But things were different when the

restaurant reopened. The restaurant now had takeout along with seated dining, the new owners were less involved in the kitchen, and staff couldn't keep up. Martinez was overworked and stressed.

"I mean, I was having, like, panic—I had to, like, go to the back sometimes and just, like, have a panic attack," he says.

The pandemic also triggered Kelly Knowles' resignation from her well-paid executive position after a decade working at an Australian bank. The endless Zoom calls and dealing with customer problems were exhausting, but Knowles also realized that the bank took her loyalty for granted. "I worked 60- to 70-hour weeks for three months and I was not really rewarded or recognized for that at all," she protested. "It honestly feels like I'm just coming out of this abusive relationship and I've been gaslighted and there is a better world and I can finally see it."¹



Isadora Getty Buyou/Image Source

The Great Resignation during the COVID-19 pandemic connects with many organizational behavior topics, such as organizational culture, job satisfaction, leadership, task performance, organizational change, team dynamics, stress, and organizational commitment.

Welcome to the Field of Organizational Behavior!

It's called the Great Resignation. During the second year of the pandemic, an unprecedented number of people either changed employers or quit before securing another job. A Microsoft survey estimated that 40 percent of the global workforce considered switching employers. In the United States, one-quarter of the workforce was employed at a different company less than two years after the pandemic began.² The pandemic's disruption forced some people to find new employment. But many left after realizing that their needs and expectations were misaligned with the current work situation.

Whether the Great Resignation is a brief aberration or a longer trend, this phenomenon connects with many of the organizational behavior topics discussed throughout this book. In every sector of the economy, organizations need to employ skilled and motivated people who can be creative, work in teams, and maintain a healthy lifestyle. They need leaders with foresight and vision, who support innovative work practices, and who make decisions that consider the interests of multiple stakeholders. In other words, the best companies succeed through the concepts and practices that we discuss in this organizational behavior book.

Our purpose is to help you understand what goes on in organizations. We examine the factors that make companies effective, improve employee well-being, and drive successful collaboration among coworkers. We look at organizations from numerous and diverse perspectives, from the deepest foundations of employee thoughts and behavior (personality, self-concept, attitudes, etc.) to the complex interplay between the organization's structure and culture and its external environment. Along this journey, we emphasize why things happen and what you can do to predict and guide organizational events.

We begin this chapter by introducing you to the field of organizational behavior (OB) and its historical origins. This is followed by details about why OB is important for your career and why organizations depend on OB knowledge to survive and thrive. An integrative model of organizational behavior is presented, which illustrates the interconnectedness of OB topics and serves as a road map to guide you through this book. We then describe the philosophical anchors that guide the development of organizational behavior knowledge. This is followed by an overview of three emerging features of the workplace environment: diversity and the inclusive workplace, work-life integration, and remote work. The latter part of this chapter introduces the MARS model, which outlines the four direct drivers of individual behavior and performance. The final section identifies the five main types of individual behavior.

WHAT IS ORGANIZATIONAL BEHAVIOR?

LO 1-1

Organizational behavior (OB) is the study of what people think, feel, and do in and around organizations. It looks at employee behaviors, decisions, perceptions, and emotional responses. It examines how individuals and teams interact with one another. OB also extends to the study of how employees and organizations interact with their external environments, such as serving or collaborating with customers, suppliers, communities, and people working in other organizations. OB researchers systematically study these topics at multiple levels of analysis, namely, the individual, team (including interpersonal), and organization.³

The definition of organizational behavior begs the question: What are organizations? **Organizations** are groups of people who work interdependently toward some purpose.⁴ Notice that they are not buildings or government-registered entities. In fact, many organizations exist with neither physical walls nor government documentation to confer their legal status.⁵

organizational behavior (OB)
the study of what people think, feel, and do in and around organizations

organizations
groups of people who work interdependently toward some purpose

Steve Jobs orchestrated many of the greatest advances in our digital lifestyle and animation film over the past few decades. The cofounder of Apple and Pixar Animation Studios was renowned for his vision and persistence. Yet Jobs emphasized that great achievements also require the power of organizations. “A company is one of humanity’s most amazing inventions,” Jobs once explained. “It’s totally abstract. Sure, you have to build something with bricks and mortar to put the people in, but basically a company is this abstract construct we’ve invented, and it’s incredibly powerful.”^a

