ORGANISATIONAL BEHAVIOUR

ENGAGING PEOPLE AND ORGANISATIONS

2E

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BRIEF CONTENTS

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Guide to the text

As you read this text you will find a number of features in every chapter to enhance your study of **organisational behaviour** and help you understand how the theory is applied in the real world.

PART-OPENING FEATURES

Understand how key concepts are connected across all chapters in the part with the part **framework diagram**.
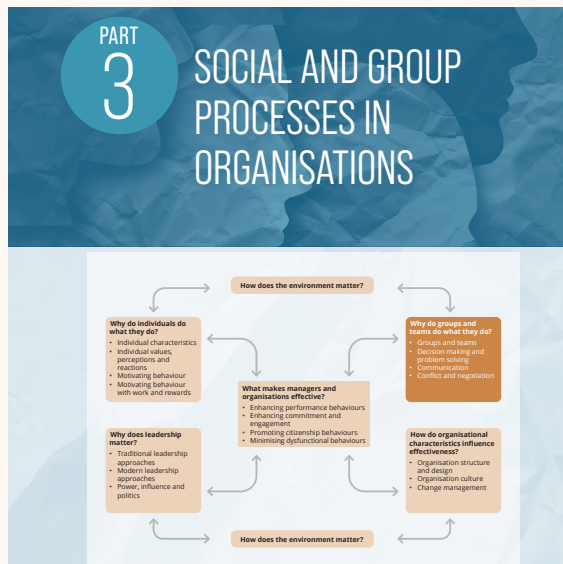
Part openers introduce each of the chapters within the part and give an overview of how the chapters in the text relate to each other.

PART 3 — SOCIAL AND GROUP PROCESSES IN ORGANISATIONS

Chapter 6   Groups and teams
Chapter 7   Decision making and problem solving
Chapter 8   Communication
Chapter 9   Conflict and negotiation

As you will recall from Chapter 1, managers work to make their organisations effective by enhancing performance behaviours, enhancing commitment and engagement, promoting citizenship behaviours, and minimising dysfunctional behaviours by their employees. Chapter 2 identified several environmental factors that must be considered. In Part 2 we asked the question 'Why do individuals do what they do?', and addressed this question by discussing individual characteristics, values, perceptions and reactions, employee motivation concepts and theories, and how work and rewards can be used to enhance motivation.

In Part 3 we ask a different question: 'Why do groups and teams do what they do?' As was the case with individuals, we need to look at a number of different perspectives to better understand group and team behaviours and their role in promoting organisational effectiveness. We start in Chapter 6 by discussing groups and teams as essential parts of organisations and therefore as major determinants of the success of any organisation. We then describe decision making and problem solving in Chapter 7. Although decision making may also be an individual activity, it often takes place in a group or team context and usually affects others. Communication is covered in Chapter 8. Finally, Chapter 9 addresses another important set of factors related to groups and teams: conflict and negotiation. At the conclusion of Part 3 you should have a clearer understanding of why groups and teams do what they do.

CHAPTER-OPENING FEATURES

NEW

Enhanced **chapter introductions** outline the different lenses of organisational behaviour explored in the chapter and connect to the 'Guide your learning' questions that underpin the chapter.

Identify the key concepts that the chapter will cover with the **Learning outcomes** at the start of each chapter.

Challenge your initial assumptions about the topics ahead with the **Guide Your Learning** questions relating to the learning outcomes.

CHAPTER 1 — AN OVERVIEW OF ORGANISATIONAL BEHAVIOUR

Learning outcomes

After studying this chapter, you should be able to:

- **LO 1.1** describe how organisational behaviour impacts both personal and organisational success
- **LO 1.2** explain the basic management functions and essential skills that comprise the management process in the context of organisational behaviour
- **LO 1.3** describe the strategic context of organisational behaviour and discuss the relationships between strategy and organisational behaviour
- **LO 1.4** describe contextual perspectives on organisational behaviour

Guide your learning

1. What is an organisation and why should we care about its behaviour? **[LO1]**
2. What makes a manager good and does it matter whether they are nice people? **[LO2]**
3. Does understanding organisational behaviour simply mean being able to manipulate people to do jobs they don't want to do? **[LO3]**
4. Are workers cogs in a machine or something else? **[LO4]**
5. Is it more important for an organisation to be effective than efficient? **[LO5]**
6. If managing people is like herding cats, is the study of organisational behaviour unable to have a coherent structure? **[LO6]**

FEATURES WITHIN CHAPTERS

Gain an insight into organisational behaviour issues faced by local and international organisations through the **OB in the Real Word** box at the start of each chapter.

At the end of the chapter, revisit this in the **Response to OB in the Real World** and apply your understanding of key chapter concepts.

OB in the Real World

Influencing acceptance of mental health issues at work

Heart On My Sleeve started with a simple act when founder Mitch Wallis drew a heart on his forearm, and this act turned into a social movement that today is embracing mental health issues at some of Australia's largest organisations. Its website simply states: 'Heart on My Sleeve is a global social movement & services provider empowering people to share stories of struggle and resilience, so that we all feel understood. We inspire people & organisations to take help seeking action by humanising our personal yet universal journeys with mental health'.[i]

After what could be seen as a high-powered start to life, Mitch appeared to have it all, studying at a prestigious university, gaining an internship at Microsoft and driving a sports car; but inside Mitch was struggling. He had struggled throughout his life with anxiety, but showing his vulnerability took courage. With his anxiety spiralling out of control, he decided things had to change. He decided this would come through the power of sharing stories, which has been applied in ancient and Indigenous cultures around the world for millennia as a means of

Response to OB in the Real World

Influencing acceptance of mental health issues at work

The Black Dog Institute cites that one in five people will suffer a mental health episode at some stage in their life.[121] What made Mitch a force of influence was his ability to share a story that resonated with people.[122] He is likeable, down to earth, real and raw, and people connect with that. His simple actions feel possible: take the pledge to speak if you are not okay, then look for ways to find help, professionally, at work and with friends. But it is not Mitch's story alone. Mitch has provided a safe space for others to tell their stories too. It is easy to see that Mitch did not set out to follow all the strategies in this chapter, but he did quite naturally do them.

It all started with a person, just like you and me (or who we'd like to be) and the brave and vulnerable sharing of a story with a picture that grew into a global movement. Today, hundreds are now telling their story, not sitting alone but being part of a global movement that opened a door to understanding and discussing mental health at work.

Engage and apply your understanding of key chapter concepts to real examples in **OB in Practice**.

Engage actively and personally with real-world organisational behaviour tips and techniques in the **OB Skills** boxes.

Culture stops the bots

OB in Practice

Kasada is an Australian technology company operating globally and providing a leading service for organisations to defend against bot attacks on their computer server systems. You need a strong product and a strong set of values to fight against high-tech crime, so it may be no surprise the company won an award (in the 2022 Great Place to Work survey) for the strong workplace culture behind it. With staff rating Kasada at almost twice as high as the average for most other Australian companies, their key reasons for why the work culture is so positive were a clear vision, good leadership and a supportive work environment.[19] This leads to a company with young, tech-savvy, motivated people working collaboratively with large organisations globally to stave off cybercrime attacks on their systems. Much like an army patrol fighting in a battle, if it were not for a strong, cohesive, collaborative culture with everyone covering each other's backs, how else could the enemy be overcome? The founder and CEO of Kasada, Sam Crowther, says to win the Great Place to Work award shows Kasada's been following the right approach, but he will keep watching employee feedback to be sure the company evolves where needed. For now, the strong values of the company are guidance for its people, and the values include delivering positive impact; embracing differences and empowering others; being bold, collaborative and innovative; and continuously seeking to understand, build trust and enhance confidentiality.

Questions

1. Do you agree that Kasada can realise a competitive advantage through its strong culture?
2. Is the company value of embracing differences and empowering others equally sustainable for building a strong culture in the short and longer terms?
3. Do you feel that Kasada's efforts to create a strong culture might one day have negative consequences for the company? Explain your answer.

OB Skills

Framing equity and fairness

This exercise will provide you with insights into how different people may 'frame' equity and fairness and how you as a manager may need to help people address these framing issues.

Assume that you are a manager of a group of professional employees in the consulting industry. Sarah, one of your employees, asks to meet with you. The company has just announced an opening for a lead position in your group, and you know that Sarah wants the job. Sarah feels that she has earned the opportunity on the basis of her consistently positive work record, but you see things a bit differently. Since you hired her about three years ago, Sarah has been a solid but not an outstanding employee. Over the past years she has consistently received average performance evaluations, pay increases and so forth, and you have provided such feedback. Over the past few years you have actually increased other team members' pay more than Sarah's because they are stronger with their results.

You are inclined to appoint another employee, Margot, to the job. She has worked for the firm for only two years, but during that time she has consistently been your team's top performer. Your first instinct is to reward her performance, and you think she will do an excellent job as team leader. On the other hand, you don't want to lose Sarah, a solid member of the group, who may resent being passed over and ultimately resign. In anticipation of meeting with Sarah to communicate your decision on who to hire, perform the following activities:

1. Consider and list the inputs and outcomes for both Sarah and Margot. Think beyond the simple items described here and note other likely inputs and outcomes. Would you still choose to hire Margot?
2. Consider how Sarah and Margot are likely to see the outcome of your decision.
3. Outline the conversation you would hold with each employee where you share your decision to hire the other for the new position. Consider what advice you might offer to each about interacting with the other in the future.
4. Identify possible rewards you might offer the unsuccessful employee to keep them motivated.

Explore the real-world ethical issues faced by managers in the **Ethical Dilemma** boxes.

Understand varying perspectives of organisational behaviour theories and issues with the **Critical Perspective** boxes.

Ethical Dilemma

Taking care with categorisation

In organisations, occasionally the best intentions go horribly wrong. While all of these tools help us to understand why someone might behave in a certain manner or even how they prefer to interact, they are neither diagnostic nor prescriptive. They are descriptive. Labelling someone – that is, putting a 'category' under their name or referring to someone based on type – is not an appropriate use of the tools. Think about the impact of hearing someone imply that you behaved in a certain way 'because you are introverted', or due to any other trait or preference. As a student studying OB, it is important to recognise that these labels and tools can cause harm if misused. The intention behind them is to enable understanding and shared meaning. While these tools are useful for team development discussions or team-building activities, or even for self-exploration as a means to plan and assist with development, if used incorrectly they can lead to inappropriate labelling or at worst segregation. It is also important to recognise these tests are not created by psychologists and do not cater for neurodiverse understanding. Terms such as shy or anxious are imprecise clinical terms and are not general descriptors. Further, being introverted may mean being reserved or quiet but does not mean you cannot socialise or work well with others. The tools are not problems in themselves, but people must use them ethically.

Question

What can a manager do to help their team use these tools ethically?

Critical Perspective

Sometimes stress is a good thing

Having discussed stress and engagement, it is notable that there is research to suggest that engagement and positive outcomes are not always related.[105] In fact, some of a firm's best-performing workers may actually be less satisfied. A limited amount of anxiety and dissatisfaction can bring focus and attention, can create more diversified and critical thinking, thus limiting groupthink.

The key with stress is to have just the right amount, which will vary from individual to individual. The real application comes from ensuring a more individualised approach to managing and supporting workers. It is impossible to rid a workplace of all stress. And interpretation and perception have roles to play in how workers experience stress too. In some organisations, employees cannot say they have a problem, but instead they reframe everything as a challenge. The same organisations do not speak of stress – they speak of challenges to be solved or removed and then there is no (dis)stress, only eustress.

Perhaps the language and descriptors are impacting perceptions more than have yet been considered.[106]

Reflection question

Next time you describe yourself as stressed, ask where is this coming from? Is it my own expectation or someone else's?

FEATURES WITHIN CHAPTERS

Analyse your own management style and strengths with the **Self-Assessment** boxes.