ZUMA Press, Inc./Alamy Stock Photo



One key feature of all organizations is that they are collective entities.⁶ They consist of human beings—typically, but not necessarily, employees—who interact with one another in an *organized* way. This organized relationship requires communication, coordination, and collaboration to achieve organizational objectives. As such, all organizational members have degrees of interdependence; they accomplish goals by sharing materials, information, or expertise with coworkers.

A second key feature of organizations is that their members have a collective sense of purpose. This collective purpose isn’t always well defined or agreed on. Companies typically have vision and mission statements, but they are sometimes out of date or don’t describe what employees actually try to achieve. Still, some sense of collective purpose does exist, even if it is implicit or informally understood. Otherwise, an organization would be nothing more than an assemblage of people without direction or unifying force.

HISTORICAL FOUNDATIONS OF ORGANIZATIONAL BEHAVIOR

Organizational behavior emerged as a distinct field sometime around the early 1940s.⁷ During that decade, a few researchers began describing their research as organizational (rather than sociological or psychological). And by the late 1940s, Harvard University had changed the name of its MBA human relations course to “Organizational Behavior.”

Although the field of OB is recent, experts in other fields have been studying organizations for many centuries. The Greek philosopher Plato (400 BCE) wrote about the essence of leadership, and the Chinese philosopher Confucius (500 BCE) extolled the virtues of ethics and leadership. The economist Adam Smith (1770s) discussed the benefits of job specialization and division of labor. The German sociologist Max Weber (early 1900s) wrote about rational organizations, the work ethic, and charismatic leadership. The industrial engineer Frederick Winslow Taylor proposed systematic ways to organize work processes and motivate employees through goal setting and rewards.⁸

The political scientist Mary Parker Follett (1920s) offered new ways of thinking about constructive conflict, team dynamics, power, and leadership. Harvard professor Elton Mayo and his colleagues (1930s and 1940s) established the “human relations” school of management, which pioneered research on employee attitudes, formal team dynamics, informal groups, and supervisor leadership style. American executive and Harvard

associate Chester Barnard (1930s) wrote insightful views regarding organizational communication, coordination, leadership and authority, organizations as open systems, and team dynamics.⁹ This brief historical tour indicates that OB has been in existence for a long time; it just wasn't organized into a unified discipline until around World War II.

Why Organizational Behavior Is Important

LO 1-2

You are likely reading this book as part of a required course in organizational behavior. Apart from degree or diploma requirements, why should you learn the ideas and practices that we are discussing here? After all, who ever heard of a career path leading to a “vice president of OB” or a “chief OB officer”? Our answer to this question comes in two parts: why OB is important to you personally and why OB is important for organizations generally.

WHY OB IS IMPORTANT FOR YOU

Throughout our careers teaching undergraduate, graduate, and executive programs, we (the authors of this book) have found that students with work experience identify organizational behavior as one of the most valued courses. Why? Because organizational behavior knowledge and skills are critical to everyone's career, and people become more aware of its value through work experience. Whether you are a sales professional, technical specialist, or senior executive, you need to make sound decisions, interact effectively with other people, understand social networks and power dynamics, and apply other OB concepts.¹⁰

The importance of organizational behavior is evident in numerous surveys that ask employers to identify the most important skills and knowledge they look for in new hires. Technical skills are important, of course, particularly for highly specialized jobs and professions. But the skills and knowledge that employers tend to rank above anything else are the topics found in this and other organizational behavior books.