SELF-ASSESSMENT

Your preferred conflict management style

People tend to use a subset of the possible conflict management styles based on their personal comfort with conflict and personal management style. Understanding your preferred conflict management style can help you to reflect on how you might better use other styles when they are more appropriate.

To help you understand your conflict management style, rank the five conflict management styles based on how often you tend to use each one:

_____ Competing
_____ Collaborating
_____ Compromising
_____ Avoiding
_____ Accommodating

The styles with the lowest numbers reflect your preferred conflict management styles. Do you think this accurately reflects you? When might these styles be most appropriate? When might they be least appropriate? What can you do to improve your comfort and skill with some of the other styles?

If you would like to complete a self-assessment to help analyse your conflict management style, go to https://sielearning.tafensw.edu.au/MBA/9791F/BusinessServices/LO/1207_020138_605F_02_wi/1207_020138_605F_0220_wi.htm.

Important **key terms** are marked in bold in the text and defined in the margin when they are used for the first time. A full list of key terms is also available in the glossary, which can be found at the back of the book.

Organisational structure

structural conflict
Conflict resulting from structural or process features of the organisation

Structural conflict is the result of structural or process features of the organisation. Structural conflict can be horizontal or vertical. *Horizontal* conflict occurs between groups at the same organisational level, such as between frontline and middle-level employees or between departments such as production and marketing. A classic example is the marketing–production conflict between marketing's long-term view of sales and production's short-term goal of cost efficiency. Because the realities of employees in each department are aligned with their identification with these dimensions, conflict is a reasonable response to 'those people in that other department'.[40]

Vertical conflict occurs across different hierarchical levels in the organisation, including conflicts over wage issues or control. Union–management relationships are a classic example of vertical conflict.

Because structural conflict is due to organisational design, adjusting the design often reduces or eliminates the structural conflict. Matching a department's structural design with its needs, given its environment, improves its effectiveness. Structural interventions should focus on creating a moderate amount of constructive task conflict and minimal relationship conflict by addressing the sources of these conflicts for that particular unit.

END-OF-CHAPTER FEATURES

At the end of each chapter you will find several tools to help you to review, practise and extend your knowledge of the key learning outcomes.

Review your understanding of the chapter learning outcomes with the chapter **summary**.

STUDY TOOLS

SUMMARY

5.1 This chapter has covered a variety of theories that can be used by managers to motivate employee performance. Understanding why and how a motivational perspective works helps managers better match motivational techniques with motivation opportunities and enhances the likelihood of success. Motivation is the set of forces that cause people to behave as they do. Over the chapter, we have explored the nature of motivation and the history of theories from Maslow and Herzberg. According to Abraham Maslow, human needs are arranged in a hierarchy of importance, from physiological to security to belongingness to esteem to, finally, self-actualisation. The ERG theory is a refinement of Maslow's original hierarchy that includes a frustration-regression component. In Herzberg's two-factor theory, satisfaction and dissatisfaction are seen as two distinct dimensions instead of being at opposite ends of the same dimension. Motivation factors are presumed to affect satisfaction and hygiene factors are presumed to affect dissatisfaction. Herzberg's theory is well known among managers but has several deficiencies. Other important acquired needs include the needs for achievement, affiliation and power. Motivation theories can be separated into process or content theories.

5.2 Needs-based perspectives consider that motivation starts with a need. People search for ways to satisfy their needs and then behave accordingly. Their behaviour results in rewards or punishment. To varying degrees, an outcome may satisfy the original need.

effort will lead to performance. Performance-to-outcome instrumentality is the belief that performance will lead to certain outcomes. Valence is the desirability to the individual of the various possible outcomes of performance. The Porter-Lawler version of expectancy theory provides useful insights into the relationship between satisfaction and performance. This model suggests that performance may lead to a variety of intrinsic and extrinsic rewards. When perceived as equitable, these rewards lead to satisfaction.

5.4 Learning-based theories consider how learning plays a role in employee motivation. Various kinds of reinforcement provided according to different schedules can increase or decrease motivated behaviour. People are affected by social learning processes. Organisational behaviour modification is a strategy for using learning and reinforcement principles to enhance employee motivation and performance. This strategy relies heavily on the effective measurement of performance and the provision of rewards to employees after they perform at a high level.

5.5 The complexities of motivation may include more than cognition. A growing body of evidence suggests that traits such as grit should be at least considered, as this considers both passion and perseverance in pursuing a goal. Managers seek to enhance employee performance by capitalising on the potential for motivated behaviour to improve performance. Methods often used to translate motivation into performance involve work design,

Test your knowledge of key chapter concepts and consolidate your learning with multiple-choice **revision questions**.

REVISION QUESTIONS

1. What term refers to feeling obliged to stay with an organisation for moral or ethical reasons?
   a. Continuance commitment
   b. Affective commitment
   c. Legal commitment
   d. Normative commitment

2. What term refers to a heightened emotional and intellectual connection that an employee has for his/her job, organisation, manager or co-workers that, in turn, influences him/her to apply additional discretionary effort to his/her work?
   a. Community engagement
   b. Employee engagement
   c. Both of these
   d. Neither of these

3. When does intrapersonal value conflict occur?
   a. When we have a disagreement with our co-workers that prevents productivity
   b. When being happy pulls us towards spending quality time with our family, but personal ambition pulls us towards working longer hours and pursuing promotions

   c. Both of these
   d. Neither of these

4. What term refers to how people explain the causes of their own as well as other people's behaviours and achievements?
   a. Attribution
   b. Sensation
   c. Empowerment
   d. Projection

5. In the study of stress, what does GAS stand for?
   a. General adaptation syndrome
   b. General anti-stress support
   c. General anxiety sensation
   d. Nothing – the acronym has lost its meaning over time

6. Which of the following refers to a positive type of stress?
   a. Task demands
   b. GAS
   c. Distress
   d. Eustress

END-OF-CHAPTER FEATURES

Analyse in-depth **case studies** that present organisational behaviour issues in context, encouraging you to integrate and apply chapter concepts through a set of mainstream and critical questions.