Exhibit 1.1 lists the five most important skills identified by employers in four recent large-scale surveys. One of the top-ranked skills is problem solving (along with critical thinking and analytic skills), which relates to several OB topics, particularly decision making and perceptions. A second important skill for new hires is communication, which also appears on all four lists. Along with an entire chapter on communication, the topic is interwoven with influence, conflict management, leadership, organizational change, and other topics. Teamwork (as well as interpersonal skills) is the third skill appearing on all four lists. This book includes an entire chapter on team dynamics; the topic also relates to managing conflict, influencing others, managing emotions, and other themes.

EXHIBIT 1.1 Most Important Skills for New Hires

NACE JOB OUTLOOK SURVEY (UNITED STATES)	QS GLOBAL SKILLS GAP REPORT (GLOBAL)	BUSINESS COUNCIL OF CANADA SKILLS SURVEY (ENTRY-LEVEL HIRES LIST)	HAYS SOFT SKILLS EMPLOYER SURVEY (AUSTRALIA AND NEW ZEALAND)
<ul style="list-style-type: none"> • Problem-solving skills • Analytic/quantitative skills • Ability to work in a team • Communication skills (written) • Initiative 	<ul style="list-style-type: none"> • Problem solving • Teamwork • Communication • Adaptability • Interpersonal skills 	<ul style="list-style-type: none"> • Collaboration, teamwork, interpersonal skills • Communication skills • Problem-solving skills • Resiliency • Analytical capabilities 	<ul style="list-style-type: none"> • Teamwork • Problem solving • Communication • Adaptability • Critical thinking

Sources: “The Global Skills Gap Report 2019” (London: QS Quacquarelli Symonds, September 2019); Morneau Shepell, “Investing in a Resilient Canadian Workforce: 2020 Business Council Skills Survey” (Ottawa: Business Council of Canada, August 2020); “The Unexpected Soft Skill Employers Need Today (Australia),” Press release, June 28, 2021, “The Unexpected Soft Skill Employers Need Today (New Zealand),” Press release, June 28, 2021; K. Gray, “Problem-Solving Skills Top Attributes Employers Seek on Resumes,” *National Association of Colleges and Employers*, November 21, 2021.

Other critical skills that employers look for in new hires are adaptability, initiative, and resiliency. Adaptability is discussed later in this chapter as one of the three types of individual performance; it also connects with creativity, teamwork behavior, and organizational change. Initiative refers to self-motivation, which is discussed as an applied performance practice. Resiliency, the capacity to recover from setbacks, is discussed in the context of work-related stress. Overall, these and other employer surveys suggest that OB offers a core foundation of knowledge and skill development for your success in organizations.

Better Personal Theories to Predict and Influence Along with supporting valuable skill development, the field of organizational behavior helps you to adopt better personal theories so you can more effectively comprehend, predict, and influence organizational events:

- **Comprehend and predict workplace behavior and events.** Everyone develops personal theories to understand and anticipate the surrounding environment.¹¹ These personal models are sometimes accurate, often overgeneralized, and occasionally wrong. Even some ideas that appear to be “common sense” may be inaccurate or oversimplified.¹² Through systematic research, the field of organizational behavior has developed theories that will help you to improve the accuracy of your personal theories. In doing so, you will also be better at predicting things, thereby minimizing unexpected and unexplained behavior and events in the workplace.
- **Influence workplace behavior and events.** Probably the greatest value of OB knowledge is that it helps us to get things done by influencing others.¹³ By definition, organizations are people who work together to accomplish work-related goals; a toolkit of OB knowledge and skills is therefore vital to motivate ourselves and coworkers, make better decisions, build effective teams, resolve workplace conflicts, and work successfully with coworkers in a host of other ways. No matter what career path you choose, OB concepts play an enormously important role in helping you to work more effectively within organizations.

Organizational Behavior Is for Everyone You may have noticed that we haven’t mentioned “managers” in this discussion on why OB is important for you. Effective management (and leadership) does depend on OB concepts and practices, but this book pioneered the broader view that OB is valuable for everyone who works in and around organizations. Whether you are a software engineer, customer service representative, foreign exchange analyst, or chief executive officer, you need to understand and apply the many organizational behavior topics that are discussed in this book. In fact, OB knowledge is probably more valuable than ever before because employees increasingly need to be proactive, self-motivated, and able to work effectively with coworkers without management intervention. In the words of one forward-thinking OB writer almost a half century ago: Everyone is a manager.¹⁴

WHY OB IS IMPORTANT FOR ORGANIZATIONS

Along with benefiting you as an individual, the field of organizational behavior is vital to the organization’s survival and success.¹⁵ For instance, the best 100 companies to work for in America (i.e., companies with the highest levels of employee satisfaction) enjoy significantly higher financial performance than other businesses within the same industry. Hospitals with higher levels of employee engagement have lower inpatient mortality rates; other types of firms with engaged staff tend to have higher sales and profitability. Studies also report a positive relationship between the quality of leadership and the company’s financial performance. Employee engagement, leadership, performance-based rewards, and other specific OB variables are also important “positive screens” for selecting companies with the highest and most consistent long-term investment returns.¹⁶

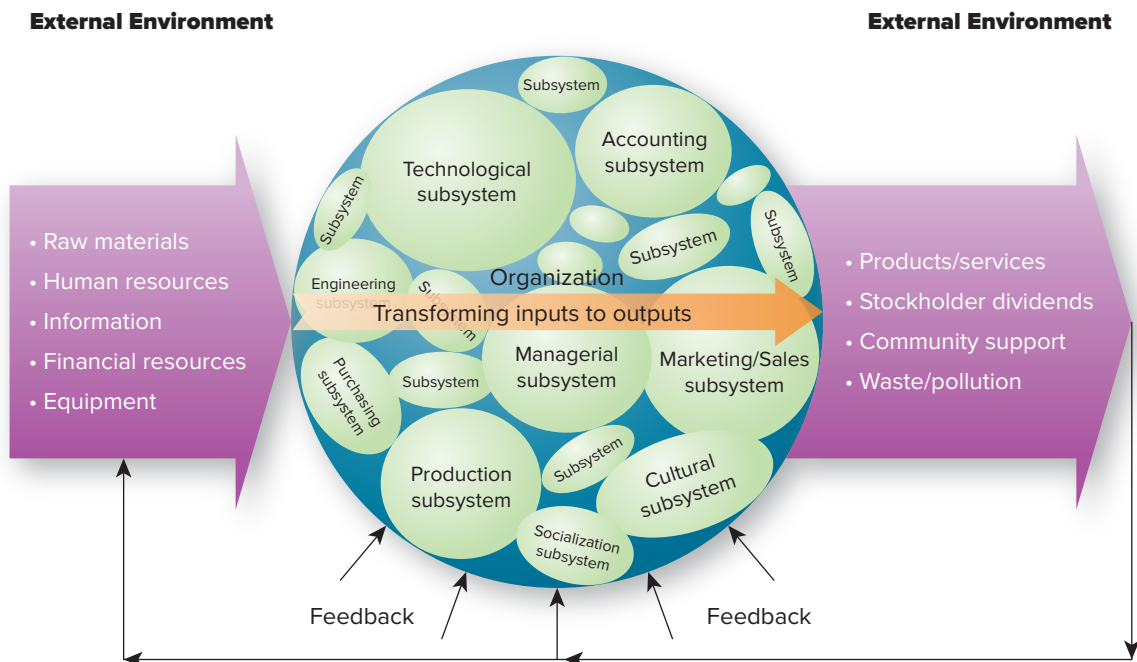
Almost all organizational behavior theories have the implicit or explicit objective of making organizations more effective.¹⁷ In fact, **organizational effectiveness** is considered the “ultimate dependent variable” in organizational behavior.¹⁸ Organizational performance, success, goodness, health, competitiveness, and excellence are alternative labels for organizational effectiveness. Organizations are effective when they have a good fit with their external environment (open systems view), effectively transform inputs to outputs through human capital, and satisfy the needs of key stakeholders. Let’s look at these three elements to understand why OB knowledge is important for organizations.