CASE STUDY

It's not the people who are the problem

You have recently commenced as a manager in the finance team at ATELCO, an internet provider. The team largely consists of long-term employees with the average tenure of five years. Most of the team are well experienced, having worked in finance for between 10 and 20 years. Most are diploma or degree qualified. Your director has mentioned a number of things about this team that you are aware of. All employees are paid at or above market rate. They appear to be hardworking and respected members of the organisation. Generally, work attendance is good with few sick days taken. All of the team are receiving discounted internet provision. Upon starting in this team, you noticed they were largely 'daredevils' taking quite exotic holidays and participating in high-risk activities such as skydiving, bungee jumping and the like. They seem to take these annually, utilising their annual bonus as a means for going travelling.

In looking at their roles you have noticed the work is generally mundane and every task has been broken into smaller parts. Each team member is considered a specialist in their area and when people take leave, temporary staff need to be brought in, as no one shares this expertise. You have noticed also they have very little contact with other parts of the organisation and currently sit in a 'glass office' situated in the middle of the building. The rest of the office is open plan, but due to confidentiality they must have a locked office, although within the glassed section they sit open plan. They have to leave the glass office to access the kitchen and bathroom facilities.

A quick conversation with Jane, who has been there 10 years, has revealed they are all 'happy enough' but you 'feel' this might be inaccurate. You notice Bob rarely joins the conversation and Haley makes snide comments about how hard she is working while others are 'off enjoying their holidays', but everyone seems 'in' on this joke. Alvin starts early and finishes late most days. He often comes in on the weekends as well.

It's coming into the busy period and the team may have to work longer hours to reach the outputs required. Having studied motivation, you are keen to use your knowledge to see how it applies to this team.

Questions

Mainstream

1. How can the various motivation theories inform what is occurring at this workplace?
2. What does equity theory tell us about the behaviour of Alvin and Haley? What else might underpin their behaviours?

Critical

1. If everyone is performing and nothing is wrong, perhaps this team should be left as it is. In this case, what problems might arise?
2. Why should the daredevil activities be of any concern? Perhaps they are just an adventurous group. Or can this be explained in another manner?

Endnotes provide an opportunity for further independent study relevant to each chapter.

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PREFACE

Welcome to the second Australasian edition of *Organisational Behaviour*, a book that has had 13 editions in the United States and is now expertly and uniquely adapted for the Australasian organisational context. The adaptation process continues after the first edition and involves three accomplished Australian authors with student-centred learning at the heart of their efforts. Lead author Dr Andrew Creed of Deakin University works with Associate Professor Lynn Gribble of UNSW and Dr Moira Watson of Murdoch University to bring timely and impactful revisions in this new edition. Their biographies reveal the breadth and depth of experience in the teaching and researching of management and organisational behaviour, both locally and globally. This new edition of an acclaimed, widely utilised book draws on their insights and delivers a fresh and practical Australasian perspective designed perfectly for the needs of learners in this region.

An author's-eye view of the development process

We started our work by carefully reviewing the existing successful book, and looking at other books in the Australasian market, new and current developments in the field of organisational behaviour, and expert reviewer feedback about the strengths of all available books on organisational behaviour (OB). The feedback informs the structure that provides thorough and comprehensive coverage of the major topics within the field of organisational behaviour, contextualised to organisations in Australia, New Zealand and the Asia Pacific region generally, while also providing a framework that can be effectively covered in a single term.

We are especially thankful for the expert Indigenous cultural advisory work that is a special feature of the new edition. Many of the case examples and the whole language structure of the text have been challenged and changed for the better for readers through a First Nations Australian lens. While still not perfect for a significantly westernised field of thinking, the result is a more culturally safe rendering of OB and it will evolve further that way as feedback and new editions come in future. Some of the other new features in the second edition include:

- new reflective questions for each Response to OB in the real world
- new Self-assessment features
- updated references in each chapter to broaden learning and research avenues
- realignments of each chapter Introduction to the Guide your learning questions
- enhanced critical perspective approach applied in every chapter
- new examples and cases throughout.

We applied an integrated learning model that demonstrates how all the topics within the book relate to one another. This model is developed in Chapter 1. It is then revisited at the beginning of each part. The reader is reminded of how earlier chapters led to the current discussion and where the discussion is headed next.

Our goals are to make you more successful in your life and career by helping you understand yourself, organisations and the role of organisational behaviour (OB) in your personal career and success. We also want to cultivate an understanding of, and ability to apply, knowledge about individual and group behaviour in organisations and an appreciation of how the entire organisational system operates. This will enhance your understanding of how to flexibly apply the OB concepts that are appropriate for different problems or situations. Finally, we want to ensure that you have a complete understanding of the modern OB context, including ethics, individual differences, diversity, equity, leadership, motivation, teamwork, power and influence, learning, competitive advantage, technology, organisation change and development,

and the global context. What you have in your hands is a book with both a long track record plus a fresh perspective on OB. Relevant and authentic learning leaps from these pages and, combined with the skills of your teacher, the exciting and powerful world of engaging relationships in the workplace will open up for you in the most memorable ways.

We wish you enjoyment and deep learning.

Dr Andrew Creed
Associate Professor Lynn Gribble
Dr Moira Watson

ABOUT THE AUTHORS

Ricky W. Griffin holds the Blocker Chair in Business and is University Distinguished Professor of Management in the Mays Business School at Texas A&M University. He has also served as Head of the Department of Management, Executive Associate Dean and Interim Dean at Mays.

Ricky is both a member and Fellow of the Academy of Management and has served as program chair and division chair of the organisation's Organizational Behavior division. He also served as editor of the *Journal of Management*. Ricky's research has appeared in *Administrative Science Quarterly*, *Academy of Management Review*, *Academy of Management Journal*, *Journal of Management* and several other journals. He has also edited several scholarly books, most recently *The Dark Side of Organizational Behavior*.

He has authored or co-authored several leading textbooks, most of which have been revised across multiple editions. His books have also been translated or adapted for use in over a dozen other countries. Ricky teaches international management, organisational behaviour, human resource management and general management. He has taught both undergraduate and graduate students, participated in numerous executive training programs, and has lectured in London, Paris, Warsaw, Geneva, Berlin, Johannesburg, Tokyo, Hong Kong and Sydney.

Jean M. Phillips is a Professor of Human Resource Management in the School of Labor and Employment Relations at Penn State University. Jean earned her PhD from Michigan State University in Business Management and Organizational Behavior. Her interests focus on leadership and team effectiveness, recruitment and staffing, and the processes that lead to employee and organisational success.

Jean was among the top 5 per cent of published authors in the *Journal of Applied Psychology* and *Personnel Psychology* during the 1990s and she received the 2004 Cummings Scholar Award from the Organizational Behavior Division of the Academy of Management. She has published over 30 research articles and nine books, including *Strategic Staffing* (3e, 2014), *Organizational Behavior* (2e, 2013), *Human Resource Management* (2013), *Managing Now* (2008), and the five-book *Staffing Strategically* (2012) series for the Society for Human Resource Management. Jean was also the founding co-editor of the *Organizational Behavior/Human Resource Management* series for Business Expert Press.

Her applied work includes leveraging employee surveys to enhance strategic execution and business performance, developing leadership and teamwork skills, and creating and evaluating strategic recruitment and staffing programs. Jean has taught online and traditional courses in Human Resource Management and Organizational Behavior in the United States, Iceland and Singapore.

Stanley M. Gully is a Professor of Human Resource Management in the School of Labor and Employment Relations at Penn State University. Stanley holds MA and PhD degrees in Industrial/Organizational Psychology from Michigan State University and he is a Fellow of the Society for Industrial and Organizational Psychology.

Stanley has authored, co-authored, edited and presented numerous papers, books and book chapters on a variety of topics, including leadership, team effectiveness, motivation, training, staffing and recruitment. He is a founding co-editor of the Organizational Behavior/Human Resource collection of Business Expert Press. Stanley is ranked in the top 50 of the most influential scholars who received their degrees since 1991 based on impact inside and outside of the Academy of Management and he has won awards for his teaching, research and service.

Stan has taught courses at the undergraduate, master's, executive and PhD levels covering a wide range of topics including team effectiveness, leadership, organisational learning and innovation, staffing, human

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Dr Andrew Creed (PhD, Exon) teaches, researches and consults in organisational behaviour, organisation development, sustainability and international business in Australasia. Dr Creed has published in high-impact journals, including *Journal of Business Research*, *Personnel Review*, *Journal of Cleaner Production*, *Current Issues in Tourism*, *Knowledge Management Research and Practice*, and *European Business Review*, and with publishers including Cengage, Palgrave, Emerald, Oxford University Press and Wiley. He has extensive experience in businesses, at Deakin University, and other educational settings in Australia, the United Kingdom and the United States. Other roles have included Adjunct Associate Professor in the online MBA at University of Maryland University College, USA; teacher and instructional designer in the TAFE and ACE sectors in Australia; owner-manager of a bookshop and, publishing and consulting businesses in Australia; member of a family-run healthcare practice; and an area manager in south-west Victoria for the federal government's New Enterprise Incentive Scheme (NEIS).

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Dr Lynn Gribble (SFHEA, CMALT, PhD, MLLR, MEd) is an Associate Professor and education-focused academic at UNSW Business School, School of Management. Recognised as a leader in teaching and learning, through many awards including a citation from the Australian Awards for University Teaching (AAUT) for Outstanding Contribution to Student Learning – Innovation and Leadership (2020), Australia and New Zealand regional Global Innovation Award recipient by TurnItIn for her work in student feedback to provide growth and transparency (2019), UNSW Outstanding Technology-Enabled Teaching Innovation Award (2014), UNSW Vice Chancellor's Teaching Excellence Award and UNSW Business School Facilitation Award for Teaching Excellence (2011). She is also recognised for her publications having earned best paper by her peers at the *Australian Journal of Career Development* in 2010 for 'Employees in Outplacement Services: Do They Really Get the Help that is Needed?' and more recently by ASCILITE (2021) Personal Narratives for Professional Recognition.

As a former Human Resources Learning and Development Executive, Lynn has delivered thousands of hours of training and content in corporations around the world as well as in universities. She has contributed widely to teaching cases in many publications. Lynn teaches UN Sustainable Development Goals and ethics, international management, organisational behaviour, human resource management and general management. She has taught both undergraduate and postgraduate students, as well as MBA programs and numerous executive development programs, across South-East Asia, China and Australia.

Dr Moira Watson is a seasoned facilitator, now an academic in the Murdoch Business School and a Research Fellow in the School of Nursing at Murdoch University in Western Australia. She has served as Associate Dean Accreditation and Quality Standards, MBA Director, and on a range of committees. She earned her PhD in management from Edith Cowan University. She has taught a range of courses in organisational behaviour, leadership, change, and strategy at the undergraduate, master's and executive master's level using standard and hybrid technologies in Australia, Singapore, Dubai and Myanmar. Moira has been

recognised as a leader in organisational behaviour and management having been awarded three Excellence in Learning and Teaching Awards.

Moira is passionate about assisting individuals to navigate through their course requirements and to achieve their personal and strategic goals. She continually seeks to challenge, engage and inspire her students and enjoys constructing learning spaces that bring together the best practices from the world of work and the world of theory. In working with students Moira uses authentic learning focused on real world, complex problems, and case studies designed around problem solving. Moira's focus enables students to operate in communities of learning exploring multiple demands as collaborative explorers building their understanding of contemporary business.

Moira is an experienced Chair and Non-Executive Director in a range of not-for-profit organisations with a background as a senior leader in ASX listed companies in mining and construction, and banking and finance, and as an executive director in government. Moira is a Graduate and Fellow of the Australian Institute of Company Directors, a Fellow of the Australian Institute of Management, and a Fellow of the Governance Institute of Australia.