Organizations as Open Systems The field of organizational behavior adopts the fundamental view that organizations are **open systems**.¹⁹ This means that organizations are dependent on the external environment for resources (inputs), consist of internal subsystems that transform inputs to outputs, and affect the environment through those outputs. Inputs include raw materials, job applicants, financial resources, information, and equipment. They also include laws, cultural norms, and other expectations that place demands on how organizations should operate. Organizations transform inputs to outputs through internal subsystems. Furthermore, they depend on the external environment to receive outputs created throughout the transformation process. Some outputs (e.g., products and services) may be valued by the external environment; other outputs (e.g., employee layoffs, pollution) are undesirable by-products. Organizations also receive feedback from the external environment regarding the value of their outputs, the availability of future inputs, and the appropriateness of the transformation process.

This ongoing open systems process is illustrated in Exhibit 1.2. The external environment includes the physical and social setting in which the organization operates. The word *open* describes this permeable relationship

<p>organizational effectiveness an ideal state in which an organization has a good fit with its external environment, effectively transforms inputs to outputs through human capital, and satisfies the needs of key stakeholders</p>	<p>open systems the view that organizations are dependent on the external environment for resources (inputs), consist of internal subsystems that transform inputs to outputs, and affect the environment through those outputs</p>
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EXHIBIT 1.2 Organizations as Open Systems



between the organization and its environment, whereas *closed systems* operate without dependence on or interaction with an external environment.

The open systems view points to two ways that OB knowledge supports organizational effectiveness. First, it helps the organization to maintain a good “fit” with the external environment.²⁰ A good fit exists when the organization’s inputs, processes, and outputs are aligned with the resources available in the external environment and with the needs and expectations of that environment. Several OB topics discuss the organization’s fit or alignment with the external environment. For example, we discuss how specific organizational structures, organizational cultures, and leadership behaviors are more appropriate for some environments than for others.

Second, OB theories identify ways for companies to develop and maintain optimal transformation processes. Organizations consist of numerous subsystems (departments, teams, technological processes, etc.) that transform the incoming resources into outputs (see Exhibit 1.2). OB theories offer guidance on this matter, such as how internal subsystems coordinate with one another.²¹ For instance, we discuss the conditions for teams to perform effectively, how employees influence each other, and how successful companies improve coordination through a strong organizational culture.

human capital

the knowledge, skills, abilities, creative thinking, and other valued resources that employees bring to the organization

Rehiring former employees (called boomerangs) can help companies boost their human capital faster. One recent study of a Fortune 500 health care organization reported that boomerangs performed better than other new hires, particularly in jobs requiring more relational demands (more sensitive interactions with others) and administrative coordination. Boomerangs are skilled, already know the company’s inner workings, experience less work adjustment, and some bring new customers with them. “Why wouldn’t you have them back?” asks Becky Cameron, an executive at the Dublin, Ireland, offices of global accounting firm Crowe, where several boomerangs have been rehired. “It’s cost-effective as it cuts out the recruitment and on-boarding costs, and they return with a fresh perspective, more knowledge, and an enlarged business network.”^b bbernard/Shutterstock

Human Capital as the Organization’s Competitive Advantage The most important ingredient in the organization’s process of transforming inputs to outputs is its human capital. **Human capital** refers to the knowledge, skills, abilities, creativity, and other valued resources that employees bring to the organization. Human capital is a competitive advantage because employees are essential for the organization’s survival and success. Furthermore, their talents are difficult to find, copy, and replace with technology.²² Consequently, effective organizations introduce workplace practices that enhance human capital.²³ These practices are identified and discussed throughout this book. For example, OB theories identify ways to strengthen employee motivation through enriched jobs, rewards, feedback, and fair work practices. Other topics discuss the value of employee involvement, the features of effective self-directed work teams, and ways to minimize employee turnover.

By enhancing their human capital, organizations potentially become more effective in three ways.²⁴ First, employees tend to have better job performance as they acquire more