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The original book by Ricky Griffin, Jean Phillips and Stanley Gully is like a cornerstone in the discipline of organisational behaviour in the northern hemisphere. My great appreciation to those expert authors for providing the perfect intellectual foundation. Kudos to my colleagues Lynn and Moira. Together we have worked hard to make this second edition the most refined and relevant OB book for Australasia, especially after the rugged few years of the global COVID-19 pandemic. With such a big rethink in how people relate to each other in organisations, it was the perfect time to complete this edition so thoroughly. The team at Cengage have weathered as many dramatic changes as anyone, so terrific thanks to them for resiliently bringing this fruitful book to the market in a fresh new format. I have a couple of key friends and mentors in my life and career. They know who they are and I thank them for deep conversations and excellent advice of the kind that leads to insights in a book essentially about relationships. My family, of course, are the unconditional ones in my life who are the support beneath it all. And my students have all been participants in constructing the deep knowledge finding its way into books like this. Great acknowledgement goes to you all.

Lynn Gribble

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Moira Watson

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PART 1

INTRODUCTION TO ORGANISATIONAL BEHAVIOUR

How does the environment matter?

Why do individuals do what they do?
- Individual characteristics
- Individual values, perceptions, and reactions
- Motivating behaviour
- Motivating behaviour with work and rewards

Why do groups and teams do what they do?
- Groups and teams
- Decision making and problem solving
- Communication
- Conflict and negotiation

What makes managers and organisations effective?
- Enhancing performance behaviour
- Enhancing commitment and engagement
- Promoting citizenship behaviours
- Minimising dysfunctional behaviours

Why does leadership matter?
- Traditional leadership approaches
- Modern leadership approaches
- Power, influence, and politics

How do organisational characteristics influence effectiveness?
- Organisation structure and design
- Organisation culture
- Change management

How does the environment matter?

Chapter 1   An overview of organisational behaviour

Chapter 2   The changing environment of organisations

The two chapters in Part 1 introduce the field of organisational behaviour while establishing a unique integrated learning model that incorporates a critical perspective. Readers will discover an integrative five-level model of analysis with the dimensions of environment, individual, groups, leadership and organisation. The chapters in Part 1 demonstrate how the five dimensions are interrelated and implore managers to understand, rather than control, human behaviour in organisations.

Managers strive to make their organisations as effective and successful as possible. To do this they rely on assets such as financial reserves and earnings, technology and equipment, raw materials, information, and operating systems and processes. At the centre of everything are the employees who work for the organisation. It is usually their talent, effort, skill and ability that differentiates effective from less effective organisations. It is critical, then, that managers understand how the behaviours of their employees impact on organisational effectiveness.

In general, managers work to enhance employee performance behaviours, commitment and engagement, and citizenship behaviours and to minimise various dysfunctional behaviours, such as racism, sexism, ageism, and other conflict-generating phenomena. A number of environmental, individual, group and team, leadership and organisational characteristics can make the manager's work easier or more difficult, depending on how well they understand organisational behaviour. This model will be more fully developed in Chapter 1 and will serve as a roadmap for your study of organisational behaviour throughout this book.

CHAPTER
1

AN OVERVIEW OF ORGANISATIONAL BEHAVIOUR

Learning outcomes

After studying this chapter, you should be able to:

LO 1.1 describe how organisational behaviour impacts both personal and organisational success

LO 1.2 explain the basic management functions and essential skills that comprise the management process in the context of organisational behaviour

LO 1.3 describe the strategic context of organisational behaviour and discuss the relationships between strategy and organisational behaviour

LO 1.4 describe contextual perspectives on organisational behaviour

LO 1.5 describe the role of organisational behaviour in managing for effectiveness and discuss the role of research in organisational behaviour

LO 1.6 summarise the framework around which this book is organised.

Guide your learning

1 What is an organisation and why should we care about its behaviour? **(LO1)**

2 What makes a manager good and does it matter whether they are nice people? **(LO2)**

3 Does understanding organisational behaviour simply mean being able to manipulate people to do jobs they don't want to do? **(LO3)**

4 Are workers cogs in a machine or something else? **(LO4)**

5 Is it more important for an organisation to be effective than efficient? **(LO5)**

6 If managing people is like herding cats, is the study of organisational behaviour unable to have a coherent structure? **(LO6)**

Managing growth at MTB Direct

Jen Geale is co-founder and general manager of one of Australia's fastest growing companies. The business is called MTB Direct (formerly Mountain Bikes Direct) and it sells mountain bikes without any storefronts and did so with total sales exceeding $7 million in 2017–18, which doubled the previous year's earnings.[1] In mid-2021 the business expanded its operations into New Zealand. Reports from both 2020 and 2021 indicated rapidly rising online sales as COVID-19 lockdowns continued and people turned to the great outdoors for respite and recreation. This is a marketing and operational success in a non-traditional medium for such a physical product. The business started in 2012 with located stores but transitioned to wholly online in 2015, taking advantage of burgeoning technologies, which enabled its meteoric growth to really take off. Jen Geale embraced an online emphasis to cut overhead costs and positioned the company to compete better with international retailers in the online space. This turned out to be a stroke of genius (or luck) because when the COVID-19 lockdowns occurred the business was already doing the whole 'work-from-home' thing and was positioned to become a front-runner in the mountain bikes online sector. Having already grown from a husband–wife start-up to now employing 32 people, the growth horizon remains positive. Geale says, '…my office is just a desk in my house! We operate a fully decentralised team, with no office. Our customer service and technical staff all work from home'. Geale realised that MTB Direct's rapid growth and expansion, employing staff based remotely across Australia and beyond, needed to be closely monitored, and that its employees needed to continue feeling like an important part of the team.[2]

Source: Shutterstock.com/Kuznetcov_Konstantin

Question

Imagine that MTB Direct's founders asked you for advice during the early days of moving the business wholly online. What advice would you give them about the role of its people in its future success and how to set up the company to maximise employee innovation, trust and loyalty when the interactions they have at work are mostly virtual rather than face-to-face? On Geale's part, she explains that a clever application of social media technologies has helped to harness the essential human need for interaction and human relationships in MTB Direct's virtual workplace.
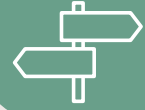
Figure 1.1 The success of any organisation is often determined by how effectively managers can enhance the performance behaviours of their employees, enhance their commitment to and engagement with the organisation, promote citizenship behaviours and minimise dysfunctional behaviours.

Source: iStock.com/xavierarnau

INTRODUCTION

Regardless of their size, scope, or physical or virtual location, all organisations have at least one thing in common – they are comprised of people engaged in various relationships and expressing behaviours. It is these people who make decisions about the strategic direction of a firm, it is they who acquire the resources the firm uses to create new products, and it is they who sell those products. People manage a firm's corporate headquarters, its warehouses and its information technology and determine whether things run either efficiently or effectively, and ideally both. Staff must adapt through either minor changes to procedures and systems or major changes to structure, strategy, and operations, such as those imposed during the COVID-19 pandemic crisis. No matter how effective a manager might be, all organisational successes – and failures – are the result of the behaviours of many people. Indeed, no manager can succeed without the assistance of others.

Thus, any manager – whether responsible for a big business such as Google, David Jones, Telstra, Apple, Starbucks or Qantas; for a niche business such as MBT Direct, the Collingwood Football Club or an Epworth Hospital facility; or for a local Domino's Pizza restaurant or neighbourhood dry-cleaning establishment – must strive to understand the people who work in the organisation. This book is about those people. It is also about the organisation itself and the managers who operate it: distinguishing the good managers and workers from the bad ones, and understanding the differences between cooperation, control, and manipulation in relationships. Together, the study of organisations and the characteristics and actions of the people who work in them constitute the field of organisational behaviour (OB). Our starting point in exploring OB begins with a more detailed discussion of its meaning and its importance to employees, business owners and managers.

1.1 WHAT IS ORGANISATIONAL BEHAVIOUR?

What exactly is meant by the term 'organisational behaviour'? And why should it be studied? Answers to these two fundamental questions will both help establish our foundation for discussion and analysis and help you better appreciate the rationale as to how and why understanding the field can be of value to you in the future.

The meaning of organisational behaviour

organisational behaviour
The study of human behaviour in organisational settings, the interface between human behaviour and the organisation, and the organisation itself

Organisational behaviour (OB) is the study of human behaviour in organisational settings, of the interface between human behaviour and the organisation, and of the organisation itself.[3] Although we can focus on any one of these three areas, we must also remember that all three are ultimately necessary for a comprehensive understanding of organisational behaviour. For example, we can study individual behaviour without explicitly considering the organisation. But because the organisation influences and is influenced by the individual, we cannot fully understand the individual's behaviour without learning something about the organisation. Similarly, we can study organisations without focusing explicitly on the people within them. But again, we are looking at only a portion of the puzzle. Eventually, we must consider the other pieces as well as the whole. Essentially, then, OB helps explain and predict how people and groups interpret events, react and behave in organisations, and describes the role of organisational systems, structures and process in shaping behaviour.

Figure 1.2 illustrates this view of organisational behaviour. It shows the linkages among human behaviour in organisational settings, the individual–organisation interface, the organisation itself and the environment surrounding the organisation. Each individual brings to an organisation a unique set of
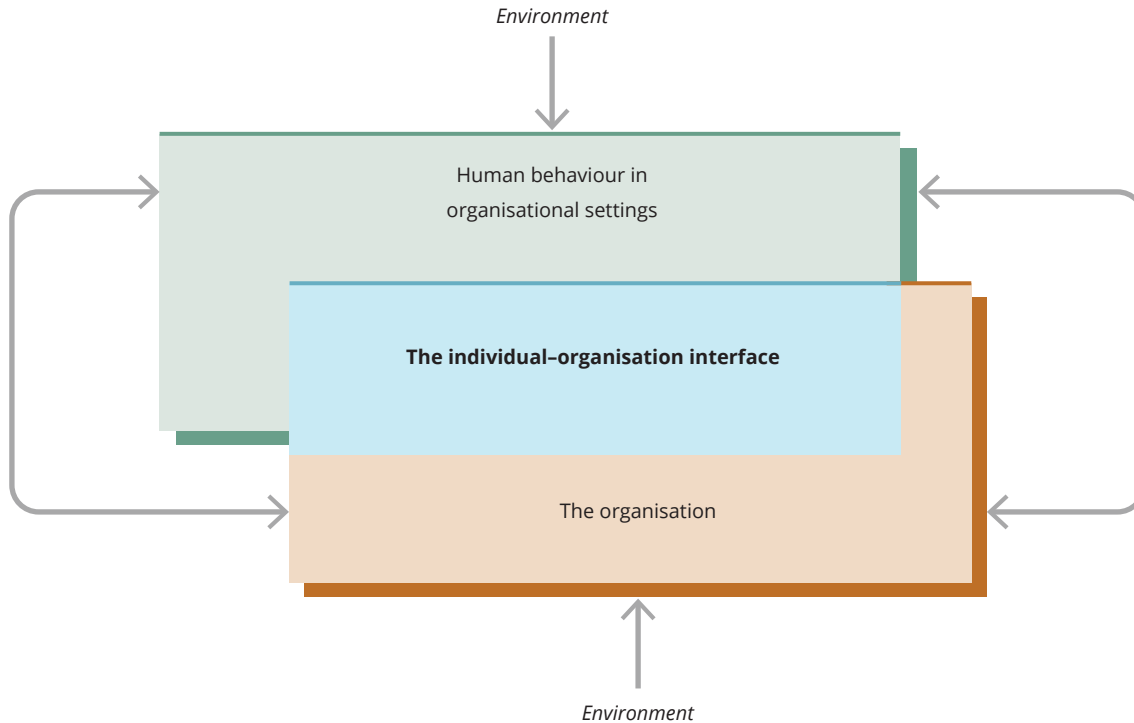
Figure 1.2 The nature of organisational behaviour
The field of organisational behaviour attempts to understand human behaviour in organisational settings, the organisation itself, and the individual–organisation interface. As illustrated here, these areas are highly interrelated. Thus, although it is possible to focus on only one of these areas at a time, a complete understanding of organisational behaviour requires knowledge of all three areas.

personal characteristics and a unique personal background and set of experiences from other organisations. Therefore, in considering the people who work in their organisations, managers must look at the unique perspective each individual brings to the work setting. For example, suppose managers at Bunnings review data showing that employee turnover within the firm is gradually but consistently increasing. Further suppose that they hire a consultant to help them better understand the problem. As a starting point, the consultant might analyse the types of people the company usually hires. The goal would be to learn as much as possible about the nature of the company's workforce as individuals – their expectations, their personal goals and so forth. The systems and operations of Bunnings naturally impact upon the workload and expectations of the managers and staff (see Figure 1.3). It is at this interface between systems and people where a better understanding of organisational behaviour can improve the management of change and continuous improvement.

Individuals do not work in isolation. They come in contact with other people and with the organisation in a variety of ways. Points of contact include managers, co-workers, the formal policies and procedures of the organisation, and various changes implemented by the organisation. In addition, over time, individuals change, as a function of personal experiences and maturity as well as through work experiences and organisational developments. The organisation, in turn, is affected by the presence and eventual absence of the individual. Clearly, then, managers must also consider how the individual and the organisation interact. Thus, the consultant studying turnover at Bunnings might next look at the orientation procedures and initial training for newcomers to the organisation. The goal of this phase of the study would be to understand some of the dynamics of how incoming individuals are introduced to and interact with the broader organisational context.

Figure 1.3 Managers at businesses like Bunnings need to understand individual employee behaviour, characteristics of the organisation itself, and the interface between individual behaviour and the organisation.

Source: Shutterstock.com/Emagnetic

An organisation, of course, exists before a particular person joins it and continues to exist after they leave. Thus, the organisation itself represents a crucial third perspective from which to view organisational behaviour. For instance, the consultant studying turnover would also need to study the structure and culture of Bunnings. An understanding of factors such as a firm's performance evaluation and reward systems, its decision-making and communication patterns, and the structure of the firm itself can provide added insight into why some people choose to leave a company and others elect to stay.

Clearly, then, the field of organisational behaviour is both exciting and complex. Myriad variables and concepts accompany the interactions just described, and together these factors greatly complicate the manager's ability to understand, appreciate and manage others in the organisation. They also provide unique and important opportunities to enhance personal and organisational effectiveness.

How organisational behaviour impacts personal success

You may be wondering about the relevance of OB to your current study major or career path. You might be thinking, 'I don't know any organisational behaviourists. Why is this topic important?' We field this question all the time from people unfamiliar with OB. The core of OB is being effective at work. Understanding how people behave in organisations and why they do what they do is critical to working effectively with and managing others. OB gives everyone the knowledge and tools they need to be effective at any organisational level. OB is an important topic for anyone who works or who will eventually work in an organisation, which is the case for most people. Moreover, OB is actually important to us as individuals from numerous perspectives.

In our relationships with organisations, we may adopt any one of several roles or identities. For example, we can be consumers, employees, suppliers, competitors, owners or investors. Since most readers of this book are either present or future managers, we will adopt a managerial perspective throughout our discussion. The study of organisational behaviour can greatly clarify the factors that affect how managers manage. Hence, the field attempts to describe the complex human context of organisations and to define the opportunities, problems, challenges and issues associated with that realm. In your own experience interacting with other people in groups and organisations of all kinds, you will find a self-reflective capacity to be a valuable skill. Knowing yourself is one of the keys to knowing how to better interact with others.

Whenever managers are surveyed 10 to 15 years out of school and asked to identify the most important classes they ever took, OB is usually one of them. This is not because it made them technically better in their area of specialty, but because it made them more effective employees and better managers. As one expert has put it, 'It is puzzling that we seek expert advice on our golf game but avoid professional advice on how we can deal with other people'.[4] Using your knowledge of OB can help you to succeed faster in any organisation or career, which is why this book includes a variety of self-assessment tools that can enable you to know when is a good time to call in the experts.

SELF-ASSESSMENT

Global mindset

A **global mindset** reflects your ability to influence people, groups and organisations from a variety of backgrounds and cultures.[5] Multinational companies' ability to create globally integrated systems depends on their ability to get employees, managers and executives to understand and adapt to the realities of a globalised economy.[6] The ability to integrate talent from many parts of the world faster and more effectively than other companies is a source of a firm's competitive advantage[7] as well as your own personal competitive advantage.

> **global mindset**
> Reflects your ability to influence people, groups and organisations from a variety of backgrounds and cultures

Please use the following scale in responding to the 10 questions below as honestly as possible. Don't try to convince yourself of your own worth in each item, instead be raw and open about any shortcomings. When you are finished, follow the scoring instructions at the bottom to calculate your score. Then read more about what your score means, and how you can improve your global mindset. For appropriate perspective, discuss your self-assessment with someone from another cultural background.

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

_____ 1   In interacting with others, I assign equal status to people regardless of their national origin.

_____ 2   I consider myself as equally open to ideas from other countries and cultures as I am to ideas from my own country and culture of origin.

_____ 3   Finding myself in a new cultural setting is exciting.

_____ 4   I see the world as one big marketplace.

_____ 5   When I interact with people from other cultures, it is important to me to understand them as individuals.

_____ 6   I regard my values to be a hybrid of values acquired from multiple cultures as opposed to just one culture.

_____ 7   I am very curious when I meet someone from another country.

_____ 8   I enjoy watching foreign films in their original language.

_____ 9   In this interlinked world of ours, national boundaries are meaningless.

_____ 10   I believe I can live a fulfilling life in another culture.

Scoring: Add up your responses to identify your global mindset score.

Interpretation: Because experiences influence global mindset in a positive or negative manner,[8] you can take steps to improve your global mindset. Based on your score, you might consider some of the personal development activities identified below, or you might come up with others.

If your score is _between 10 and 20_, you have a relatively low global mindset. Formal training/educational programs, self-study courses, university courses, or in-company seminars or management development programs can help you to increase your global mindset.

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